



NATIONAL CORPORATION FOR TOURISM AND HOTELS

INTEGRATED REPORT 2022

المؤسسة الوطنية للسياحة والفنادق
National Corporation for Tourism and Hotels

ص.ب ٦٩٤٢، أبو ظبي، إ.ع.م.
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SECTION 1

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

المؤسسة الوطنية للسياحة والفنادق
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To All Esteemed Shareholders

Dear Sirs,

It is my honor, and my colleagues, members of the Board of Directors, to express our thanks and appreciation to H.H. Sheikh Mohamed Bin Zayed Al Nahyan, President of the United Arab Emirates, for the unlimited support and assistance to us in all fields.

The year 2022 was the most challenging year for National Corporation for Tourism and Hotels ("NCTH" or the "Corporation") due to several economic & logistic reasons. Total revenue was Dhs. 710.60 Million compared to Dhs. 759.36 Million in the past year 2021, showing a decrease of AED 48.76 Million or 6.42%. Revenue of our hotels in Abu Dhabi decreased by AED 3.78 Million or 2.3%, Catering Division revenue decreased by AED 36.15 Million or 6.78%, and Retail Division revenue decreased by AED 7.71 Million or 11.23%.

Net profit for the year 2022 was AED 63.98 Million, a decrease of AED 37.52 Million or 36.96% from AED 101.49 Million in 2021. Profit from our hotels in Abu Dhabi declined to AED 9.77 Million from AED 13.43 Million last year, or a 27.21% decrease whilst Catering Division profit decreased by AED 18.88 Million or 24.88% compared to last year. Further, in 2021 the Corporation sold its land in Saadiyat island and



benefited from the reversal of government fees granted to hotels. Gains recorded in the books amounted to AED 24.88 Million in respect of said transactions during last year.

For the year 2022, the tourism industry has shown stable improvement, as various countries including the UAE have either reduced or completely removed travel restrictions. However, profitability of the hotel division was negatively impacted by rising cost of supplies brought on by unusually high inflation rates being experienced around the world. Nonetheless, the Corporation is optimistic that the performance of its hotels in the emirate of Abu Dhabi will be improved depending on the long-term market's recovery.

As to the performance of the Retail Division in 2022, significant challenges are still being faced as more competitors enter the Abu Dhabi Market. Revenues were down by AED 7.71 million or 11.23% compared to last year, but the Corporation has continued its efforts to improve the profitability of the division. The Corporation remains optimistic that the division will improve and is focused on growing the number of retail outlets and have improved operational procedures and implemented stricter internal controls which is expected to benefit the profitability of the division in the long term.

The performance of the Catering Division for the year 2022 has declined compared to 2021 due to the increased cost from mobilization of new contracts along with decline



in revenues from cancelled contracts. The division have maintained its efforts to generate more business and have had several new contracts awarded later in the year. The Corporation's direction to keep on penetrating new markets and continually increase its market share remains.

In terms of liquidity, the Corporation has shown a reduction in its cash balance and short-term deposits compared to last year from Dhs. 509.1 Million to Dhs. 389.7 Million this year. Last year, as a one-time transaction, the Corporation has received cash amounting to AED 127.5 million from the sale of the land at Saadiyat island. Also, during the year 2022, the Corporation has made net additional investments in listed shares amounting to AED 19.5 Million and has paid cash dividends amounting to AED 102.2 Million and continued to fund the project payments that contributed to the decrease in cash balance. The Corporation is still maintaining a good level of cash and short-term deposits that contributed to Dhs. 8.55 Million in interest income in 2022, and all this while meeting all the financing obligations of the Corporation during the year. The Corporation's liquidity continues to support its position to achieve its projects' development.

The Hotel Apartments project under the brand name "Intercontinental Residences Abu Dhabi" has been completed and started soft opening in February 2023, in addition, the residential & serviced apartments project in ADNEC with the hotel apartments expected to start accepting guests in the first half of 2023 while the residential apartments have started soft operation since the second half of the year 2022. We are confident of the strength of our country's economy and these projects



will strengthen the Corporation's position in the Abu Dhabi hotel & residential & properties market in the medium and long terms and will provide additional sources of income and allow the Corporation to remain competitive.

On behalf of my colleagues the members of the Board of Directors, I would like to thank the Shareholders for their support and trust, all the public and private establishments as well as the Management and Employees of the Corporation for their efforts.

Thanks & regards,



Hamdan Bin Mubarak Al Nahyan

Chairman of the Board



SECTION 2

INDEPENDENT AUDITOR'S REPORT

المؤسسة الوطنية للسياحة والفنادق
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Independent auditor's report to the shareholders of National Corporation for Tourism and Hotels

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Corporation for Tourism and Hotels (NCT&H) and its Hotels (together the "Corporation" or the "Group") as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Corporation's consolidated financial statements comprise:

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

Basis for opinion

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

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

Independence

We are independent of the Corporation in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

Key audit matter	• Impairment assessment of properties
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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Jacques Fakhoury, Douglas O'Mahony, Murad Alnsour and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy



Independent auditor's report to the shareholders of National Corporation for Tourism and Hotels (continued)

Report on the audit of the consolidated financial statements (continued)

Our audit approach (continued)

Overview (continued)

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Corporation, the accounting processes and controls, and the industry in which the Corporation operates.

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

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of properties

The Corporation has AED 1.9 billion (2021: AED 1.8 billion) of properties carried in the consolidated statement of financial position representing 69% of total assets.

The Corporation performs a detailed impairment assessment of its significant properties whenever there is an indication that a property may be impaired.

The assessment of the carrying value of these properties requires evaluating whether any indicators of impairment exist in the asset base by reference to the expected future profitability of the cash generating units. The valuation models used to assess the carrying value of these properties are based on a number of significant assumptions relating to future cash flows and the relevant discount rates applied.

As of 31 December 2022, the Corporation has performed internal impairment assessment for its properties.

Impairment of properties is considered a key audit matter due to the fact that it is inherently subjective and requires significant estimates and judgments.

Refer to note 4 which explains the critical judgments and estimates used in impairment assessment of properties and note 5 which explains the valuation methodology used by the Corporation.

On a sample basis, we have tested and discussed with management the reasonableness of the underlying information used in the impairment assessment.

We obtained the impairment and valuation working of the underlying properties prepared by management.

We involved our internal valuation specialist, who on a sample basis, reviewed valuation methodologies used in the valuation process. We have considered the overall reasonableness of the assumptions and valuation methodology used and whether they were in line with our expectations.

We performed sensitivity analysis on the significant assumptions to evaluate the extent of the impact of changes in the key assumptions to the conclusion reached by management.

We have assessed the appropriateness of the valuation approach and reasonableness of the key valuation assumptions and held discussions with the Valuer and the Corporation's management.

We assessed the appropriateness and adequacy of the related disclosures in note 4 and note 5 to these consolidated financial statements.



Independent auditor's report to the shareholders of National Corporation for Tourism and Hotels (continued)

Report on the audit of the consolidated financial statements (continued)

Other information

The Directors are responsible for the other information. The other information comprises the Chairman's report but does not include the consolidated financial statements and our auditor's report thereon which we have obtained prior to the date of this auditor's report.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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



Independent auditor's report to the shareholders of National Corporation for Tourism and Hotels (continued)

Report on the audit of the consolidated financial statements (continued)

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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



Independent auditor's report to the shareholders of National Corporation for Tourism and Hotels (continued)

Report on the audit of the consolidated financial statements (continued)

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

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

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

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

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that for the year ended 31 December 2022:

- (i) we have obtained all the information we considered necessary for the purposes of our audit;
- (ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;
- (iii) the Corporation has maintained proper books of account;
- (iv) the financial information included in the Chairman's report is consistent with the books of account of the Corporation;
- (v) notes 6 and 7 to the consolidated financial statements disclose the Corporation's investments in shares during the financial year ended 31 December 2022;
- (vi) note 17 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;
- (vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Corporation has contravened during the financial year ended 31 December 2022, any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2022; and
- (viii) note 18 to the consolidated financial statements discloses the social contributions made during the financial year ended 31 December 2022.

PricewaterhouseCoopers

15 March 2023

Rami Sarhan
Registered Auditor Number 1152
Abu Dhabi, United Arab Emirates



SECTION 3

AUDITED FINANCIAL STATEMENTS

المؤسسة الوطنية للسياحة والفنادق
National Corporation for Tourism and Hotels

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National Corporation for Tourism and Hotels

Consolidated statement of financial position

		As at 31 December	
	Notes	2022 AED	2021 AED (*Restated)
ASSETS			
Non-current assets			
Property and equipment	5	1,958,562,966	1,878,799,437
Investment in joint ventures	6	264,561,838	251,316,445
		<u>2,223,124,804</u>	<u>2,130,115,882</u>
Current assets			
Investments carried at fair value through profit or loss	7	30,559,901	15,631,218
Inventories	8	25,401,331	21,843,470
Trade and other receivables	9	161,674,437	204,376,996
Short term deposits	10	202,578,068	408,886,916
Cash and cash equivalents	10	187,117,427	100,165,710
		<u>607,331,164</u>	<u>750,904,310</u>
Total assets		<u>2,830,455,968</u>	<u>2,881,020,192</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	817,296,480	785,862,000
Statutory reserve	12	197,244,239	190,846,678
General reserve	12	15,000,000	15,000,000
Properties revaluation reserve	12	1,155,310,000	1,155,310,000
Retained earnings		6,560,845	93,212,717
Total equity		<u>2,191,411,564</u>	<u>2,240,231,395</u>
LIABILITIES			
Non-current liabilities			
Term loans	13	357,829,311	319,017,268
Provision for employees' end of service benefits	14	38,954,174	49,878,861
Lease liabilities	15	296,485	335,982
Total non-current liabilities		<u>397,079,970</u>	<u>369,232,111</u>
Current liabilities			
Trade and other payables	16	211,787,446	241,379,698
Term loans	13	30,115,120	30,115,120
Lease liabilities	15	61,868	61,868
		<u>241,964,434</u>	<u>271,556,686</u>
Total liabilities		<u>639,044,404</u>	<u>640,788,797</u>
Total equity and liabilities		<u>2,830,455,968</u>	<u>2,881,020,192</u>

*Refer to note 25 for details of the restatement of prior year comparatives

To the best of our knowledge, the consolidated financial statements fairly present, in all material respects, the consolidated financial position, results of operations and consolidated cash flows of the Group as of, and for the year ended 31 December 2022.

.....
Chairman

.....
Chief Executive Officer

.....
Finance Director

The notes on pages 12 to 64 are an integral part of these consolidated financial statements.

(6)

National Corporation for Tourism and Hotels

Consolidated statement of profit or loss

	Notes	Year ended 31 December	
		2022 AED	2021 AED (*Restated)
Revenue	23	710,597,888	759,362,202
Direct operating expenses	23	(624,444,418)	(655,637,886)
Gross profit		86,153,470	103,724,316
General and administrative expenses	18	(21,807,596)	(33,940,978)
Share of results of joint ventures	6	(2,512,956)	1,824,869
Investment and other income	19	759,859	25,909,861
Interest income		8,547,252	11,555,966
Finance costs		(7,164,420)	(7,583,114)
Profit for the year		63,975,609	101,490,920
Basic and diluted earnings per share	20	0.08	0.12

*Refer to note 25 for details of the restatement of prior year comparatives

National Corporation for Tourism and Hotels

Consolidated statement of comprehensive income

	Notes	Year ended 31 December	
		2022 AED	2021 AED (*Restated)
Profit for the year		63,975,609	101,490,920
Other comprehensive loss:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on revaluation of land		-	(10,273,589)
Other comprehensive loss for the year		-	(10,273,589)
Total comprehensive income for the year		<u>63,975,609</u>	<u>91,217,331</u>

*Refer to note 25 for details of the restatement of prior year comparatives

National Corporation for Tourism and Hotels

Consolidated statement of changes in equity

	Share capital AED	Statutory reserve AED	General reserve AED	Properties revaluation reserve AED	Retained earnings AED	Total Equity AED
At 1 January 2021	785,862,000	180,697,586	15,000,000	1,165,583,589	114,362,932	2,261,506,107
Profit for the year (as restated)	-	-	-	-	101,490,920	101,490,920
Other comprehensive loss for the year	-	-	-	(10,273,589)	-	(10,273,589)
Total comprehensive income for the year						
(*as restated)	-	-	-	(10,273,589)	101,490,920	91,217,331
Dividends paid (note 21)	-	-	-	-	(102,162,060)	(102,162,060)
Directors' remuneration paid (note 22)	-	-	-	-	(10,329,983)	(10,329,983)
Transfer to statutory reserve	-	10,149,092	-	-	(10,149,092)	-
At 31 December 2021 (as restated)	785,862,000	190,846,678	15,000,000	1,155,310,000	93,212,717	2,240,231,395
At 1 January 2022	785,862,000	190,846,678	15,000,000	1,155,310,000	93,212,717	2,240,231,395
Profit for the year	-	-	-	-	63,975,609	63,975,609
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	63,975,609	63,975,609
Dividends paid (note 21)	-	-	-	-	(102,162,060)	(102,162,060)
Bonus shares issued (note 21)	31,434,480	-	-	-	(31,434,480)	-
Directors' remuneration paid (note 22)	-	-	-	-	(10,633,380)	(10,633,380)
Transfer to statutory reserve	-	6,397,561	-	-	(6,397,561)	-
At 31 December 2022	817,296,480	197,244,239	15,000,000	1,155,310,000	6,560,845	2,191,411,564

*Refer to note 25 for details of the restatement of prior year comparatives

The notes on pages 12 to 64 are an integral part of these consolidated financial statements.

National Corporation for Tourism and Hotels

Consolidated statement of cash flows

	Notes	Year ended 31 December	
		2022 AED	2021 AED (*Restated)
Cash flows from operating activities			
Profit for the year		63,975,609	101,490,920
Adjustments for:			
Depreciation of property and equipment	5	29,656,258	39,119,004
Interest income		(8,547,252)	(11,555,966)
Provision for employees' end of service benefits	14	8,764,950	9,945,047
Finance costs		7,164,420	7,583,114
Provision for impairment on trade receivables, net	9	(901,444)	(4,794,818)
Share of results from investment in joint ventures	6	2,512,956	(1,824,869)
Loss / (Gain) from changes in fair value of investments carried at fair value through profit or loss	7	4,976,812	(1,547,544)
Gain on disposal of investments carried at fair value through profit or loss	7	(358,902)	-
Gain on disposal of property and equipment	19	(651,270)	(17,417,056)
Dividend income	19	(488,158)	-
Operating cash flows before employees' end of service benefits payment and changes in working capital		106,103,979	120,997,832
Employees' end of service benefits paid	14	(19,689,637)	(6,487,588)
Changes in working capital:			
Trade and other receivables		40,018,476	(14,215,401)
Inventories		(3,557,861)	5,118,130
Trade and other payables		(34,096,393)	3,070,227
Net cash generated from operating activities		<u>88,778,564</u>	<u>108,483,200</u>
Cash flows from investing activities			
Net redemption / (placement) of deposits with original maturity of more than three months		206,308,848	(6,696,036)
Purchase of property and equipment		(103,956,921)	(140,994,139)
Proceeds from disposal of property and equipment		792,082	127,618,390
Purchase of investments carried at fair value through profit or loss		(50,352,006)	(14,083,674)
Proceeds from disposal of investments carried at fair value through profit or loss		30,805,413	-
Interest received		11,216,570	14,908,774
Additional contribution in joint venture		(15,758,349)	(5,730,000)
Dividend received from a joint venture		-	1,000,000
Dividend received		488,158	-
Net cash generated from / (used in) investing activities		<u>79,543,795</u>	<u>(23,976,685)</u>

*Refer to note 25 for details of the restatement of prior year comparatives

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

Consolidated statement of cash flows (continued)

	Notes	Year ended 31 December	
		2022 AED	2021 AED (Restated)
Cash flows from financing activities			
Proceeds from term loans	13	65,854,796	88,310,507
Repayments of term loans	13	(27,933,119)	(53,355,094)
Dividends paid	21	(102,162,060)	(102,162,060)
Directors' remuneration paid	22	(10,633,380)	(10,329,983)
Finance costs paid		(6,435,011)	(7,290,377)
Principal element of lease payment		(39,497)	(37,089)
Interest paid on lease liabilities		(22,371)	(24,779)
Net cash used in financing activities		(81,370,642)	(84,888,875)
Net increase / (decrease) in cash and cash equivalents		86,951,717	(382,360)
Cash and cash equivalents at beginning of the year	10	100,165,710	100,548,070
Cash and cash equivalents at end of the year	10	187,117,427	100,165,710
Non-cash transactions:			
Accrual for purchase of property and equipment		5,603,678	24,285,098

*Refer to note 25 for details of the restatement of prior year comparatives

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022

1 General information

National Corporation for Tourism and Hotels (the “Corporation”), a public shareholding company, was incorporated in Abu Dhabi, United Arab Emirates (“UAE”) on 11 December 1996 by Law No. (7) of 1996, to own, manage and invest in hotels and leisure complexes and to undertake other related business. The Corporation’s shares are listed on Abu Dhabi Securities Exchange.

The Corporation’s registered office is P.O. Box 6942, Abu Dhabi, UAE.

The Corporation owns four hotels within the UAE: (a) Abu Dhabi InterContinental Hotel, which is managed by an international hotel operating company; and (b) Danat Al Ain Resort, Al Dhafra Beach Hotel and Danat Jebel Al Dhanna Resort directly operated and managed by the Corporation. In addition, the Corporation provides catering services and retail services and has investments in the following entities

Name	Nature	Country of operation	Principal activity	Ownership Interest	
				2022	2021
National Transportation Company L.L.C (“NTC”)	Joint venture	UAE	Transport services	50.00%	50.00%
Velocity Property Development LLC	Joint Venture	UAE	Real Estate	60.12%	60.12%

As at 31 December 2022, the Corporation operates four hotel properties and rest houses through management agreements along with one hotel property through asset management agreement (31 December 2021: the Corporation operates six hotel properties and rest houses through management agreements along with four hotel properties through asset management agreements), all owned by other parties. The Corporation has terminated the remaining agreements with the hotel properties during the year.

Implementation of UAE Corporation Tax Law and application of IAS 12 Income Taxes

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax regime in the UAE.

The Law was previously gazetted on 10 October 2022, becoming law 15 days later. The Corporate Tax regime will become effective for accounting periods beginning on or after 1 June 2023. Generally, UAE businesses will be subject to a 9% corporate tax rate, while a rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance). However, there are a number of significant decisions that are yet to be finalised by way of a Cabinet Decision, including the threshold mentioned above, that are critical for entities to determine their tax status and the amount of tax due. Therefore, pending such important decisions by the Cabinet, the Company has determined that the Law was not practically operational as at 31 December 2022, and so not enacted or substantively enacted from the perspective of IAS 12 – Income Taxes. The Company shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine its tax status and the applicability of IAS 12 – Income Taxes.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

1 General information (continued)

Implementation of UAE Corporation Tax Law and application of IAS 12 Income Taxes (continued)

The Company is currently in the process of assessing the possible impact on its financial statements, both from current and deferred tax perspective, once the Law becomes substantively enacted.

The consolidated financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of Board of Directors on 15 March 2023.

2 Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are as set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 ("Companies Law") was issued and came into effect on 2 January 2022 which is applicable to the Company.

2.1 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for land and certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of a financial asset or liability, the Corporation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

These consolidated financial statements are presented in UAE Dirhams (AED) which is the functional currency of the Corporation.

2.2 Statement of compliance

The consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable requirements of laws of the UAE Federal Law No. 32 of 2021.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.3 Basis of consolidation

These consolidated financial statements incorporate the consolidated financial statements of the Corporation and the entities controlled by the Corporation. Control is achieved where the Corporation has power over the investee; is exposed, or has rights, to variable returns from its involvement; and has the ability to use its power to affect its returns.

The Corporation reassesses 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 listed above.

When the Corporation has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Corporation considers all relevant facts and circumstances in assessing whether or not the Corporation's voting rights in an investee are sufficient to give it power, including:

- the size of the Corporation's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Corporation, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Corporation has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Corporation gains control until the date when the Corporation ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Corporation and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.4 Application of new and revised international financial reporting standards (IFRS)

The following new and revised IFRSs that are mandatorily effective for accounting periods that begins on or after 1 January 2022 have been adopted by the Corporation. The application of these revised IFRSs has not had any material impact on the disclosures or on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

(a) *New and revised IFRS effective for accounting periods beginning on or after 1 January 2022*

1. Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16 (effective 1 January 2022)

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is ‘testing whether the asset is functioning properly’ when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity’s ordinary activities.

2. Reference to the Conceptual Framework – Amendments to IFRS 3 (effective 1 January 2022)

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

3. Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37 (effective 1 January 2022)

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

4. Annual Improvements to IFRS Standards 2018–2020 (effective 1 January 2022)

The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.4 Application of new and revised international financial reporting standards (IFRS) (continued)

(b) *Standards and Interpretations in issue but not yet effective*

The Corporation has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

1. IFRS 17 Insurance Contracts (effective 1 January 2023)

Amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023.

Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.

2. Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (effective 1 January 2023)

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

3. Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement (effective 1 January 2023)

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.4 Application of new and revised international financial reporting standards (IFRS) (continued)

(b) *Standards and Interpretations in issue but not yet effective* (continued)

3. Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement (effective 1 January 2023) (continued)

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

4. Definition of Accounting Estimates – Amendments to IAS 8 (effective 1 January 2023)

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

5. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (effective 1 January 2023)

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The Corporation is currently assessing the impact of these standards, and amendments on the future consolidated financial statements of the Corporation and intends to adopt these, if applicable, when they become effective.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.5 Business combinations

Business combinations falling within the scope of IFRS 3 are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Corporation elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed in the consolidated statement of profit or loss.

The Corporation determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Corporation acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed an asset or liability will be recognised in accordance with IAS 39 either in consolidated statement of profit or loss. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Corporation reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Corporation adjusts the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognised as of that date.

The measurement period ends as soon as the Corporation receives the necessary information about the facts and circumstances that existed as of the acquisition date or learns that the information is not obtainable. However, the measurement period cannot exceed one year from the acquisition date.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.6 Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Corporation's investments in its joint ventures are accounted for using the equity method.

The results and assets and liabilities of associate and joint venture are accounted for using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Corporation's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of profit or loss reflects the Corporation's share of the results of operations of the joint venture. Any change in other comprehensive income of those investees is presented as part of the Corporation's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the joint venture, the Corporation recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Corporation and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Corporation's share of profit or loss of a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

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

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Corporation's investment in joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of joint control over the joint venture the Corporation measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of profit or loss.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.6 Investment in joint ventures (continued)

When the Corporation contributes a non-monetary asset, not a business, in exchange for an equity interest in the joint venture, it recognises any gain or loss from the transaction to the extent of the unrelated party's interest. The cost of the investment in the joint venture is the cost of the asset contributed plus the recognised portion of the gain or loss plus any transaction costs or contingent consideration.

When the Corporation reduces its ownership interest in a joint venture but the Corporation continues to use the equity method, the Corporation reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When the Corporation transacts with a joint venture of the Corporation, profits and losses resulting from the transactions with the joint venture are recognised in the Corporation's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Corporation.

2.7 Property and equipment

Land is stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ significantly from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

All other property and equipment are stated at historical cost less accumulated depreciation and/or accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss in the period in which they are incurred.

Assets under construction are stated at cost and are not depreciated. When commissioned, assets under construction are transferred to the appropriate property and equipment asset category and depreciated in accordance with the Corporation's policies.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.7 Property and equipment (continued)

Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Buildings	10 - 30
Mechanical, electrical and plumbing	7 - 15
Furniture, fixtures and operating equipment	5 - 10
Motor vehicles	4 - 5

The estimated useful lives, residual values and depreciation method are reviewed at each yearend, with the effect of any changes in estimate accounted for on a prospective basis.

Increases in the carrying amount arising on revaluation of land are credited to consolidated statement of other comprehensive income and shown as an properties revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against properties revaluation reserve directly in equity; all other decreases are charged to the consolidated statement of profit or loss.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is included in the consolidated statement of profit or loss when the asset is derecognised.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less cost to sell and their value in use.

2.8 Capital work in progress

Properties or assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the asset including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Corporation's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment or intangible asset category and is depreciated or amortised in accordance with the Corporation's policies.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.9 Impairment of non-financial assets

At each reporting date, the Corporation reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.10 Leases

(a) *The Corporation as lessor*

The Corporation enters into lease agreements as a lessor with respect to some of Corporation's building units.

Leases for which the Corporation is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.10 Leases (continued)

(a) *The Corporation as lessor* (continued)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Corporation's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Corporation's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Corporation applies IFRS 15 to allocate consideration under the contract to each component.

(b) *The Corporation as lessee*

The Corporation assesses whether contract is or contains a lease, at inception of the contract. The Corporation recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Corporation recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Corporation uses its incremental borrowing rate.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.10 Leases (continued)

(b) *The Corporation as lessee* (continued)

The Corporation remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Corporation did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Corporation expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented under the property and equipment in the consolidated statement of financial position.

The Corporation applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the property and equipment policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the lines of 'direct operating expenses' and 'general and administrative expenses' in the consolidated statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

2.11 Inventories

Inventories are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Costs are those expenses incurred in bringing each product to its present location and condition and are determined on a weighted average cost basis.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.11 Inventories (continued)

Net realisable value is based on estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.12 Provisions

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.13 Employees' end of service benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date.

Provision is also made for the full amount of end of service benefit due to non-UAE national employees in accordance with UAE Labour Law, for their period of service up to the reporting date. With respect to its national employees, the Corporation makes contributions to a UAE Government pension scheme calculated as a percentage of the employees' salaries. The Corporation's obligations are limited to these contributions, which are expensed when due.

The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

2.14 Financial instruments

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit or loss.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.14 Financial instruments (continued)

2.14.1 Classification of financial assets and liabilities

(a) Initial recognition

On initial recognition, a financial asset is classified as measured at: amortised cost or fair value through profit or loss ("fair value through profit or loss").

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss account:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through profit or loss

On initial recognition, the Corporation may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as fair value through profit or loss, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at fair value through profit or loss.

(c) Business model assessment

The Corporation makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the frequency, volume and timing of trades of financial assets in prior periods, the reasons for such trades and its expectations about the future trading activity. However, information about trading activity is not considered in isolation, but as part of an overall assessment of how the Corporation's stated objective for managing the financial assets is achieved and how cash flows are realised;
- how the performance of the portfolio is evaluated and reported to the management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows, nor held both to collect contractual cash flows and to sell financial assets.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.14 Financial instruments (continued)

2.14.1 Classification of financial assets and liabilities (continued)

(d) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

'Interest' is defined as consideration for the time value of money and for the credit risk associated with the outstanding principal.

In assessing whether the contractual cash flows are solely payments of principal and interest on the outstanding principal, the Corporation considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(e) Financial liabilities

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities, at initial recognition, may be designated at fair value through profit or loss if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;
- the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or
- the financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in consolidated statement of profit or loss.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.14 Financial instruments (continued)

2.14.2 Subsequent measurement and gain or losses

(a) *Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss and other comprehensive income.

(b) *Financial assets at fair value through profit or loss*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the consolidated statement of profit or loss and other comprehensive income.

(c) *Financial liabilities at amortised cost*

Mainly includes borrowings and trade and other payables. After initial recognition, the aforementioned liabilities are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

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

2.14.3 Reclassification

(a) *Financial assets*

The Corporation only reclassify financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Corporation's operations and demonstrable to external parties.

(b) *Financial liabilities*

The Corporation determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not permitted.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.14 Financial instruments (continued)

2.14.4 Modifications of financial assets and financial liabilities

(a) *Financial assets*

If the terms of a financial asset are modified, the Corporation evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Corporation recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated statement of profit or loss and other comprehensive income.

(b) *Financial liabilities*

If the terms of a financial liability are modified and the cash flows of the modified liability are substantially different then, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the consolidated statement of profit or loss.

2.14.5 Derecognition

(a) *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Corporation retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Corporation has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Corporation is recognised as a separate asset or liability.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.14 Financial instruments (continued)

2.14.5 Derecognition (continued)

(a) *Financial assets* (continued)

The Corporation enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

In transactions in which the Corporation neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Corporation continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

(b) *Measured at amortised cost*

Any gain or loss on derecognition of financial assets measured at amortised cost is recognised in the consolidated statement of profit or loss.

(c) *Financial liabilities*

The Corporation derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

2.14.6 Impairment of financial assets

IFRS 9 specifies the 'incurred loss' model with a forward-looking 'expected credit losses' ('ECL') model. Assessing how changes in economic factors affect ECL requires considerable judgement. ECL are determined on a probability-weighted basis.

The Corporation recognises loss allowances for ECLs on the following instruments that are not measured at fair value through profit or loss:

- financial assets measured that are debt instruments carried at amortised cost or FVOCI; and
- financial guarantee contracts issued.

The Corporation measures loss allowances either using general or simplified approach as considered appropriate.

Under general approach, loss allowances are measured at an amount equal to 12-month expected credit loss except when there has been a significant increase in credit risk since inception. In such cases, the Corporation measures loss allowances at an amount equal to lifetime expected credit loss.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.14 Financial instruments (continued)

2.14.6 Impairment of financial assets (continued)

Under simplified approach, loss allowances are always measured at an amount equal to lifetime expected credit loss.

Lifetime ECL: These losses are the ECL that result from all possible default events over the expected life of a financial instrument, if there is significant increase in credit risk or under simplified approach.

12-month ECL: These losses are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

(a) Measurement of ECL

ECL are a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Corporation in accordance with the contract and the cash flows that the Corporation expects to receive); and
- financial assets that are credit-impaired: as the difference between the gross carrying amount and the present value of estimated future cash flows.

(b) Definition of default

The Corporation considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Corporation, in full (without taking into account any collateral held by the Corporation).

Irrespective of the above analysis, the Corporation considers that default has occurred when a financial asset is more than 90-300 days past due, depending on the business segment, unless the Corporation has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(c) Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the consolidated statement of profit or loss.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.14 Financial instruments (continued)

2.14.6 Impairment of financial assets (continued)

(d) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Corporation determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Corporation's procedures for recovery of amounts due.

2.15 Revenue recognition

For contracts determined to be within the scope of revenue recognition, the Corporation is required to apply a five-step model to determine when to recognise revenue, and at what amount. Revenue is measured based on the consideration to which the Corporation expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Corporation recognises revenue when it transfers control of a product or service to a customer.

The Corporation recognises revenue from contracts with customers based on the five step model set out in IFRS 15:

- Step 1* Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2* Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3* Determine the transaction price: The transaction price is the amount of consideration to which the Corporation expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4* Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Corporation allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Corporation expects to be entitled in exchange for satisfying each performance obligation.
- Step 5* Recognise revenue when (or as) the Corporation satisfies a performance obligation.

The Corporation satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The Corporation's performance does not create an asset with an alternate use to the Corporation and the Corporation has an enforceable right to payment for performance completed to date.
- The Corporation's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.15 Revenue recognition (continued)

- The customer simultaneously receives and consumes the benefits provided by the Corporation's performance as the Corporation performs.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

The stand-alone selling prices are determined based on the observable price at which the Corporation sells the products and services on a standalone basis. For items that are not sold separately the Corporation estimates standalone selling prices using other methods (i.e. adjusted market assessment approach, cost plus margin approach or residual approach).

When the Corporation satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Corporation assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Corporation and the revenue and costs, if applicable, can be measured reliably.

The Corporation recognises revenue from the following major sources:

- Hotel revenues
- Retail revenues
- Catering revenues
- Management fee

(a) *Hotel revenues*

Hotel revenue corresponds to all the revenues received from guests of the hotels. The services rendered (including room rentals, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the hotel, and at a point in time for other goods or services, when they have been delivered or rendered.

(b) *Retail revenues*

For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Significant accounting policies (continued)

2.15 Revenue recognition (continued)

(c) Catering revenues

Revenue is recognised in the period in which food and support services are provided in accordance with the terms of the contractual relationships with third parties. Revenue represents the fair value of the consideration received or receivable for food and support services provided in the normal course of business, excluding, value added tax and similar sales taxes.

(d) Management fee

Management fee is related to the provision of management and asset management services to the managed hotels and is recognised when the services are performed.

2.16 Foreign currencies

For the purpose of these consolidated financial statements, the UAE Dirham (AED) is the functional and presentation currency of the Corporation.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3 Financial instruments

3.1 Capital management

The primary objective of the Corporation's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Corporation manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Corporation may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years end 31 December 2022 and 2021.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

3 Financial instruments (continued)

3.2 Classes of financial instruments

	2022 AED	2021 AED
Financial assets		
Financial assets at amortised cost:		
Cash and cash equivalent	187,117,427	100,165,710
Short term deposits	202,578,068	408,886,916
Trade and other receivables	133,330,298	179,373,338
Investments carried at fair value through profit or loss	30,559,901	15,631,218
	<u>553,585,694</u>	<u>704,057,182</u>
Financial liabilities		
Trade and other payables	209,488,022	239,964,447
Term loans	387,944,431	349,132,388
Lease liabilities	358,353	397,850
	<u>597,790,806</u>	<u>589,494,685</u>

3.3 Financial risk management objectives

The Corporation is exposed to the following risks related to financial instruments - credit risk, liquidity risk, and price risk. The Corporation has not framed formal risk management policies, however, the risks are monitored by management on a continual basis. The Corporation does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

3.4 Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Corporation. Key areas where the Corporation is exposed to credit risk are trade and other receivables and bank and cash balances (liquid assets).

The Corporation has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Corporation attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Corporation's performance to developments affecting a particular industry or geographic location. Management believes that the concentration of credit risk is mitigated by high credit rating and financial stability of its trade customers.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

3 Financial instruments (continued)

3.4 Credit risk (continued)

Balances with banks are assessed to have low credit risk of default since these banks are among the major banks operating in the UAE and are highly regulated by the central bank. The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations generally approximates their carrying value.

3.5 Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its funding requirements. The table below summarises the maturity profile of the Corporation's non- derivative financial liabilities. The contractual maturities of the financial liabilities have been determined on the basis of the remaining period at the end of the reporting period to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

3 Financial instruments (continued)

3.5 Liquidity risk (continued)

The maturity profile of the non-derivative financial liabilities at the end of reporting period based on contractual repayment arrangements are as follows:

	On demand AED	Less than 6 months AED	6 to 12 months AED	1 to 5 years AED	More than 5 years AED	Total AED
At 31 December 2022						
Term loans	-	13,966,560	16,148,560	196,417,012	164,083,402	390,615,534
Trade and other payables	-	174,346,204	35,141,818	-	-	209,488,022
Lease liabilities	-	61,868	-	247,472	49,013	358,353
Total	-	188,374,632	51,290,378	196,664,484	164,132,415	600,461,909
At 31 December 2021						
Term loans	-	13,966,560	16,148,560	215,627,476	106,951,261	352,693,857
Trade and other payables (as restated)	-	211,818,541	28,145,906	-	-	239,964,447
Lease liabilities	-	61,868	-	247,468	88,514	397,850
Total	-	225,846,969	44,294,466	215,874,944	107,039,775	593,056,154

The Corporation does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored by the Corporation's treasury function. All lease obligations are denominated in AED.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

3 Financial instruments (continued)

3.6 Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Corporation. The Corporation is exposed to interest rate risk on its term deposits and bank borrowings that carry both fixed and floating interest rates which are detailed in notes 10 and 13.

(a) *Interest rate sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to variable interest rates mainly arising from bank borrowings, assuming the amount of liability at the end of the reporting period was outstanding for the whole year.

At 31 December 2022, if interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, profit for the year would have been AED 0.39 million (2021: AED 0.35 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Corporation's borrowings are denominated in UAE Dirhams.

3.7 Fair value of financial instruments

The Corporation's management considers that the carrying amount of financial assets and financial liabilities approximates their fair value.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements are those derived from inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

4 Critical accounting judgements and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

While applying the accounting policies as stated in Note 2, management of the Corporation has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.1 Revaluation of land

The Corporation measures its land at revalued amount. The revalued amount of land is determined by independent real estate valuation experts using market (sales comparison) valuation approach; a suitable method of valuation that is normally used to value lands and is an approach that would be adopted for use in the local market. The revalued amount is determined by comparing the land's characteristics with those of comparable properties which recently have been sold in similar transactions in the market. Adjustments are made to reflect the period of time that has passed between the transaction date and the date of valuation, or the price that is expected to be achieved following a negotiated sale. Data source of market evidence has been obtained from sources such as anecdotal information/evidence obtained from various sources and real estate brokers active in the locality, the expert's internal research/enquiries and personal knowledge of certain sales transactions that have taken place.

Revalued amounts are based on certain assumptions, which are subject to uncertainty, however, management does not expect such assumptions to materially differ from the actual results. The Corporation reported change in the revalued amount of nil as at 31 December 2022 (2021: decrease of AED 10.27 million).

4.2 Impairment of property and equipment

Hotel properties and hotel properties under constructions (collectively referred as "hotel properties") classified under property and equipment are assessed for impairment when there is an indication that those assets have suffered an impairment loss. An impairment review is carried out by determining the recoverable amount which takes into account the fair value of these hotel properties under consideration. The fair values of these hotel properties are determined by an independent real estate valuation expert using Income Capitalisation method.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

4.2 Impairment of property and equipment (continued)

Cash flows are determined with reference to recent market conditions, prices existing at the end of the reporting period, contractual agreements and estimations over the useful lives of the assets and discounted using a range of discount rates that reflects current market assessment of the time value of money and the risks specific to the asset. The net present values are compared to the carrying amounts to assess any probable impairment. Based on the assessment performed, the management concluded that there is no impairment of hotel properties as of 31 December 2022 and 2021.

4.3 Calculation of loss allowance

The Corporation assesses the impairment of its financial assets based on the expected credit loss ("ECL") model. Under the expected credit loss model, the Corporation accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Corporation measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

When measuring ECL, the Corporation uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

At the reporting date, the Corporation has recognised total allowance for ECL amounted to AED 7,264,755 (31 December 2021: AED 8,166,199). The Corporation's trade receivables are mainly due from Government related entities. Any difference between the amounts actually collected in future periods and the amounts expected to be received will be recognised in the consolidated statement of profit or loss.

If the ECL rates on each past due time bucket had been 0.5% higher (lower) as of December 2022 and 2021, the loss allowance on trade receivables would have been changed as follows:

	2022 AED	2021 AED
Due for 1 to 30 days	120,825	137,652
Due for 31 to 60 days	104,743	103,574
Due for 61 to 90 days	5,744	31,846
Due for 91 to 120 days	4,015	4,138
Due for more than 120 days	32,961	7,031

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

4.4 Useful lives of property and equipment

The useful lives and residual values of the property and equipment are based on management's judgement of the historical pattern of useful lives and the general standards in the industry. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technical obsolete or non-strategic assets that have been abandon or sold.

Effective 1 July 2022, the Corporation revised the useful lives of buildings, fixtures and fittings, mechanical, electrical and plumbing equipment and motor vehicles to reflect more accurate estimates of these assets' useful lives. The changes in estimates have been applied prospectively.

Had the above categories been depreciated on the basis of the original useful lives, the depreciation charge for the year ended 31 December 2022 would have been higher by AED 11.46 million.

4.5 Capitalisation of capital work in progress

In determining the timing to capitalise capital work in progress, management has considered the principles of IAS 16 *Property, Plant and Equipment*. On that basis, management considers the capability of the assets to operate in the manner intended by management, taking into consideration trends and level of production and salability of the products.

4.6 Impairment of investments in joint ventures

Management regularly reviews its investments in joint ventures for indicators of impairment. This determination of whether investments in joint ventures are impaired entail management's evaluation of the specific investee's profitability, liquidity, solvency and ability to generate operating cash flows from the date of acquisition and until the foreseeable future. The difference between the estimated recoverable amount and the carrying value of investment is recognised as an expense in the consolidated statement of profit or loss. Management is satisfied that no impairment provision is necessary on its investments in joint ventures.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

5 Property and equipment

Cost	Land at revalued amount AED	Buildings at cost AED	Mechanical electrical and plumbing equipment at cost AED	Furniture, fixtures and operating equipment at cost AED	Motor vehicles at cost AED	Capital work in progress at cost AED	Total AED
At 1 January 2021	1,256,710,000	639,918,621	166,831,760	299,455,049	23,217,038	255,718,185	2,641,850,653
Additions	-	1,257,000	555,500	7,726,225	1,284,700	154,455,812	165,279,237
Revaluation	(10,273,589)	-	-	-	-	-	(10,273,589)
Disposals	(91,126,411)	-	-	(145,699)	-	(18,675,280)	(109,947,390)
Transfers	-	9,548,820	325,000	2,712,737	-	(12,586,557)	-
At 1 January 2022	1,155,310,000	650,724,441	167,712,260	309,748,312	24,501,738	378,912,160	2,686,908,911
Additions	-	-	350,489	10,232,476	710,302	98,267,332	109,560,599
Disposals	-	-	-	(1,682,559)	(3,523,554)	-	(5,206,113)
Transfers	-	3,147,893	400,000	967,698	-	(4,515,591)	-
At 31 December 2022	1,155,310,000	653,872,334	168,462,749	319,265,927	21,688,486	472,663,901	2,791,263,397

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

5 Property and equipment (continued)

	Land at revalued amount AED	Buildings at cost AED	Mechanical, electrical and plumbing equipment at cost AED	Furniture, fixtures and operating equipment at cost AED	Motor vehicles at cost AED	Capital work in progress at cost AED	Total AED
Accumulated depreciation							
At 1 January 2021	-	380,142,713	122,610,100	249,276,760	17,106,596	-	769,136,169
Charge for the year	-	13,760,193	6,991,958	16,444,068	1,922,785	-	39,119,004
Disposals	-	-	-	(145,699)	-	-	(145,699)
At 1 January 2022	-	393,902,906	129,602,058	265,575,129	19,029,381	-	808,109,474
Charge for the year	-	11,333,385	4,708,423	11,785,563	1,828,887	-	29,656,258
Disposals	-	-	-	(1,653,739)	(3,411,562)	-	(5,065,301)
At 31 December 2022	-	405,236,291	134,310,481	275,706,953	17,446,706	-	832,700,431
Carrying amount							
At 31 December 2022	1,155,310,000	248,636,043	34,152,268	43,558,974	4,241,780	472,663,901	1,958,562,966
At 31 December 2021	1,155,310,000	256,821,535	38,110,202	44,173,183	5,472,357	378,912,160	1,878,799,437

As at 31 December 2022, the Corporation has a right to use asset on leased out land with a net carrying value of AED 327,362 (2021: AED 373,196), and the amortisation charge for this right to use asset amounted to AED 45,834 (2021: AED 45,833). This has been classified under the building.

In 2021, management decided to dispose of a plot of land with a carrying value of AED 120.2 million and started actively marketing it for sale. Accordingly, the land was reclassified from property and equipment to an asset held for disposal as the proposed disposal met the requirements of IFRS 5 *Non-current assets held for sale and discontinued operations*. Based on the Board's best estimate at that date of the expected disposal proceeds, management reversed the previously recognised revaluation gain relating to the land of AED 10.3 million through other comprehensive income. In September 2021, the Corporation successfully concluded negotiations for the disposal of the land for a cash consideration of AED 127.5 million and recognised a gain on disposal of AED 17.3 million in the consolidated statement of profit or loss.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

5 Property and equipment (continued)

The depreciation charge has been allocated in the consolidated statement of profit or loss as follows:

	2022 AED	2021 AED
Direct operating expenses (note 23)	28,028,813	36,724,857
General and administrative expenses (note 18)	<u>1,627,445</u>	<u>2,394,147</u>
	<u>29,656,258</u>	<u>39,119,004</u>

In 2022, the Corporation carried out a review of recoverable value of its hotel properties and hotel properties under constructions (collectively referred as "hotel properties"). The recoverable value of hotel properties is based on fair value less cost to sell and has been determined by reference to the income capitalisation method using exit yield of 8.00% to 8.75% (2021: 8.00% to 8.75%) and a discount rate of 8.50% (2021: 10.0% to 10.75%). No impairment was recognized on the hotel properties for the year ended 31 December 2022 (2021: Nil).

In estimating the recoverable amounts of the hotel properties, the highest and best use of the properties were considered. The inputs used in the valuation are not based on observable market data, and thus, the valuation techniques were considered to be Level 3 fair value measurement.

5.1 Revaluation of land

Included in property and equipment, land is stated at AED 1.16 billion as at 31 December 2022 (2021: AED 1.16 billion) of revaluation amount.

The revalued amounts of the Corporation's land are arrived at on the basis of a valuation that was carried out by an independent registered third party valuer ("the Valuer") in accordance with the RICS Appraisal and Valuation Standards issued by the Royal Institute of Chartered Surveyors ("RICS") using market (sales comparison) valuation approach.

In estimating the revalued amounts of the land, the highest and best use of the land have been considered.

The valuations were determined by using the market (sales comparison) valuation approach. The approach involves measuring the present value of the business resources based on the flow of prices of these resources on the free market and exchange between willing persons (seller and buyer) on such market. The valuation has been conducted as at 31 December 2021.

The inputs used in the valuation are not based on observable market data, and thus, the valuation techniques were considered to be Level 3 fair value measurement.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

5 Property and equipment (continued)

5.1 Revaluation of land (continued)

Significant unobservable inputs used in determining the fair value of the land are as follows:

Net average sales price/sqft for land*	AED 9 – AED 900
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*The sales price range pertains to various plots of land located in various locations within Abu Dhabi.

The Corporation conducted sensitivity analysis showing the impact of change in sales price per square foot for its land as of 31 December 2022. Accordingly, an increase in expected sales price per square foot by 5% would result in AED 57.8 million increase in the valuation, whilst a decrease of 5% would result in AED 57.8 million decrease in valuation of the revalued amount of Corporation's plots of land.

5.2 Capital work in progress

At 31 December 2022, the total capital work in progress amounted to AED 472.7 million (2021: AED 378.9 million), out of that AED 471.3 million (2021: AED 374.0 million) relates to a hotel project for which, the work on the project is currently in progress.

During the year, borrowing costs amounting to AED 14.4 million (2021: AED 8.6 million) have been capitalised at an average rate of 3.5% (2021: 3.0% - 3.5%) over 3-months EBOR.

Term loans are secured with mortgage over land and building with carrying value of AED 1.17 billion (2021: AED 1.18 billion) (note 13).

6 Investment in joint ventures

	2022 AED	2021 AED
National Transport Company LLC (a)	21,835,967	18,308,348
Velocity Property Development LLC (b)	242,725,871	233,008,097
	<u>264,561,838</u>	<u>251,316,445</u>

The Corporation holds 50% and 60.12% of the voting rights of its joint arrangements respectively. The Corporation has joint control over these arrangements as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities. The Corporation's joint arrangements provide the Corporation and the parties to the arrangements with rights to the net assets.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

6 Investment in joint ventures (continued)

(a) National Transport Company

Investment in joint ventures includes an investment to National Transport Company LLC of 50%. Movement in the investment in joint venture is as follows:

	2022 AED	2021 AED
At 1 January	18,308,348	17,483,479
Share of results for the year	3,527,619	1,824,869
Dividends received	-	(1,000,000)
At 31 December	<u>21,835,967</u>	<u>18,308,348</u>

Summarised financial information below represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs:

	2022 AED	2021 AED
Revenue	36,443,499	28,122,581
Cost of sales	(29,242,749)	(22,101,189)
Administrative expenses	(2,354,059)	(2,331,716)
Other income	2,464,744	82,362
Finance costs	(256,197)	(122,300)
Profit for the year	<u>7,055,238</u>	<u>3,649,738</u>
Corporation's share of results for the year	<u>3,527,619</u>	<u>1,824,869</u>

Property and equipment	47,960,692	27,857,227
Accounts receivables and prepayments	23,027,471	10,352,317
Cash and bank balances	1,113,186	5,986,350
Accounts payable and accruals	(17,735,622)	(5,823,634)
Employees' end of service benefits	(1,753,155)	(1,550,801)
Term loans	(8,785,398)	-
Value added tax payable	(155,240)	(204,763)
Net assets	<u>43,671,934</u>	<u>36,616,696</u>
Corporation's share of net assets at 50%	<u>21,835,967</u>	<u>18,308,348</u>

(b) Velocity Property Development LLC

In 2015, the Corporation and a third party company entered into a formal joint venture agreement to establish Velocity Property Development LLC (the "Joint Venture") with initial share capital contribution of 60.12% and 39.88%, respectively. The Corporation contributed land and existing works to the Joint Venture.

The Joint Venture has been formed for the purpose of developing and managing the plot located at ADNEC area in Abu Dhabi, United Arab Emirates.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

6 Investment in joint ventures (continued)

(b) Velocity Property Development LLC (continued)

In 2017, the control over the land and existing works as contributed by the Corporation with a fair value of AED 218.6 million as determined by an external valuer were transferred to the Joint Venture. In addition to the in-kind contribution for the land and works, the Corporation made additional cash contributions to Velocity Property Development LLC ("Velocity"), increasing the effective percentage shareholding of the Corporation. As per the terms of the shareholders' agreement of Velocity, the final percentage ownership of each shareholder is to be recalculated and adjusted upon the occurrence of the Project Completion Date. The Corporation, together with the other shareholder of Velocity, is in discussion to finalize the percentage ownership of each party over Velocity in accordance with the shareholders' agreement. As at 31 December 2022, the effective percentage ownership of the Corporation over Velocity is 63.86% (31 December 2021: 63.86%). As at 31 December 2022, the Corporation has contributed land and existing works with fair value of AED 218.6 million (31 December 2021: AED 218.6 million) and cash contribution of AED 33.5 million (31 December 2021: AED 17.7 million) to Velocity. The development has been substantially completed and the entity is expected to start the operation once the development is finalised. The contribution made during the year amounts to AED 15.7 million. The Corporation's share of expenses of joint venture for the current year amounts to AED 6 million (2021: nil).

7 Investments carried at fair value through profit or loss

	2022 AED	2021 AED
Investments in quoted shares	30,559,901	15,631,218
	<u>30,559,901</u>	<u>15,631,218</u>

Movements of the investments carried at fair value through profit or loss were as follows:

	2022 AED	2021 AED
At 1 January	15,631,218	-
Purchase of quoted shares	50,352,006	14,083,674
(Decrease) / increase in fair value	(4,976,812)	1,547,544
Disposal of quoted shares	(30,446,511)	-
At 31 December	<u>30,559,901</u>	<u>15,631,218</u>

In 2022, the Corporation purchased shares amounting to AED 50.4 million (2021: 14.1 million) in listed equity securities in active market transactions. The Corporation sold a portion of its investment in the listed equity securities and the net gain resulted from these transactions was accounted in the consolidated statement of profit or loss. Based on the business model of the Corporation, the management classified these securities as investments carried at fair value through profit or loss. The inputs used are based on observable market data, and thus, the valuation techniques were considered to be Level 1 fair value measurement.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

8 Inventories

	2022 AED	2021 AED (Restated)
Food and beverages	22,298,438	17,452,594
Engineering and operating supplies	3,102,893	4,390,876
	<u>25,401,331</u>	<u>21,843,470</u>

Inventories recognised as an expense during 2022 amounted to AED 257.3 million (2021: AED 282.5 million). These were included in direct operating expenses.

9 Trade and other receivables

	2022 AED	2021 AED
Trade receivables	119,068,542	165,864,069
Less: allowance for impairment	<u>(7,264,755)</u>	<u>(8,166,199)</u>
	111,803,787	157,697,870
Prepayments and advances	28,344,139	25,003,658
Interest receivables	2,113,195	4,782,513
Value-added-tax receivable	2,069,478	3,117,868
Amounts due from a related party (note 17)	3,036,211	7,634
Other receivables	<u>14,307,627</u>	<u>13,767,453</u>
	<u>161,674,437</u>	<u>204,376,996</u>

Prepayments and advances include advance provided to contractor during the year amounting to AED 274.5 thousand (2021: AED 5.2 million) related to construction of Intercontinental Hotel - Grand Marina project (note 5) and nil (2021: AED 78.5 thousand) related to renovation activities of Dhafra Beach Hotel.

The average credit period on sale of goods or services rendered is 30 days. No interest is charged on outstanding trade receivables.

The Corporation measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Corporation writes off a trade and other receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. During the year, the Corporation has not written off trade or other receivables.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

9 Trade and other receivables (continued)

The Corporation has adopted a policy of dealing only with creditworthy counterparties. Adequate credit assessment is made before accepting an order for services or sale of goods from any counterparty.

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	2022 AED	2021 AED
At 1 January	8,166,199	12,961,017
Remeasurement of loss allowance, net	(901,444)	(4,794,818)
At 31 December	<u>7,264,755</u>	<u>8,166,199</u>

10 Cash and bank balances

Cash and cash equivalents are comprised of the following:

	2022 AED	2021 AED
Cash at bank and on hand	115,222,950	100,165,710
Short term deposits	<u>274,472,545</u>	<u>408,886,916</u>
	389,695,495	509,052,626
Less: short-term deposits with original maturity of more than three months	<u>(202,578,068)</u>	<u>(408,886,916)</u>
Cash and cash equivalents	<u>187,117,427</u>	<u>100,165,710</u>

Short-term deposits represent deposits held with financial institutions in the UAE and denominated in AED. As at 31 December 2022, these deposits carry an interest rate of 3.30% to 5.75% (31 December 2021: 2.00 % to 3.50%) per annum.

Short-term deposits are made for varying periods of between three months and one year (2021: between six months and one year), depending on the immediate cash requirements of the Corporation and earn interest at the respective short-term deposit rates. The fair values of short-term deposits are equal to carrying amount at year end.

11 Share capital

	2022 AED	2021 AED
Authorised capital		
817,296,480 ordinary shares of AED 1 each (31 December 2021: 785,862,000 ordinary shares of AED 1 each)	<u>817,296,480</u>	<u>785,862,000</u>

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

11 Share capital (continued)

	2022 AED	2021 AED
<i>Issued, subscribed and paid up capital</i>		
Opening Balance	785,862,000	785,862,000
31,434,480 bonus shares issued for AED 1 each (31 December 2021 : nil)	31,434,480	-
Closing Balance	<u>817,296,480</u>	<u>785,862,000</u>

In 2022, the Corporation issued 31,434,480 (2021: nil) bonus shares to its existing shareholders on the basis of 4% of ordinary shares held (2021: nil). The bonus shares are ordinary and carry the same rights as other ordinary shares. The legal formalities of the issuance of the 2022 share capital were completed during May 2022.

12 Reserves

(a) Statutory reserve

In line with the provisions of the UAE Federal Decree Law No. 32 of 2021 and the Corporation's Articles of Association, the Corporation is required to transfer annually to a statutory reserve account an amount equivalent to 10% of its profit for the year until such reserve reaches 50% of the share capital of the Corporation. The statutory reserve is not available for distribution.

(b) General reserve

The general reserve has been established to enhance the capital base of the Corporation. Transfers to the general reserve are made upon recommendation of the Board of Directors of the Corporation.

(c) Properties revaluation reserve

Properties revaluation reserve represents the net unrealised gains or losses that are recognised on the revaluation of land.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

13 Term loans

	2022 AED	2021 AED
Term loan 1	273,160,402	209,450,220
Term loan 2	95,639,415	117,682,168
Term loan 3	5,000,000	7,000,000
Term loan 4	12,000,000	15,000,000
Term loan 5	2,144,614	-
	<u>387,944,431</u>	<u>349,132,388</u>
Less: Amount due for settlement after 12 months from the end of reporting year (classified under non-current liabilities)	<u>(357,829,311)</u>	<u>(319,017,268)</u>
Amount due for settlement within 12 months from the end of reporting year (classified under current liabilities)	<u>30,115,120</u>	<u>30,115,120</u>

The term loans comprise the following:

Term loan 1

In 2013, the Corporation obtained a loan facility from a local bank amounting to AED 220.0 million. In 2021, the Corporation and the local bank agreed to increase the available facility amount to AED 320.0 million. The loan will be utilised for the construction of a new hotel, Intercontinental Hotel - Grand Marina. Total drawdown as at 31 December 2022 amounted to AED 273.2 million. The loan carries interest at the rate of 3.5% over 3-months EBOR, subject to a minimum interest rate of 5.0% per annum. Interest is paid on a quarterly basis. The loan is to be repaid over 9 years by 36 quarterly installments beginning from December 2023. Additional drawdown of AED 46.8 million is available for this loan as at 31 December 2022.

The loan facility is secured by the following:

- (i) Mortgage over the land plots and buildings of Abu Dhabi InterContinental Hotel.
- (ii) Assignment of revenues of Abu Dhabi InterContinental Hotel.
- (iii) Assignment of revenues up to AED 20 million of Danat Resort – Jebel Dhanna.
- (iv) Assignment of entire revenues of the new hotel.
- (v) Assignment of insurance in relation to the above property.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

13 Term loans (continued)

Term loan 2

During 2015, the Corporation obtained a loan facility from a local bank amounting to AED 600.0 million which are split into two facilities of: (i) Facility A for AED 131.6 million which is utilised to repay two existing loans from the same local bank and (ii) Facility B for AED 468.4 million which will be utilised to repay another existing loan from the same local bank and to meet future investment opportunities. Facility A was fully utilised as at 31 December 2015, while Facility B drawdown amounted to AED 68.4 million. Total drawdown for both facilities as at 31 December 2022 amounted to AED 200.0 million. Total outstanding loan balance for both facilities as at 31 December 2022 amounted to AED 98.3 million. Facility A carries interest at the rate of 3% over 3-months EBOR, subject to a minimum interest rate of 4.25% per annum. Facility B carries interest at the rate of 3.25% over 3-months EBOR, subject to a minimum interest rate of 4.5% per annum. The Facilities A and B are to be repaid in 10 years from the date of the Loan Facility Agreement through semi-annual installments and one final payment on the final repayment date. Interest is to be paid on quarterly basis.

The loan facility is secured by the following:

- (i) Mortgage over the land plots and buildings of Abu Dhabi Intercontinental Hotel
- (ii) Assignment of insurances of Abu Dhabi Intercontinental Hotel
- (iii) Assignment of receivables from Abu Dhabi Intercontinental Hotel, Danat Al Ain Resort, Danat Resort – Jebel Dhanna and Al Dhafra Beach Hotel
- (iv) Pledge over bank accounts of the Corporation and its divisions, Abu Dhabi Intercontinental Hotel, Danat Al Ain Resort, Danat Resort – Jebel Dhanna and Al Dhafra Beach Hotel.

In July 2017, the Corporation voluntarily cancelled part of the available facility amounting to AED 400.0 million of the Facility B.

As at 31 December 2022, the Corporation has an unamortised loan arrangement fee of AED 2.7 million (2021: AED 3.6 million) related to the new facility and is netted off from the outstanding loan balance.

In 2020, the Corporation obtained approval to defer the payment of four principal instalments due from May 2020 to January 2021 until for a period from May 2026 to November 2026. The principal instalment payments due after January 2021 remained unchanged.

Term loan 3

During 2019, the Corporation obtained a loan facility from a local bank amounting to AED 10.0 million. The loan was for the renovation activities of Al Dhafra Beach Hotel. As of 31 December 2022, the facility is fully drawdown. The outstanding balance as of reporting date is AED 5.0 million. The loan carries interest at the rate of 3% over 3-months EBOR, subject to a minimum interest rate of 4.25% per annum. Interest is paid on a quarterly basis. The loan is to be repaid over 5 years by semi-annual installments from September 2020.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

13 Term loans (continued)

Term loan 3 (continued)

The loan facility is secured by the same security as Term Loan 1 and all other related assignments.

Term loan 4

During 2020, the Corporation obtained a loan facility from a local bank amounting to AED 15.0 million. The loan will be utilised for the renovation activities of Al Dhafra Beach Hotel. As of 31 December 2022, the facility is fully drawdown and the outstanding balance as of the reporting date amounted to AED 12.0 million. Repayment of the loan is due after 18 months from the date of initial utilisation. The loan carries interest at the rate of 3% over 3-months EBOR, subject to a minimum interest rate of 4.25% per annum. Interest is paid on a quarterly basis. The loan is to be repaid over 5 years by semi-annual installments from April 2022.

The loan facility is secured by the same security as Term Loan 1 and all other related assignments.

Term loan 5

During 2022, the Corporation obtained a loan facility from a local bank amounting to AED 6.0 million. The loan will be utilised for the renovation activities of the marina at Abu Dhabi Intercontinental Hotel. The total drawdown as of the reporting date amounted to AED 2.1 million. Repayment of the loan is due after 18 months from the date of initial utilisation. The loan carries interest at the rate of 3% over 3-months EBOR, subject to a minimum interest rate of 4.25% per annum. Interest is paid on a quarterly basis. The loan is to be repaid over 2 years by semi-annual installments. Additional drawdown of AED 3.9 million is available for this loan as at 31 December 2022.

The loan facility is secured by the same security as Term Loan 1 and all other related assignments.

As of 31 December 2022, the Corporation was in noncompliance of one of the covenants of Term loan 2 (2021: Term loan 2), which constituted an event of default as defined in the term facility agreements and the lenders may, by notice to the Corporation, declare that all or part of utilisations and accrued interests be immediately due and payable or payable on demand and enforce all or part of the security provided for the loans. As of the reporting date, the Corporation obtained approval from the lender for waiver of the default in the covenant applicable for 31 December 2022 (2021: the Corporation obtained approval from the lender for waiver of the default in the covenant as of 31 December 2021). Accordingly, there is no impact on classification of non-current term loans as at 31 December 2022 and 31 December 2021.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

13 Term loans (continued)

Reconciliation of term loan movement to the cash flows arising from financing activities is as follows:

	2022 AED	2021 AED
At 1 January	349,132,388	313,286,609
<i>Cash flows</i>		
Loans drawdown	65,854,796	88,310,507
Loans repaid	(27,933,119)	(53,355,094)
<i>Other non-cash items</i>		
Amortisation of transaction costs	890,366	890,366
At 31 December	<u>387,944,431</u>	<u>349,132,388</u>

14 Provision for employees' end of service benefits

	2022 AED	2021 AED
At 1 January	49,878,861	46,421,402
Charge for the year	8,764,950	9,945,047
Payments during the year	(19,689,637)	(6,487,588)
At 31 December	<u>38,954,174</u>	<u>49,878,861</u>

15 Lease liabilities

The Corporation leases a land for warehouse purpose and several buildings for staff accommodations. The average remaining lease term is 1-8 years (2021: 1-9 years).

The movement in lease liability is as follows:

	2022 AED	2021 AED
1 January	397,850	434,939
Interest expense	22,371	24,779
Payments	(61,868)	(61,868)
At 31 December	<u>358,353</u>	<u>397,850</u>

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

15 Lease liabilities (continued)

The current and non-current classification of lease liability as of the reporting date is as follows:

	2022 AED	2021 AED
Current lease liabilities	61,868	61,868
Non-current lease liabilities	296,485	335,982
	<u>358,353</u>	<u>397,850</u>

One of premises lease in which the Corporation is the lessee contain variable lease payment terms that are linked to sales generated from the leased stores. During the year, the Corporation paid AED 542,367 (2021: AED 750,252) as the lease payments for the said premises. Overall, the variable payments are not material to the Corporation's entire lease payments and Corporation expects this to remain constant in future years. The variable payments depend on sales and consequently on the overall economic development over the next few years. Taking into account the development of sales expected over the next 5 years, variable rent expense are expected to continue to present a similar proportion of store sales in future years.

16 Trade and other payables

	2022 AED	2021 AED (Restated)
Trade payables	119,558,190	129,155,779
Other payables	12,051,546	38,735,727
Accrued liabilities	38,370,200	39,246,920
Retentions payable	35,141,818	28,145,906
Value added tax payable	3,023,628	3,787,160
Deferred income	2,299,424	1,415,251
Interest payable	157,262	340,590
Due to a related party (note 17)	1,185,378	552,365
	<u>211,787,446</u>	<u>241,379,698</u>

Trade payables are non-interest bearing and are normally settled on 60-day terms. Other payables are non-interest bearing and have an average term of six months.

Retention payable represents amounts retained by the Corporation from third party contractors of Intercontinental Hotel - Grand Marina project and Al Dhafra Beach Hotel.

17 Related parties

In the ordinary course of business, the Corporation enters into transactions at agreed terms and conditions which are carried out on commercially agreed terms, with other business enterprises or individuals that fall within the definition of a related party contained in International Accounting Standard 24. Related parties comprise shareholders, directors, key management staff and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

17 Related parties (continued)

(a) Terms and conditions of transactions with related parties

The sales to and services from related parties are made at normal market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2022, the Corporation has not recorded any impairment of receivables relating to amounts owed by related parties (2021: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which related party operates.

(b) Balances with related parties

Balances with these related parties generally arise from commercial transactions in the normal course of business on arm's length basis. Balances with related parties reflected in the consolidated statement of financial position at the reporting date comprised:

	<i>Related party relationship</i>	2022 AED	2021 AED
Due from a related party (note 9)			
National Transport Company LLC (NTC)	Joint Venture	<u>3,036,211</u>	<u>7,634</u>
Due to a related party (note 16)			
National Transport Company LLC (NTC)	Joint Venture	<u>1,185,378</u>	<u>552,365</u>

(c) Transactions with related parties

Significant transactions with related parties are as follows:

	2022 AED	2021 AED
Directors' remuneration paid (note 22)	<u>10,633,380</u>	<u>10,329,983</u>
Payments made on behalf of a shareholder	<u>622,419</u>	<u>10,320,523</u>
Rental income	<u>24,476</u>	<u>14,396</u>
Other expenses charged by NTC	<u>2,675,690</u>	<u>2,069,638</u>
Payments received from a shareholder	<u>358,321</u>	<u>11,235,374</u>
Management fee income from managed hotels (note 19)	<u>3,538,466</u>	<u>5,449,396</u>
Additional investment in Velocity Property Development LLC	<u>15,758,349</u>	<u>5,730,000</u>

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

17 Related parties (continued)

(a) Terms and conditions of transactions with related parties (continued)

	2022 AED	2021 AED
Key management personnel compensation		
Short term benefits	6,737,184	9,098,016
Post-employment benefits	506,449	495,961
	<u>7,243,633</u>	<u>9,593,977</u>

There were no loans provided to directors for the year ended 31 December 2022 and 2021.

18 General and administrative expenses

	2022 AED	2021 AED (Restated)
Payroll and employee related costs	15,477,004	18,946,336
Depreciation (note 5)	1,627,445	2,394,147
Other operating expenses	4,703,147	12,600,495
	<u>21,807,596</u>	<u>33,940,978</u>

The Corporation has made social contribution to the following beneficiaries:

	2022 AED	2021 AED
Sheikh Khalifa Specialty Hospital – RAK	23,210	-
Donation for Humanitarian Support	25,000	15,500
Specialist Center for Children with Disabilities	-	34,800
Donations for Ramadan/Eid Adha	-	37,800
	<u>48,210</u>	<u>88,100</u>

The social contributions do not exceed 2% of the average net profit of the Corporation during the two financial year ends preceding the year of contribution.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

19 Investment and other income

	2022 AED	2021 AED
Management fee income from managed hotels (note 17)	3,538,466	5,449,396
Gain on disposal of property and equipment (note 5)	651,270	17,417,056
Dividend income	488,158	-
Gain on disposal of investments carried at fair value through profit or loss (note 7)	358,902	-
(Loss) / Gain from changes in fair value of investments carried at fair value through profit or loss (note 7)	(4,976,812)	1,547,544
Other income	699,875	1,495,865
	<u>759,859</u>	<u>25,909,861</u>

20 Basic and diluted earnings per share

	2022	2021 (Restated)
Profit for the year (AED)	<u>63,975,609</u>	<u>101,490,920</u>
Weighted average number of shares in issue	<u>817,296,480</u>	<u>817,296,480</u>
Basic and diluted earnings per share (AED)	<u>0.08</u>	<u>0.12</u>

As at 31 December 2022 and 2021, the Corporation has not issued any instrument which would have dilutive impact on earnings per share when converted or exercised and accordingly, diluted earnings per share is equal to basic earnings per share.

21 Dividends and bonus shares

During 2022, cash dividend of AED 0.13 per share amounted to AED 102.16 million were proposed, approved, and paid (2021: cash dividend of AED 0.13 per share amounted to AED 102.16 million were paid).

During 2022, 31.4 million (2021: nil) bonus shares were proposed by the Board of Directors, and issuance of these shares was approved in the Annual General Meeting held on 26 April 2022.

22 Board of Directors remuneration

For the year ended 31 December 2021, the remuneration of the Board of Directors amounting to AED 10.63 million was approved in the Annual General Meeting (AGM) held on 26 April 2022 (2021: remuneration of the Board of Directors for the year ended 31 December 2020 amounting to AED 10.33 million was approved in the AGM held on 26 April 2021).

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

23 Segment information

(a) Products and services from which reportable segments derive their revenues

Information reported to the Corporation's Chief Executive Officer (the Chief Operating Decision Maker (CODM)) for the purposes of resource allocation and assessment of segment performance is focused on nature of products or services provided. The primary segment reporting format is determined to be operating segments as the Corporation's risks and rates of return are affected predominantly by differences in the products and services provided. The operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic operating unit that offers different products and serves different markets.

(b) Operating segments

For management purposes, the Corporation is currently organised into four major operating segments. These segments are the basis on which the Corporation reports its primary segmental information. These are:

- Hotels – Providing room and food and beverages services to customers;
- Retail services – Providing beverage sales services to customers;
- Catering services – Providing catering services on a contract basis; and
- Holding – responsible for managing investments held by the Corporation, development and management of hotels and general coordination of the Corporation's activities.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocations and performance management. Segment performance is measured based on profit or loss. The Corporation has only one geographical segment – United Arab Emirates.

Information regarding these segments is presented below.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

23 Segment information (continued)

31 December 2022	Hotels AED	Retail services AED	Catering services AED	Holding AED	Eliminations AED	Total AED
Revenue*						
<i>Timing of revenue recognition</i>						
At a point in time	73,080,236	60,887,984	497,220,817	-	(8,345,909)	622,843,128
Over time	87,754,760	-	-	-	-	87,754,760
	<u>160,834,996</u>	<u>60,887,984</u>	<u>497,220,817</u>	<u>-</u>	<u>(8,345,909)</u>	<u>710,597,888</u>
Direct operating expenses	(126,735,300)	(47,753,453)	(437,642,507)	-	15,715,655	(596,415,605)
Depreciation	<u>(24,325,388)</u>	<u>(483,936)</u>	<u>(3,219,489)</u>	<u>-</u>	<u>-</u>	<u>(28,028,813)</u>
Gross profit	<u>9,774,308</u>	<u>12,650,595</u>	<u>56,358,821</u>	<u>-</u>	<u>7,369,746</u>	<u>86,153,470</u>
General and administrative expenses	-	-	-	(21,807,596)	-	(21,807,596)
Share of results of joint ventures	-	-	-	(2,512,956)	-	(2,512,956)
Investment and other income**	-	-	651,270	7,478,335	(7,369,746)	759,859
Interest income	-	-	-	8,547,252	-	8,547,252
Finance costs	-	-	-	(7,164,420)	-	(7,164,420)
Profit / (loss) for the year	<u>9,774,308</u>	<u>12,650,595</u>	<u>57,010,091</u>	<u>(15,459,385)</u>	<u>-</u>	<u>63,975,609</u>
At 31 December 2022						
Total assets	<u>1,488,973,433</u>	<u>28,041,132</u>	<u>204,322,391</u>	<u>1,159,683,848</u>	<u>(50,564,836)</u>	<u>2,830,455,968</u>
Total liabilities	<u>39,659,489</u>	<u>30,793,444</u>	<u>136,600,347</u>	<u>485,562,261</u>	<u>(53,571,137)</u>	<u>639,044,404</u>

* The deferred income related to contracts with customers as of 31 December 2022 amounts to AED 2.3 million. (Note 16)

** Investment and other income include management fee income from Owned Hotels amounting to AED 2.7 million, which was eliminated in the consolidation process. Investment and other income from managed hotels amounted to AED 3.5 million.

All the income and expenses relating to operations of the Corporation is generated in UAE and denominated in UAE Dirham.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

23 Segment information (continued)

31 December 2021 Revenue*	Hotels AED	Retail services AED	Catering services AED	Holding AED	Eliminations AED	Total AED
<i>Timing of revenue recognition</i>						
At a point in time (as restated)	72,324,837	68,594,162	533,369,454	-	(7,220,876)	667,067,577
Over time	92,294,625	-	-	-	-	92,294,625
	164,619,462	68,594,162	533,369,454	-	(7,220,876)	759,362,202
Direct operating expenses (as restated)	(117,751,598)	(62,178,146)	(454,795,393)	-	15,812,108	(618,913,029)
Depreciation	(33,439,708)	(486,747)	(2,798,402)	-	-	(36,724,857)
Gross profit	13,428,156	5,929,269	75,775,659	-	8,591,232	103,724,316
General and administrative expenses (as restated)	-	(8,048,187)	-	(25,892,791)	-	(33,940,978)
Share of results of joint ventures	-	-	-	1,824,869	-	1,824,869
Investment and other income**	-	-	118,390	34,382,703	(8,591,232)	25,909,861
Interest income	-	-	-	11,555,966	-	11,555,966
Finance costs	-	-	-	(7,583,114)	-	(7,583,114)
Profit for the year (restated)	13,428,156	(2,118,918)	75,894,049	14,287,633	-	101,490,920
At 31 December 2021						
Total assets (restated)	1,507,382,548	27,123,764	222,158,938	1,178,239,740	(53,884,798)	2,881,020,192
Total liabilities (restated)	40,597,389	31,627,699	160,846,935	459,758,242	(52,041,468)	640,788,797

* The deferred income related to contracts with customers as of 31 December 2021 amounts to AED 1.4 million. (Note 16)

** Investment and other income include management fee income from Owned Hotels amounting to AED 3.9 million, which was eliminated in the consolidation process. Investment and other income from managed hotels amounted to AED 5.4 million.

All the income and expenses relating to operations of the Corporation is generated in UAE and denominated in UAE Dirham.

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

24 Contingencies and commitments

Bank guarantees

At 31 December 2022, the Corporation had outstanding contingent liabilities in respect of letters of guarantee of AED 66.2 million (2021: AED 61.3 million).

Capital commitments

At 31 December 2022, the Corporation had estimated commitments for the Grand Marina Hotel and renovation of the marina at Abu Dhabi Intercontinental Hotel of AED 9.8 million (2021: AED 71.3 million).

Operating leases

The Corporation as lessor

The Corporation has leased out certain units of their building premises and accounted for the rent income. These operating leases relate to certain lease agreements with terms that range between one to five years. The lessees do not have an option to purchase the property at the expiry of the lease period. Future lease payments to be received by the Corporation are as follows:

	2022 AED	2021 AED
Within one year	1,912,033	2,247,050
In the second year	1,028,294	1,296,614
In the third to fifth year	596,375	1,895,419
	<u>3,536,702</u>	<u>5,439,083</u>

The Corporation as lessee

The Corporation leases several buildings for staff accommodations and retail shop purpose. The average lease term in current year is 1 year (2021: 1 year).

There are no right of use assets nor lease liability recognised as of the reporting date, given the fact that all the current lease contracts of the Corporation are short-term leases whereas the Corporation does not have the option to renew the lease contract for future period without the consent of the lessor or the Corporation has clearly established that they are not intending to do so. Corporation recognises the lease payments as an operating expense on a straight-line basis over the term of the lease as specified in the accounting policies of the Corporation.

The Corporation disclosed commitments related to the future aggregate minimum lease payments under operating leases as follows:

	2022 AED	2021 AED
No later than 1 year	<u>7,300,534</u>	<u>10,630,425</u>

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

25 Prior period restatement

During the year ended 31 December 2022, the Corporation has identified discrepancies in its inventory balance. Following a detailed investigation it is noted that the carrying value of inventories was not adjusted for the actual quantities as per the stock count in the prior year. In addition, the Corporation conducted a review of the accounts of its Retail Division and have concluded that applicable fees payable to Government have not been properly accrued for relating to prior year in the consolidated financial statements of the Corporation.

Therefore, management decided to correct these errors in the consolidated financial statements for the year ended 31 December 2022 as prior period restatements.

In accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the Corporation has restated the consolidated statement of financial position as of 31 December 2021. The impact of these misstatements has been adjusted in the "Retained Earnings" as at 31 December 2021.

A third balance sheet has not been presented as the errors was limited to affected financial statement line items for the prior period only as presented below.

	Balance before restatement AED	Restatement AED	Balance after restatement AED
<u>Consolidated statement of financial position</u>			
31 December 2021			
Inventories	29,891,657	(8,048,187)	21,843,470
Statutory reserve	192,512,453	(1,665,775)	190,846,678
Retained earnings	108,204,691	(14,991,974)	93,212,717
Trade and other payables	232,770,136	8,609,562	241,379,698
<u>Consolidated statement of profit or loss</u>			
31 December 2021			
Revenue	767,971,764	(8,609,562)	759,362,202
General and administrative expenses	(25,892,791)	(8,048,187)	(33,940,978)
Profit for the year	118,148,669	(16,657,749)	101,490,920
<u>Consolidated statement of cash flows</u>			
31 December 2021			
Profit for the year	118,148,669	(16,657,749)	101,490,920
Changes in working capital – inventories	(2,930,057)	8,048,187	5,118,130
Changes in working capital – trade and other payables	(5,539,335)	8,609,562	3,070,227
Basic and diluted earnings per share (AED)	0.15	(0.03)	0.12

National Corporation for Tourism and Hotels

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

26 Approval of consolidated financial statements

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 15 March 2023.



SECTION 4

CORPORATE GOVERNANCE REPORT

المؤسسة الوطنية للسياحة والفنادق
National Corporation for Tourism and Hotels

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Corporate Governance Report

for the Year ended on 31 December 2022

المؤسسة الوطنية للسياحة والفنادق
National Corporation for Tourism and Hotels

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Corporate Governance Report for the Year 2022

The National Corporation for Tourism and Hotels believes that the proper application of corporate governance and corporate discipline standards will add value to its success in managing its operations.

First: Application of Governance Principles

The National Corporation for Tourism and Hotels was one of the first companies to react positively to the directives of the Securities and Commodities Authority to implement corporate governance regulations. This is in recognition of the advantages offered by these regulations, which have contributed to support the success of the Corporation in leading the change in work patterns and innovation, creativity, ensuring the improvement of performance, continuing excellency, reducing risk, raising responsibility and transparency, and respecting the shareholder's rights. The National Corporation for Tourism and Hotels is committed to the highest standards of management, deriving its values and strategy from a system that integrates ethics, transparency, integrity, disclosure, accountability and the practices of leading and compliant companies. The adoption of corporate governance frameworks means adopting the principles and standards set by the Securities and Commodities Authority. Since the Corporation is fully committed to the application of these controls and practices, it has sought to achieve the following:

- Establishment of Nomination & Remuneration, Audit and Follow-up Committees.
- Signing the independency forms by the Board of Director's members.
- Establishment of the Internal Control Department as an independent department reporting directly to the Board of Directors.

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The following documents have been developed to ensure compliance with all governance systems:

- Corporate Governance Guide
- Audit Committee Guide
- Nomination and Remuneration Committee Guide.
- Internal Audit and Internal Control Department Guide.

The Corporation works to provide accurate information about all its activities to the shareholders and to the Securities and Commodities Authority immediately. The Board of Directors and the senior management of the Corporation meet annually with the shareholders in the General Assembly meetings. During this meeting, the annual financial report of the Corporation shall be discussed in addition to the report of the Chairman of the Board and discussing the agenda of the meeting. During this meeting, the shareholders and the senior management and members of the board of directors communicate with each other and submit proposals and complaints regarding the business of the Corporation. The meeting is also attended by the External Auditors of the Corporation who submit their report for the financial year ended and answer all questions submitted by shareholders.

Since the National Corporation for Tourism and Hotels has complied with the directives of the Securities and Commodities Authority to implement the corporate governance rules from the beginning, this commitment led to the completion of its governance system. In 2017 the Insider's Trading Follow-Up & Supervision Committee was established, in addition a web page for investor relations was added to the website of the Corporation.

Second: Transactions of Board Members in Securities

The transactions of the Board of Directors and any employees familiar with the Corporation's basic statements are related to the provisions and decisions of the Securities and Commodities Authority, including Article (14) of the Board of Directors Resolution No. (2) of 2001 regarding the system for trading, clearing, settlement, transfer of ownership and custody of securities. On the other hand, members of the Board and employees are prohibited from trading in the shares of the Corporation or its affiliates in short periods for speculating on a daily basis or weekly basis. They are also prohibited from trading such shares for the purpose of intimidating the rest of the investors and influencing the prices of the company either directly or indirectly. And they are prohibited from trading in the shares of the Corporation when they become aware of any important events or decisions that may affect the prices of the Corporation's shares, in all cases, the members of the Board of Directors, senior executives or any of the employees who are familiar with the basic data of the Corporation shall not act on their own or through others in securities of the Corporation during the following periods:

- A. Ten (10) working days prior to the announcement of any material information, unless the information was a result of sudden or unforeseen circumstances.
- B. Fifteen (15) days prior to the end of the financial quarterly, semi-annual or annual period until the disclosure of the financial statements.

The Board of Directors is in compliance with the above requirements regarding the restrictions required in the trading of shares of the National Corporation for Tourism and Hotels by Directors and Employees during the year 2022.

As for the transactions of the Board of Director's members, their spouses and their scion in the securities of the Company during the year 2022, there was a transaction for the chairman of the Board H.H Sheikh Hamdan bin Mubarak Al Nahyan, as he sold 10,000,000 shares. The rest of the board members, their spouses, or children did not have any transactions in the Corporation's securities, and the spouses and scion of the members of the Board of Directors are not shareholders of the National Corporation for Tourism and Hotels.

	Name	Position/Relation	Shares owned as of 31/12/2022	Total Sell	Total Purchase
1	HH Sheikh Hamdan Bin Mubarak Al Nahyan	Chairman of the Board	312,900,977	10,000,000	Non
2	Mr. Shaheen Bin Rubyea Al Mheiri	Vice-Chairman	1,798,041	Non	Non
3	Mr. Fahad Eisa Al Hosani	Board Member	9,087	Non	Non
4	Mr. Mohamed Ahmed Al Khoori	Board Member	6,809	Non	Non
5	Mr. Ali Hamad Saif Al Ebri	Board Member	5,200	Non	Non
6	Mr. Talal Yousef Abdulla Amer Alsawafi	Board Member	5,200	Non	Non
7	Mr. Mohammed Shelaiweeh K. Al Qubaisi	Board Member	5,035	Non	Non

Third: Composition of the Board of Directors

The Board of Directors are all UAE nationals. The Board of Directors has been active in building a strong corporate governance culture that plays an important role in defining and implementing the standards of responsibility that enable the management to manage the Corporation to the best benefits for shareholders.

The Board of Directors is subject to a schedule of its own functions and periodic meetings. It is responsible for developing the Corporation's full strategies, the Corporation's policy of selling and

buying, approving the capital expenditure proposals and deciding the financial Corporation's affairs.

It monitors the risks that may face the Corporation, reviews its annual budget and monitors the work of the Corporation in implementing that budget, and also considers the issues of the working environment and staff and the appointment of important positions.

A. A statement of the current Board of Directors (BOD) composition (adding the names of the independent and appointed BOD members)

1- HH Sheikh Hamdan bin Mubarak Al Nahyan:

Chairman of the Board (non-executive member)

Born in 1959, he holds a BA degree in political science, specializing in management and economics, and held several key positions in:

Zayed Housing Program - National Transport Authority - The Executive Committee for the Development of Remote Areas - Supreme Committee for the Security of Port and Civil Airports.

In addition, he also served as Minister of Higher Education and Scientific Research, Minister of Works and Vice President of Emirates Media Company. HH Sheikh Hamdan also served as Deputy of the Department of Civil Aviation and then the Head of the Department of Civil Aviation. He also served as the Vice President of Gulf Aircraft Maintenance Company and as Alternate President of Gulf Air, The Falcon Project was launched under his stewardship.



2- Mr. Shaheen bin Rubayea Al-Mheiri:

Vice-Chairman (non-executive member)

He has a BA degree in Business Communications Technology from Staffordshire University, UK. He is currently the Director of the Rubaya Group and is the Managing Director of the Abu Dhabi Electromechanical Company.

3- Mr. Mohammed Ahmed Al-Khoori:

Member of the Board of Directors (Independent Member).

He has a BA degree of Finance and Banking from Staffordshire University in the UK, has served as Assistant Chairman and Director of Business Development at Khalidiya International Holding. He is currently the General Manager of HH Sheikh Saeed bin Hamdan Al Nahyan's Office and as the General Manager of the First Emirates Group for Technology and Trade to manage the investments of HH Sheikh Saeed Bin Hamdan Al Nahyan, and he is also a partner and Chairman of Emirates First Air Group.

4- Mr. Fahad Eisa Ali Ahmed Al-Hosani:

Member of the Board of Directors (Independent Member).

He holds a BA degree in Arts, Sociology and Public Administration from the United Arab Emirates University. He served as the Acting General Manager in the Department of Civil Aviation. He also served as Director General in the Abu Dhabi Airports Services Company. He moved to Emirates Post Holding Group, where he held several positions including Director General for Regional Affairs - Abu Dhabi and served as Chairman of the Wall Street Exchange Center and as Chairman of the Board of Directors of the Electronic Documentation Center.

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5- Mr. Mohammed Shelaiweeh K. Al Qubaisi

Member of the Board of Directors (Independent Member).

He holds a BA degree of Arts in Business Administration from the University of La Verne, California in 1987. He served as the Assistant General Manager- Admin in GASCO. He also served as the Director of HR & Administration in ADNOC. He is currently the Director of Human Resources at ADNOC. He is also an active Board Member of Abu Dhabi Sport Council, National Qualifications Authority, Abu Dhabi University, Abu Dhabi Tawteen Council, Abu Dhabi Pension Fund and the Emirates Red Crescent.

6- Mr. Ali Hamad Saif Al Ebri

Member of the Board of Directors (Independent Member).

He holds a bachelor's degree in Law from the Dubai Police Academy, and he also holds a Diploma in Police Sciences from Abu Dhabi Police College.

He worked in the General Departments of Nationality and Residence, and also worked as an Alternate officer and shift officer in Passports Department in Abu Dhabi International Airport and held several positions in the General Administration of Police Judicial Affairs in the Ministry of Interior of the Office of His Highness the Minister of Interior. He also held the position of Director of the Human Resources Department at Abu Dhabi National Hotels Company (Compass).

7- Mr. Talal Yousef Abdulla Amer Alsawafi

Member of the Board of Directors (Independent Member).

He holds a Military Diploma for General science from Royal Academy Sandhurst - UK a BA in 1995/1996. He also had a bachelor's degree in military science and Management from the University of Abu Dhabi in 2017/2018.

He is a dynamic and inspirational officer originally trained at United Kingdom's Royal Military academy Sandhurst. He Has extensive strategic experience developed through a progressive twenty-five-year career in the UAE military special forces (SF), working closely with foreign SF and militaries as well as government departments. He has been employed as the Head of Logistic for Special Operations Command (SOC) until September 2019.

Membership Duration of each of the current Board of Director's members:

No.	Name	Position	Membership Duration	The entity represented by the BOD member
1	HH Sheikh Hamdan Bin Mubarak Al Nahyan	Chairman	2008	Representing himself by election
2	Mr. Shaheen bin Rubayea Al-Mheiri	Vice-Chairman	2011	Representing himself by election
3	Mr. Mohammed Ahmed Al-Khoori	Board Member	2014	Representing himself by election
4	Mr. Fahad Eisa Ahmed Al-Hosani	Board Member	2016	Representing himself by appointment
5	Mr. Mohammed Shelaiweeh K. Al Qubaisi	Board Member	2020	Representing himself by election
6	Mr. Ali Hamad Saif Al Ebri	Board Member	2020	Representing himself by election
7	Mr. Talal Yousef Abdulla Amer Alsawafi	Board Member	2020	Representing himself by election

B. A statement of woman's representation in the Board of Directors (BOD) in 2022

With regard to woman's representation on the board of directors of the National Corporation for Tourism and Hotels, there is no woman representation in the board of directors for this session (the eighth session) due to the fact that no female component has run in the last board elections.

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C. A statement of the method of determining the remunerations of the members of the Board of Directors:

The remuneration of the members of the Board of Directors is determined by the shareholders of the General assembly of the Corporation in accordance with the SCA Board of Directors Decision No. (7/CH) of 2016 concerning the standards of Intuitional Discipline and Governance of Public Joint Stock Companies as amended and the Federal Decree Law No. (32) of 2021 regarding commercial companies, such remunerations constitute of percentage of the net profit. The Corporation may also pay additional expenses, fees or monthly salary to the extent determined by the Board of Directors for any of its members if such member is a member of a committee, perform special efforts or do additional works for the Corporation beyond his/her regular duties as a member of the Board of Directors, and in all cases, the Board of Directors' remuneration shall not exceed 10% of the net profit after deducting depreciation and reserve.

1. Total remuneration paid to the members of the Board of Directors for the year 2021:

The remuneration of the members of the Board of Directors for the financial year 2021 amounted to AED 10,633,380 (Ten Million Six Hundred Thirty-Three Thousand and Three Hundred Eighty), which was approved by the shareholders during the General Assembly Meeting.

2. Total remuneration proposed to be paid to members of the Board of Directors for the year 2022 which shall be presented in the Annual General Assembly for approval.

The amount of AED 5,757,805 (Five Million Seven Hundred and Fifty-Seven Thousand Eight Hundred and Five) was proposed, and the proposal will be presented to the shareholders at the next AGM for approval or rejection.

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3. Details of allowance for attending the sessions of committees emanating from the BOD, which were received by the BOD members for the fiscal year 2022

In respect to the remuneration and allowances of the members of the Board of Directors for attending the Board of Directors meetings and the committees emanating from the Board, members of the Board of Directors in the past or in the present do not receive any remuneration or allowances for attending such meetings.

4. Details of additional allowances, salaries or fees received by a BOD member other than the allowances for attending the committees and their reasons

As for the details of the allowances, salaries, or additional fees that a member of the board of directors received other than the committee attendance allowances, the corporation's BOD members do not receive any additional allowances, salaries, or fees for their work as members of the board of directors.

D. The numbers and dates of BOD meetings held during the fiscal year 2021 as well as the attendance frequency by all members

The Board of Directors of the National Corporation for Tourism and Hotels held (5) meetings during the last year 2022.

No. of the Meeting	Date of the Meeting	Number of Attendees	Number of Attendees by proxy
Meeting No. 1	21/February/2022	6 Members	1 Mr. Ali Hamad Saif Al Ebri
Meeting No. 2	21/March/2022	All Members	-
Meeting No. 3	08/June/2022	All Members	-
Meeting No. 4	04/October/2022	All Members	-
Meeting No. 5	14/December/2022	All Members	-

Considering that the absent members issue a proxy to one of the attendee members to represent them and vote in their name when needed.

E. The number of Board resolutions passed during the 2022 fiscal year, along with its meeting convention dates

During the year 2022, there was no board of directors' resolution passed by the Board of Directors.

F. A Statement of the BOD's Tasks and Functions which were performed by the Executive Management pursuant to an Authorization by the BOD to the Management, Stating the period and validity of the Delegation

The Board of Directors of the Corporation has not authorized the Management to perform any of its Tasks or Functions.

G. A Statement of the details of transactions made with the related parties (Stakeholders), indicating the nature of relationship and transaction type

Name	Principal Activity	Shares
National Transport Company L.L.C "NTC" "Joint Venture"	Transport Service	50%
Velocity Properties Development L.L.C "Joint Venture"	Real Estate	63.862%*

* The original ownership share of the Corporation is 60.12%, and has increased to 63.86% effective ownership following additional capital contributions made. The legal formalities for the increase in effective ownership has yet to be completed.

In respect of related party transactions during 2022, as follows:

	2021 (AED)	2022 (AED)
<u>Due from a related party</u>		
National Transport Company L.L.C "NTC"	7,634	3,036,211
Velocity Properties Development L.L.C	0	0
Total	7,634	3,036,211
<u>Due to a related party</u>		
National Transport Company L.L.C "NTC"	552,365	1,185,378
Velocity Properties Development L.L.C	0	0
Total	552,365	1,185,378

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Disclosure and Conflicts of Interest:

To ensure commitment to the legal framework and transparency, the Board of Directors comply with the following:

1. Disclose all other memberships and seek a permit from the Board of Directors for any new membership on the boards of directors of companies.
2. Disclosure of all business activities that are directly or indirectly related to the business of the Corporation.
3. Disclosure of substantial interests for the BOD member to which the Corporation is a party.
4. Not to participate or to seek any decision that may cause conflicts of interest.
5. BOD members shall not offer or accept bribes, gifts or gratuities that may affect decisions.
6. Notifying the Board of Directors of any activities with a competitor or other parties which may be a cause of conflict of interest.

The Corporation discloses to the shareholders the material transactions with the subsidiaries of the shareholders or members of the Board of Directors and trades on the shares of the Corporation by the members of the Board of Directors and senior executives.

H. A Detailed Statement of the Senior Executive Staff in the first & second levels according to the Corporation's Organizational Structure

1- Mr. Hany Farag

CEO of National Corporation for Tourism and Hotels reports to the Board of Directors. His responsibilities include maintaining and expanding the Corporation that owns the "Danat" brand as well as owning several hotels in Abu Dhabi and Al Ain, developing the Catering Division, Central Purchasing Division and any short and long-term investment opportunities. The CEO also oversees the development of several projects under construction including

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luxury hotels, resorts, shops, restaurants and accommodation for employees. He is responsible for the presentation of the Corporation and the expansion of its activities inside and outside the borders of the UAE in the event of real investment opportunities.

The CEO also cooperates with the Board of Directors to identify and clarify the vision of the Corporation and develop strategies to achieve this vision. He also monitors the evolution of strategies to ensure the long-term financial integrity of the Corporation as well as its responsibility for managing the Corporation's operations and ensuring compliance with all legal and regulatory requirements, Procedures, programs and new directions of the Corporation.

The CEO is also responsible for marketing all the products of the Corporation and its services in order to get a bigger share in the market, in addition of developing new markets and retain the competitive position of the Corporation in the industry. He is involved directly in the general development of the Corporation in the business fields. The CEO has the knowledge and experience in all main areas of the Corporation's business including financial management, catering, hotels' management, development of business, human resources and projects and he deals with consultancy firms and contractors. He is fully capable to manage such areas of business.

The Chief Executive Officer is keen to continue the Corporation and its mission, programs and services in a strong and positive form.

2- Ms. Jane Sotelo

The Director of Finance from November 2018 of the Corporation, reporting to the Chief Executive Officer. Among her duties, the financial statements preparation in accordance with-

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the Corporation's policies, while ensuring the accuracy and speed of preparation. She also develops an accounting team to ensure the preparation of payroll, accounts payable and accounts receivable in addition to the functions overseeing the efficiency of cash management. Her duties also are to assist in the internal and external audit functions while ensuring that it remains consistent with the statutory and legal requirements of the Corporation. One of the tasks entrusted to her is to ensure the internal control measures are in place to achieve and comply with all the requirements of governance. In addition, she carries out all the tasks entrusted to her by the Chief Executive Officer.

3- **Mr. Rajiv Saxena**

The Corporation Internal Control Department's Manager and the Compliance Officer as well, he is reporting to the Audit Committee and to the Chairman and the members of the Board of Directors. He is responsible for the design, management and planning of the audit process of the Corporation, as well as the preparation of the Corporation's policy and procedures manual and its implementation, as well as the risk analysis facing the Corporation. This analysis is conducted under management's supervision as required, in addition to its responsibility for the development and management of Internal Audit plans and coordination with External Auditors. He also undertakes to ensure the implementation of all policies related to the implementation of corporate governance regulations, issuance of periodic reports on the Support Services Section and its compliance with the Corporation's policies. In addition to supervising, using and maintaining all documents, records and financial data in accordance with the policies and regulations of the Corporations, as well as all the tasks entrusted to the Director of the Internal Control department.

4- **Mr. Fawaz Charaani**

Acting Retail Operation Director & Corporate HR Manager, appointed on 01/November/2022, reports directly to the Chief Executive Officer. He is responsible for developing this department in the Corporation by opening outlets for sale, managing and developing the brand, marketing and all promotional activities.

5- **Mrs. Nicola Hochgruber**

Director of the hotel division reports directly to the Chief Executive Officer (Start working in the Corporation in October 2018). Her job is to follow up the work of all the Corporation's hotels and to make sure that all these hotels are effective and profitable and to increase their economic value and ensure that all services and products are in line with the required expectations.

6- **Mr. Murtadha Hassan Hamed**

The Legal Advisor, appointed on 21/December/2021 reports directly to the Chief Executive Officer. He is responsible for Providing counsel on all legal matters, drafting legal opinions, memoranda, and briefing documents, responsible for all litigation and disputes, investigate legal claims and complaints by or against the company, conduct interviews, prepare reports and/or opinions based on findings to ensure that top management is made aware of all aspects of the legal claims and complaints and the associated risk, coordinate with concerned departments and other parties in evaluation of potential litigation; develop recommendations for appropriate proceedings including prosecution, dismissal or settlement of such litigations, based upon Company's policy, monitor the legal and regulatory environment, including changes to laws & regulations that may affect operations of the company or any part of it and proactively advise, prepare and review contracts of Establishment, Share Transfer Agreements, Powers of Attorney, Shareholders' Resolutions, and other corporate documents.

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Detailed Statement

Name	Position	Date of Appointment	Total Salaries & allowances paid in 2022 (AED)	Total Bonuses accrued in 2022 (AED)
Mr. Hany Farag	Chief Executive Officer	01-01-10	3,341,942	156,000
Mr. Ismail Hamid	Director of Operations – CSD	11-06-19	994,513	165,000
Mr. Kannan Govinda	Finance & Commercial Director – CSD	28-02-13	762,876	369,000
Mrs. Nicola Hochgruber	Director of Hotels Operation	01-10-18	692,712	30,000
Ms. Jane Sotelo	Director of Finance	01-01-15	738,984	38,000
Mr. Amin Abdelrahman Fahmy	Project Development Director	02-01-20	560,702	28,000
Mr. Murtadha Hassan Hamed	Legal Advisor	21-12-21	538,808	20,000
Mr. Elias Sarkis***	Corporate Director of Operations – HR, Retail & Transportation	01-07-21	499,775	N/A
Mr. Fawaz Chaarani	HR Manager / Acting Director for Retail Division 3***	01-07-20	401,619	21,000
Mr. Saleh Al Habshi	IT Manager	05-05-02	390,596	15,400
Mr. Rajiv Saxena	Internal Audit Manager	03-01-21	327,130	15,000
Mr. Mark Amin***	Operations Manager - Retail Division	17-06-12	232,747	N/A

* There are no other cash or in-kind bonuses payable to senior executives of the Corporation other than the above-mentioned bonuses.

** Included end of service benefits.

Notes:

Mr. Elias Sarkis left the company on November 30, 2022.

Mr. Mark Amin left the company on September 11, 2022.

Mr. Fawaz Chaarani was appointed as Acting Director for Retail Division effective November 1, 2022.

Tasks and responsibilities assigned to the executive management:

Managing the Corporation's business and providing guidance to the executive body in line with the Corporation's objectives strategic and policies prescribed by the Board of Directors and the

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provisions of the law, and the provisions of other legislation related to the work of the Corporation and its activities.

- 1- Provide the Board of Directors with accurate periodic reports on the financial position of the Corporation and its work and the procedures taken to manage the risks and the internal control system, that is to enable the Board of Directors to review the objectives, plans and policies set and to check the executive management's performance.
- 2- Provide the Board of Directors members with any necessary information and documents for the BOD meetings at an appropriate time.
- 3- Make recommendations regarding any proposals that it deems necessary regarding the Corporation business.
- 4- Provide the regulatory bodies (Ministry of Economy - Securities and Commodities Authority - Abu Dhabi Securities Market and others) with any information, data and documents required in accordance with the provisions of the law and the regulations, instructions and decisions issued pursuant to any of them.

During the year 2022, the Board of Directors has not authorized any of the executive management to carry out any of the Board's functions.

Fourth: External Auditor

The external audit firm is completely independent of the Corporation and its board of directors. It performs the audit work, verifying the validity of the financial statements and monitoring the Corporation accounts for the fiscal year in which it was appointed. In order to perform its functions, the External Audit Firm has the right to access all the Corporation books and its records and documents. And may verify the Corporation assets and liabilities.

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Price Waterhouse Coopers PWC Firm has been appointed as the Corporation's external audit according to the selection of the Corporation shareholders, the appointment was in the AGM which was held on 26/April /2022. Price Waterhouse Coopers PWC is an auditing firm registered with the Ministry of Economy in the register of auditors, and it is one of the largest professional audit services companies in UAE.

A fee of AED 75,000 has been charged for the audit of the annual financial statements of the head office and AED 90,000 for the quarterly audit and AED 233,000 for the audit of the hotels, central purchasing and other Divisions.

1	Name of the Auditing Firm	Price Waterhouse Coopers PWC
2	Name of the Partner Auditor	Mr. Rami Sarhan
3	Number of years served as an External Auditor for the NCTH	Two Years
4	Number of years the partner auditor spent auditing the company's accounts	Two Years
5	Total Fees for auditing the financial statements of the year 2022 (in AED)	398,000
6	Total Fees and Costs of the special service other than the auditing of the Financial Statement in 2022(in AED)	None
7	The Details and nature of other service provided	None
8	A statement of the other services performed by an <u>External Auditor other than</u> the Corporation's auditor in 2022	None

Statement clarifying the reservations that the Corporation auditor included in the interim and annual financial statements for 2022 and in case of the absence of any reservations, this matter must be mentioned.

During the year 2022 there were no reservations made by the Corporation's External Auditor.

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Fifth: Audit Committee

* Mr Shaheen Bin Rubayea Al Mheiri, Audit Committee Chairman, acknowledges his responsibility for the committee system at the Corporation, review of its work mechanism and ensuring its effectiveness.

Based on the proposal submitted to the Board of Directors of the Corporation, the Board in its resolution 1/8/4, decided at its meeting on 03/03/2010 to form the Audit Committee in accordance with the requirements of the Corporate Governance. The current members of the Audit Committee are:

Mr. Shaheen bin Rubayea Al Mheiri	Chairman
Mr. Mohammed Ahmed Al-Khoori	Member
Mr. Ali Hamad Saif Al Ebri	Member

The members of the Audit Committee have extensive experience and expertise in financial, accounting and auditing matters.

The duties of the Audit Committee include:

1. To develop and implement the contracting policy with the External Auditor and submit a report to the Board of Directors specifying the important issues to take action with and to make recommendations on the steps to be taken.
2. The Follow-up and the Independency of the External Auditor and the extent of its objectivity and discussion on the nature and scope of the audit and its effectiveness in accordance with the approved auditing standards.
3. To Monitor the integrity of the Corporation's financial statements and reports (annual, semi-annual and quarterly) and review them as part of its normal work during the year.

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4. To Review the internal control and financial control systems and risk management at the Corporation.
5. Reviewing the External Auditor's letter and its work plan and any material questions raised by the auditor on management regarding the accounting records, financial accounts or control systems and their response and approval.
6. Establish rules that enable the employees of the Corporation to report any possible violations of financial reports or internal control or other in confidential way and steps to ensure independent and fair investigations of such violations.
7. To monitor the extent to which the Corporation complies with the rules of professional conduct.
8. To discuss the internal control system with the administration and ensure that it fulfills its duty to establish an effective internal control system.

During the year 2022 (4) Audit Committee meetings were held to discuss all matters related to the financial statements and all matters related to the work of this committee. The dates of these meetings were as follows:

Meeting No.	Meeting Date	Number of present members	Number of absent members
1	21/March/2022	All members	-
2	10/May/2022	All members	-
3	11/August/2022	All Members	-
4	14/November/2022	All members	-

It shall be noted that in the case of absence of a member, he shall prepare a POA for one of the present members of the committee to represent him.

Sixth: Nomination & Remuneration Committee

* Mr. Mohamed Ahmed Al Khoori Nomination & Remuneration Committee Chairman acknowledges his responsibility for the committee system at the Corporation, review of its work mechanism and ensuring its effectiveness.

The main purpose of the Nomination and Remuneration Committee is to define policies and criteria for nomination to the Board of Directors, periodic review of the needs and skills required in the Board, preparation of HR policies, training, succession planning, career replacements, appointments and termination of services, ensuring the independency of independent members, and conflict of interest in the Management of other companies as well as the development of compensatory and compensation policies for Board members and senior executives in addition to other matters referred to the Committee by the Board of Directors. The Nominations and Remuneration Committee consist of:

Mr. Mohammed Ahmed Al-Khoori	Chairman
Mr. Fahad Eisa Ali Ahmed Al-Hosani	Member
Mr. Talal Yousef Abdulla Amer Alsawafi	Member

During the year 2022, the Nomination and Remuneration Committee met once on 14/December/2022 in the presence of all members.

Seventh: Follow-Up & Supervision Committee of Insider's Transactions

* Mr. Fahad Eisa Al Hosani Insider's Trading Follow-Up & Supervision Committee Chairman acknowledges his responsibility for the committee system at the Corporation, review of its work mechanism and ensuring its effectiveness.

The current members of the Committee are:

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Mr. Fahad Eisa Ali Ahmed Al-Hosani	Chairman
Mr. Mohammed Shelaiweeh K. Al Qubaisi	Member
Mr. Ali Hamad Naser Al Ebri	Member

During the year 2022, the Insiders trading Follow-up & Supervision Committee met once on 14/December/2022 in the presence of all members.

Tasks and duties of the Follow-up and Supervision Committee for Insiders:

1. Determine the permanent insiders of the Corporation who are the members of the Board of Directors, executive management, persons who are familiar with the company's information permanently and temporarily.
2. Follow up and supervision of the insider trading and ownership and keep their record.
3. Prepare a special and integrated register for all persons who are permanently or temporarily informed and who are entitled to or have access to the company's internal information prior to publication.
4. Preserving the record of the prior and subsequent disclosures of the insiders and the monthly monitoring of insiders' balances.
5. To Notify insiders with the required controls and legal responsibility.
6. Provide all insiders with all notifications of ban periods.
7. Reporting to Abu Dhabi Stock Exchange and the Securities and Commodities Authority in case of violation of the trading policy requirements by insiders.

Summary of the duties done by the Committee during the year 2022

- The Abu Dhabi Stock Exchange (ADX) and the Securities and Commodities Authority (SCA) have been provided with a list of the names of the board members and the insiders.
- The list of insiders on the Abu Dhabi Stock Exchange website has been updated.
- All insiders have been informed about the controls relating to natural and legal insider and the legal responsibility resulting from the breaching of the confidentiality of the information.

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- The Internal Control Department and the Board of Directors Secretary have been followed about the notification of the insiders about the terms of the ban, as it has been confirmed to address that the Chairman and the BOD members and all insider employees were notified in relation to the ban on trading of the Corporation's securities until disclosure of the financial statements.

Eighth: Internal Control Department

The Corporation Internal Control Department has been established based on decision No. 3/2010 dated 24/08/2010 issued by the Board of Directors, the department is currently chaired by the Mr. Rajiv Saxena, who holds an MBA from McGill University in Montreal, Canada. He is also Certified Public Accountant (CPA) and Certified Management Accountant (CMA) from the United States of America. He is the current Compliance Officer of the Corporation since 03/01/2021, in compliance with the corporate Governance Regulations, where he reports directly to the Board of Directors. The Corporation's Board of Directors acknowledge and claimed responsibility for the Internal Control Department activities, as the Board of Directors is supervising the Internal Control system as detailed as in the Corporate Governance Manual. This department works to assess the Corporation risk management procedures, to fully implement the governance rules, and to verify the commitment of the Corporation and its employees to the provisions of the laws, regulations and decisions in force, and internal policies and procedures. The Internal Control Department reviews the data presented to the Corporation's senior management, which is used in the preparation of financial statements. The Internal Control department's duty is mainly in the management of risks and the proper application of the governance rules in accordance with applicable laws and regulations. The National Corporation for Tourism and Hotels follows the internal control management system and the procedures it has undertaken to review its activities, including:

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- A) To supervise the internal audit activities and to ensure that the strategic directives of management are consistently implemented.
- B) To conduct continuous and systematic evaluation and to ensure the effectiveness and efficiency of risk management procedures and processes and corporate governance.
- C) To set and develop models for risk assessment, allocation of audit resources, development, management and direction of internal audit programs within the scope of the internal control authority and regulations.
- D) To report to the management on the results of internal control or any analysis, assessment or guidance on the activities being reviewed.
- E) To advise on risk management and the procedures to solve these risks.
- F) To coordinate with other departments in the Corporation to ensure its unification of the plans, programs and procedures.
- G) To qualify and train skilled auditors to perform the required activities.
- H) To Identify and assess risk areas for the preparation of the annual audit plan.
- I) To guide and control the Corporation performance and financial audit projects, and the commitment and compliance of the Corporation to systems and analysis.
- J) To receive complaints and allegation's reports.
- K) To search for modern auditing tools and practices, and to pursue professional development opportunities, including internal and external training and membership of the professional association, as well as sharing information with the concerned staff for the purpose of increasing the expertise of the Internal Control Department.

All Internal Control Department reports shall be sent to the Board of Directors of the Corporation to strengthen the system and activate it to comply with the decision of the Chairman of the Securities

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& Commodities Authority No. (3/ R.M) for 2020 on the Corporate Governance Manual. The mechanism of the Internal Control system is to report to the Board of Directors to include:

1. Comprehensive assessment and documentation of the various risks facing the Corporation.
2. Prepare a record of risks and what happens annually.
3. Develop an audit plan based on the above risk record.
4. Continued development of corporate governance structure in the Corporation and ensure proper implementation of it.

During the year 2022, the Internal Control Department issued (8) reports to the Corporation's Board of Directors, the details of which are attached to this report.

The Corporation already has policies and procedures for all the Hotel Division as well as the Corporation Head Office, and these policies have been approved by the Board. All policies and procedures are periodically updated taking into account all changes taking place in the world. It has been implemented an organizational chart for employees with a clear definition of their powers and responsibilities, and there is a code of conduct for all employees as there are annual performance evaluation being to determine the performance of staff.

Regarding how the Internal Control Department deal with any major problems, the Corporation since its inception did not face any major problems, and the Internal Control Department shall take all preventive measures for areas of major risk, such as cash, banks and other operational areas and performs periodic review of all departments and take action accordingly to prevent any problems. If there is any problem, the Internal Control Department is well qualified to deal with any issue directly and take the necessary action to resolve the problem.

Ninth: Details of violations committed during the year 2022

The National Corporation for Tourism and Hotels is in compliance with all applicable laws, regulations in the United Arab Emirates. During the fiscal year 2022, the Corporation has not been subject to any penalties or restrictions either by the Securities and Commodities Authority or any other regulatory body.

Tenth: A statement of the cash and in-kind contributions made by the Corporation during the year 2022 towards the local community development & environmental conservation

The National Corporation for Tourism and Hotels and its employees are proud of the positive impact they have on many levels in the areas where they work and live, and they prioritize this impact in all their activities in local communities on which they depend for the operational mission's support, the purpose is always to give adequate consideration to social issues when planning and implementing projects and programs that the Corporation is working on. Working together to bring about positive change, build strong relationships in the community and reduce the environmental footprint caused by the activities of some companies in their areas of work lead to providing motivation to engage the community in the company.

The National Corporation for Tourism and Hotels believes that it can have a significant impact on the local community. The Corporation supports local and regional care, as well as many non-profit humanitarian organizations working together towards a common goal, which builds strong relationships. A variety of reasons support the company - based on the individual needs of the community - the National Corporation for Tourism and Hotels focuses on activities, projects and organizations that will produce tangible and positive results, especially in the field of environment, health and leisure activities, and the Corporation will demonstrate a firm commitment for

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humanitarian reasons that fall outside the core areas of work through time and money donations or private resources, which are carried out by the Corporation on a regular basis.

During the year 2022, the Corporation provided support to some individuals who were suffering from serious health problems, for example the Corporation provided financial support to a woman who fighting lung cancer at Sheikh Khalifa Specialist Hospital in the Emirate of Ras Al Khaimah. And also, Support was provided to another person to purchase medical devices to solve breathing and spine problems. In addition, the Corporation provided support to some other individuals who were seeking financial support to help them in their fight with sever health problems.

Eleventh: General Information

- A statement of the Corporation Share Price in the market (Closing price, Highest price, Lowest price)

Month	Lowest price (AED)	Highest price (AED)	Closing price (AED)
January	2.550	2.800	2.550
February	2.100	2.510	2.100
March	2.030	2.940	2.650
April	2.360	3.300	3.000
May	2.600	3.200	3.100
June	2.500	3.000	2.500
July	2.590	2.720	2.700
August	1.990	2.450	2.050
September	1.800	2.500	2.400
October	2.060	2.900	2.180
November	2.150	3.430	3.000
December	2.800	3.500	3.000

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■ **A statement of the comparative performance of the Corporation's shares with the general market index and the service sector index**

It is no secret that the world in general and the Middle East in particular have suffered great social and economic changes. The tourism and hotel sector are one of the most important sectors affected by these changes, since it is directly dependent on security, stability and safety of movement and aviation. It also depends on the availability of liquidity among individuals, organizations and companies, and on business prosperity and economic activity.

■ **A statement of the shareholding distribution as of 31/12/2022 (Individuals, Companies, Government) classified as follows: Local, GCC, Arab, Foreign using the table below**

Shareholder Category	Percentage of Shares Held			
	Individual	Companies	Government	Total
Local	79.61	20.23	-	99.84
Arab	0.13	-	-	0.13
Foreign	0.03	-	-	0.03
Total	79.77	20.23	-	100.00

■ **A statement of the shareholders owning 5% or more of the Corporation's capital as of 31/12/2022**

No.	Name	Number of Share Held	% Of Shares Held of Capital
1	HH Sheikh Hamdan Bin Mubarak Al Nahyan	312,900,977	38.28
2	Mohamed Abdul Aziz Al Muhairi	113,285,567	13.86
3	Sheikh Mohamed Bin Sultan Sorour Al Dhairi	66,500,000	8.13
4	Petroleum Engineering & Construction Est. (Pecon)	51,014,861	6.24
5	Ghobash Trading Investment Company Ltd	45,753,402	5.59

- A statement of how shareholders are distributed according to the volume of property as of 31/12/2022.

No.	Share(s) Owned	Number of Shareholders	Number of Share Held	% Of Share Held of the Capital
1	Less than 50,000	413	6,816,029	0.84
2	From 50,000 to less than 500,000	360	89,376,642	11.00
3	From 500,000 to less than 5,000,000	25	49,492,860	4.36
4	More than 5,000,000	12	671,610,949	83.87

I. A Statement of the procedure taken with respect to the Investors' Relation

The Corporation has taken all the necessary measures regarding investor relations controls. A special page for investor relations has been established on the website of the Corporation. Mrs. Nasreen Abdulrahman Khalifa was chosen as the investor relations officer of the Corporation and the following contact details:

Phone number: +971 2 409 9766

Fax number: +971 2 490 9990

Mobile number: +971553900930

Email: Nasrin.khalifa@ncth.ae

The Corporation website also has been updated so that any information and data that are disclosed or any other information relating to the company and the rights of shareholders can be published, such as the annually and quarterly financial statements, the Board of Director's formation, Governance Reports and the AGM minutes are on the Corporation's web site www.ncth.com Page of the Investor Relation.

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J. A Statement of the special resolutions presented to the General Assembly held in 2022

The General Assembly of the Corporation met during the year 2022 on April 26, 2022, and the special resolutions that were presented to this meeting were as follows:

* First: The resolutions to approve the proposal of the Board of Directors regarding the amendment of Article No. (7) of the Corporation's Articles of Association related to the ownership of non UAE nationals in the Corporation's shares so that it allows non UAE nationals to own the Corporation's shares at a rate not exceed to 49% of the capital. The resolution was approved by a percentage of 99.93 % of the present shares.

* Second: The resolution related to approving the increase of the bank facilities provided by Abu Dhabi Commercial Bank ADCB and used for the purpose of constructing the Grand Marina Intercontinental Residence Hotel Apartments project to AED 320.0 million, which will be paid in 36 quarterly installments. The item was approved by 100% of the present share.

K. The Rapporteur of the Board Meetings

The Rapporteur of the Board Meetings is Mr. Hany Farag. He has been appointed to this position at the BOD Meeting No. Seven of session No. Four which was held on March 03, 2010. Mr. Farag is a certified public accountant with more than 4 decades of experience in every facet of the hospitality and hotels industry. He has well defined knowledge and skill in area Board governance: policy, finance, project and personnel. Fosters positive working relations with Board Members and participates in the discussions and the deliberations of the Board.

The Duties During the Year:

- Maintaining and managing company files (founding contract, regulations, meeting minutes, monthly and annual reports ... etc)

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- Support the Chairman of the Board in all aspects of his duties and responsibilities in the organization.
- Prepare the agenda for Board and General Assembly meetings.
- Informing the members of the board of directors with the dates of the board and general assembly meetings and providing them with the necessary documents at least one week before the meeting.
- Reminding the members of the Board of Directors of the dates of the periodic meetings and the new information.
- Create the meeting place with the necessary equipment.
- Record the discussion and decisions of the board of directors' meetings, prepare the minutes of the meeting and present them to the members before approving it in the next meeting.
- Coordinate the meetings of the committees emanating from the Board of Directors and coordinate with the chairmen and members of those committees to prepare their minutes and present their recommendations and decisions to the Council.
- Providing legal advice and support in the areas of labor law, corporate law, contract law and intellectual property, to the extent required by the board of directors, and during a board meeting and ordinary general assembly.
- Carrying out any other tasks assigned to it by the members of the Board of Directors.

L. A Statement of Significant Events that took place in the Corporation in 2022

The significant event that took place during the year 2022 is the complete organization of the retail division, as well as the appointment of Mr. Fawaz Charaani as the division's acting director.

M. A statement of the deals that the company has carried out with related parties during the year 2022, which are equal to 5% or more of the company's capital

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The Corporation did not make any transactions equal to 5% or more of the company's capital with related parties during the year 2022.

N. A Statement of the Emiratization percentage in 2020, 2021 & 2022

In 2020 the Emiratization rate in the Corporation's head office reached 6%, and in 2021 it was also 6%, and by the end of the year 2022 the rate also remained 6%.

O. A statement of the Innovative Projects and Initiatives implemented by the Corporation during 2022

During the year 2022, the Corporation's work continued in the projects and initiatives that the actual implementation of which began during the year 2018, which include: The luxury building project in the exhibition grounds area in Abu Dhabi, which is completed and handed over to the Corporation, and some of its units were actually leased, in addition to the Grand Marina Intercontinental hotel apartments project in the Marina area in Abu Dhabi, which were also completed and will be open and start the operation soon in the few coming days. The Corporation also continued to make renovations to the Corporation's hotels in general, including rooms and public areas. And the Corporation is currently working on a project to rehabilitate the Marina Intercontinental, which is considered a qualitative transfer for the boat dock and for the hotel in general. The work on the project is progressing at very good levels of completion with a completion rate of more than 40% and it is expected to be completed during May 2023.

Twelfth: The Shareholders

The shareholders of the Corporation constitute the top of the governance pyramid, The General Assembly is the source of authority for the other corporate governance bodies in accordance with the Articles of Association, the Companies Law and the regulations and decisions issued by the Securities and Commodities Authority and the Abu Dhabi Securities Market.

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Thirteenth: Code of professional conduct

In recognition of the commitment of the National Corporation for Tourism and Hotels to the highest standards of honesty and ethical values, it is considering ethical and professional conduct as fundamental to its business and the ethical and professional conduct of the Corporation's reputation and success.

The National Corporation for Tourism and Hotels applies the system of professional conduct of the Board of Directors, senior management and employees, which includes the general rules of ethics and covers a wide range of procedures and practices in accordance with all relevant legislation and local customs.

Fourteenth: Environmental and Social Policy:

The National Corporation for Tourism and Hotels is committed to protect the environment, guests, employees and property of the Corporation from environmental and health risks and safety hazards. In order to fulfill this commitment, it is keen to provide a healthy and safe environment by:

- Comply with relevant UAE laws and other related requirements.
- Environmental protection through continuous improvement of environmental performance and pollution protection.
- In all our business practices, we take into account the environmental impacts of these practices.
- Use environmentally friendly products where possible.
- Allocation of resources to develop appropriate programs and procedures for the implementation of this environmental policy.
- Measure performance and set targets for improvement.
- Minimizing wasting water and energy without affecting the quality of service provided to guests.

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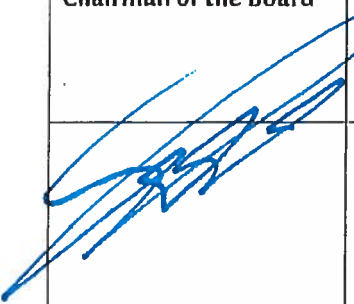



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- Protect guests, employees, contractors and all concerned from all health and safety hazards by creating a safe environment to eliminate personal injury and occupational diseases.
- Provide the necessary training to ensure safe practices, noting the commitment of all in these safe ways in the performance of their duties.
- Take measures to eliminate environmental, occupational and personal health risks, which are always at all readiness to respond to emergencies.
- Business sector involvement with contractors who share the same principles in EHS support.
- Ensure continuous improvement by encouraging each employee to implement these policies and contribute to a safer environment for future generations.
- Review the policies of the Abu Dhabi Environment Health and Safety Center regularly to ensure that our systems and policies are in line with the Center's policies.
- We are committed to reporting to the Abu Dhabi Environment Health and Safety Center on the progress of regulatory systems and regulatory authority at regular intervals.

Fifteenth: The Communication with shareholders

The Corporation is keen to communicate with its shareholders through periodic press releases. At every important development the company's information, activities and financial statements are available on the Corporation's website. The executive management meets periodically with investors, experts and financial analysts to review the activities and financial statements of the Corporation, in addition to providing the opportunity for shareholders to ask questions to management during the AGM.



Signature of: Chairman of the Board	Signature of: Audit Committee Chairman	Signature of: Remuneration Committee Chairman	Signature of: Internal Control Department Director
			
Date:	Date: 16/3/2023	Date: 16/3/2023	Date: 16/03/2023

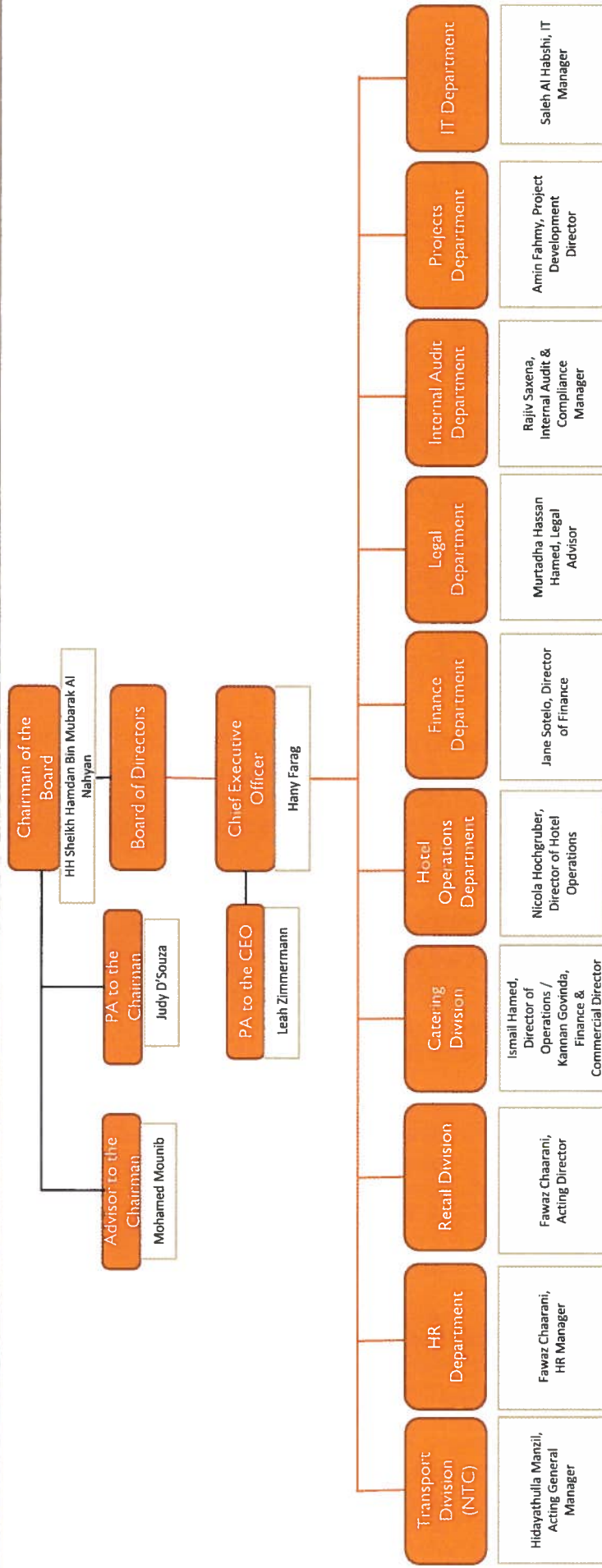


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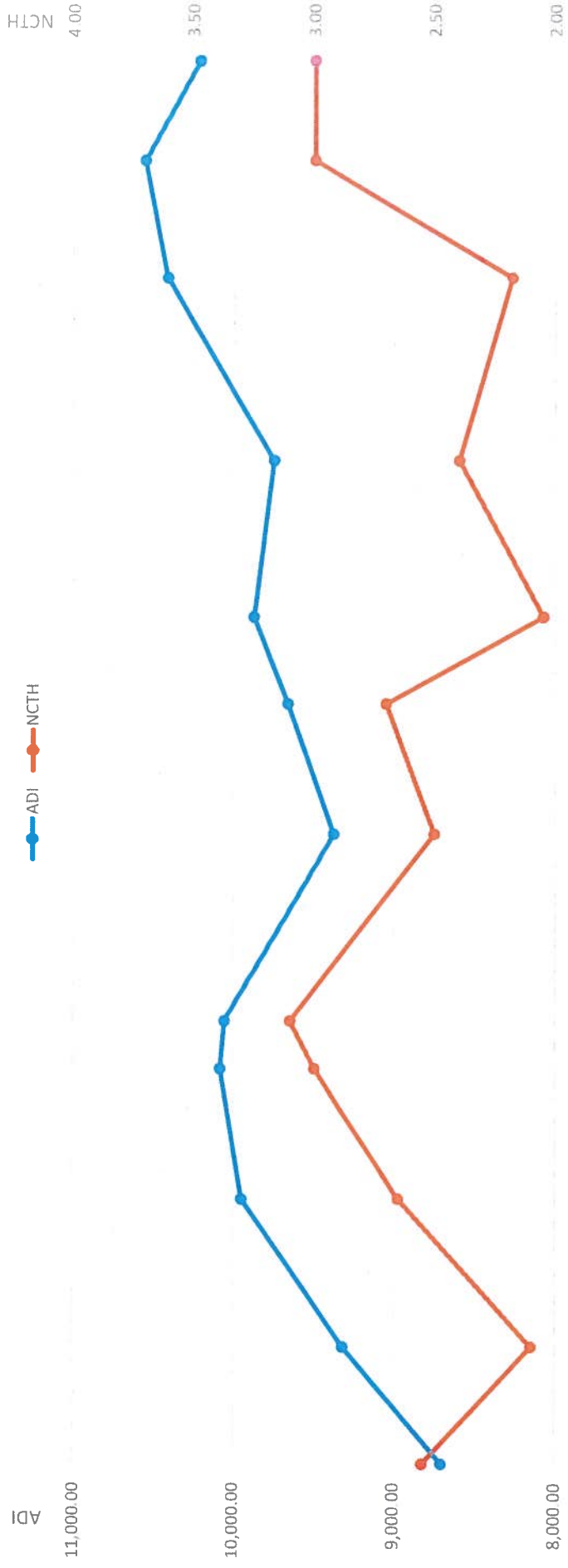
NCTH Organizational Chart



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2022 NCTH vs. Abu Dhabi General Index



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ADI	8,704.26	9,319.40	9,948.78	10,081.35	10,054.87	9,374.70	9,663.47	9,874.51	9,750.82	10,412.25	10,552.37	10,211.09
NCTH	2.55	2.10	2.65	3.00	3.10	2.50	2.70	2.05	2.40	2.18	3.00	3.00



SECTION 5

SUSTAINABILITY REPORT

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SUSTAINABILITY REPORT

National Corporation for Tourism and Hotels





Letter to Stakeholders

We are pleased to present this Sustainability Report as our commitment to you, the economy, the environment, and our people. Our report remains to highlight our progress and as continuous showcase of the Company's governance as a whole and its practices as a leading corporation for tourism, catering, and support services.

In an economic world where changes are fast paced and can be material or significant, we have made it our mission to preserve our steadfast commitment to our sustainable goals critical for the company's success. We move towards generating positive societal impact and a sustainable competitive advantage as a result of the increasing stakeholder expectations on data for sustainable initiatives.

As we progress and continue to grow, our pledge to service excellence will always remain true. Our dedication to sustainability will always be a challenge but the rewards will always outweigh the derived benefits.



About this Report

This report has been prepared in accordance with the GRI Standards: Universal Standards 2021.

Report Assurance

All necessary information has been supplied by each and respective division and has been reviewed and accessed by the department heads. Internal review were also dedicated to ensure the quality and correctness of the information. Our Annual Report for the year 2022 has been audited by PricewaterhouseCoopers.

Scope of the Report

This report presents our activities during the year 2022 in the United Arab Emirates only. Financial and statistical data includes the head office, retail, catering, and owned hotels – unless stated otherwise. All monetary figures are expressed in United Arab Emirates Dirhams.

Contact Person

Mr. Fawaz Chaarani (Human Resources Manager)
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CORPORATION OVERVIEW

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Our History

Boundaries do not exist in the world of tourism. A fast-growing industry that continues to make our world smaller, yet larger at the same time. Every day it transports visitors from the four corners of the globe and introduces them to various cultures and traditions, a variety of cuisines, sights and sounds. An endless choice of foreign lands beckons to be discovered. Through organized tours, hotel bookings and transportation, tourism has educated as well as entertained its people.

The National Corporation for Tourism & Hotels (NCT&H) contributes to the promotion of Abu Dhabi as a tourist and international destination. The four directions it has followed are: hotels, catering services, transport and retail. Each division is manned by an experienced management team and provides its customers with a variety of superior services.

NCT&H doesn't only target sun seekers and shoppers, because it believes that all Abu Dhabi holiday travelers and organized groups are searching for alternatives that promise personal enrichment. It intends to assist in making each and every Abu Dhabi vacation an adventure filled with inter-cultural diversity, where tourists have an opportunity to meet the people of the region, see the country and experience Arabia.



Message from our Chairman

The National Corporation for Tourism & Hotels (NCT&H) operates hotel and food businesses under the framework for good corporate governance and effective risk management, adheres to the principles of sustainability, offers a superior service experience and delivers valuable meals to customers. The company recognizes all stakeholders throughout the supply chain and strives to become a good citizen of the society and create a balance for sustainability in the economy, society, and environment to enhance competitiveness and value of the organizations in the long term.

We are committed to developing sustainability strategies to support sustainable economic growth and social development. To create a sustainable balance in the economic dimension, the company is committed to improving the quality of its services and products to meet the needs of all customer groups. In terms of society, it aims to bring about security to the society and community by developing the skills and potential of its employees, creating jobs, professions, and distributing income to ensure a sustainable society. For the environmental dimension, it has been committed to conducting businesses that are environmentally friendly at all stages of its operations and taking into account both short- and long-term environmental impacts throughout the supply chain.

The economy remained in a challenging period for 2022 and the Board's direction is to continue pursuing ways to control cost at every possible level, and to look for other opportunities that will benefit the organization during this current market condition.

On behalf of my colleagues – the member of the Board of Directors, I would like to thank the Shareholders, the public and private establishments, the Management, and the Employees of the Corporation, for their continued trust and support.

H.H. Sheikh Hamdan Bin Mubarak Al Nahyan

Chairman of the Board





Message from our CEO

In today's ever changing business environment, it has become progressively more competitive to chart a way for the future. For this reason, NCT&H is constantly looking at innovative ways to diversify its portfolio. NCT&H has an extensive track record of success not only the hospitality industry, but also contributing to the catering and transport market. Our achievements can be attributed to our panel of experts and their teams devotedly working to progress our mission of service excellence in the hospitality industry. Our vision is simple, service excellence. We don't accept anything less than the highest level of customer satisfaction and neither should our clients.

NCT&H is the proud owner of some of the most prestigious hotels in Abu Dhabi Emirate. We are always looking at expanding and diversify our property portfolio, being it owned or managed. At NCT&H, we have also extended our expertise to develop new and exciting premium restaurant concepts. I would like to thank the Board, executive leadership and all the employees of NCT&H for their contribution to a dynamic and successful company.

Mr. Hany Farag
Chief Executive Officer

Our Mission & Values

The National Corporation for Tourism & Hotels (NCT&H) core values of respect, integrity and service excellence are the code by which it operates. Coupled with recognition, awards, and partnership; NCT&H has set a new gold standard in Abu Dhabi hotel operations, catering, retail, and transportation.

These core values represent links that bind our stakeholders and business associates together through a win-win partnership. Based on the fundamental core values,

NCT&H is firmly committed to manage and realize owners' and partners' entrusted vision for the Abu Dhabi tourism industry.



Corporate Governance

Board of Directors

The Board of Directors are all UAE nationals. The BOD has been active in building a strong corporate governance culture that plays an important role in defining and implementing the standards of responsibility that enable the management to manage the Corporation to the best benefits for shareholders.

Audit Committee

Audit Committee acknowledges the responsibility for review of work mechanism and ensuring its effectiveness. One of the roles of the audit committee is to also oversee the work of both the internal and external auditors.

Chief Executive Officer

The CEO is responsible for corporate representation and the expansion of its activities inside and outside the borders of UAE.

Executive Management

Manages the Corporation's business and provides guidance to the executive body in line with the Corporation's objectives, strategies and policies prescribed by the Board of Directors and the provisions of the law and of other legislation related to the work of the Corporation and its activities.

Nomination & Remuneration Committee

Defines policies and criteria for nomination, periodic review, succession, appointment and termination, ensuring the Independence of independent members and conflict of interest.

Follow-up & Supervision Committee of Insider's Transaction

Responsible in notifying insiders with the required controls and legal responsibilities.

Sustainability Committee

Our current governance structures allows us to support the sustainability programs available in the Corporation.



Ownership Structure

Share Capital	817,296,480.00
Listing Date	November 15, 2000
Incorporation	December 11, 1996
Legal Entity	Public Joint – Stock Company
Auditor	PricewaterhouseCoopers

Our ownership comprises a percentage of 99.84 local – 79.61 are individually owned while 20.23 are owned by companies. The remaining 0.16 is currently owned by Arabs and other nationalities. In 2022, 31.4 million bonus shares were issued to shareholders.

Financial Performance

Below is an overview of our financial performance for the calendar year 2022. These consolidated financial statements are presented in UAE Dirhams (AED) which is the functional currency of the Group.

Financial Position	2022	2021 (Restated)	Increase/ (Decrease)	% Change
Total Assets	2,830,455,968	2,881,020,192	(50,564,224)	-1.76%
Net Revenue	710,597,888	759,362,202	(48,764,314)	-6.42%
Net Profit	63,975,609	101,490,920	(37,515,311)	-36.96%

Segment Revenue	2022	2021	Increase/ (Decrease)	% Change
Hotels	160,834,996	164,619,462	(3,784,466)	-2.30%
Retail	60,887,984	68,594,162	(7,706,178)	-11.23%
Catering	497,220,817	533,369,454	(36,148,637)	-6.78%



Our Corporate Divisions

For management purposes, the Group is currently organized into four major operating segments. These segments are the basis on which the Group reports its primary segmental information.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocations and performance management. Segment performance is measured based on profit or loss. The Group has only one geographical segment – United Arab Emirates.

Hotels & Resorts

A Leader in Abu Dhabi Hotel Management & Operation. The National Corporation for Tourism & Hotels (NCT&H) owns and manages some of the best Abu Dhabi hotels and resorts, such as the InterContinental Hotel Abu Dhabi, a unique luxury urban resort; the Danat Al Ain Resort, embedded in the famous "Garden City of the Gulf"; as well as the Danat Jebel Dhanna Resort and Dhafra Beach Hotel, both located close to Sir Baniyas Island featuring an 800-meter private beach settings ideal for business and leisure travelers. Featuring luxury amenities and authentic Arab hospitality, each resort property sets an unparalleled standard for Abu Dhabi accommodation and lodging.

NCT&H provides asset management and owner representation services in order to maximize returns and enhance asset value to its clients. NCT&H is able to assist ownership in improving asset value through working closely with hotel management companies and hotels owners, managing cash flow and controlling FF&E and capital expenditure.

We do have a thorough understanding of the investment cycle, therefore, we can advise our clients on what the best investment options are, as well as operational and other strategies aimed at unlocking value of our partners.

Catering & Support Services

NCT&H Catering and Support Services division was established in 1996 to provide catering and facility management services to organizations across a range of sectors throughout the United Arab Emirates. Our knowledge of international best practice combined with solid experience in local markets positions us as a leading partner in providing comprehensive solutions for our client's individual needs.

As the first Catering and Support Services Company in the Middle East to have achieved 18001 OHSAS accreditation, we are fully committed in promoting the highest Health, Safety & Environmental standards in catering, support services, and human resources. Our Catering Division is the first catering and support Services Company in the region to upgrade 18001 into 45001:2018. We provide a wide array of specialized services to include:

- Contract Food Service
- Camp Accommodation Services
- Facility Management
- Building Maintenance
- Office Services
- Housekeeping and Janitorial Services
- Landscaping
- Pest Control
- Laundry Services
- Recreation Services
- Kitchen Design and Equipment Supply
- Turnkey Service, including planning and construction of all facilities





Retail Division

NCT&H Retail Division operations essentially involve importing, marketing, distribution and retailing of beverage retail brands with due respect to the laws and regulations of the UAE.

Cheers Abu Dhabi. "Cheers" aims to be the premier retail concept in Abu Dhabi. Our vision is the modernization of the Abu Dhabi retail shopping experience for our customers. From the effective management of a relevant and meaningful range, promotional and merchandising initiatives that go beyond customer expectations combined with the recruitment and training of experienced and knowledgeable staff for a confident personal service that cannot be beaten.

Hotels, Clubs, Nightclubs & Restaurants. The NCT&H On-trade team services and distributes our agency brands to the whole of the Abu Dhabi Market. Our experienced team work hard to create a beneficial offering meeting the requirements of individual accounts. Activation of key marketing activities, distribution focus, brand development and product throughput are all key elements to our success.

NCT&H is committed to contributing back to the community of Abu Dhabi as much as possible.



Transportation Division

Complementing hotels and catering operations, NCT&H partners with the National Transport Company – joint venture arrangement, for its transfers and large movement requirements in the UAE. The logistics entity set-up in 2002 boast a wide range of luxury buses and new model Audi and Mercedes Benz vehicles, and offers 24-hours service for car rental, public transportation, airport transport and corporate requirements. The National Transport Company, established in 2002, prides itself with a distinctive fleet of modern luxury buses and new model of Audi and Mercedes Benz vehicles cars, which provide the highest level of comfort and safety for passengers at affordable rates.

NTC's reservation system is the latest technological system in the region, as it enables the operations staff to be in direct contact with the drivers via satellite Global Positioning System (GPS) and Global System for Mobile communication (GSM) mobile phones, which are connected with headphones to the car meters. By using this technology, the operation room directs the driver in order to avoid traffic jams, sends requests for dispatching and destination points and hire fees.



F&B Concept & Franchising

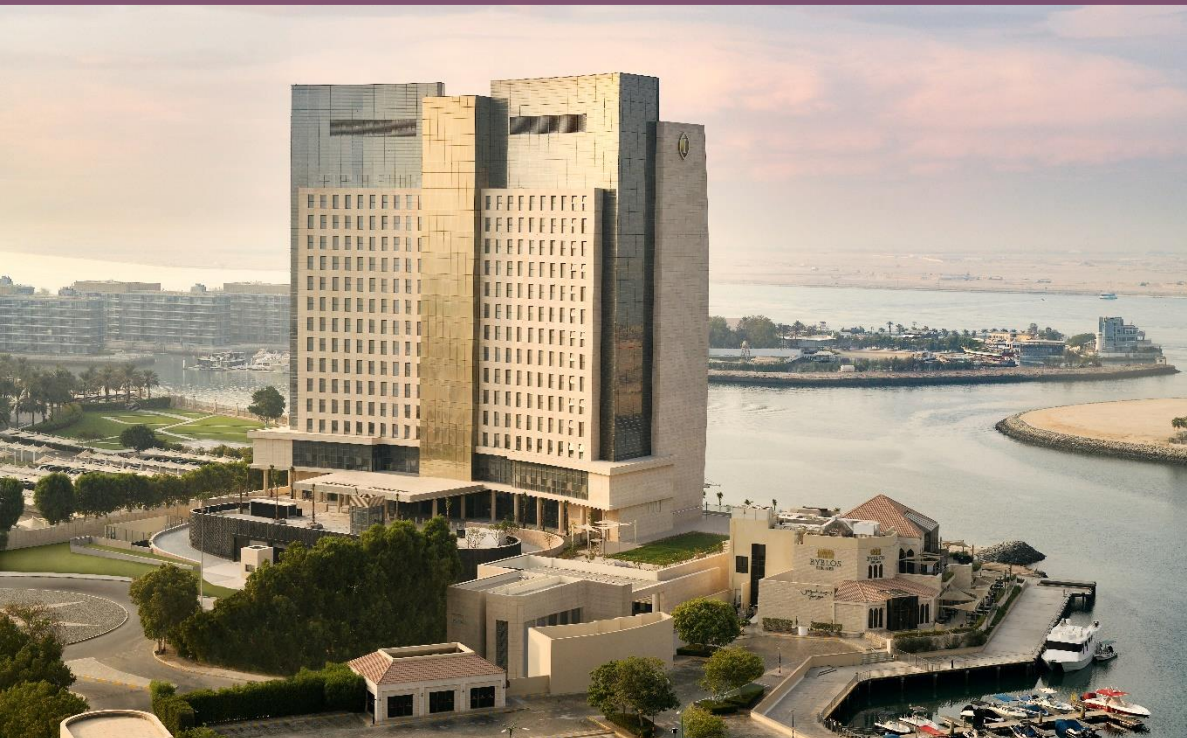
NCT&H has established a food and beverage track record which includes franchise handling and/or leading developing F&B concepts.

The following are its core brands of exquisite food and beverage concepts:

- Tanjore
- Luce
- Shooters
- Sahria Club
- Tarab Club
- Selections
- Byblos Sur Mer
- Tides Restaurant
- Latitude Jebel Dhanna Bar
- Tea Lounge
- C-View Café
- Waves Jebel Al Dhanna Café
- Zaitoun Jebel Dhanna Restaurant
- Hana Al Dhafra Bar
- Mayadeen Al Dhafra Restaurant
- Café at the lobby
- The Bay Shore
- Fishmarket
- Chamas Churrascaria Brazilian Restaurant
- Arabesque

The following are franchise agreement with local and international affiliations.

- The Belgian Café
- Cho Gao Marina Walk
- McGettigan's



Development & Projects

As part of the National Corporation for Tourism & Hotels strategic road map to bring a new dimension of classic luxury hotels and style, NCT&H is working on developing various Abu Dhabi luxury hotels, which, combined with our legendary Arab hospitality, brings an unparalleled service level to the region.

Intercontinental Grand Marina Residences

Situated in Al Bateen will feature luxury serviced apartments ranging from studios to three-bedrooms with beautiful sea views and an exclusive private beach. The residences will also have all-day dining options, premium pool and spa facilities with an access to the short walking distance Marina. This project has resulted from a 20-year management agreement with NCT&H and InterContinental Grand Marina Residences, and it is expected to be completed by February 2023 with 130 keys. The project has been continuously monitored to be in compliance with Environmental requirements of Environment Agency - Abu Dhabi. The environmental audit report for Quarter 4 of 2021 was approved by the said agency. In year 2022, the environmental monitoring report conducted by the registered environmental consultant has proven to be largely compliant with the monitoring requirements of the Construction Environmental Management Plan (CEMP).

ECONOMIC RESPONSIBILITY

Highlights of 2022

Governance & Integrity

Compliance & Ethics

Risk Management

Business Continuity

Supporting Local Suppliers

Employment Sustainability

Government Assistance

Sustainability Strategy



Highlights of 2022

The opening of **Intercontinental Grand Marina Residences** is a significant milestone with its modern amenities and prime location. The new hotel residence is poised to become a popular destination for those seeking comfort and luxury. The new hotel residence provides a convenient and comfortable base from which to explore the surrounding area. With its close proximity to local attractions, shopping, dining and entertainment options, guests can enjoy a true taste of the local culture. With its exceptional facilities, dedicated staff, and commitment to providing the best possible experience for guests, this hotel is sure to be a popular choice for years to come.

The Emiratization Rate in the Corporation's Head Office reached 6% in 2020 and remained 6% through 2021 and 2022.

NCT&H signed a contract with Abu Dhabi National Oil Company (ADNOC) for the provision of food catering services for ADNOC Drilling sites from 2022 to 2027. This agreement strengthens both companies' dedication to supporting local products and services as well as the growth and diversity of the country's food industry.





Governance & Integrity

The National Corporation for Tourism and Hotels is committed to the highest standards of management, deriving its values and strategies from a system that integrates ethics, transparency, integrity, disclosure, accountability, and the practices of leading and compliant companies. The Board of Directors has been active in building a strong corporate governance culture that plays an important role in defining and implementing the standards of responsibility that enable the management to manage the Corporation to the best benefit for shareholders.

The role of the management is to run the Corporation's operations and follow the directives of the Board of Directors, ensuring compliance with legal and relevant regulations while pursuing the Corporation's strategic objectives, goals and policies.

Tasks and responsibilities assigned to the executive management includes:

1. Providing accurate periodic reports on the financial position of the Corporation.
2. Procedures taken to manage the risk and the internal control system.
3. Enable the Board of Directors to review the objectives, plans and policies set and to review management's performance.
4. Provide necessary information and documents in a timely manner.
5. Provide the regulatory bodies any information, data, and documents required in accordance with the provisions of the law.

For more information, please refer to our 2022 Corporate Governance Report.

Compliance & Ethics

Our Corporation prioritizes the principles of accountability, honesty, and integrity in all aspects of its business. We recognize the significance of employee involvement in achieving future success and are dedicated to adopting ethical employment practices to attract and retain staff.

Competition and Fair Dealing

NCT&H is a firm believer in succeeding through honest business competition. Employees are urged to treat customers, competitors, and colleagues with respect and fairness.

Equal Opportunities and Anti-Harassment

NCT&H is committed to providing equal opportunities in all aspects of employment and will not tolerate any discrimination or harassment of any sorts.

Workplace, health, and safety policy

The Company's goal is to provide a consistently safe environment for both our team members and our guests. In an effort to ensure this goal becomes a reality, the Company has put in place policies and procedures to support this goal, and all employees are obligated to comply with the same.





Risk Management

The ERM framework defines essential components, suggests a common language, and provides a clear direction and guidance for risk management department and its objective in implementing Enterprise Risk Management within the Company. The following four (4) benefits expected to be delivered to the Management:

- Provide Senior Management a clear, objective picture of the total financial impact of different risks faced by the various departments within NCT&H, and insight into how to mitigate them;
- Establishing a shared understanding among its Board, Executive Management, and employees regarding acceptable and unacceptable risks, to ensure that decisions at all levels align with the risk strategy of senior management.
- Prioritize the risks faced and ensure that risk mitigation focuses on the critically identified risks; and,
- Communicate NCT&H's risk management capability to the Board of Directors and related committees.

Risk Management *(continuation)*

The Board of Directors are committed to fostering a culture of risk management and developing and implementing frameworks, processes, tools and structures that systematically and proactively identify, measure, mitigate and report risks. The purpose and objective of the Risk Management policy is to:

- Communicate objectives and key principles of risk management;
- Develop a common understanding across the Company of acceptable risks, so that decisions across management levels are taken in accordance with the Company's strategy.
- Formalize and communicate consistent process and tools for identifying, measuring, mitigating, monitoring and reporting risks at all levels within the Company; and,
- Hold all staff accountable for managing the key risks within their areas of responsibility and clarify their interactions.





Business Continuity

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time, the projections show that the Group has sufficient resources to continue in operational existence and its going concern position remains largely unaffected as of the date of issuance of these consolidated financial statements.

Going forward, the Group is well-positioned to continue improving its resilience and adaptability, and to capitalize on the new opportunities that have emerged. This includes a greater focus on sustainability, enhanced hygiene and safety protocols, and the integration of new technologies to streamline operations and improve guest experience.

Employment Sustainability

Our culture is all about our employees. The development of our employees is our aim and priority; we share the same commitment to quality. The work we do is carried out to standards beyond best practice in an exciting environment where success thrives. Our clients receive high-quality services thanks to the hard work and dedication of our employees. Besides that, we are reviewing the performance of our employees on annual basis in order to encourage them to work smart and ultimately get the deserved reward as we organize special workshops from time to time in order to raise the spirit and the meaning of the teamwork.

Supporting Local Suppliers

We encourage our procurement team to incorporate a minimum of 20% of local supplies in their products and services. Local products are given higher priority in terms of supplier selection. Suppliers with high National In-Country Value (ICV) scores are prioritized in awarding the business thereby participating in promoting local vendors and entrepreneurs. The approval of a supplier is based on one or a combination of the multiple criteria including, past experience, certifications, credibility, reputation, HSEQ compliance, internal evaluations, and possible effects to sustainability. The National (ICV) Program is a UAE government program that aims to enhance economic performance and support local industries by focusing higher portions of public spending into the national economy. This is to promote local companies and quality of local products, increase demand for local products and services and eventually contribute to the growth of national GDP.

In 2022, 29% of the Catering suppliers are ICV certified which increased by 9% from the previous year. While NCT&H is also an ICV certified company, Catering has a percentage split on sourcing in value of 35% for local products of major suppliers in the region and 65% for other products, thereby showing our commitment to support the UAE economy. During the year, the NCT&H signed new contracts with local vendors for the supply of food raw materials.





Sustainability Strategy

Since our founding, sustainability was a core component of our strategic direction and vision, positioning us as pioneers of corporate sustainability in the region and the world and to this day, sustainability is integrated into our operations at all levels. The NCT&H strategy is supported by a stakeholder-focused, data-driven approach that adjusts to changes at the global, regional, and local levels, and meets the needs of stakeholders. Embedded in our approach is the proactive stewardship of the Six Capitals.

1. Natural
2. Human
3. Social and Relationship
4. Manufactured
5. Intellectual
6. Financial

An aerial photograph of a vast, forested mountain range. The mountains are covered in dense green vegetation, and the terrain is rugged with deep valleys and sharp ridges. The sky is filled with soft, white clouds, and the lighting suggests a late afternoon or early morning setting, with a warm glow on the right side of the image.

ENVIRONMENTAL DUTY

Partner of preservation
Partner for waste reduction
Waste Management Policy
Waste Reduction Action Plan
Waste Management Process

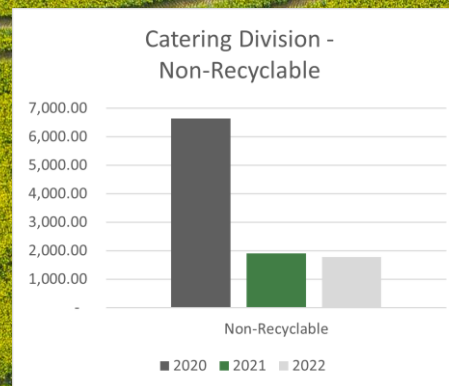
Partner for waste reduction

NCT&H is regulated by Center for Waste Management, TADWEER. Waste generated by NCT&H is managed as per the guidelines set by TADWEER. All recyclable and non-recyclable waste is disposed of in appropriate recycling centers which are managed by Abu Dhabi Waste Management Center.

In a report issued last 2022, Catering sites disposed of **111.19 tons of Agricultural Farms (Putrescible waste)**, **126.10 tons of recyclable waste which decreased by 29.17% from 2021** and **1,781.79 tons of non-recyclable waste which decreased by 6.47% from the previous year**. Both recyclable and non-recyclable waste are quantified, and measures are in place to reduce it year on year. NCT&H corporate office closely monitors the improvements in terms of waste reduction programs.

Environmental Initiatives

Hotel division encourages guests to protect the environment through simple yet effective method of encouragement such as recommending that daily washing of towels is unnecessary as part of Go Green initiatives.



Introduced Recycling Program

All glass bottles and aluminum cans are collected separately and recycled. Plastic materials are collected separately from the place of waste generation including laundry, restaurants and food production areas by an assigned person and recycled. Printer cartridges and batteries are recycled where possible. Wastepaper and cardboard collected from the entire hotel is separated from landfill waste for recycling. Cooking oil is collected by a licensed contractor and recycled.

Green Practices

The use of lighting, heating and air conditioning is constantly monitored to ensure these resources are not wasted without compromising the comfort of our guests. Motion light sensors are installed in the corridors. Stationery items are reused wherever possible. Soap dispensers are used in public toilets to reduce the waste from under-utilized soap bars. Implementation measures are continually monitored for progress through regular assessment.

Partner of preservation

Water Conservation

Hotel rooms have been equipped with low-flow aerator systems for showerheads, toilets and faucets to cut down water consumption. Public area toilets are installed with sensor taps. Waterless and sensor type urinals have been fixed in hotel public area toilets and employees' toilets.

Guests can do their part by opting to have their linens changed on the second night of their stay, in order to reduce the amount of water and chemicals used in the cleaning process. Guests can participate in the towel re-use program, in which they can hang their towels back on the rack and reuse or simply place the towels in the bathtub to be replaced by clean, fresh ones.

Electrical Energy Conservation

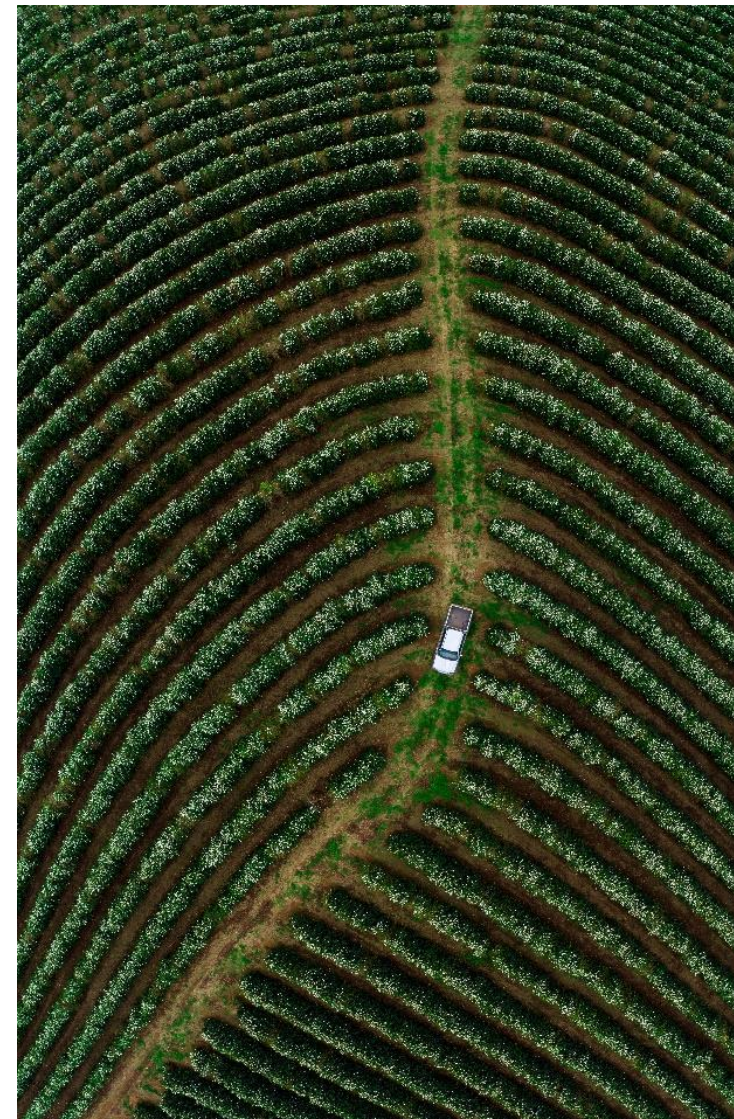
Light-emitting diode (LED), a highly energy-efficient lighting technology is being used within the hotel. All equipment being purchased are Energy Star® compliant. New programmable thermostats in guestrooms eliminate unnecessary energy usage. Energy efficient light bulbs are installed wherever possible and ongoing. Guests can participate by keeping their door closed when the air conditioning is switched on.

Paper Waste Limitation

Email communications are only printed when necessary. Copies, notes and memos are edited on the computer to avoid printing and reformatting faxes to eliminate cover sheets. Revision features in word processing software is used to edit documents on-screen instead of printing drafts and making handwritten comments. Furthermore, double-sided printing has also been adopted.

To minimize paper utilization, an electronic filing system was adopted. An intranet network is already in place to implement electronic printing which simplifies the transfer of information and reduces the amount of paper wasted in printing drafts and other documents. This system enables employees to eliminate the need for printing by allowing the transfer and exchange of soft versions of documents rather than hard copies among themselves. Every employee is allotted access to the network upon joining the company. Important company policies and documents are stored on the network, which can be accessed by all relevant employees, minimizing the need to circulate hard copies of the same policies and documents.

Advertising and bookings are encouraged via the Hotel web sites to reduce paperwork. There is an on-going program to re-use paper at all hotel offices and reception desk before they are discarded.



Waste Segregation

Waste segregation at source is already practiced. A proper waste segregation plan is proposed for further actions according to the scope of NCT&H activities. Waste segregation can be done manually or mechanically. Following are the details for waste segregation:

- All waste will be segregated at source as per type of waste (recyclable, non-recyclable/non-putrescible, putrescible and hazardous).
- Wastes shall be collected, segregated and stored in color-coded waste containers for different types of wastes.
- For reuse purposes, some waste such as used printers, computers, or metal will be sold to a downstream vendor and record keeping will be in place.

Source segregation awareness build-up training for employees and staff will be continued in the coming year.

Green line Environmental Services

We have partnered with Green line Environmental Services to further support us in our objective of efficient and effective waste management. Included in the risk assessment are the following forms of activities and its hazard aspect:

- Collection, construction, demolition of waste
 - Collection of bulky and green waste
 - Waste handling and transportation
 - Chemical handling
 - Cleaning and maintenance of bins and skips
- Mechanical and manual sweeping



Waste Management Policy

NCT&H has chalked out a waste management policy that is based on the 3Rs strategy. The main aims of the waste management policy are as follows:

Management Commitment

Top management will ensure the effective and integrated implementation of the waste reduction plan within the organization.

Encourage and Promote 3Rs Culture

To encourage and promote the organizational culture in coherence with the 3Rs (reduce, reuse, and recycle) strategy.

Reduce Landfill Waste

The management will ensure the implementation in line with the policy, which aims to enforce minimizing the negative environmental impacts of business activities by reducing the landfill waste and ensuring disposal of waste materials in an environmentally responsible and safe manner.

Availability of Resource

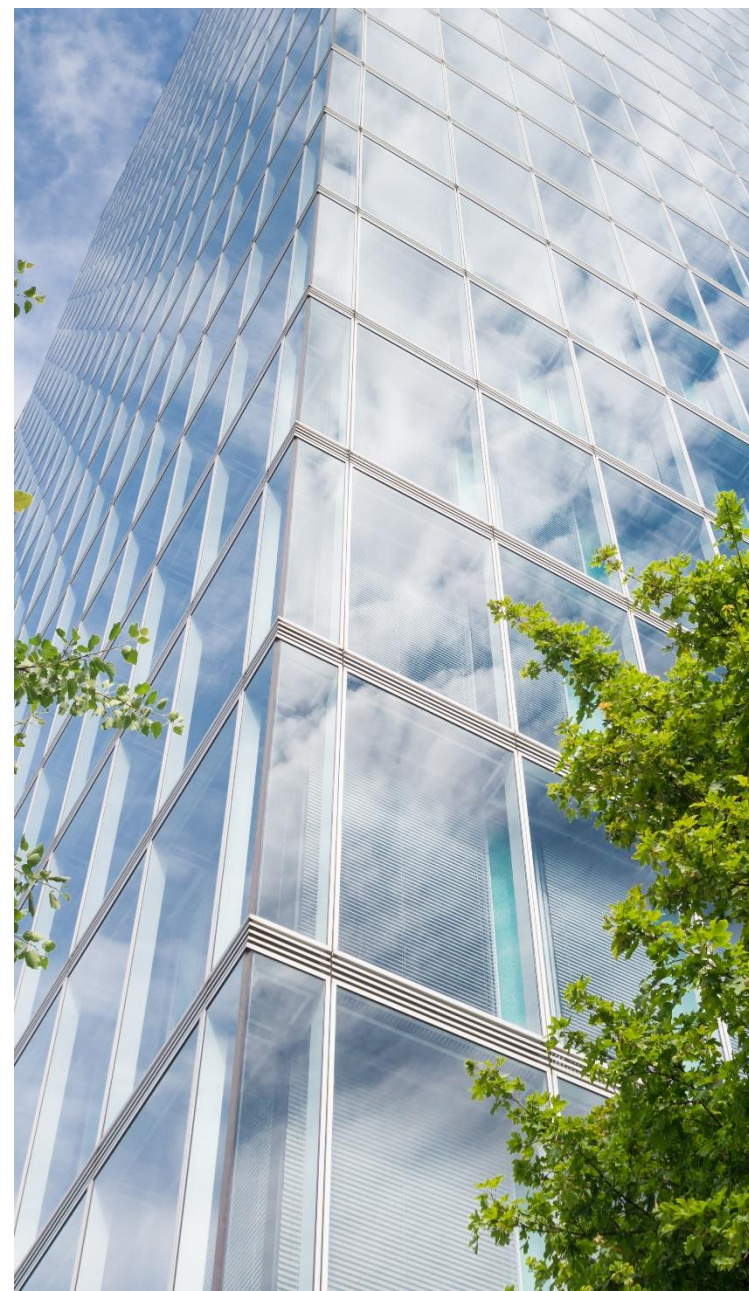
Management will ensure the provision of all resources (financial and human) necessary for the implementation of the Waste Reduction Action Plan.

Training and Awareness

The management will engage a specific team for the implementation of the Waste Reduction Action Plan. This team will also ensure the provision of training and awareness corresponding to specific roles, responsibilities, and tasks within the integrated framework to achieve the overall objectives.

Sustainability of Waste Management System

The management will engage a specific team for the implementation of the Waste Reduction Action Plan. This team will also ensure the provision of training and awareness corresponding to specific roles, responsibilities, and tasks within the integrated framework to achieve the overall objectives.



Waste Reduction Action Plan

As a responsible entity, NCT&H believes in sustainability, respects the local applicable laws and is committed to the implementation of Abu Dhabi Vision 2030. Our WRAP aims to establish a waste management baseline and to reduce waste generation at the NCT&H facility. It also ensures environmentally sound disposal of waste.

This Waste Reduction Action Plan (WRAP) has been prepared for the purpose of clearly identifying the requirements for managing the wastes generated by day-to-day operations of NCT&H in order to achieve:

- **20% overall waste reduction per year** to comply with Tadweer requirements for the Waste Reduction Action Plan (WRAP).
- Procurement of equipment and services for implementation of the **Solid Waste Management** (SWM) system and to provide a baseline for all other types of waste management plans.

- Consolidation of information about the SWM system by conducting well-defined **accountability for generated waste**.
- Compliance with **Waste Reduction Policy**.
- Compliance with **regulatory requirements**
- Increased profitability by **reducing, recycling and reverting** waste from landfill.
- Increased **awareness of employees and staff** so that they can contribute and support the management for the effective implementation of a plan to reduce waste.
- Identification of all types of waste produced during organization activities and to take **appropriate measures to control and reduce** waste.
- Promotion to **reduce, reuse, and recycle culture** in all services and activities of the corporation.

- **Environmentally sound disposal** of waste.
- **Continuous improvement** in the waste management system.
- **Management of waste** contractors

Types of Waste

NCT&H has a diversified portfolio including catering, support services, facility management, and cleaning services. NCT&H also operates as an environmental service provider and has a permit to practice waste management from Tadweer.

Following is a list of the types of waste generated at NCT&H facilities and other sites where NCT&H is responsible for waste management:

- Inert/Street Sweeping (Garbage)
- Wood Waste
- Paper/Carton
- Plastic
- Chemical/Waste



Waste Management Process

NCT&H adopts best waste management practices to handle all types of waste (both hazardous and non-hazardous). NCT&H implement the 3Rs program to achieve Waste Reduction Action Plan objectives, including a 20% overall waste reduction in the coming year in line with Centre for Waste Management (CWM) requirements. As far as recyclable waste is concerned, paper, plastic, and wood waste are stored separately after segregation in designated areas/skips for final disposal at recycling facilities.

NCT&H Client Sites

NCT&H is the CWM approved environmental service providers (ESPs) for the region who can manage waste transportation. Our major partners are ADNOC Gas Processing Bu Hasa, and ADNOC Refining ADRD. The types of waste collected from these facilities consisted of inert/street sweeping (garbage) and wood waste.

NCT&H Head Office

NCT&H has signed a contract with the CWM approved ESP Zone Waste Management and Recycling-Sole Proprietorship LLC for the collection of waste from its head office. Paper and plastic was produced from this location.

NCT&H Retail Division

NCT&H has signed a contract with Averda Waste Management LLC for the collection of waste from its retail division.

NCT&H Catering has contract with AVERDA Waste Management LLC for the collection of regular waste, plastic, and cardboard recycling from the central warehouse.



NCT&H Chemical Store

NCT&H has also signed a contract with the CWM approved ESP Zone Waste Management and Recycling-Sole Proprietorship LLC for the collection of waste from its chemical store. Chemical waste was generated from this facility.



Corporation Programs

Earth Hour (March 24, 2022)

Our hotels participated in the global initiative, called Earth Hour, organized by World Wide Fund for Nature (WWF). This symbolic lights-out event is a movement in uniting everyone to act on climate crisis and to protect the planet. The celebration is a symbol of a broader commitment toward nature and our planet. For further details, refer to <https://www.earthhour.org/faqs>.

Beach Cleaning

Nature is something we have always admired. The views through the hotel rooms are nothing but breathtaking. Yet, we sometimes take this for granted. We, as a community, believe that every act of kindness toward nature would return to us in tenfold. We hope that through this initiative, we may inspire others to take care more of our nature – even through small acts.

Water Saving Awareness

To raise awareness of home water conservation, DJDR held an awareness initiative to encourage staff to conserve water when possible.



Sewage Treatment Plant

One of our owned hotels – Danat Jebel Dhanna Resort, is able to recycle and reuse water. All purified and recycled water are being used for the irrigation system to maintain hotels garden areas, plants and trees. Lab testing is periodically performed to ensure that the produced recycled water does not result to any risk to anyone staying in our property. This was made possible through our partnership with Enleon Technical Services L.L.C.

Food Wastage Program

Another initiative taken is the implementation of food waste reduction camping and training. According to United Nations, around 14% of the world's food is lost after harvest, and an estimated 17% is wasted at the retail and consumption levels. This food loss and waste contribute to an unstable climate and catastrophic weather events like droughts and flooding by making up 8 to 10% of all global GHG emissions. Food security and availability can also be significantly impacted by food loss and waste, which consequently raises food cost. The Food Wastage Program is great reminder to highlight actions and innovation to reduce food waste through the efforts of our employee community.

Green Parking (EV Charging Stations)

One of the initiatives taken by the corporation is making available EV Charging stations in our owned hotels. Through the partnership with Future Link, Porsche, & Tesla, may now recharge their vehicles in the Hotels. By opening an avenue for renewable energy consumption, it allows us to decrease the number of consumers who are still tied up with using non-renewable sources. As a background, non-renewable energy are sources that carries great risk of depletion. Examples of this are coal, petroleum, and natural gases.



Corporation Programs

Plastic Bottle Collection Campaign and Tree Planting

NCT&H was awarded a certificate of appreciation by the Emirates Environmental Group for contributing 1,035 Kg of plastic thereby planting 10 trees as part of EEG's linking the Recycling Programme with the Planting Programme. It is humbling to return to nature, what nature has been constantly giving us. We are the seeds that the past has planted and through this simple act we hope that the future generations would benefit from these seeds.

Used Linens Donation

Catering was recognized by the Emirates Red Crescent, a volunteer humanitarian organization, for donating used linens for the needy people. These linens are almost new and reusable which are used for short to medium term projects with Catering division's customers.

Desert Cleaning Campaign

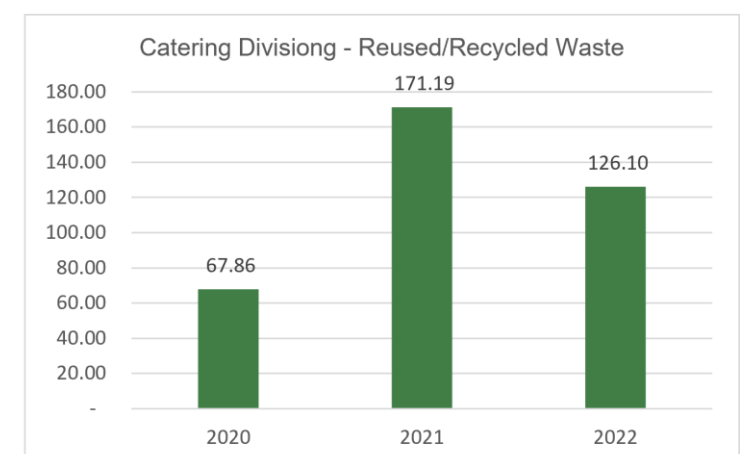
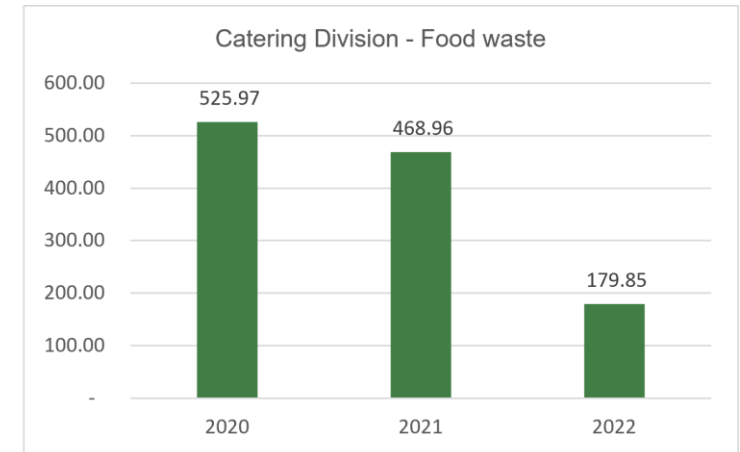
As part of NCT&H commitment to (HSEQ), management and staff engaged in a cleaning exercise in ADNOC Buhasa Central Camp.



Data Statistics

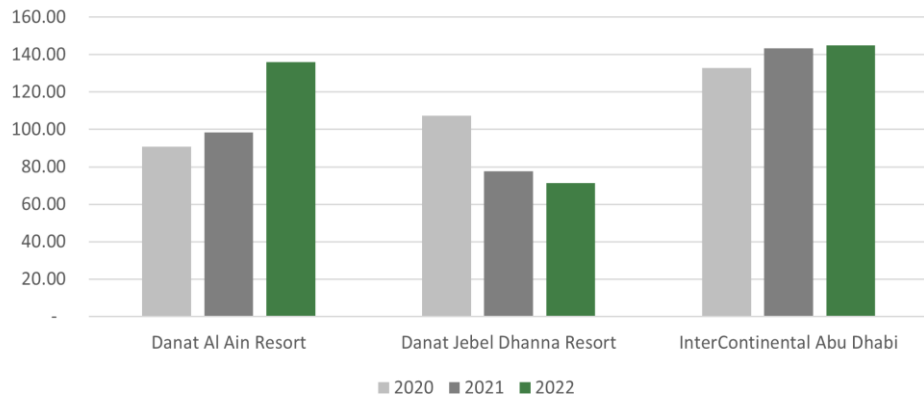
Performance metrics

2022 continued to be a challenging year for everyone, we have pushed our best efforts to achieve reduction of waste while increasing our efforts in recycling. However, it would be noted that we had difficulties in waste recycling specifically for owned hotels. Our Catering division on the other hand, was able to support said recycling which decreased by 29.17%. Food waste for the Owned hotels and Catering division have also decreased significantly through limitation of waste (e.g., by using only what is necessary) as well as due to the demobilization of some camp sites for Catering division. This would not be possible without the support of our customers who have participated in our initiatives. Figures presented are in Ton.

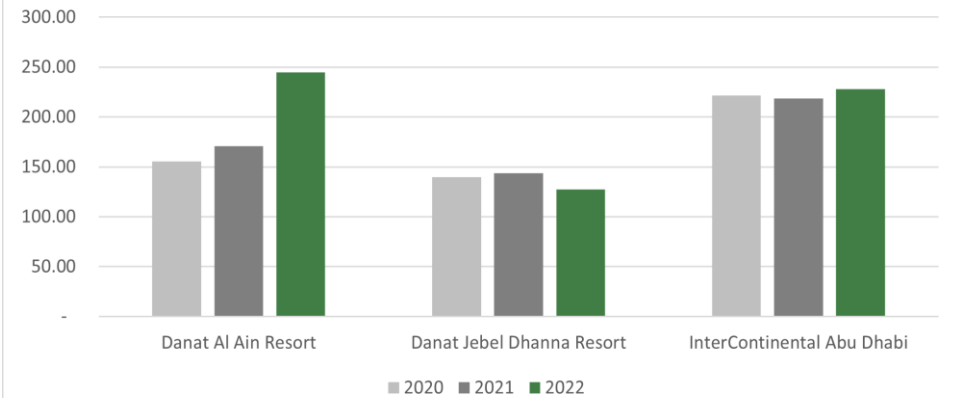


Data Statistics

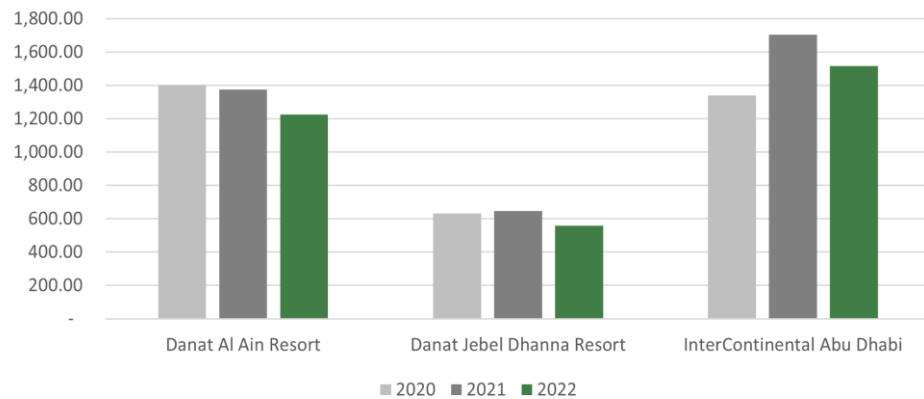
Electric Consumption - Per Available Room (KwH)



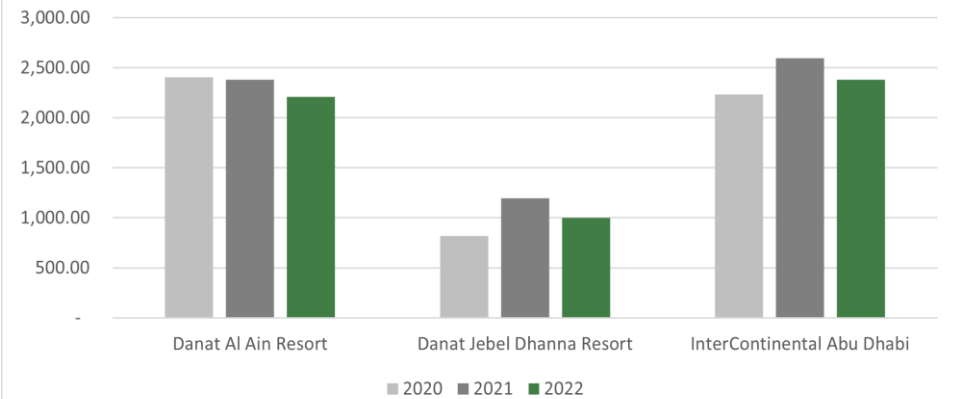
Electric Consumption - Per Occupied Room (KwH)



Water Consumption - Per Available Room (Liters)

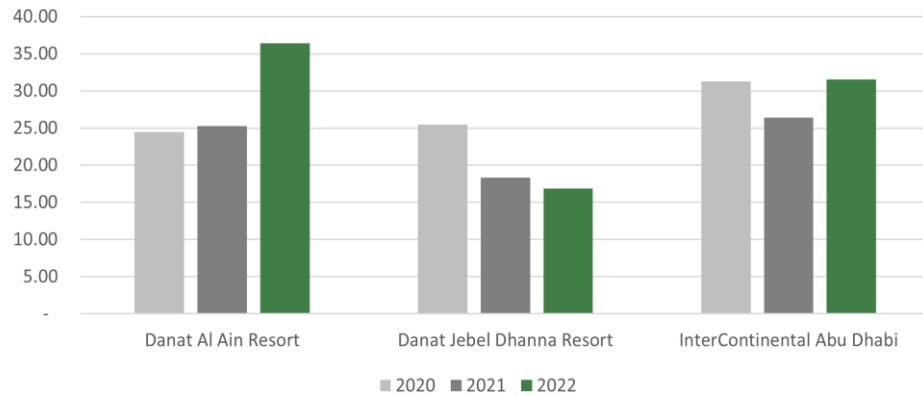


Water Consumption - Per Occupied Room (Liters)

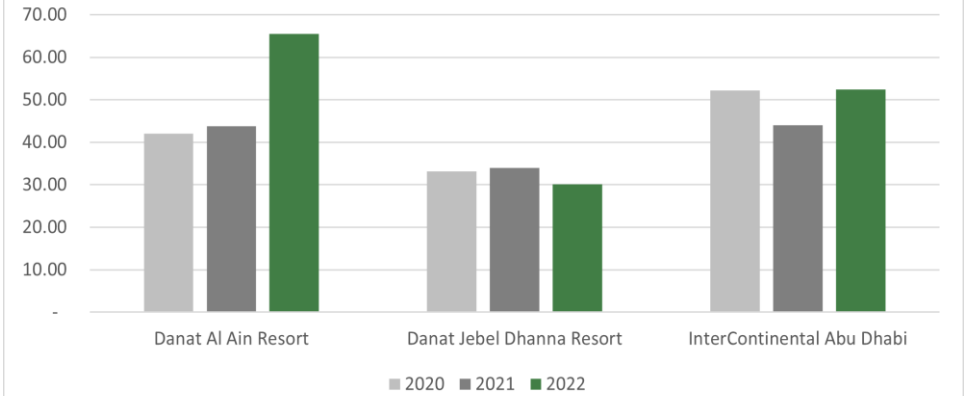


Data Statistics

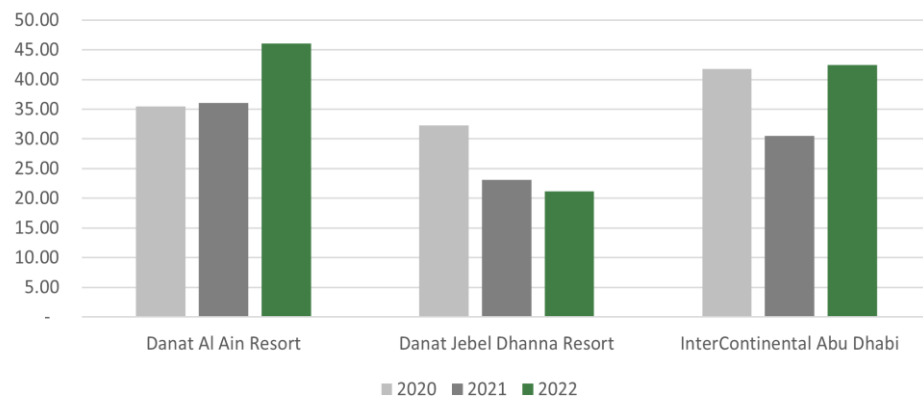
Total Energy Cost - Per Available Room (AED)



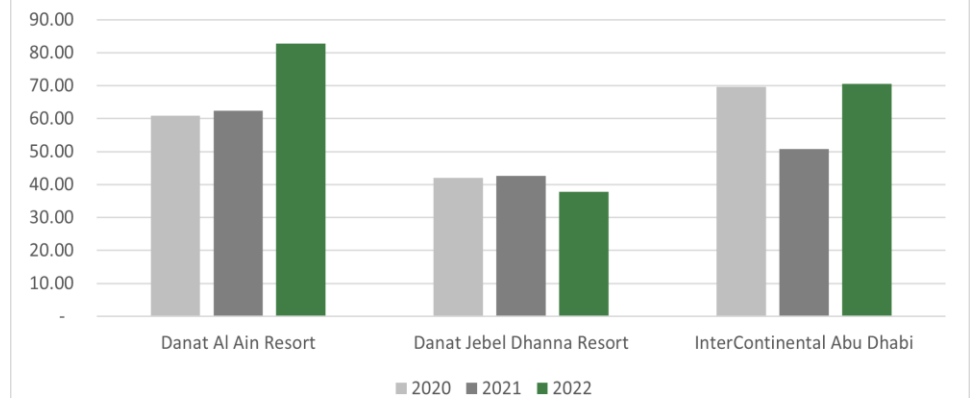
Total Energy Cost - Per Occupied Room (AED)



Total Utility Cost - Per Available Room (AED)



Total Utility Cost - Per Occupied Room (AED)



LIFE AT NCT&H

Our Philosophy
Corporate Culture and Principle
Equal Opportunity
Employee Recognition
Community Development
Safe Working Environment
Meet the Team
Corporate Activities
Data Statistics

Our Philosophy

The difficulty of finding an enthusiastic and committed workforce has intensified and thus it will be crucial that we make every effort to attract, retain and develop a diverse and talented workforce that aligns with the overall mission and values.

Human resources programs are developed to handle this labor shortage by focusing on crucial issues such as productivity, motivation, standards, training, hiring, and development. Often people assume that the HR department is responsible for these issues, whereas in reality, every manager must develop their employees. The HR department acts as a support service.

Increasingly, more Human Resources Programs are being developed for employees in guest contact positions since their actions and service determine whether our guests come back. The front desk clerk or attendant knows best what services the guests want. Thus, employees are the most important resource in the hotel. Training programs must be developed to ensure employees know their jobs, their product, and the Danat Hotels & Resort standards of service.



“We aim to provide opportunities to ensure that we retain our employees, safeguard positive and supportive work environment, foster open communication, and manage employee relations and development, while also ensuring compliance with labor laws and regulations.”

Vision

The vision of Danat Hotels & Resorts is to become one of the top three regional hotel operators in the UAE. We will grow our portfolio of properties by pursuing management agreements and lease agreements as well as developing our own hotel.

Mission

Our mission is to maintain our achievements, to improve them and to create new value for our customers, employees, and shareholders.

Engaging our people

With things starting to gradually return to normal in 2022, we have managed to hold simple events to remember and strengthen our bond as a community.

Engaging employees within a team is crucial to building a productive and motivated workforce. Different programs were held for the team to feel engaged, more likely to be committed to the company's goals, take ownership of their work, and provide excellent customer service. Programs such as wellness activities, cricket tournament, Independence Day, international chef's and lifeguard appreciation day, and many more.

Our objective is to always unite our employees and to be there even during difficult times. We are proud of the number of employees who have dedicated their profession and have stayed with us through the years. Our diversity in age represents our acceptance and respect for each generation.



Corporate Culture & Principle

Culture is made up of many components including traditions, principles, core values, beliefs, operational philosophy and visions. The following outlines our company's beliefs and principles, which forms an integral part of our culture:

Ethical Behavior – We push to adhere to the highest ethical and business etiquette standards in accordance with best practice and laws of the countries, states, and cities in which we do business. Our ethical leaders serve as role models for our employees, setting the tone for the organization and inspiring others to comply. Our strong ethical culture enhances employee morale and satisfaction, increases customer trust and loyalty, and helps attract and retain top talent.

Technological Advances – We aim to use the most effective technology and systems available that will achieve strong analytical abilities, improve the financial controls, and assists in having adequate historical data in all pertinent aspects of the business.

Environmentally conscious & Productive – We are conscious and committed to undertake our fair share in seeking to preserve and protect the environment when conducting business. We identify ways to streamline processes, reduce waste, and increase efficiency through established goals and targets for sustainability and engage employees in the effort to achieve them.

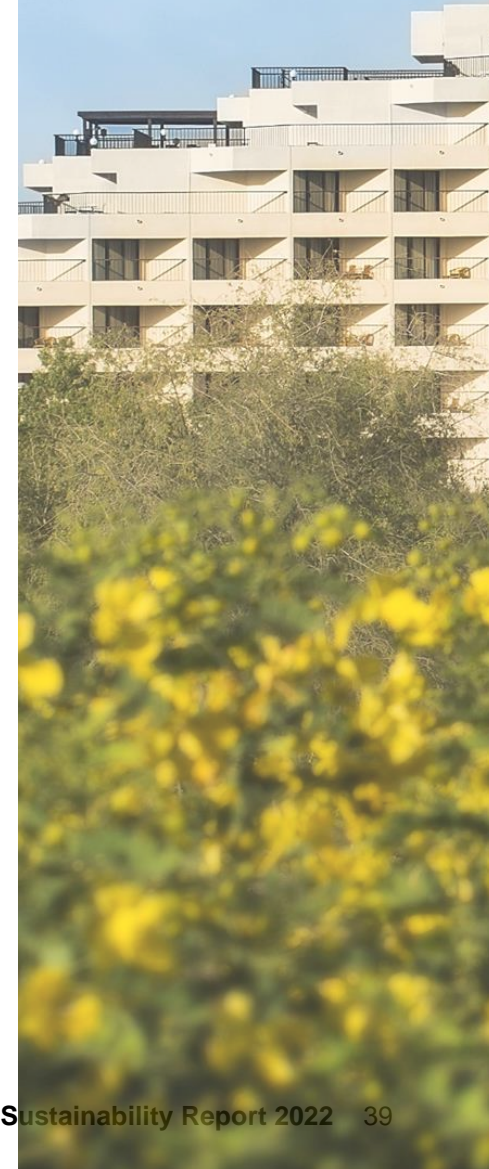


Best Practice for Corporate Citizenship – We respect our suppliers, associates, and communities and strive to achieve a balanced, fair, and harmonious co-existence within communities and environment.

Individual Opportunities, Communications, and Expressions – We give our employees the appropriate resources, training, and authority required to carry out their responsibilities. We treat each other fairly with respect for individuals, while developing our talents and skills to their fullest potential to increase our contribution to the success of the organization we are in. By promoting individual opportunities and communication, we create a positive and supportive work environment, enhance employee engagement and satisfaction, and foster a culture of innovation and collaboration.

Quality and Customer Orientation – We recognize that superior quality of products and services, continuous improvement and innovation and increased efficiency and competitiveness are key elements in fulfilling both internal and external customer expectations.

In Search of Excellence on behalf of our Shareholders & their Interest – We pledge to protect and ever seek to increase shareholders' interest and value at the best of our ability. Thus, through continuing financial growth of each business, we will constantly improve the return on investment to our shareholders.



Equal Opportunity

We are committed to a policy and practice of deciding all matters relating to employment – including hiring, compensation, advancement, transfer, and promotion – solely on the basis of qualification, experience, and merit. We do not discriminate on the basis of race, religion, complexion, gender, age, national origin, handicaps, marital status, education, or medical record. This results in a more productive and inclusive workplace, where different perspectives and experiences are valued and employees feel supported and respected.

The employee's advancement within the organization depends upon his or her performance. The employee is considered for advancement when he or she demonstrates the competence and judgement needed for the next level of responsibility. The performance of the employee is evaluated in writing at least once each year.

Promotion

The Owned Hotels promoted a total of 18 females and 19 females for Catering division. For Owned Hotels, the overall ratio of inter-company transfers ascribed to women was 15%, while for the Catering division, it was 11%. However, the pandemic continued to have a huge impact on the industry, the number of promotions were limited.

Increment

For our Owned Hotels, we were able to increase the ratio to 20% attributed to females for increment purposes, which increased by 5% from the previous year.

Similar to the numbers of promotions, increments have also been limited and have been carefully assessed on a case-to-case basis.

Women Empowerment

Diversity allows us to learn from one another. However, we understand that it has been a struggle worldwide to close the gap between the female to male ratio for any given industry. This year we showcased our support for the female representation by joining them in the international women's day held last March 2022.

Our goal is that we become an organization wherein equal opportunity is made available for everyone. Looking ahead, we are committed in continuously decreasing the gap between the male to female ratio to unleash their full potential and make valuable contributions to the economy and society. We are devoted to including more programs that allow us to create a safe working environment, free from gender-based harassment and discrimination.



Employee Recognition

Employees are the most crucial resource in our company and should be frequently recognized for their achievements such as employee suggestions, honesty, extraordinary performance, and the likes. Employee recognition has a powerful impact on employee engagement, motivation, and job satisfaction. Moreover, employee recognition can lead to higher staff retention rates. The costs incurred by high turnover rates can be decreased when employees feel valued and appreciated, decreasing their likelihood of leaving the company. The HR department is responsible for developing creative ways to recognize employees for various reasons. The HR Manager must also ensure that management clearly understand the value of praise and practice it daily.

We appreciate our employees who show commitment and excel in their jobs and show our gratitude through our Employee of the Month program (EOM). Wherein, each month one employee is nominated as the EOM. We also have the Employee of the Year Program as an extra token of appreciation for the efforts exerted by the team.

A monthly and yearly recognition is made in recognition of the hard work and commitment which significantly contribute to the success of the Corporation. Performance evaluation is completed based on the following criteria:

- ✓ Job Knowledge
- ✓ Quality & Quantity of work
- ✓ Attendance
- ✓ Commitment
- ✓ Capacity to develop
- ✓ Communication and teamwork
- ✓ Attitude & Behavior
- ✓ Equity and Impartial
- ✓ Problem Solving
- ✓ Decision Making
- ✓ Judgement
- ✓ Initiative & Motivation
- ✓ Planning & Organizing
- ✓ Personnel/Uniform appearance
- ✓ Productivity
- ✓ Creativity
- ✓ Reliability
- ✓ Adaptability
- ✓ Listening Skills
- ✓ Safety & Security
- ✓ Adherence to guidelines

Training & Development

The management trainee program is a fast-track program that trains highly potential employees for management positions. Candidates may either be new employees or employees who have been with the company for a period. The program combines theoretical and practical training in all aspects of the hotel, and the duration of the program may last up to a one full year.

NCT&H Catering and support services division is an approved training center from Highfields UK and delivers training programs in Food Safety, Health Safety, and HACCP. The division has qualified trainers who deliver courses in the above areas from basic to advanced.

Community Development

The Corporation and its employees are proud of the positive impact they have on many levels in the areas where they work and live, and they prioritize this impact in all their activities in local communities on which they depend for the operational mission's support, the purpose is always to give adequate consideration to social issues when planning and implementing projects and programs that the Corporation is working on. Working together to bring positive change, build strong relationships in the community and reduce the environmental footprint caused by the activities of some companies in their areas of work, and lead through providing engagement with the community in the Company.

The National Corporation for Tourism and Hotels believes that it can have a significant impact on the local community. The Corporation supports local and regional care, as well as many non-profit humanitarian working together towards a common goal, which builds strong relationships.

Many reasons support a Company. It may be determined by community needs, goal-oriented activities, or the desire to show a company's commitment to humanitarian causes - even if such reasons lie outside of their industry's core competencies.

During the year 2022, the Corporation provided support in the amount AED 23,210 to cancer patients and those who were suffering from severe health problems at Sheikh Khalifa Specialist Hospital in the Emirate of Ras Al Khaimah.

Donation for humanitarian support of AED 25,000 was also provided to purchase medical devices for breathing and spine problems to patients who are in need.

For more details, please refer to our Corporate Governance Report 2022.

Mental Wellness

NCT&H Catering and support services team implemented programs regarding the necessity of enhancing employees' mental wellbeing. There were many sessions organized for employees at site who are away from their families and not able to see them since the pandemic. It includes a variety of elements, such as the capacity to handle stress, the presence of supportive connections, and a sense of meaning and fulfillment. Good mental health is crucial for general well being and quality of life since it enables people to cope with daily obstacles and enjoy life. Together with enhancing the welfare activities, a structured training program was rolled out on Mental wellbeing. Sites organized workshops which helped to keep the momentum high.

World Food Day

NCT&H participated in World Food Day program which is organized by World Food Organization under the theme "Leave NO ONE behind" on 16th October 2022. During the campaign, we rolled out different training and awareness sessions related to food waste, importance of fighting hunger. All staff pledged their commitment to fight global hunger.



S

SEDRA Aloha Party

One of the owned hotels, InterContinental Abu Dhabi, had the pleasure of working with SEDRA, a nonprofit organization, to plan a friendly gathering for young people of determination. Through little initiatives like this celebration, we hope to promote diversity and inclusion in our world rather than just preach about it. Even if it might not have felt like it, we did alter the course of these teenagers' lives for a few hours. In order to motivate each of us to work together to create a more loving and harmonious future, InterContinental is dedicated to having an impact on the world through ongoing, diverse social and environmental initiatives.



Food Donation Drive

On September 9, 2022, InterContinental Abu Dhabi also partnered with Basmet Amal, a charity organization, delivering ongoing help to orphans and people in need. The hotel provided assistance to individuals and families who are facing food insecurity, helping to ensure that they have access to adequate nutrition.



A Safe Working Environment

NCT&H has developed Food hygiene and Quality system standards based on the HACCP concepts and proudly hold the following ISO certifications:

- ISO 9001:2015
- ISO 14001:2015
- ISO 45001:2018
- ISO 22000:2018

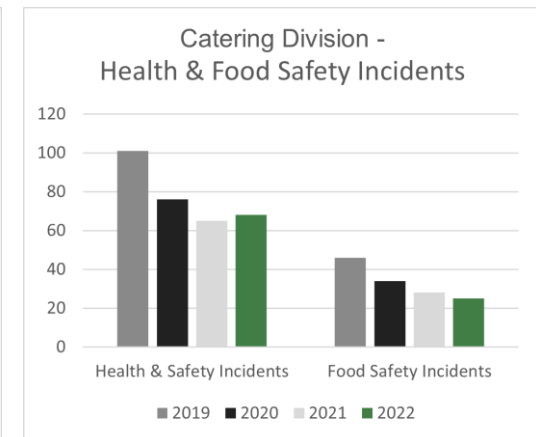
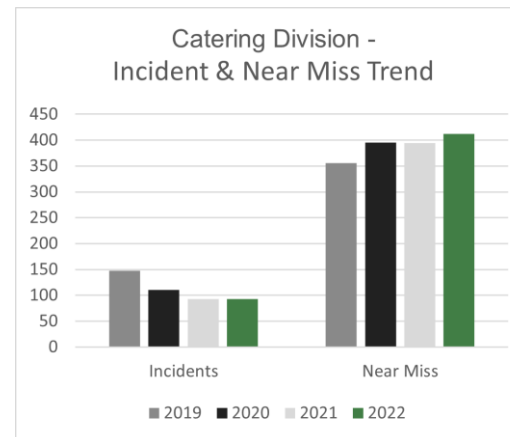
Catering division, across all the 7 site locations, successfully certified in Health and Safety, Quality, Food Safety, Environment, and HACCP Certification. NCT&H also follows the highest standards in cleaning services. The division is approved from the British Institute of Cleaning Services (BICS).

NCT&H prioritizes safe working environment for employees where they are protected from potential hazards that may cause injury, illness or death. NCT&H consistently implements various measures through conducting regular safety training and inspections, ensuring that the workplace is designed and maintained to minimize risk, providing personal productive equipment and implementing health and safety policies.

The catering division's incident trend from 2019 decreased significantly from 147 to 93 incidents. While near miss trend from 2019 to 2022 increased, which is a great indication of the organization's commitment to prevent and eliminate accidents by reporting the near misses as they occur. If the near misses are not reported, incident investigations will not be carried out and none of the problems and warnings will be found.

Health and safety incidents in Catering division were reduced by 32% in 2022 compared to 2019 (from 101 to 68 incidents). In comparison to 2021, there was an increase of 4.61% in 2022. One of the causes is due to cut injuries which increased by 33.33% as a result of unsafe acts including lack of attention, failure to use PPE, using defective tools and using equipment improperly. Training and adequate control measures were placed to prevent reoccurrence.

Food Safety Incidents have reduced over the years by 45% in 2022 compared to 2019 (from 46 to 25 incidents).



Our owned hotels also conduct frequent inspection of hotel facilities and perform incident investigation to identify root cause for hazards as well as detecting opportunities for corrective action or preventive control measures. NCT&H constantly commit to staying up to date on safety regulations and laws and ensuring the workplace is in compliance.

Meet the Team



Mohamed Jabed
Senior Purchasing Officer
(Bangladesh – Asia)

“It has been a great pleasure to work at NTC since 2007. Not only have I enjoyed my job here, but I have also

enjoyed working with each of my colleagues. I have learned a lot and appreciate the knowledge and skills that everyone has taught me, which are essential to being successful in my career. I am so proud to be part of this team.”

Augusteena Alosious
Senior HR Officer
(India – Asia)

“Encouragement, continuous support, and guidance from NTC have helped me reach my professional milestones.



This year, the management named me the employee of the month and it is truly an honor for me in my career. I am thankful for the unfailing support and grateful for the opportunity to be part of NTC.”



Babylyn Ayao
Senior Reservations Agent
(Philippines – Asia)

“My journey in this hotel will be a lifetime of gratitude, as I started with the front office department and was given a

chance to have exposure to F&B service. Little did I expect that the management would see my skills and capabilities and that I would be entrusted to be promoted as a Senior Reservations Agent. I will always be thankful for all the experiences and journey that I have had with Danat Jebel Dhanna Resort, which is a good and living memory.”



Amina Nahib
Front Desk Agent
(Morocco – North Africa)

“It is my first time to work in the UAE and I am astonished by the work life I have at the Danat Al Ain Resort. All staff are very friendly and supportive. I love working at Danat and will continue to serve to the best of my ability.”



Ashrab Shaikh
Camp Boss
(India – Asia)

“I started my journey with the company 18 years ago as a Room Boy. In 2010, I was promoted to Camp Boss. I’m

honored to serve in this capacity and I wanted to extend my gratitude and express how much I appreciate NCT&H and my superiors for their support. The guidance and frank advice have significantly helped with my professional growth, develop my strengths and increase my efficiency and overall productivity.”



Fayomi Kayode Michael
Camp Boss
(Nigeria – Africa)

“I am grateful to NCT&H as my career has progressed so much since I started working here, from cleaner to waiter

to promotion to Camp Boss. It has been such a pleasure to grow and learn under this company and supportive management team. I will continue to dedicate myself to the company’s growth and I am privileged to contribute to its reputation.”

Meet the Team

Gangani Mudiyansele
HK – Order Taker
(Sri Lanka – Asia)

“It’s a pleasure to work in such an eye-catching place like Danat. I am thankful to the management for taking me to a place like Danat. All the staff are friendly and supportive. Also, this is far superior to my expectations. The Housekeeping staff and the HOD helped me a lot to adjust since I’m new to this field. I hope to serve as much as possible and will make every effort to do so.”



Mohamed Maher
GSA-Telephone Operator
(Egypt – Africa)

“In regard to my work environment, everyone is helpful, especially the front office team who assisted me throughout my transition from onboarding until the present. As a new member, I most admire our department for the teamwork that we have.”

Stories of Progression



Shree Prasad Gurung –
Storekeeper
(Nepal – Asia)

“I joined the company as a Waiter in 2001. I worked hard and consistently, and my efforts were recognized and rewarded. In 2007, I was promoted as a Storekeeper. I was given more responsibilities and opportunities to grow. My management has always been supportive and encouraging, and I was able to learn new skills and gain valuable experience. By 2023, I had risen to a leadership role in the company. I was able to help mentor and develop the skills of my team members, and I was proud of the successes we achieved together. It had been a long and rewarding journey, and I had grown both professionally and personally. I am looking forward to the future with excitement. I take this opportunity to convey my heartfelt thanks to NCT&H Management and my colleagues.”

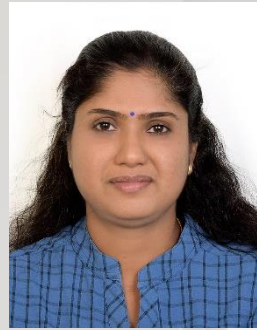


Kamal Acharya
Camp Boss
(Nepal – Asia)

“I started my career as a Waiter in 2002. The hospitality industry is a vast ocean where I learned to speak in a polite and professional way with all customers and clients. The art of greeting and serving customers, setting up the buffet and restaurant in a feasible manner. In 2013, I was promoted to Recreation Supervisor, where I learned the core knowledge of the hospitality field. My efforts were consistently recognized by NCT&H management which promoted me as a Camp Boss in 2015. My career took one more milestone where I was promoted to Location Manager in the year 2022. I am proud to work in such an organization, where my service and hard work were rewarded threefold. I am grateful to the NCT&H management and my colleagues who have given me their continuous support during my tenure.”

Celebrating Milestones 15 years and beyond

- Reeza Pozhekadavil – Document Controller (15 years)
- Jahan Zaib Senior – Network Administrator (15 years)
- Adel Abubakar – Accountant (15 years)
- Ala Eldin Khidir Hassan Mohamed – PR Officer (15 years)



- Akram Abdul Aziz – Timekeeper (16 years)
- Bushra Ameri – PR Coordinator (18 years)
- Juliao Francisco Furtado – Waiter (20 years)
- Dominic Mondal – Indian Cook (20 years)



- Saleh Mohammed Al Habshi – IT Manager (20 years)
- Cherry May Cucal – Events Executive (21 years)
- George Joseph – Financial Accountant (23 years)
- Akram Basala – Security Manager cum Housekeeping In-charge (30 years)



Corporate Activities

International Chef's Appreciation Day



International Housekeeping Week



International Lifeguard Appreciation Day



Cricket Match



Team Building



Medical Awareness Campaign



Blood Donation Campaign

A blood donation campaign was organized at the NCT&H head office and owned hotels, where employees donated their blood, potentially saving up to 207 lives.



Vegetable Plantation



Data Statistics

We are happy to share our figures for the calendar year 2022. We were able to **increase the ratio of retail division by 1% and 2% for owned hotel and catering division** for the female to male ratio.

Our **women leadership increased for Owned Hotels** by 6% for managerial level and 3% for supervisory level. While for **Catering Division**, an increase of 5% was achieved during 2022. We had a challenge in maintaining women leadership for head office and retail division during the year but we still tried to improve our numbers and recognize their skills and unique perspectives that they bring that can benefit organization and drive success.

Opportunities for **growth and advancement improved significantly** during the year. This progress was aided through our various initiatives and strategies aimed at promoting career development for our employees.

We are happy to share the breakdown of our years of service. This represents **our commitment to employment retention** to attract top talents and be seen as one of the most desirable places to work.

As we believe in the creative ideas and perspectives of our youth and the wisdom and wealth of experience of the older generation, **we do not discriminate** in providing opportunity for anyone to develop their skills.

Gender Breakdown for 2022	Female	Male
Head Office	23%	77%
Retail Division	20%	80%
Owned Hotel	19%	81%
Catering Division	7%	93%
NTC	2%	98%

Women Leadership as of 2022	Head Office	Retail Division	Owned Hotels	Catering Division	NTC
Managerial	15%	-	21%	7%	-
Supervisory	31%	20%	22%	12%	21%
Rank & File	22%	21%	18%	6%	1%

Growth & advancement for 2022	Promotion		Increment		Transfer	
	Female	Male	Female	Male	Female	Male
Head Office	-	100%	25%	75%	50%	50%
Retail Division	-	-	-	100%	-	-
Owned Hotels	23%	77%	20%	80%	15%	85%
Catering Division	7%	93%	11%	89%	6%	94%
NTC	33%	67%	7%	93%	0%	-

Years of service as of 2022	0-1	1-3	3-5	5-9	9-12	12-15	15+
Head Office	12%	17%	9%	24%	10%	14%	14%
Retail Division	56%	11%	14%	5%	14%	-	-
Owned Hotels	36%	28%	11%	8%	4%	5%	7%
Catering Division	23%	33%	20%	12%	8%	4%	0.41%
NTC	24%	23%	14%	32%	1%	3%	4%

Age Diversity as of 2022	18-30	31-50	50+
Head Office	14%	53%	33%
Retail Division	28%	56%	16%
Owned Hotels	43%	49%	8%
Catering Division	47%	50%	3%
NTC	16%	69%	15%

GRI Context Index

References to FS indicate the 2022 Annual Report, to CG indicate the Corporate Governance report for 2022, and to SR indicate the Sustainability Report 2022.

GRI 1: FOUNDATION

Statement of use	National Corporation for Tourism & Hotel (NCT&H) has reported the information cited in this GRI content index for the period January 1, 2022 to December 31, 2022 with reference to the GRI Standards.
GRI used	GRI 1 – Foundation 2021

GRI	Disclosure	Page/URL
GRI 2 – GENERAL DISCLOSURES		
2-1	Organizational details	National Corporation for Tourism & Hotel (NCT&H) PO Box 6942, Abu Dhabi United Arab Emirates SR: Our Corporate Divisions P.9
2-2	Entities included in the organization's sustainability reporting	SR: Our Corporate Divisions P.9
2-3	Reporting period, frequency and contact point	January 2022 to December 2022 SR: Scope of the report P.3 SR: Report Assurance P.3 SR: Contact Person P.3
2-5	External assurance	PricewaterhouseCoopers
2-6	Activities, value chain and other business relationships	SR: Our Corporate Division P.9 FS: General Information P.12 FS: Segment Information P.59
2-7	Employees	SR: Meet the Team P.45 SR: Celebrating Milestones P.47 SR: Data Statistics P.49
2-8	Workers who are not employees	Full data set of information is currently unavailable
2-9	Governance structure and composition	SR: Corporate Governance P.7 Refer to NCT&H FS 2022 and CG 2022 available on www.ncth.com
2-10	Nomination and selection of the highest governance body	SR: Corporate Governance P.7 Refer to NCT&H FS 2022 and CG 2022 available on www.ncth.com

GRI	Disclosure	Page/URL
2-11	Chair of the highest governance body	SR: Corporate Governance P.7 Refer to NCT&H FS 2022 and CG 2022 available on www.ncth.com
2-12	Role of the highest governance body in overseeing the management of impacts	SR: Corporate Governance P.7 Refer to NCT&H FS 2022 and CG 2022 available on www.ncth.com
2-13	Delegation of responsibility for managing impacts	SR: Corporate Governance P.7 Refer to NCT&H FS 2022 and CG 2022 available on www.ncth.com
2-14	Role of the highest governance body in sustainability reporting	SR: Corporate Governance P.7 Refer to NCT&H FS 2022 and CG 2022 available on www.ncth.com
2-15	Conflicts of interest	SR: Corporate Governance P.7 Refer to NCT&H FS 2022 and CG 2022 available on www.ncth.com
2-16	Communication of critical concerns	SR: Compliance & Ethics P.18
2-17	Collective knowledge of the highest governance body	SR: Corporate Governance P.7 Refer to NCT&H FS 2022 and CG 2022 available on www.ncth.com
2-18	Evaluation of the performance of the highest governance body	SR: Corporate Governance P.7
2-19	Remuneration policies	CG: Nomination & Remuneration Committee P.22 CG: Method of determining the remunerations P.10 Full data set of information is currently unavailable
2-20	Process to determine remuneration	
2-22	Statement on sustainable development strategy	SR: Sustainability Strategy P.23 CG: Environmental and Social Policy P.35
2-26	Mechanisms for seeking advice and raising concerns	SR: Compliance & Ethics P.18
2-27	Compliance with laws and regulations	SR: Governance & Integrity P.17
2-28	Membership associations	SR: Sustainability Strategy P.23

GRI	Disclosure	Page/URL
2-29	Approach to stakeholder engagement	CG: Investors' Relation P.31
2-30	Collective bargaining agreements	Collective bargaining is not permitted within the UAE
GRI 3 – MATERIAL TOPICS		
3-1	Process to determine material topics	SR: Scope of the Report P.2
3-2	List of material topics	SR: Highlights of 2022 P.16
200 – ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	SR: Financial Performance P.8 Refer to NCT&H FS & CG available on www.ncth.com
201-4	Financial assistance received from government	SR: Supporting local suppliers P.22
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Refer to NCT&H FS 2022 and CG 2022 available on www.ncth.com
202-2	Proportion of senior management hired from the local community	SR: Highlights of 2022 P.16
203-1	Infrastructure investments and services supported	CG: Innovative Projects & Initiatives implemented P.34
204-1	Proportion of spending on local suppliers	SR: Supporting local suppliers P.22
205-1	Operations assessed for risks related to corruption	Refer to NCT&H FS 2022 available on www.ncth.com
205-2	Communication and training about anti-corruption policies and procedures	SR: Compliance & Ethics P.18
300 – ENVIRONMENTAL		

GRI	Disclosure	Page/URL
301-1	Materials used by weight or volume	NCT&H currently does not collect this information at Head Office level. While we are not able to report this data, we do actively manage and report on our strategy using the Waste Reduction Action Plan (WRAP)
301-2	Recycled input materials used	SR: Introduced Recycling Program P.25
301-3	Reclaimed products and their packaging materials	SR: Waste Management Policy P.28
302-1	Energy consumption within the organization	SR: Environmental Initiatives P.25 SR: Electrical Energy Conservation P.26 SR: Data Statistics outlined in P.33
302-2	Energy consumption outside of the organization	
302-3	Energy intensity	
302-4	Reduction of energy consumption	SR: Green Practices P.25 SR: Electrical Energy Conservation P.26
302-5	Reductions in energy requirements of products and services	SR: Environmental Initiatives P.25 SR: Electrical Energy Conservation P.26
303-1	Interactions with water as a shared resource	SR: Data Statistics outlined in P.33 SR: Sewage Treatment Plant P.31
303-2	Management of water discharge-related impacts	SR: Data Statistics outlined in P.33 SR: Sewage Treatment Plant P.31
303-3	Water withdrawal	
303-4	Water discharge	
303-5	Water consumption	
306-1	Waste generation and significant waste-related impacts	SR: Waste Management Policy P.28 SR: Types of Waste P.29 SR: Waste Reduction and Action Plan P.29 SR: Waste Management Process P.30

GRI	Disclosure	Page/URL
306-2	Management of significant waste-related impacts	SR: Waste Management Policy P.28 SR: Types of Waste P.29 SR: Waste Reduction and Action Plan P.29 SR: Waste Management Process P.30
306-3	Waste generated	
306-4	Waste diverted from disposal	
306-5	Waste directed to disposal	
400 – SOCIAL		
401-1	New employee hires and employee turnover	SR: Celebrating Milestones P.47 SR: Years of Service P.49 Full data set for new employee hires is currently unavailable
401-3	Parental leave	As per UAE Labour Law
403-1	Occupational health and safety management system	SR: A Safe Working Environment P.44 CG: Environmental and Social Policy P.35 Full data set currently unavailable
403-2	Hazard identification, risk assessment, and incident investigation	
403-3	Occupational health services	
403-4	Worker participation, consultation, and communication on occupational health and safety	
403-5	Worker training on occupational health and safety	SR: A Safe Working Environment P.44 CG: Environmental and Social Policy P.35 Full data set currently unavailable
403-6	Promotion of worker health	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-8	Workers covered by an occupational health and safety management system	
403-9	Work-related injuries	

GRI	Disclosure	Page/URL
403-10	Work-related ill health	SR: A Safe Working Environment P.44 CG: Environmental and Social Policy P.35 Full data set currently unavailable
404-1	Average hours of training per year per employee	Full information is currently unavailable. Nonetheless, each divisions are continuously mandated to conduct year-round trainings for the development and advancement of our employee.
404-2	Programs for upgrading employee skills and transition assistance programs	
404-3	Percentage of employees receiving regular performance and career development reviews	
405-1	Diversity of governance bodies and employees	SR: Meet the Team P.45
405-2	Ratio of basic salary and remuneration of women to men	Full information is currently unavailable
406-1	Incidents of discrimination and corrective actions taken	This information is handled by the legal team and is considered confidential.
413-1	Operations with local community engagement, impact assessments, and development programs	SR: Corporate Activities P.31,32 SR: Community Development P.42
413-2	Operations with significant actual and potential negative impacts on local communities	
414-1	New suppliers that were screened using social criteria	Procurement policy is currently in place to ensure that new and existing suppliers also upholds the standards and values of the Corporation
416-1	Assessment of the health and safety impacts of product and service categories	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	The National Corporation for Tourism and Hotels is in compliance with all applicable laws, regulations in the United Arab Emirates. During the fiscal year 2022, the Corporation has not been subject to any penalties or restrictions either by the Securities and Commodities Authority or any other regulatory body. CG: Details of violations committed during the year 2022 P.27
417-2	Incidents of non-compliance concerning product and service information and labeling	

GRI	Disclosure	Page/URL
417-3	Incidents of non-compliance concerning marketing communications	The National Corporation for Tourism and Hotels is in compliance with all applicable laws, regulations in the United Arab Emirates. During the fiscal year 2022, the Corporation has not been subject to any penalties or restrictions either by the Securities and Commodities Authority or any other regulatory body. CG: Details of violations committed during the year 2022 P.27
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	
419-1	Non-compliance with laws and regulations in the social and economic area	

