



KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
AND INDEPENDENT AUDITOR'S REPORT

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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Independent auditor's report to the shareholders of Kingdom Holding Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Kingdom Holding Company (the "Company") and its subsidiaries (together the "Group") as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of income 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, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

Independence

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

Our audit approach

Overview

Key audit matter	• Impairment assessment of indefinite life intangible assets
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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 management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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



Independent auditor's report to the shareholders of Kingdom Holding Company (continued)

Our audit approach (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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
<p><i>Impairment assessment of indefinite life intangible assets</i></p> <p>At 31 December 2024, the Group had indefinite life intangible assets, comprising goodwill and brand, which arose on past business combinations amounting to Saudi Riyals 1.1 billion and Saudi Riyals 681 million, respectively.</p> <p>In accordance with the International Accounting Standard ("IAS") 36 "Impairment of assets", that is endorsed in the Kingdom of Saudi Arabia, an entity is required to test indefinite life intangible assets acquired in a business combination for impairment at least annually irrespective of whether there is any indication of impairment.</p> <p>These intangible assets are monitored by management at the level of cash-generating units ("CGUs") which are the relevant operating activities of the Group. Management carried out an impairment assessment in respect of indefinite life intangible assets by determining a recoverable amount based on fair value less costs of disposals using discounted cash flow model, which utilized the most recent business plan prepared by the management. The outcome of this assessment as at 31 December 2024 did not result in any impairment loss to be recognized.</p> <p>We considered impairment testing of indefinite life intangible assets performed by management as a key audit matter since the assessment of the recoverable amount under the fair value less costs of disposal basis requires considerable judgment around use of estimates by management. The critical judgmental elements of management's assessment were:</p> <p>(a) revenue growth and EBITDA margin assumptions; and</p> <p>(b) discount rates and terminal capitalization rates used in the cash flow models.</p> <p><i>Refer to Note 4.9 and Note 4.16 for the accounting policies, Note 3.1 for the significant estimate and Note 14 for the related disclosures in the accompanying consolidated financial statements.</i></p>	<p>We assessed management's impairment assessment of indefinite life intangible assets by performing the following procedures:</p> <ul style="list-style-type: none"> Assessed the methodology used by management to determine the recoverable amount and compared it to that required by IAS 36; We tested the arithmetical accuracy of the models used and of the underlying calculations; Tested the reasonableness of the cash flow projections by comparison to the CGU's historical results and underlying assumptions (revenue growth and EBITDA margin) supporting the growth in forecasted cash flows; Engaged our internal valuation experts to assist in the review of the valuation models and use of certain assumptions including discount rates and terminal capitalization rates; and Tested management's sensitivity analyses over key assumptions as disclosed in Note 14 to the accompanying consolidated financial statements in order to assess the potential impact of a range of possible outcomes. <p>We also reviewed the adequacy of the disclosures included in the notes to the accompanying consolidated financial statements.</p>



Independent auditor's report to the shareholders of Kingdom Holding Company (continued)

Other information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



Independent auditor's report to the shareholders of Kingdom Holding Company (continued)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

PricewaterhouseCoopers

Khalid A. Mahdhar
License Number 368
17 March 2025

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals thousands unless otherwise stated)

		As at 31 December	
	Note	2024	2023
Assets			
Current assets			
Cash and cash equivalents	5	1,689,658	1,923,789
Investments at fair value through profit or loss ("FVTPL")	6	243,421	232,576
Trade and other receivables	7	252,385	429,486
Prepayments and other current assets	8	329,109	230,226
Due from related parties	9	114,893	123,858
Total current assets	1	2,629,466	2,939,935
Non-current assets			
Investments at fair value through other comprehensive income ("FVOCI")	10	22,105,792	19,502,567
Equity-accounted investees	11	18,196,697	17,172,435
Long-term receivables	7	-	1,250,399
Investment properties	12	3,124,986	3,997,522
Property and equipment	13	6,801,405	6,823,581
Goodwill and intangible assets	14	1,789,159	1,839,916
Deferred tax assets	19	20,326	20,364
Other long-term assets	15	51,381	551,616
Total non-current assets		52,089,746	51,158,400
Total assets		54,719,212	54,098,335
Liabilities and equity			
Liabilities			
Current liabilities			
Borrowings	16	3,045,759	2,208,888
Derivative financial instruments	36	-	13,682
Accounts payable, accrued expenses and other current liabilities	17	969,845	994,056
Zakat, withholding and income tax provisions	18	492,203	362,674
Due to related parties	9	240	101,115
Dividends payable	35	259,411	259,376
Total current liabilities	1	4,767,458	3,939,791
Non-current liabilities			
Borrowings	16	9,551,676	12,763,240
Derivative financial instrument	36	62,799	61,245
Due to related party	9	510,799	440,793
Deferred tax liabilities	19	107,594	112,444
Employee benefit obligations	32	93,501	88,110
Other long-term liabilities		66,543	68,294
Total non-current liabilities		10,392,912	13,534,126
Total liabilities		15,160,370	17,473,917
Net assets		39,558,842	36,624,418
Equity			
Share capital	20	37,058,823	37,058,823
Statutory reserves	21	1,798,157	1,674,460
Retained earnings		2,533,203	3,352,240
Fair value reserve for investments at FVOCI	10	(2,372,493)	(6,758,124)
Other reserves	21	(84,561)	(155,857)
Equity attributable to shareholders of the Company		38,933,129	35,171,542
Non-controlling interests	22	625,713	1,452,876
Total equity		39,558,842	36,624,418

The accompanying notes form an integral part of these consolidated financial statements, which have been authorized for issue by the Board of Directors on behalf of the shareholders, and signed on its behalf by:

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF INCOME
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Year ended 31 December	
		2024	2023
Hotels and other operating revenues	23	1,604,442	1,592,719
Hotel and other operating costs	24	(1,055,330)	(1,183,874)
Dividend income	25	786,082	983,333
Gain on investments at FVTPL	26	-	127,320
		1,335,194	1,519,498
General, administrative and marketing expenses	27	(497,600)	(522,232)
(Impairment) / reversal of financial assets	7	(1,174)	5,153
Share of results from equity-accounted investees	11	1,209,032	1,032,833
Reversal of impairment for equity accounted investee	11	200,000	-
Gain on sale of investment property	12	123,457	-
Other gains, net	37	19,994	463,256
Profit from operations		2,388,903	2,498,508
Finance income	12	46,872	87,204
Financial charges	28	(984,515)	(1,289,637)
Profit before zakat, withholding and income tax		1,451,260	1,296,075
Withholding and income tax	18	(93,235)	(140,977)
Zakat	18	(150,859)	(166,855)
Profit for the year		1,207,166	988,243
Profit for the year attributable to:			
- Shareholders of the Company		1,236,970	1,013,243
- Non-controlling interests		(29,804)	(25,000)
		1,207,166	988,243
Basic and diluted earnings per share (Saudi Riyals)	34	0.33	0.27

The accompanying notes form an integral part of these consolidated financial statements, which have been authorized for issue by the Board of Directors on behalf of the shareholders, and signed on its behalf by:

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(All amounts in Saudi Riyals thousands unless otherwise stated)

		Year ended 31 December	
	Note	2024	2023
Profit for the year		1,207,166	988,243
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Unrealized gain on investments at FVOCI	10	3,223,200	4,019,176
Re-measurement of gain on employment benefit obligations	32	2,752	6,397
<i>Items that may be reclassified to profit or loss:</i>			
Share in other comprehensive income of equity-accounted investees	11	37,993	107,207
Fair value changes on cash flow hedge of interest rate swap derivatives	36	1,554	-
Exchange differences on translation of foreign operations		8,510	321,873
Other comprehensive income for the year		3,274,009	4,454,653
Total comprehensive income for the year		4,481,175	5,442,896
Total comprehensive income for the year attributable to:			
- Shareholders of the Company		4,531,466	5,482,403
- Non-controlling interests	22	(50,291)	(39,507)
		4,481,175	5,442,896

The accompanying notes form an integral part of these consolidated financial statements, which have been authorized for issue by the Board of Directors on behalf of the shareholders, and signed on its behalf by:

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Fair value reserve for investments at FVOCI	Other reserves	Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Balance at 1 January 2024	37,058,823	1,674,460	3,352,240	(6,758,124)	(155,857)	35,171,542	1,452,876	36,624,418
Profit / (loss) for the year	-	-	1,236,970	-	-	1,236,970	(29,804)	1,207,166
Other comprehensive income / (loss)	-	-	-	3,223,200	71,296	3,294,496	(20,487)	3,274,009
Total comprehensive income / (loss)	-	-	1,236,970	3,223,200	71,296	4,531,466	(50,291)	4,481,175
Changes in non- controlling interest	-	-	267,721	-	-	267,721	(776,872)	(509,151)
Transfer to statutory reserve	-	123,697	(123,697)	-	-	-	-	-
Transfer of loss on disposal of investments at FVOCI to retained earnings (Note 10)	-	-	(1,162,431)	1,162,431	-	-	-	-
Dividends declared (Note 35)	-	-	(1,037,600)	-	-	(1,037,600)	-	(1,037,600)
Balance at 31 December 2024	37,058,823	1,798,157	2,533,203	(2,372,493)	(84,561)	38,933,129	625,713	39,558,842

	Share capital	Statutory reserve	Retained earnings	Fair value reserve for investments at FVOCI	Other reserves	Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Balance at 1 January 2023	37,058,823	1,573,136	7,413,603	(14,712,982)	(605,841)	30,726,739	1,492,383	32,219,122
Profit / (loss) for the year	-	-	1,013,243	-	-	1,013,243	(25,000)	988,243
Other comprehensive income / (loss)	-	-	-	4,019,176	449,984	4,469,160	(14,507)	4,454,653
Total comprehensive income / (loss)	-	-	1,013,243	4,019,176	449,984	5,482,403	(39,507)	5,442,896
Transfer to statutory reserve	-	101,324	(101,324)	-	-	-	-	-
Transfer of loss on disposal of equity investments at FVOCI to retained earnings (Note 10)	-	-	(3,935,682)	3,935,682	-	-	-	-
Dividends declared (Note 35)	-	-	(1,037,600)	-	-	(1,037,600)	-	(1,037,600)
Balance at 31 December 2023	37,058,823	1,674,460	3,352,240	(6,758,124)	(155,857)	35,171,542	1,452,876	36,624,418

The accompanying notes form an integral part of these consolidated financial statements, which have been authorized for issue by the Board of Directors on behalf of the shareholders, and signed on its behalf by:

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Year ended 31 December	
		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat and income tax		1,451,260	1,296,075
Adjustments for non-cash items			
Share of results from equity-accounted investees	11	(1,209,032)	(1,032,833)
Depreciation and amortization	12, 13, 14	197,005	368,614
Unrealized gain on investments at FVTPL	6	-	(127,320)
Impairment of financial assets	7	(1,174)	5,153
Net fair value gain on derivative	37	(13,682)	
Gain on sale of investment properties	12	(123,457)	(254,531)
Finance income	12	(46,872)	(87,204)
Finance charges		984,515	1,289,637
Provision for employee benefit obligations	32	11,958	2,062
Reversal of impairment for equity-accounted investee	11	(200,000)	-
		1,050,521	1,459,653
Changes in operating assets and liabilities			
Investment at FVTPL		(10,845)	-
Trade receivables		1,475,546	(235,802)
Prepayments and other current assets		(98,883)	45,995
Due from related parties		8,965	(2,882)
Other long-term assets		500,236	12,088
Derivative financial instruments		-	74,927
Accounts payable, accrued expenses and other current liabilities		(24,211)	(126,192)
Due to related parties		(100,875)	441
Other long-term liabilities		(1,751)	(27,291)
		2,798,703	1,200,937
Zakat and income tax paid	18	(114,565)	(491,488)
Employee benefit obligations paid during the year	32	(9,319)	(6,702)
Net cash generated from operating activities		2,674,819	702,747
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments at FVOCI	10	(3,053,375)	(3,173,907)
Proceeds from sales of investments at FVOCI	10, 9	3,673,350	6,776,442
Dividends from equity-accounted investees	11	469,606	437,647
Additions to investment properties	12	-	(94,246)
Proceed from sale of investment property	12	980,700	-
Additions to property and equipment	13	(276,533)	(284,993)
Addition to equity accounted investee	11	(233,050)	-
Additions to goodwill	14	(121)	-
Other long-term assets		-	(183,000)
Net cash generated from investing activities		1,560,577	3,477,943
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	16	3,388,755	9,661,639
Repayment of borrowings	16	(5,433,087)	(13,151,672)
Dividends paid	35	(1,037,565)	(1,037,636)
Movement in restricted cash		104,847	103,788
Finance charges paid		(1,457,636)	(1,383,653)
Repayment of a related party loan	9	-	(227,319)
Proceeds from a related party loan	9	70,006	440,793
Net cash utilized in financing activities		(4,364,680)	(5,594,060)
Net change in cash and cash equivalents		(129,284)	(1,413,370)
Cash and cash equivalents at beginning of year		1,625,187	3,038,557
Cash and cash equivalents at end of year	5	1,495,903	1,625,187

The accompanying notes form an integral part of these consolidated financial statements, which have been authorized for issue by the Board of Directors on behalf of the shareholders, and signed on its behalf by:

KINGDOM HOLDING COMPANY**(A Saudi Joint Stock Company)****Notes to the consolidated financial statements for the year ended 31 December 2024**

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 CORPORATE INFORMATION

Kingdom Holding Company (the “Company” or “KHC”) is a Saudi Joint Stock Company (“JSC”) operating in the Kingdom of Saudi Arabia. The Company was previously formed as a limited liability company and operated under commercial registration number 1010142022 dated 11 Muharram 1417H (corresponding to 28 May 1996). The Ministry of Commerce approved, pursuant to resolution number 128/S dated 18 Jumad Awwal 1428H (corresponding to 4 June 2007), the conversion of the Company into a JSC. The majority shareholder of the Company is His Royal Highness Prince Alwaleed Bin Talal Bin Abdulaziz Al Saud (“Ultimate controlling party”).

The principal activities of the Group are hotel management and operations, commercial services and education and investments.

The shares of the Company commenced trading on the Saudi Stock Exchange on 28 July 2007 after approval by the Capital Market Authority of the Kingdom of Saudi Arabia.

The Company’s head office is located in Riyadh at the following address:

Kingdom Holding Company
66th Floor, Kingdom Centre
P.O. Box 1, Riyadh 11321
Kingdom of Saudi Arabia

Climate Change

The Group has reviewed its exposure to climate related and other emerging business risks and has not identified any risks that could materially impact the financial performance or position of the Group as at 31 December 2024.

Liquidity and financial position

As of 31 December 2024, the Group had net current liabilities of Saudi Riyals 2.1 billion (31 December 2023: Saudi Riyals 1.0 billion), primarily due to the maturity of certain current borrowings amounting to Saudi Riyals 3 billion. To manage its liquidity needs, the Group has access to undrawn borrowing facilities of Saudi Riyals 7.9 billion, along with an existing portfolio of liquid, unpledged investments and the option to roll over revolving credit facilities as they mature. Furthermore, management has conducted a cash flow projection analysis for the upcoming twelve months and remains confident that the Group will be able to meet its obligations as they come due.

Accordingly, these consolidated financial statements are prepared on going concern basis.

These consolidated financial statements were authorized for issue by the Company’s Board of Directors on 16 Ramadan 1445H (corresponding to 16 March 2025).

The Company and its subsidiaries (the “Group”) carry out activities through the entities listed below.

1.1 Kingdom 5-KR-11 Limited (KR-11)

KR-11 is a fully owned limited liability company incorporated in the Cayman Islands. The company’s principal activity represents investments in international quoted securities, through its wholly owned subsidiaries.

1.2 Kingdom 5-KR-100 Limited (KR-100)

KR-100 is a fully owned limited liability company incorporated in the Cayman Islands. The company’s principal activity represents ownership and management of mutual funds, through its equity-accounted investees.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

1 CORPORATE INFORMATION (continued)

1.3 Kingdom 5-KR-132 Limited (KR-132)

KR-132 is a fully owned limited liability company incorporated in the Cayman Islands. The company's principal activity includes holding investments in the following subsidiaries and equity-accounted investees that own and manage properties and hotels:

	Effective Ownership Percentage	
	2024	2023
Subsidiaries		
Kingdom Hotel Investments (KHI) - Cayman Islands	100	100
Kingdom 5 KR 35 Group (George V) - France	100	100
Equity-accounted investees (Associates)		
Four Seasons Holding Inc. (FSH Inc.) - Canada	23.75	23.75
Accor S.A. - France (Note 3.2)	6.8	6.3

1.4 Kingdom 5-KR-114 Limited (KR-114)

KR-114 is a fully owned limited liability company incorporated in the Cayman Islands. The company holds 58.96% (2023: 58.96%) ownership in Breezeroad Limited, a company which is incorporated in the Cayman Islands which in turn holds a 100% ownership in Savoy Hotels Limited in the United Kingdom.

1.5 Local and regional subsidiaries

The Group also has ownership in the following local and regional subsidiaries and equity-accounted investees:

	Effective Ownership percentage		Principal activities
	2024	2023	
Subsidiaries			
Kingdom Real Estate Development Company (KRED) - Saudi Arabia	100	100	Real estate development and management
Kingdom Investment and Development Company (KIDC) - Saudi Arabia	89.8	89.8	Real estate development and management
Kingdom Schools Company Limited (The School) - Saudi Arabia (Note 3.2)	89.8	47	Education
Fashion Village Trading Company Limited (SAKS) - Saudi Arabia	71.8	71.8	Wholesale and retail merchandiser
Real Estate Investment Company (REIC) - Saudi Arabia	89.8	69.4	Real estate development and management
Trade Centre Company Limited (TCCL) - Saudi Arabia	89.8	70.6	Real estate development and management & hotel management
Consulting Clinic SAL (Clinic) - Lebanon	50.4	50.4	Healthcare
Equity-accounted investees (Associates)			
Flynas Company (Flynas) - Saudi Arabia	37.1	-	Aviation
National Air Services (NAS Holding Company) - Saudi Arabia	37.1	37.1	Aviation
Jeddah Economic Company (JEC) - Saudi Arabia	35.74	33.4	Real estate development and management
Banque Saudi Fransi (BSF) - Saudi Arabia (Note 3.2)	16.2	16.2	Financial institution
East Shura III Company*	50	-	

* Investment of KHC in East Shuraa III is effectively owned through a special purpose vehicle (Sea Front Company Limited) which is 100% owned by KHC.

The principal activities and the various segments of the Group are described in Note 33.

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2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

2.2 Historical cost convention

These consolidated financial statements have been prepared under the historical cost convention, except for the Investments carried at FVOCI and FVTPL, which are measured at fair value.

Further, the employee termination benefits are calculated using the Projected Unit Credit Method (PUCM) and actuarial assumptions.

2.3 New standards and amendments applicable from January 1, 2024

Certain amendments to existing standards became applicable for the current reporting period. The amendments did not have an impact on the consolidated financial statements of the Group and accordingly the Group did not have to change its accounting policies or make any retrospective adjustments.

Title	Key requirements	Effective date
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 'Presentation of Financial Statements, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity 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.	1 January 2024
Leases on sale and leaseback – Amendment to IFRS 16	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Supplier Finance arrangements – Amendments to IAS 7 and IFRS 7	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024

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2 BASIS OF PREPARATION (continued)

2.4 Standards, interpretations and amendments issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024, reporting periods and have not been early adopted by the Group. The standards, interpretations and amendments issued that are relevant to the Group but are not yet effective are disclosed below:

Title	Key requirements	Effective date
Lack of exchangeability – Amendment to IAS 21	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	1 January 2025
Classification and Measurement of Financial Instruments- Amendment to IFRS 9 and IFRS 7	These amendments: <ul style="list-style-type: none"> clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). 	1 January 2026
IFRS 18 — Presentation and Disclosure in Financial Statements	The new standard on presentation and disclosure in financial statements, require more focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: <ul style="list-style-type: none"> the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. 	1 January 2027
IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'	IFRS 19 specifies the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRS. A subsidiary may elect to apply this Standard in its financial statements if it does not have public accountability and it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS.	1 January 2027

The management is in the process of assessing the impact of these standards, amendments or interpretations on future periods and on foreseeable future transactions.

3 USE OF JUDGEMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS, that are endorsed in the Kingdom of Saudi Arabia, requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgments concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgments that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve-month period are discussed below:

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3 USE OF JUDGEMENTS AND ESTIMATES (continued)

3.1 Significant estimates

Investment in equity accounted investees - impairment testing

The Group assesses at each reporting date whether there is an indication that an interest in equity-accounted investees may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. For further details refer Note 4.16 and Note 11.

Goodwill and intangible assets - annual impairment testing

The Group tests whether goodwill and other intangible assets with indefinite useful life have suffered any impairment on an annual basis. For the 2024 and 2023 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on fair value less costs of disposal which require the use of assumptions. For further details refer Note 14.

Estimation of fair value - Investment in a social media services company and certain Oil and Gas Companies' securities

The Group has exercised judgement in estimating the fair value of an investment in a social media services company and certain Oil and Gas Companies' securities as at 31 December 2024 as part of the level 3 measurements of such financial instruments. For further details refer to Note 10.1 and 10.2.

3.2 Significant judgements

Kingdom School Company Limited

The Group is the largest shareholder in KS while the remaining shares are held by twelve investors. The CEO of the Group is also the CEO of the KS. As a result of shareholder's agreement, the Group is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power to direct the activities of the company. The Group has therefore determined that it has control over KS, even though it only holds 47% of the voting rights.

Further, the Group has advanced funds to various minority shareholders of KS for the purpose of acquiring their respective shareholdings in the company. Upon completion of these transactions, the Group's effective ownership in KS will increase to 89.8%. While the legal formalities for these transactions are still pending, the Group has recognized its ownership at 89.8%, reflecting the substance of the arrangements, with the formalities expected to be finalized in the near future.

Also see Note 22 increase in effective stake in NCI.

Accor S.A France

The Group has a Board seat and other committee representations and actively participates in the policy making process of the company and it is the second largest strategic investor in the company. The CEO of the hospitality arm of the Group is the representative Board member and actively participates in the decision-making process through his presence on the Board and through significant interaction with key management of Accor Hotels. The Group has therefore determined that it has significant influence over this entity. During the year, the company's shareholders approved a share buyback. As a result of this transaction, the group shareholding increased slightly from 6.3% to 6.8%.

Banque Saudi Fransi (BSF) - Saudi Arabia

The Group is the largest shareholder of the bank and has a Board seat and other committee representations and participates in the policy making process of the bank. The CEO of the Group is also the Vice Chairman of the Board of Directors of the bank. The Group has therefore determined that it has significant influence over the bank, even though it only holds 16.2% of the voting rights.

4 MATERIAL ACCOUNTING POLICIES

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

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.1 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). These consolidated financial statements are presented in Saudi Riyals which is the Company's functional and Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the consolidated statement of income.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of income on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVTPL are recognized in the consolidated statement of income as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at FVOCI are recognized in consolidated statement of comprehensive income.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of income and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in the consolidated statement of comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings are recognized in consolidated statement of comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the consolidated statement of income, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

4.2 Principles of consolidation and equity accounting

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (See Note 4.3).

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.2 Principles of consolidation and equity accounting (continued)

i. Subsidiaries (continued)

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests ('NCI') in the results and equity of subsidiaries are shown separately in the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, respectively.

ii. Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognized at cost.

iii. Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in the consolidated statement of income, and the Group's share of movements in other comprehensive income of the investee in consolidated statement of comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 4.18.

4.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

4 MATERIAL ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the consolidated statement of income as a bargain purchase.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognized in the consolidated statement of income.

4.4 Financial instruments

(i) Financial assets

Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- those to be measured at amortized cost.

Classification of debt financial assets (long-term receivable) depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows.

The group holds the debt financial assets with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

For assets measured at fair value, gains and losses are either recorded in the consolidated statement of income or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Recognition and de-recognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are de-recognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial assets not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of income.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of income following the de-recognition of the investment. Dividends from such investments continue to be recognized in the consolidated statement of income when the Group's right to receive dividends is established.

Changes in the fair value of financial assets at FVTPL are recognized as revenues in the consolidated statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.4 Financial instruments (continued)

(i) Financial assets (continued)

Impairment

The Group assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its financial assets carried at amortized cost. ECL reflects an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The financial assets of the Group subject to ECL are cash and cash equivalents, trade receivables, long-term receivable and due from related parties. Also refer Note 31. For long-term receivable, the Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

De-recognition

A financial asset or a part of a financial asset is de-recognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - The Group has transferred substantially all the risks and rewards of the asset, or
 - The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial liabilities

Financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective interest rate method.

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the consolidated statement of income. The Group's financial liabilities include borrowings, dividends payable, trade payables, accrued expenses and other current liabilities and due to related parties.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

4.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances and short-term deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value less restricted cash. Restricted balances are excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows.

4.6 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest rate method.

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.7 Investment properties

Investment properties comprise property held for capital appreciation, long-term rental yields or both, and are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Investment properties also include property that is being constructed or developed for future use as investment properties. In addition, land, if any held for undetermined use is classified as investment properties and is not depreciated. When the development of investment properties commences, it is classified as "Assets under construction" until development is complete, at which time it is transferred to the respective category and depreciated using straight-line method at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives of 4 to 99 years.

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the consolidated statement of income as and when incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognized and presented separately within other losses - net in the consolidated statement of income.

4.8 Property and equipment

Initial recognition

Property and equipment are recognized as an asset when, and only when, it is probable that future economic benefits will flow to the Group, and the cost of the asset can be measured reliably. Property and equipment are recognized and measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset and any directly attributable cost.

When parts of property and equipment are significant in cost in comparison to the total cost of the item and such parts have a useful life different than other parts, the Group recognizes such parts as individual assets and depreciates them accordingly.

Subsequent measurement

The Group adopted the cost model to measure the entire class of property and equipment. After recognition as an asset, an item of property equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation

Useful lives are determined by management based on the expected usage of the asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors. Depreciation is calculated on a straight-line basis over the below useful lives and is recognized in the consolidated statement of income:

Description	Number of years
Buildings (hotels)	20 to 99 years or the lease term
Equipment	5 to 13
Furniture and fixtures	4 to 20
Others	4 to 14

Land and assets under construction that are not ready for intended use are not depreciated.

De-recognition

Property and equipment are de-recognized when they have been disposed or no future economic benefits are expected to arise from their use or disposal. Gains or losses arising from de-recognition of an item of property and equipment is included in the consolidated statement of income at the time the item is de-recognized.

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.9 Intangible assets

Intangible assets acquired separately are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

Goodwill is measured as described in Note 4.3. Goodwill and brands identified on acquisitions of subsidiaries are included in intangible assets. Goodwill and brands are not amortized but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that these might be impaired, and are carried at cost less accumulated impairment losses, if any. Gains and losses on the disposal of an entity include the carrying amount of goodwill or brands relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

4.10 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of income over the period of the borrowings using the effective interest rate method. Borrowing costs are recognized within finance charges in the period in which they are incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

General and specific finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. There were no borrowings costs that required capitalization during 2023.

Borrowings are derecognized from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in consolidated statement of income as other income or finance costs.

4.11 Trade and other payables

These amounts represent liabilities for goods and services, provided to the Group prior to the end of financial year, which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest rate method.

4.12 Zakat and income tax

The Group is subject to zakat and income tax in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat, for the Group and its subsidiaries subject to zakat, is calculated based on higher of approximate zakat base and adjusted profit and charged to the consolidated statement of income. Additional amounts, if any, are accounted for when determined to be required for payment.

Foreign subsidiaries and foreign branches are subject to income taxes in their respective countries of domicile, such income taxes are charged to the consolidated statement of income.

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.12 Zakat and income tax (continued)

Income tax based on the applicable income tax rate is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Withholding tax

The Company and its Saudi Arabian subsidiaries also withhold taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Tax Law.

4.13 Dividends

Dividend payable is recognized for the amount of any dividend declared being appropriately authorized and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period. As per the corporate laws in the Kingdom of Saudi Arabia, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

4.14 Employee benefits and post-employment benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment obligation

The Group operates a post-employment benefit scheme plans driven by the local laws of the countries in which the Group entities operate.

The post-employment benefits plans are not funded. Valuations of the obligations under those plans are carried out using actuarial techniques on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately in the consolidated statement of income while unwinding of the liability at discount rates used are recorded as financial cost.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income and transferred to other reserves in the consolidated statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of income as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of the respective countries in which the Group operates.

4 MATERIAL ACCOUNTING POLICIES (continued)

4.15 Share capital

Ordinary shares are classified as equity.

4.16 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a Discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used.

Impairment losses are recognized in consolidated statement of income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

4.17 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-zakat and income tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognized as interest expense. The expense relating to a provision is presented in the consolidated statement of income.

4.18 Revenue recognition

(i) Revenue from hotel operations

Revenue is primarily derived from hotel operations, including the rental of rooms, food and beverage sales and other services from owned hotels. Revenue is recognized when rooms are occupied, food and beverages are sold and services are performed.

Revenue is recognized net of returns, rebates, municipality fees and discounts. Service charges collected from the customers are recorded as revenue, as the Group is the principal / primary obligor and is required to provide the service to the customer in return for the receipt of the service charge.

A receivable is recognized when the goods are delivered, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Usually there are no rights to return attached, therefore no refund liabilities are required to be recognized.

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.18 Revenue recognition (continued)

(ii) Rental income

The Group owns offices, mall spaces, temporary spaces etc. The revenue is recognized on a straight-line basis over the term of the lease taking into consideration any incentives given, the rent received in advance, if any is recognized as a liability. The rental contracts are relatively simple and are fixed price contracts where the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, an asset is recognized. If the payments exceed the services rendered, a liability is recognized.

(iii) Educational services

Revenue is recognized when the educational services are performed. Revenue is shown net of discounts and scholarships. The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met.

(iv) Retail

Revenue is recognized when goods are sold and invoices are issued to customers. Revenue is recorded net of discounts.

(v) Investment measured at FVTPL

The fair value gains or losses on investments measured at FVTPL are recognized as operational revenues as the Group invests in those equity investments as its operating activity in its normal course of business.

Financing component

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

4.19 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements, if any, in ordinary shares issued during the year and excluding treasury shares.

The Group does not have any share options, uncalled or partially paid shares, deferred or convertibles notes and therefore there is no difference between basic and diluted earnings per share.

4.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). Board of Directors (BOD) is identified as CODM of the Group.

Reportable segments are disclosed separately at least where, total revenue is more than 10% of the total revenue of the Group, or absolute amount of profit or loss is more than 10% of combined reported profit of all segments (excluding loss making segments) and combined reported loss of all segments (excluding profit making segments), or total assets are more than 10% of total assets of the Group.

4.21 Derivative financial instruments

The Group utilizes derivative financial instruments to manage certain market risk exposures. The Group does not use derivative financial instruments for speculative purposes; however, it may choose not to designate certain derivatives as hedges for accounting purposes. The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.21 Derivative financial instruments (continued)

Written options

The Group uses 'European Style' written options contracts to manage its exposure to fair value movements on its certain investments at fair value. These contracts permit net settlement in cash or other financial assets equivalent to the change in the contract's fair value and hence these contracts are accounted for as a derivative financial instrument in the period between trade and settlement date. On initial recognition, the net fair value of these contract itself is recognized as a derivative financial liability at the trade date. The Group receives an option premium as consideration for entering written options contracts on the trade date from the counter party (i.e., seller of the written options contract). Any subsequent changes at each reporting date in the fair value of these written options are recognised immediately in consolidated statement of income and are included in other gains / (losses).

Interest Rate Swaps

The Group uses interest rate swap contracts to manage its exposure to interest rate movements on its long-term borrowings. Other financial liabilities (excluding long term-borrowings) are primarily non-interest bearing.

4.22 Dividend Income

Dividends are received from financial assets measured at fair value through other comprehensive income (FVOCI). Dividends are recognised as dividend income in consolidated statement of income when the right to receive payment is established.

5 CASH AND CASH EQUIVALENTS

	2024	2023
Cash and cash equivalents (Note 5.1)	1,689,658	1,923,789
Less: Restricted cash (Note 5.2)	(193,755)	(298,602)
Cash and cash equivalents in the consolidated statement of cash flows	1,495,903	1,625,187

5.1 Cash and cash equivalents include deposit with a related party (associate) amounting to Saudi Riyals 26.2 million (2023: Saudi Riyals 134.2 million).

5.2 Restricted cash and bank balance are related to the restrictions placed by the banks for the utilization of certain funds.

6 INVESTMENTS AT FVTPL

The Group classifies those equity investments at FVTPL for which it has not elected to recognize fair value gains and losses through other comprehensive income at initial recognition. As at 31 December 2024, FVTPL investments consist of unquoted securities. The movement in FVTPL investments is set out below:

	2024	2023
FVTPL		
1 January	232,576	105,256
Addition	10,845	-
Changes in fair value	-	127,320
31 December	243,421	232,576

7 TRADE AND OTHER RECEIVABLES

	2024	2023
Trade receivables (current)	575,877	751,804
Less: provision for impairment of trade receivable	(323,492)	(322,318)
	252,385	429,486
Long-term receivables (non-current) (Note 12)	-	1,250,399
Total receivables	252,385	1,679,885

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7 TRADE AND OTHER RECEIVABLES (continued)

Following is the breakdown of net receivables:

	2024	2023
Receivables from real estate (non-current)	-	1,250,399
Receivables from guests	46,343	52,367
Receivables from tenants	103,026	100,645
Receivables from medical operations	5,701	5,701
Receivable related to sale of FVOCI securities	-	254,739
Receivable from others	97,315	16,034
Trade receivables (current)	252,385	429,486

During the year ended 31 December 2024, the receivable related to the sale of Oil and Gas companies, Telefonica securities amounting to Saudi Riyals 255 million, and a long-term receivable of Saudi Riyals 1.3 billion due from a third party was fully settled in cash.

Due to the short-term nature of the trade receivables and determination of the carrying value of the long-term receivable at fair market rate of discount, their carrying amount is not significantly different from their fair value. Also see Note 31.

Trade receivables are expected, on the basis of experience, to be fully recoverable. Generally, it is not the practice of the Group to obtain collateral over trade receivables. Thus, trade receivable balances are unsecured.

The following table shows movement in provision for impairment of trade receivable:

	2024	2023
Balance at the beginning of the year	322,318	327,471
Provision / (Reversal) during the year	1,174	(5,153)
Balance at end of the year	323,492	322,318

Information about the impairment of trade and other receivables and their credit quality, and the Company's exposure to credit risk, currency risk and interest rate risk can be found in Note 31.

8 PREPAYMENTS AND OTHER CURRENT ASSETS

	2024	2023
Prepaid expenses and other current assets	141,262	123,569
Inventories	31,503	31,810
Advances to suppliers	153,874	69,124
Value added tax claims receivable	2,470	5,723
	329,109	230,226

9 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise the shareholders, directors, associate companies and key management personnel and business over which they exercise control or significant influence. Related parties also include entities in which certain directors or senior management have an interest.

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9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The transactions with related parties represent rental services, maintenance and other general services rendered to or purchased from related parties of the Group including positions in certain listed entities. Balances due to and due from related parties are outstanding balances in lieu of such transactions. Related party balances, other than those disclosed elsewhere in these consolidated financial statements, as at 31 December are as follows:

Name	Relationship	2024	2023
Due from related parties:			
Azizia Commercial Investment Company (Note 9.1)	Entity under common control	114,207	114,207
Others	Associate	686	9,651
Total		114,893	123,858
Due to related parties:			
Kingdom Oasis - Current (Note 9.4)	Entity under common control	-	100,000
Others - Current	Associates	240	1,115
Qatar Investment Authority – Katara Hospitality (Note 9.2) – Non-Current	Non-controlling interest	510,799	440,793
Total		511,039	541,908

9.1 The balance is due from Azizia Commercial Investment Company “Azizia” (an entity under liquidation). The balance pertains to the funding provided by the Group to this entity in prior years for the acquisition of shares. The entity is under common control. The balance is considered to be recoverable as Azizia primarily carries investment in a listed entity the carrying value of which is more than the amount due to the Group as at 31 December 2024.

9.2 The balance represents financing provided by the NCI to one of the subsidiaries. During October 2023, the NCI carried out additional financing of Saudi Riyals 213 million. The loan carries interest at 3.71% and is payable on 31 October 2028.

9.3 During December 2023, the Group purchased shares of Citi Group from the Ultimate Shareholder for a consideration of Saudi Riyals 1.68 billion. The transaction was settled in cash.

9.4 During the year, one of the group’s subsidiaries settled the balance with Kingdom Oasis.

See Note 5 and Note 16 for cash and borrowings balances held with a related party that is an equity-accounted investee (Banque Saudi Fransi). There are no other significant related party transactions that warrant separate disclosure in these consolidated financial statements.

Key management compensation:

The key senior executives including the CEO and CFO are considered the key management, and their benefits are as follows:

	2024	2023
Short and long-term benefits	36,412	23,818
Others	7,290	15,370
	43,702	39,188

10 INVESTMENTS AT FVOCI

Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than the consolidated statement of income as these are strategic investments and the Group considered such election to be more relevant. FVOCI investments consist of international, local and regional quoted securities.

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10 INVESTMENTS AT FVOCI (continued)

(a) FVOCI investments consists of the following:

	2024	2023
International	20,666,125	18,145,850
Local and regional	1,224,119	1,356,717

(b) The movement in FVOCI is set out below:

	2024	2023
Cost:		
1 January - Note 10.2	26,260,691	33,798,908
Additions - Note 9.3 & Note 10.3	3,053,375	3,173,907
Disposals during the year - Note 10.1	(4,835,781)	(10,712,124)
31 December	24,478,285	26,260,691
Fair value reserve for investments at FVOCI:		
1 January	(6,758,124)	(14,712,982)
Unrealized gain during the year	4,219,953	8,983,839
Unrealized loss during the year	(996,753)	(4,964,663)
Realized loss transferred to retained earnings upon disposal	1,162,431	3,935,682
31 December	(2,372,493)	(6,758,124)
Net carrying amount	22,105,792	19,502,567

The investments at FVOCI are denominated in the following currencies:

	2024	2023
US Dollar	16,659,910	11,541,747
Euro	3,998,770	6,538,901
Russian Rubles ('RR')	313,000	97,452
Saudi Riyals	1,134,112	1,324,467
	22,105,792	19,502,567

10.1 Investments in Oil and Gas Companies' securities

The Group maintains investments in certain Oil and Gas Companies' securities that were dual-listed on both the London Stock Exchange (LSE) and Moscow Stock Exchange (MSE). The ongoing conflict between Russia and Ukraine led to the suspension of trading on the LSE in the first half of 2022, preventing the Group from trading its shares on the MSE from that point onward.

In the latter half of 2023, the Group successfully liquidated a portion of these securities, generating sales proceeds of Saudi Riyals 1.0 billion and recognized a realized loss of Saudi Riyals 0.27 billion for the year ended 31 December 2023. The remaining securities primarily represent purchase transactions executed by the Group after 1 March 2022. Challenges in disposing of these remaining securities have arisen due to increased regulatory and administrative barriers enacted by the Russian government.

To assess the fair value of the remaining Oil and Gas Companies' securities, management used the trading price prevalent on MSE as at 31 December 2024, amounting to Saudi Riyals 980 million (2023: Saudi Riyals 1,190 million). This amount was then reduced by 70% (2023: 92%) to account for the regulatory/administrative constraints. The decrease in the discount factor from 92% to 70% reflects an expected improvement in regulatory flexibility concerning the trading and transfer of such securities. A 5% change in this percentage would result in a Saudi Riyal 16 million change in the fair value of these securities as at 31 December 2024.

10.2 Investment in securities of a social media services company

As at 31 December 2024, the Group holds a position in equity securities of a privately held social media services company ('Tech Company') amounting to Saudi Riyals 985 million (USD 262.7 million). Given the absence of quoted market prices, the fair value measurement is classified within Level 3 of the IFRS 13 fair value hierarchy, relying significantly on unobservable inputs.

Management determined fair value primarily based on recent observable private transactions involving independent, knowledgeable, and willing market participants. Specifically, the Group referenced recent transactions executed by the majority shareholder of the Tech Company, including an additional equity investment of Saudi Riyals 562.5 million (USD 150 million) at a transaction price approximating the carrying value as at 31 December 2024. Furthermore, the majority shareholder has expressed willingness to acquire additional minority stakes at the same transaction price.

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10 INVESTMENTS AT FVOCI (continued)

10.2 Investment in securities of a social media services company (continued)

Based on these factors, management concluded that observable market evidence supports the carrying value as representative of fair value. Given the active interest of a market participant to transact at this price, management deemed no adjustments for liquidity or minority discounts necessary.

Sensitivity analysis indicates that a hypothetical 5% discount adjustment would impact fair value by approximately Saudi Riyals 50 million. Management believes the assumptions and valuations employed are reasonable and align with prevailing market practices for similar privately held minority investments.

10.3 Addition to investment at FVOCI – North America (Level 3 Category)

During the year ended 31 December 2024, the Group invested Saudi Riyals 3 billion (USD 800 million) in xAI, a North America-based artificial intelligence company. This investment was part of xAI's Series B and Series C funding rounds, each of which raised Saudi Riyals 22.5 billion (USD 6 billion), amounting to total proceeds of Saudi Riyals 45 billion (USD 12 billion).

The Series C funding round concluded on 23 December 2024, valuing xAI at SAR 169 billion (USD 45 billion) and establishing a fair valuation of the Group's stake in xAI at SAR 4.2 billion as of 31 December 2024. Management has assessed that this recent funding round represents the relevant fair valuation for the Group's investment in xAI at the reporting date.

11 EQUITY-ACCOUNTED INVESTEEES

(a) The movement in investments in equity-accounted investees for the years ended 31 December is as follows:

	2024	2023
1 January	17,172,435	16,371,058
Additions (Note 11.1)	233,050	-
Dividends	(469,606)	(437,647)
Share of results	1,209,032	1,032,833
Share in other comprehensive income	37,993	107,207
Reversal of impairment	200,000	-
Unrealized exchange (loss) / gain on translation	(186,207)	98,984
31 December	18,196,697	17,172,435

Details of equity-accounted investees at 31 December are summarized as follows:

Investee name	2024		2023	
	Effective ownership %	Amount	Effective ownership %	Amount
BSF - Note 3	16.2	7,676,049	16.2	7,283,425
Four Seasons Holding Inc ('FSH Inc.')	23.75	2,757,939	23.75	2,452,216
Accor S.A. ('Accor') (Note 3)	6.8	2,939,753	6.3	3,002,262
Jeddah Economic Company ('JEC')	35.74	2,487,831	33.4	2,687,168
Flynas Company ("Flynas")	37.1	2,049,350	37.1	1,694,639
East Shura III Company	50	233,050	-	-
Others	30.0-35.0	52,725	30.0-35.0	52,725
		18,196,697		17,172,435

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11 EQUITY-ACCOUNTED INVESTEEES (continued)

11.1 During the year ended, the Group contributed Saudi Riyals 233 million in cash for the joint venture associated with the development of Shura Island resort.

Following is the summary financial information for the equity-accounted investments:

The summarized financial information below represents amounts shown in the equity-accounted investee's financial statements prepared in accordance with IFRS as applicable to the relevant jurisdiction.

31 December 2024

(All amounts in Saudi Riyals millions)

	NAS Holding Company	Flynas	East Shura III	JEC	FSH Inc.	BSF	Accor S.A.
Non-current assets	19	11,108	899	11,253	11,416	88,608	35,457
Current assets	58	2,096	445	898	3,607	204,168	11,589
Non-current liabilities	(39)	(9,265)	(721)	(3,904)	(4,229)	(431,287)	(14,711)
Current liabilities	(258)	(2,300)	(152)	(851)	(885)	185,118	(11,000)
Equity	(220)	(1,639)	471	7,396	9,909	46,607	21,335
KHC's share	(82)	(608)	-	2,643	2,353	7,550	1,451
Carrying amount	-	2,049	233	2,488	2,765	7,676	2,940
Revenue	3,223	4,337	-	-	2,507	16,372	22,744
Net profit / (loss)	185	253	4	(558)	1,412	4,544	2,665
Other comprehensive (loss) / income	(8)	(12)	-	-	(96)	290	316
Total comprehensive income / (loss)	177	241	4	(558)	1,316	4,834	2,981
Share in total comprehensive income / (loss)	66	90	2	(199)	313	783	203

31 December 2023

(All amounts in Saudi Riyals millions)

	NAS Holding Company	Flynas	East Shura III	JEC	FSH Inc.	BSF	Accor S.A.
Non-current assets	9,657	-	-	11,228	10,434	73,992	34,747
Current assets	1,882	-	-	1,129	3,181	179,391	11,511
Non-current liabilities	(9,196)	-	-	(3,563)	(4,218)	(40,053)	(12,599)
Current liabilities	(3,437)	-	-	(841)	(795)	(172,209)	(11,676)
Equity	(1,094)	-	-	7,953	8,602	41,121	21,983
KHC's share	(406)	-	-	2,656	2,043	6,662	1,385
Carrying amount	1,695	-	-	2,687	2,452	7,283	3,002
Revenue	6,360	-	-	-	2,274	14,710	20,510
Net profit / (loss)	363	-	-	(128)	381	4,223	2,637
Other comprehensive (loss) / income	(14)	-	-	-	32	667	(49)
Total comprehensive income / (loss)	349	-	-	(128)	413	4,890	2,588
Share in total comprehensive income / (loss)	129	-	-	(43)	98	792	163

Among the equity-accounted investees mentioned above, BSF and Accor are listed entities. At 31 December 2024, the fair value of the Group's holding in these associates as per quoted prices amounts to Saudi Riyals 6,415 million (2023: Saudi Riyals 7,352 million) and Saudi Riyals 3,028 million (2023: Saudi Riyals 2,362 million), respectively.

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11 EQUITY-ACCOUNTED INVESTEEES (continued)

Accor

For the year ended 31 December 2024, Accor reported strong financial performance, with EBITDA increasing to SAR 4.4 billion (2023: SAR 4.0 billion). Revenue grew by 11%, while net profit increased by 1% compared to the previous year. Accor also distributed SAR 1.2 billion in dividends during the year (2023: SAR 1.2 billion).

As at 31 December 2024, the Group did not identify any impairment indicators requiring an impairment assessment of its investment in Accor. However, as part of its ongoing monitoring, the Group conducted a value-in-use assessment using a discounted cash flow model over a 10-year period, which management considers appropriate given Accor's diversified global presence and the investment lifecycle within the hospitality sector. The assessment indicated sufficient headroom, supporting the recoverability of the investment's carrying value.

NAS

Previously, the Group held an indirect 37.1% equity stake in Flynas through its investment in NAS Holding, which owned 100% of Flynas. As of 31 December 2024, the ownership structure was reorganized, resulting in a direct transfer of the Group's stake from NAS Holding to Flynas. Following this restructuring, the Group now holds a direct 37.1% equity stake in Flynas. The transaction was recorded at the net book value of the investment as carried in the Group's books, with no gain or loss recognized.

The Group's remaining investment in NAS continues to be carried at its existing value, primarily representing its services of charter and leased flights. No indicators of impairment were identified for NAS, excluding its former Flynas operations, which are discussed below.

Flynas

During 2024, NAS recorded strong topline growth. The revenue for NAS increased by 19% to reach Saudi Riyals 7.6 billion (2023: Saudi Riyals 6.4 billion) for the year ended 31 December 2024. NAS also recorded a net profit of Saudi Riyals 438 million (2023: profit of Saudi Riyals 363 million) for the year ended 31 December 2024. The strong financial performance was underpinned by increase in fleet size to 70 aircrafts (2023: 64 aircrafts); increase in passengers by 31.6% to 14.7 million (2023: 11.1 million passengers) and launch of 14 new destinations in 2024 (40 new destinations in 2023).

In light of Flynas's strong financial performance, the Group reassessed the recoverable amount of investment. The impairment assessment model indicated that the recoverable amount exceeded the carrying value, supporting a reversal of previously recognized impairment. As a result, the Group reversed an impairment loss of Saudi Riyals 200 million (2023: Nil) that had been recorded in prior years.

JEC

On October 2, 2024, JEC entered into a construction contract with Saudi Binladin Group (SBG) to re-engage SBG for the completion of the JEC Tower project. Under this agreement, construction is expected to be completed within 42 months at a revised contract value of Saudi Riyals 7.2 billion, which includes Saudi Riyals 1.059 billion previously paid for completed work.

On the same date, JEC also entered into a Final Amendment and Settlement Agreement (the "New Agreement") with its existing shareholders and SBG. As per the New Agreement, the existing shareholders will initiate the necessary formalities to register SBG as a shareholder of JEC with a 10.66% ownership stake. However, the shares issued to SBG will not carry any economic benefits or variable interest in JEC until specific conditions are met, including but not limited to the completion, testing, and pre-commissioning of the JEC Tower project.

As at 31 December 2024, the Group has accounted for its investment in JEC based on the new Agreement with an effective ownership interest of 35.74%, reflecting the expected dilution. The Group believes that the conditions outlined in the New Agreement are administrative in nature and do not materially impact its economic interest in JEC at this stage. However, it will continue to assess the New Agreement's conditions and any developments that may affect the accounting treatment, including potential changes in control or economic entitlement.

These new agreements supersede all previous arrangements between SBG, the existing shareholders, and the Group, rendering any prior obligations or outstanding amounts null and void.

BSF

As of 31 December 2024, the market price of KHC's share of investment in BSF was below the carrying value, which was considered as a potential impairment indicator. The management believes that this decrease in market price is primarily due to the bonus share issuance, and is a temporary impact. Considering BSF's strong long-term financial and operational performance, management believes there are no underlying issues with BSF's financial health.

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11 EQUITY-ACCOUNTED INVESTEEES (continued)

FSH

FSH continue to demonstrate strong topline growth and has been consistently profitable. As such the management of the Group did not identify any triggers for assessment of impairment and accordingly no impairment assessment was performed for the year ended 31 December 2024.

East Shura III Company:

During the year ended, the Group contributed Saudi Riyals 233 million in cash for the joint venture associated with the development of Shura Island resort.

12 INVESTMENT PROPERTIES

2024	Land	Buildings	Furniture, Fixtures and others	Total
Cost				
1 January	2,951,821	1,611,065	21,047	4,583,933
Additions	-	-	-	-
Disposals (Note 12.5)	(765,811)	(91,432)	-	(857,243)
31 December	2,186,010	1,519,633	21,047	3,726,690
Accumulated depreciation				
1 January	-	565,733	20,678	586,411
Charge for the year	-	15,167	126	15,293
31 December	-	580,900	20,804	601,704
Net book value	2,186,010	938,733	243	3,124,986

2023	Land	Buildings	Furniture, Fixtures and others	Total
Cost				
1 January	3,250,684	963,424	21,047	4,235,155
Additions (Note 12.2)	-	647,641	-	647,641
Disposals (Note 12.2)	(298,863)	-	-	(298,863)
31 December	2,951,821	1,611,065	21,047	4,583,933
Accumulated depreciation				
1 January	-	540,548	17,917	558,465
Charge for the year	-	25,185	2,761	27,946
31 December	-	565,733	20,678	586,411
Net book value	2,951,821	1,045,332	369	3,997,522

- 12.1** During the year ended 31 December 2021, the Group disposed of land for a total sale consideration of Saudi Riyals 1.5 billion (present value: Saudi Riyals 1.25 billion. Also see Note 7). The sale proceeds were structured to be received in cash over a five-year period. The transaction resulted in a net gain of Saudi Riyals 502 million, after discounting the sale proceeds to present value and deducting related sales expenses, including real estate taxes and sales commissions.

In July 2024, the outstanding long-term receivable balance of Saudi Riyals 1.3 billion, due from the third party, was fully settled in cash. Until settlement, the Group recognized finance income of Saudi Riyals 47 million in 2024 (2023: Saudi Riyals 87 million) using the effective interest rate method. This amount was recorded in the consolidated statement of income under 'Finance Income'. The difference between the carrying value of the receivable and the consideration received was not considered material.

12.2 Investment properties - Development and Sale of Riyadh land

On 6 July 2020, the Group, through its local subsidiaries, entered into an agreement (the "Agreement") with Hamad and Ahmed Mohammed Al-Muzaini Real Estate Company (the "Second Party") for development of a designated parcel of land totaling 4,103,561 Square Meters ("SQM").

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12 INVESTMENT PROPERTIES (continued)

12.2 Investment properties - Development and Sale of Riyadh land (continued)

The land for the project was divided into different sections, with specific areas allocated for residential units, commercial units, and services. The allocation of SQM for each plot of land was as follows:

Division	SQM
Residential	1,408,619
Commercial	1,053,620
Services	1,641,322
	4,103,561

It was agreed under the Agreement that the Second party will be entitled to ownership of land area designated for residential units i.e. 1,408,619 SQM, as a consideration of development activity carried out on the entire land parcel of 4,103,561 SQM.

Development on such land was completed during the year ended 31 December 2023. As at 31 December 2023, the Group has completed transfer of legal title for all the residential units measuring 1,408,619 SQM.

The Group has accounted for derecognition of residential land as consideration-in-kind for development/construction activity carried out by the Second Party on the remaining parcel of land designated for commercial and services area. The related development activity on the commercial and services area has been capitalized under 'Investment Property' in the statement of financial position at fair value of the consideration given up amounting to Saudi Riyals 553 million. The difference in the fair value of Saudi Riyals 553 million and carrying value of Saudi Riyals 299 million of the residential land has been recognized under "Other gains, net" in the consolidated statement of income for the year ended 31 December 2023.

The capitalization of development cost of Saudi Riyals 553 million is considered as non-cash investing activity for the purpose of statement of cash flow for the year ended 31 December 2023.

12.3 Certain investment properties have been collateralized against term loans (Note 16).

12.4 As at 31 December 2024, investment properties kept for the purpose of rental yields amounted to Saudi Riyals 1 billion (2023: Saudi Riyals 1.2 billion). The direct attributable expenses associated with the rental income amounts to Saudi Riyals 184 million (2023: Saudi Riyals 210 million) for the year ended 31 December 2024. Rental agreements for these properties are for a maximum period of one year.

The valuation for investment properties which has been performed by real estate valuers accredited by the Saudi Authority for Accredited Valuers (TAQEEM) by using accredited valuation techniques such as Market Method (Comparison Approach), amounted to Saudi Riyals 4 billion (2023: Saudi Riyas 4.5 billion) as at 31 December 2024.

12.5 Investment property - Sale of compound by a subsidiary

During the year ended 31 December 2024, the Board of Directors approved the sale of a compound recognized under 'Investment Properties' Financial Statement Line Item and held by one of the subsidiaries (Real Estate Investment Company "REIC") of the Group.

The sale transaction was completed between REIC and Sakan Al Rabie Real Estate Company ("third party") on 4 February 2024. This transaction was executed for the consideration amounting to Saudi Riyals 0.9 billion. The carrying amount of this compound in books of Group amounted to Saudi Riyals 0.78 billion. The gain arising from this transaction amounted to Saudi Riyals 0.12 billion which has been recorded in the books of the Group for the year ended 31 December 2024.

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13 PROPERTY AND EQUIPMENT

	Land	Buildings	Equipment	Furniture, fixtures and others	Total
2024					
Cost					
1 January	2,269,886	4,970,072	113,650	1,422,855	8,776,463
Additions	-	224,617	438	51,478	276,533
Currency translation and others	(2,561)	(36,616)	(3,677)	(91,539)	(134,393)
31 December	2,267,325	5,158,073	110,411	1,382,794	8,918,603
Accumulated Depreciation					
1 January	-	1,070,779	62,436	819,667	1,952,882
Charge / write off for the year	-	135,836	6,287	39,485	181,608
Currency translation and others	-	(6,105)	(6,833)	(4,354)	(17,292)
31 December	-	1,200,510	61,890	854,798	2,117,198
Net book value	2,267,325	3,957,563	48,521	527,996	6,801,405
	Land	Buildings	Equipment	Furniture, fixtures and others	Total
2023					
Cost					
1 January	2,267,677	4,627,593	99,396	1,110,184	8,104,850
Additions	-	3,287	5,293	276,413	284,993
Disposals, currency translation and others	2,209	339,192	8,961	36,258	386,620
31 December	2,269,886	4,970,072	113,650	1,422,855	8,776,463
Accumulated Depreciation					
1 January	-	971,977	49,026	575,318	1,596,321
Charge / write off for the year	-	92,416	7,177	240,966	340,559
Disposals, currency translation and others	-	6,386	6,233	3,383	16,002
31 December	-	1,070,779	62,436	819,667	1,952,882
Net book value	2,269,886	3,899,293	51,214	603,188	6,823,581

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14 GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets comprise the following:

	2024	2023
Goodwill	1,108,164	1,158,938
Other intangible assets	680,995	680,978
	1,789,159	1,839,916

Movement in goodwill and other intangible assets is set out below:

	2024	2023
1 January	1,839,916	1,813,812
Additions	121	-
Currency translation adjustments and others	(50,878)	26,104
31 December	1,789,159	1,839,916

Goodwill recognized by the Group mainly represents an amount of Saudi Riyals 1.108 billion (31 December 2023: Saudi Riyals 1.159 billion) recognized on its cash generating unit – George V.

Other intangible assets include an indefinite life brand amounting to Saudi Riyals 680.9 million (2023: Saudi Riyals 680.9 million) recognized on acquisition of Savoy Hotels Limited. The indefinite life is due to the fact that the hotel is considered a trophy asset and management concluded that the benefits will be for an indefinite period. Therefore, the brand is not amortized but tested for impairment annually.

Intangible assets with definite lives are amortized over their useful economic lives ranging from 3 to 5 years.

Impairment of indefinite life assets

The recoverable amounts have been determined based on fair value less costs to disposal, using discounted cash flow analysis. The hotel is the lowest level within the Group at which the intangible asset is monitored for internal management purposes. The cash flow projections are based on financial budgets that are approved by management of the respective entities. These cash flow projections are for a period of 9 years (2023: 9 years) for George V and Savoy.

The following table sets out the key assumptions made in performing the impairment reviews:

Particulars	George V	
	2024	2023
Revenue growth - CAGR	6.8%	6.8%
EBITDA margin - average	39.9%	40.0%
Terminal capitalization rate	5.5%	4.0%
Discount rate	10.0%	9.5%
Particulars	Savoy	
	2024	2023
Revenue growth - CAGR	5.5%	4.8%
EBITDA margin - average	42.8%	42.1%
Terminal Capitalization rate	5.0%	4.0%
Discount rate	11.8%	11.0%

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14 GOODWILL AND INTANGIBLE ASSETS (continued)

Impairment of indefinite life assets (continued)

Assumption	Approach used to determine values
	The key factors, that the hotels will continue their status as premier hotels, occupancy rate and average rate per rooms, are based on management's assumption of achieving a stabilized level of performance and the hotels reaching their pre-covid levels based on the actual recoveries being made in 2024 considering the political and economic environment of the countries in which the hotels operate.
Revenue growth	
EBITDA margin	Based on past performance and management's expectations for the future.
Terminal capitalization rate	The rates are consistent with forecasts included in industry reports.
Discount rate	Reflect specific risks relating to the hospitality business and countries in which they operate.

For George V, the recoverable amount would equal its carrying amount if the key assumptions were to change, keeping other variables constant, as follows:

Particulars	2024	
	From	To
Revenue growth – CAGR	6.8%	5.3%
EBITDA margin – average	39.9%	38.6%
Discount rate	10.0%	13.5%

For Savoy, the recoverable amount would equal its carrying amount if the key assumptions were to change, keeping other variables constant, as follows:

Particulars	2024	
	From	To
Revenue growth – CAGR	5.5%	3.7%
EBITDA margin – average	42.8%	41.4%
Discount rate	11.8%	15.9%

15 OTHER LONG-TERM ASSETS

	2024	2023
Long term advances (Note 22)	-	500,001
Refundable deposits	129	837
Others	51,252	50,778
	51,381	551,616

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16 BORROWINGS

The outstanding borrowings balance is presented as follows:

	2024	2023
<u>Current</u>		
Current portion of term loans	3,045,759	2,208,888
<u>Non-current</u>		
Term loans, including long-term revolving facilities	9,551,676	12,763,240

The movement in the borrowings is as follows:

	2024	2023
1 January	15,040,234	18,434,066
Additions	3,388,755	9,661,639
Repayments	(5,433,087)	(13,151,672)
Foreign currency translation adjustments	(325,934)	96,201
31 December	12,669,968	15,040,234

Unamortized transaction costs:

1 January	(68,107)	(72,569)
Additions	-	-
Amortization	(4,426)	4,463
31 December	(72,533)	(68,106)
Net carrying amount	12,597,435	14,972,128

Details of borrowings by entity are as follows:

	2024	2023
Kingdom Holding Company	6,116,463	8,481,145
Kingdom 5-KR-11 Limited	2,862,210	2,672,431
Kingdom 5-KR-35 Group	1,614,772	1,704,026
Kingdom KR-114 Limited	857,425	1,142,259
Trade Centre Company Limited (TCCL)	964,190	751,102
Others	182,375	221,165
	12,597,435	14,972,128

These borrowings are loan facilities from different banks and financial institutions. The management utilize them to settle the facilities which are falling due in the said years and to support the strategic decision making of the Group. Similar to the year ended 31 December 2024, the Group has drawn down to pay off facilities which are falling due during the year from the undrawn facilities. The Group has also entered into certain new loan facilities during the year. The Group has complied with all its covenants.

As at 31 December 2024, the Group had an outstanding loan of Saudi Riyals 970 million from a related party, BSF.

Following is a summary of the Group's significant borrowings:

KHC

Loans in KHC were obtained from commercial banks and consist of several facilities including syndicated loans and revolving credit facilities. These loans carry borrowing costs based on Saudi Inter-Bank Offered Rate ("SIBOR"), Euro Interbank Offered Rate ("EURIBOR") and Secured Overnight Financing Rate ("SOFR") plus a spread and are secured against certain investments and cash in certain bank accounts of the Group. The value of these assets pledged as securities amounts to Saudi Riyals 16.5 billion as at 31 December 2024. The aggregate maturities of these loans, based on their respective repayment schedules, are spread over a period of 5 years. Loan agreements include certain financial covenants with respect to minimum tangible net worth, consolidated EBIT, consolidated net commission costs, loan to value ratio, minimum standalone and consolidated total assets, debt service ratio and interest coverage ratio. The carrying values of the borrowings are denominated in following currencies:

	2024	2023
Saudi Riyals	3,097,723	4,320,484
Euro	1,443,740	2,812,500
US Dollars	1,575,000	1,348,161
	6,116,463	8,481,145

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16 BORROWINGS (continued)

Kingdom 5-KR-11 Limited

Loans in Kingdom 5-KR-11 limited carry floating interest rates based on EURIBOR plus a spread. The facilities are secured against certain FVOCI investments. The value of these investments amounts to Saudi Riyals 5.5 billion as at 31 December 2024. The aggregate maturities of these loans, based on their respective repayment schedules, are spread over a period of 3 years. These loans are denominated in Euro. Loan agreements include certain financial covenants with respect to minimum tangible net worth, consolidated EBIT, consolidated net commission costs, loan to value ratio, minimum standalone and consolidated total assets and debt service ratio.

Kingdom 5-KR-35 Group - George V Hotels

In October 2023, the loan associated with Kingdom 5-KR-35 was fully repaid. Additionally, during the current year, the Kingdom 5-KR-35 secured a new loan facility amounting to Saudi Riyals 1.7 billion, which was hedged through an Interest Rate Swap (IRS) derivative. This new facility is backed by a mortgage on the George V hotel property. The carrying value of this property amounts to Saudi Riyals 941 million. The loan agreement includes certain financial covenants such as loan to value ratio (based on the market value of the George V hotel property). The loan carries floating interest rates (based on EURIBOR) and is due to mature on 22 September 2028. The loan is denominated in Euro and has been classified as non-current borrowings as at 31 December 2023.

During 2024, the Kingdom 5-KR-35 has also entered an IRS derivative with certain financial institutions. For IRS related disclosures, refer to Note 36.1.

Kingdom KR-114 Limited - Savoy

Loans in Kingdom KR-114 Limited have different maturities within the next two years and carry interest rates which are either fixed or floating based on the Sterling Overnight Index Average ("SONIA"). These loans are denominated in GBP. The loans are secured through registered mortgages and liens over the Savoy Hotel. The carrying value of this hotel is Saudi Riyals 1.96 billion as at 31 December 2024 and fair value exceeds the carrying value as at that date. Loan agreements include certain financial and cash trap covenants which are based on loan to value ratios. Such loan to value ratios are computed based on market value of the Savoy Hotel property.

For IRS related disclosures, refer to Note 36.2.

Trade Centre Company Limited (TCCL)

The loan facility carries an interest rate based on SIBOR. Loan agreements include certain financial covenants with respect to debt service ratio. The loan facility is secured by a mortgage on tower (Kingdom Tower) land classified under Property and Equipment and Investment Properties Financial Statement Line Items ('FSLIs').

As at 31 December 2024, Property and Equipment and Investment Properties pledged as collateral to this loan facility amounted to Saudi Riyals 801 million and Saudi Riyals 643 million respectively. The facility is repayable in 30 quarterly installments, starting from 30 June 2020, and ending on 30 September 2026, with the balance due for repayment on the final maturity date of 31 December 2026.

16.1 Net Debt Reconciliation

	2024	2023
Borrowings	12,597,435	14,972,128
Due to a related party	510,799	440,793
Less: Cash and cash equivalents	(1,689,658)	(1,923,789)
	11,418,576	13,489,132

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16 BORROWINGS (continued)

16.1 Net Debt Reconciliation (continued)

	Borrowings	Due to a related party	Cash	Total
Net debt as at 1 January 2023	18,361,498	227,319	(3,440,947)	15,147,870
Financing cash flows	(3,490,033)	213,474	1,413,370	(1,863,189)
Other changes	194,199	-	103,788	297,987
Interest expense	1,275,924	13,713	-	1,289,637
Interest payments (presented as operating cash flows)	(1,369,460)	(13,713)	-	(1,383,173)
Net debt as at 31 December 2023	14,972,128	440,793	(1,923,789)	13,489,132
Net debt as at 1 January 2024	14,972,128	440,793	(1,923,789)	13,489,132
Financing cash flows	(2,044,332)	70,006	129,284	(1,845,042)
Other changes	161,358	(18,598)	104,847	247,607
Interest expense	932,204	52,311	-	984,515
Interest payments (presented as operating cash flows)	(1,423,923)	(33,713)	-	(1,457,636)
Net debt as at 31 December 2024	12,597,435	510,799	(1,689,658)	11,418,576

17 ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2024	2023
Accrued expenses	678,547	606,983
Accounts and other payables	97,810	133,912
Unearned revenues	85,564	112,121
Advances from customers	36,804	88,105
Security deposits	21,183	21,893
Others	49,937	31,042
	969,845	994,056

18 ZAKAT, WITHHOLDING AND INCOME TAX PROVISIONS

Zakat and income tax expense reported in the consolidated statement of income consists of the following:

	Note	2024	2023
Zakat			
Income tax charge	18.1	150,859	166,855
Withholding tax on foreign dividends	18.2	18,569	20,780
	18.2	74,666	120,197
		244,094	307,832

18.1 Zakat

The zakat obligations for the year represent the estimated zakat due on the Company and its local subsidiaries located in Kingdom of Saudi Arabia ('KSA'). The movement in the zakat provision is as follows:

	2024	2023
1 January		
Charge for the year	362,674	532,177
Paid during the year	150,859	166,855
31 December	(25,017)	(336,358)
	488,516	362,674

Zakat for the year represents the amount due on the Company and its subsidiaries located in KSA. The significant components of zakat base under zakat and income tax regulations are principally comprised of equity, provisions at the beginning of year, long-term borrowings and adjusted net income, less deduction for the net book value of long-term assets and certain other items. The differences between the accounting and adjusted net income are mainly due to provisions and other items which are not allowed in the calculation of adjusted net income subject to zakat.

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18 ZAKAT, WITHHOLDING AND INCOME TAX PROVISIONS (continued)

18.1 Zakat (continued)

Status of final assessments

During 2020, the Company settled all of its open assessment years with ZATCA for the years till 2020. However, during 2021, the Zakat, Tax and Customs Authority ("ZATCA") reopened the assessments for the years 2015 to 2018 claiming additional zakat amounts related to those years. During the year ended 31 December 2023, the Company has closed all its open assessments for such periods (2015 to 2018) with ZATCA and executed a payment of Saudi Riyals 256 million as settlement for open assessments which was in line with the provision recorded by the Company for such years.

The remaining years (2019 and onwards) are under review by ZATCA and management believes that the zakat provision recorded in the books sufficiently covers such years and is based on historical settlements and analysis conducted internally.

The Company has filed its zakat returns up to the years ended 31 December 2023 with ZATCA.

There are no significant pending zakat assessments received in relation to the operations of subsidiaries in the Kingdom of Saudi Arabia by ZATCA.

18.2 Income tax

The Group's subsidiaries which are incorporated outside the Kingdom of Saudi Arabia are subject to tax laws of the respective country of incorporation.

	2024	2023
1 January	-	14,153
Income tax charge (reversal)	13,757	(12,959)
Deferred tax debit	4,812	33,739
	18,569	20,780
Withholding tax on foreign dividends	74,666	120,197
Paid during the year	(89,548)	(155,130)
31 December	3,687	-

There are no significant pending income tax assessments or tax notices received in relation to the operations of subsidiaries in foreign countries by their respective taxation authorities.

The Group is subject to withholdings taxes deducted at source on dividend received on certain equity securities registered in foreign jurisdictions.

19 Deferred tax

Deferred tax liabilities and assets relate to the following:

	2024	2023
<u>Deferred tax liabilities</u>		
Property and equipment	106,248	111,132
Others	1,346	1,312
	107,594	112,444
<u>Deferred tax asset</u>		
	20,326	20,364

Deferred tax asset primarily relates to tax losses and employee benefit obligations arising related to the operations of George V hotel properties.

20 SHARE CAPITAL

The share capital as at 31 December 2024 and 31 December 2023 consists of 3,706 million authorized and issued shares at a par value of Saudi Riyals 10 each. Each ordinary share carries one vote and rank pari passu for dividend distribution.

21 RESERVES

21 (a) Statutory reserve:

The By-laws of the Company requires to the Company to set aside 10% of net profit for the year as statutory reserve until the reserve reaches 30% of their share capital. The Company has amended its By-laws to align it with the requirements of new Regulation of Companies made effective in January 2023.

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21 RESERVES (continued)

21 (b) Other reserves:

The following table shows a breakdown of other reserves and the movement in these reserves during the year:

	Share in other comprehensive income of equity- accounted investees	Exchange differences on translation of foreign operations and equity-accounted investees	Re-measurement of employee benefit obligations	Cash flow hedge	Total
At 1 January 2023	(311,928)	(54,200)	(37,069)	(202,644)	(605,841)
Share in other comprehensive loss	33,496	-	-	-	33,496
Net change in fair value	-	-	-	73,711	73,711
Actuarial gain / (losses) on employee benefit obligations during the year	-	-	6,397	-	6,397
Unrealized exchange loss for the year on translation	-	336,380	-	-	336,380
At 31 December 2023	(278,432)	282,180	(30,672)	(128,933)	(155,857)
Share in other comprehensive income	7,646	-	-	-	7,646
Net change in fair value	-	-	-	30,346	30,346
Actuarial gains on employee benefit obligations during the year	-	-	2,752	-	2,752
Unrealized exchange gain for the year on translation	-	30,552	-	-	30,552
At 31 December 2024	(270,786)	312,732	(27,920)	(98,587)	(84,561)

22 NON-CONTROLLING INTERESTS

This balance represents the share of the non-controlling interest in the following subsidiaries:

<u>Name of the subsidiary</u>	2024		2023	
	Total non- controlling interest	Share in total comprehensive income / (loss)	Total non- controlling interest	Share in total comprehensive income / (loss)
Trade Centre Company Limited	243,145	2,100	708,183	(50,125)
Kingdom KR-114 Limited – Breezeroad Limited	200,055	(59,206)	210,468	(47,099)
Real Estate Investment Company	43,225	9,134	414,602	45,667
Kingdom Schools Company Limited	23,701	2,435	98,889	12,050
Consulting Clinic SAL	24,515	-	24,535	-
Fashion Village Trading Company Limited	(9,318)	-	(9,675)	-
Kingdom investment and development Company	100,390	(4,754)	-	-
Others	-	-	5,874	-
	625,713	(50,291)	1,452,876	(39,507)

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22 NON-CONTROLLING INTERESTS (continued)

The summarized financial information below relates to the Group's subsidiaries and represents amounts before intra-group eliminations as of and for the year ended 31 December 2024:

	Trade Center Company Limited	Kingdom KR- 114 Limited	Real Estate Investment Company	Kingdom Schools Company Limited	Consulting Clinic SAL	Fashion Village Trading Company Limited	Kingdom Investment and Development Company	Total
	10.20%*	41%	10.20%*	10.20%*	50%	28%	10.20%*	
Current assets	702,622,000	167,853,404	908,907,280	145,119,780	8,027,509	2,920,000	403,244,063	2,338,694,036
Current liabilities	272,806,000	1,487,556,913	30,324,437	31,536,110	24,129,220	-	190,128,741	2,036,481,421
Net current assets	429,816,000	(1,319,703,509)	878,582,843	113,583,670	(16,101,711)	2,920,000	213,115,322	302,212,615
Non-current assets	1,959,302,000	2,669,356,294	396,389,196	156,917,930	71,475,754	-	4,315,629,487	9,569,070,661
Non-current liabilities	1,007,641,000	862,188,814	1,195,833	14,628,800	5,947,231	36,000,000	182,860,225	2,110,461,903
Net non-current assets	951,661,000	1,807,167,480	395,193,363	142,289,130	65,528,523	(36,000,000)	4,132,769,262	7,458,608,758
Net assets / (liabilities)	1,381,477,000	487,463,971	1,273,776,206	255,872,800	49,426,812	(33,080,000)	4,345,884,584	7,760,821,373
Revenue	486,307,000	290,346,379	9,052,195	94,927,000	-	-	-	880,632,574
Profit / (loss) for the year	20,585,000	(94,344,135)	89,545,793	23,868,020	-	-	(46,594,104)	(6,939,426)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income / (loss)	20,585,000	(144,264,458)	89,545,793	23,868,020	-	-	(46,594,104)	(56,859,749)
Profit / (Loss) allocated to NCI	2,099,670	(59,148,428)	9,133,671	2,434,538	-	-	(4,752,599)	(50,233,148)
Dividends paid to NCI	-	-	-	-	-	-	-	-

* **Reassessment of Non-Controlling Interests and Related Accounting Adjustments**

During the year, the Group increased its stake in various subsidiaries through share purchase agreements (SPAs) and power of attorneys signed in prior years. In certain cases, the revised NCI stake does not necessarily align with the percentages recorded in the Articles of Association (AoA) of the respective subsidiaries. For some subsidiaries, such as Kingdom Schools Company Limited, the Articles of Association are in the process of being updated to reflect the revised ownership structure.

Additionally, for certain entities (TCCL and REIC), the stake identified in the Articles of Association differs from the ownership percentage indicated by various SPAs and powers of attorney executed by minority shareholders. In these cases, the Group has recognized an effective ownership interest that reflects the rights conveyed through these agreements, which, in some instances, result in a higher stake than what is currently documented in the Articles of Association.

From an accounting perspective, advances previously paid to acquire additional stakes from non-controlling shareholders were classified as long-term advances in prior years. In 2024, the Group successfully completed key legal formalities for significant subsidiaries (TCCL and REIC). These formalities included updates to the Articles of Association and registration with the Ministry of Commerce.

As a result, these advances, amounting to Saudi Riyals 500 million, have now been adjusted against the respective NCI balances. For other subsidiaries where legal formalities are still in progress, management expects completion by 2025.

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22 NON-CONTROLLING INTERESTS (continued)

The summarized financial information below relates to the Group's subsidiaries and represents amounts before intra-group eliminations as of and for the year ended 31 December 2023:

	Trade Center Company Limited	Kingdom KR- 114 Limited	Real Estate Investment Company	Kingdom Schools Company Limited	Consulting Clinic SAL	Fashion Village Trading Company Limited	Total
	29%	41%	31%	53%	50%	28%	
Current assets	196,683,060	163,074,889	54,312,993	58,718,700	8,027,509	2,920,000	483,737,151
Current liabilities	134,355,648	73,794,562	10,495,677	13,130,815	24,536,868	-	256,313,570
Net current assets	62,327,412	89,280,327	43,817,316	45,587,885	(16,509,359)	2,920,000	227,423,581
Non-current assets	531,337,674	1,103,020,882	176,319,264	85,979,716	71,475,754	-	1,968,133,290
Non-current liabilities	192,158,694	935,450,836	419,498	6,270,430	5,539,583	36,000,000	1,175,839,041
Net non-current assets	339,178,980	167,570,046	175,899,766	79,709,286	65,936,171	(36,000,000)	792,294,249
Net Assets / (liabilities)	401,506,392	256,850,373	219,717,082	125,297,171	49,426,812	(33,080,000)	1,019,717,830
Revenue	477,499,000	299,238,240	196,209,822	85,889,984	-	-	1,058,837,046
(Loss) profit for the year	(170,494,000)	(79,414,526)	149,239,816	22,735,494	-	-	(77,933,216)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive (loss) income	(170,494,000)	(79,414,526)	149,239,816	22,735,494	-	-	(77,933,216)
(Loss) / profit allocated to NCI	(50,125,236)	(32,591,722)	45,667,384	12,049,812	-	-	(24,999,762)
Dividends paid to NCI	-	-	-	-	-	-	-

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23 HOTEL AND OTHER OPERATING REVENUES

23.1 Following is the break-up of hotel and other operating revenues under different streams:

	2024	2023
Revenue from hotel operations - over a period of time - for room sales and hotel stay	470,446	687,174
Revenue from hotel operations - at a point in time - for other goods and services	716,546	477,850
Revenue from tuition fees - over a period of time	94,927	83,795
Revenue from other services - at a point in time	-	2,851
	1,281,919	1,251,670
Revenue from renting of shops and apartments - over a period of time	313,269	268,868
Revenue from renting of villas and apartments - over a period of time	9,254	72,181
	322,523	341,049
	1,604,442	1,592,719

23.2 Disaggregation of revenue from external customers

The Company is domiciled in the Kingdom of Saudi Arabia. The amount of its revenue from the customers, broken down by location of the customers, is mentioned below:

Location	2024	2023
Europe (England and France)	935,855	884,459
Asia (Saudi Arabia)	590,287	624,702
Africa (Seychelles)	78,300	83,558
	1,604,442	1,592,719

24 HOTEL AND OTHER OPERATING COSTS

	2024	2023
Employee cost	426,053	493,647
Depreciation and Amortization	191,279	354,151
Repairs and maintenance	211,507	128,039
Utilities	96,835	96,802
Others	129,656	111,235
	1,055,330	1,183,874

25 DIVIDEND INCOME

	2024	2023
Dividends from international equity investments	786,082	983,333

26 GAIN ON INVESTMENTS AT FVTPL

	2024	2023
Unrealized gain on investments at FVTPL (Note 6)	-	127,320

27 GENERAL, ADMINISTRATIVE AND MARKETING EXPENSES

	Note	2024	2023
Employee cost		148,851	146,411
Professional fees	27.1	63,077	97,126
Selling and marketing expenses		126,073	137,217
Utilities and office expenses		49,962	40,257
Repairs and maintenance		37,518	15,963
Others		72,119	85,258
		497,600	522,232

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27 GENERAL, ADMINISTRATIVE AND MARKETING EXPENSES (continued)

27.1 Includes the Group's auditors' fee of Saudi Riyals 4.64 million (2023: Saudi Riyals 4.31 million) for the audit and review of the consolidated financial statements and Saudi Riyals 0.75 million (2023: Saudi Riyals 0.75 million) for the non-audit services.

28 FINANCIAL CHARGES

Finance charges consist of interest payments on outstanding borrowings net of finance income, which is not material for separate disclosure, arising from cash balance and short-term deposits held at banks.

29 COMMITMENTSHotel segment

The Group has on-going activities to construct and renovate hotels and other properties, with various stages of completion. The total outstanding capital commitments relating to such developments as at 31 December 2024 amounted to Saudi Riyals 231 million (2023: Saudi Riyals 389 million).

NAS

The equity accounted investee (NAS) of the Group has entered into contracts with the aircraft manufacturer for the purchase of certain aircraft. The remaining value of this contract is Saudi Riyals 13,735 million (2023: Saudi Riyals 6,420 million) as at statement of financial position.

30 CONTINGENCIES, LETTER OF CREDITS AND GUARANTEES**30.1 Contingencies**

The Group is a defendant in various legal claims arising in the normal course of business. Based on the information presently available, there are no significant claims against the Group requiring a provision. Management believes that the provisions maintained for such claims are adequate. Any additional liabilities including any potential zakat assessments (Note 18) that may result in connection with other claims are not expected to have a material effect on the Group's financial position or results of operations.

30.2 Letter of Credits and Guarantees

At 31 December 2024, the Group does not have any outstanding letters of guarantee as at 31 December 2024 and 2023. However, the Group's share in the equity-accounted investees' letters of guarantees, credits and acceptance as of 31 December 2024 amounted to Saudi Riyals 14 billion (31 December 2023: Saudi Riyals 13.5 billion).

31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group holds the following financial instruments:

	Note	2024	2023
Financial assets			
Financial assets at amortized cost			
Trade and other receivables	7	252,385	429,486
Due from related parties	9	114,893	123,858
Cash and cash equivalents	5	1,689,658	1,923,789
Long-term receivables	7	-	1,250,399
Financial assets at FVOCI			
Investments at FVOCI	10	22,105,792	19,502,567
Financial assets at FVTPL			
Investments at FVTPL	6	243,421	232,576
Financial liabilities			
Financial liabilities at amortized cost			
Accounts payables, accrued expenses and other current liabilities	17	886,985	879,972
Derivative financial instruments	36	62,799	74,927
Due to related parties	9	511,039	541,908
Borrowings	16	12,597,435	14,972,128
Dividends payable	35	259,411	259,376

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31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risks and equity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by senior management under policies approved by the Board of Directors.

Currency risk

The Group's exposure to foreign currency risk at the end of the reporting period, 31 December was as follows:

	2024				
	SAR	EUR	GBP	USD	Others
Trade receivables	206,042	14,570	29,414	-	2,359
Bank loans	4,244,288	5,920,722	857,425	1,575,000	-
FVOCI investments	1,134,112	3,998,770	-	16,659,910	313,000
	2023				
	SAR	EUR	GBP	USD	Others
Trade receivables	1,627,517	22,653	25,380	-	4,335
Bank loans	5,292,750	7,188,957	1,142,259	1,348,162	-
FVOCI investments	1,324,467	6,538,901	-	11,541,747	97,452

Currency risk arises from commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. Majority of the Group's assets and liabilities are denominated in the functional currency of the respective subsidiaries, therefore the related currency risk is minimal. At the parent entity level, the assets and liabilities are denominated in Saudi Riyals or US Dollars. The Saudi Riyal is currently pegged to the US Dollar, therefore there is no currency risk on US Dollars denominated assets and liabilities.

The Group has exposure for its borrowings in Euros and GBP respectively. A 5% change in the closing exchange rate for borrowings in Euro and GBP will impact the consolidated statement of other comprehensive income by Saudi Riyals 296 million and Saudi Riyals 43 million respectively.

The Group is also exposed to exchange rate fluctuations arising from RR and EUR due to its investments in Russian and European securities. A 5% change in the currencies of such securities will impact OCI by Saudi Riyals 16 million and Saudi Riyals 199 million, respectively.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group closely monitors the movement in interest rates and manages its risk accordingly. It is not a practice to hedge the interest rate risk except for loan facilities obtained by Kingdom 5-KR-35 limited.

An increase / decrease in interest rate of 1% (excluding hedging relationships), with all other variables held constant, would have resulted in a decrease/increase in the Group's consolidated total comprehensive income amounting to Saudi Riyals 102 million (2023: Saudi Riyals 133 million).

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31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Equity price risk

The Group's listed and unlisted equity investments are susceptible to price risk, arising from uncertainties about fair values of investment securities. The Group manages equity price risk through diversification and setting limits on investments. The exposure to equity securities and its impact on equity is detailed in the table below with a % change in equity prices. The Company has historically faced a risk of 1% fluctuation in its equity price risk. The sensitivity is also computed for the same risk.

Markets	2024	Sensitivity	
		Net Profit	Percentage
Investments at FVTPL (Current):			
- Asia	243,421	+/- 2,434	+/- 1%
Investments at FVOCI (Non-current):		Sensitivity	
		OCI	Percentage
- North America	16,532,403	+/- 165,324	+/- 1%
- Asia	1,574,619	+/- 15,746	+/- 1%
- Europe	3,998,770	+/- 39,988	+/- 1%
	22,105,792	+/- 221,058	
	22,349,213	+/- 223,492	
Markets	2023	Sensitivity	
		Net Profit	Percentage
Investments at FVTPL:			
- Asia	232,576	+/- 2,326	+/- 1%
Investments at FVOCI (Non-current):		Sensitivity	
		OCI	Percentage
- North America	11,471,997	+/- 114,720	+/- 1%
- Asia	1,491,669	+/- 15,292	+/- 1%
- Europe	6,538,901	+/- 65,389	+/- 1%
	19,502,567	+/- 194,729	
	19,735,143	+/- 197,351	

Credit risk

The Company is exposed to credit risk as a result of the counterparty's failure to meet its contractual obligations when due, in respect of:

- Trade receivables
- Long-term receivable
- Due from related parties
- Cash at banks

Credit risk is the risk that the Group will incur a financial loss as a result of the failure of the customer or counterparty to a financial instrument to fulfil its contractual obligations. The carrying amount of financial assets represents their maximum credit exposure. Impairment / (reversal) on financial assets recognized in the statement of income for the year ended 31 December 2024 amounted to Saudi Riyals 1.2 million (2023: Saudi Riyals (5.2) million). Credit risk is managed on an entity level.

Revenue from hotel operations is settled mainly in cash or credit card therefore the related credit risk is minimal. Revenue from educational services is also received in advance therefore resulting in low credit risk.

For other receivables (arising from sale of land, renting of shops, villas and apartments), the Group assesses the credit quality of the customer, considering its financial position, past experience and other factors. Individual risk limits are then assigned.

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31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

For banks and financial institutions, only independently rated parties with a minimum rating of A are accepted. Therefore, the ECL on cash and cash equivalents is immaterial.

The Group has kept cash and cash equivalents in reputable banks and financial institutions, so the expected credit losses of cash and cash equivalents as at 31 December 2024 and 2023 is not material. The cash balance as at 31 December 2024 is Saudi Riyals 1.7 billion (31 December 2023: Saudi Riyals 1.9 billion).

The credit ratings of banks in which the Group holds cash as at 31 December are as follows:

	2024	2023
Credit rating		
Aa3	429,854	828,480
A-1	1,258,975	994,202
A-2	829	101,107
	1,689,658	1,923,789

Trade receivables are shown net of allowance for impairment. The Group applies the IFRS 9 simplified approach for measuring expected credit losses on trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due, or the counterparty meets the unlikeliness-to-pay criteria listed as follows:

- the counterparty is deceased;
- the counterparty is insolvent;
- the counterparty is in breach of financial covenant(s); and
- it is becoming likely that the counterparty will enter bankruptcy.

The expected loss rates are based on the payment profiles over a period of 36 and 12 months for regular receivables from tenants and guests respectively before the reporting date and the corresponding historical credit losses experienced within this period. Unless 100% collateralized any receivables beyond the above-mentioned periods of the respective profiles are written off.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified GDP and the unemployment rates to be the most relevant factors and has accordingly adjusted the historical loss rates based on expected changes in these factors.

There are no significant concentrations of credit risk, whether through exposure to individual customers and specific industry sectors.

The Group evaluates the concentration risk with respect to trade receivables which are primarily located in the Kingdom of Saudi Arabia (KSA). Trade receivables balance comprises of 79.4% in KSA, 3.2% in Gulf Cooperation Council (GCC) countries (other than KSA) and 17.4% in other countries (2023: 80.6% in KSA, 0.60% in GCC countries (other than KSA) and 2.86% in other countries). The nature of businesses of the Group owned entities does not expose it to credit concentration risk.

Trade receivables from other operations are not material to the consolidated financial statements.

With regard to due from related parties amounting to Saudi Riyals 115 million as at 31 December 2024 (31 December 2023: Saudi Riyals 124 million), the Group has never experienced any default from these related parties. The amount is due on demand and management has no concern over the recoverability of this balance. Hence, no ECL provision was charged against this receivable.

The table at the start of Note 31 shows the maximum exposure to credit risk.

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31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters. In addition, the Group has access to credit facilities.

Cash flow forecasting is performed by management which monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while always maintaining sufficient headroom on its undrawn committed borrowing facilities so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal ratio targets. Also see Note 1.

The table below analyses the Group's financial liabilities into the relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2024	Less than 1 year	1-3 years	More than 3 year	Total
Borrowings	3,118,932	4,230,759	6,368,777	13,718,468
Derivative financial instruments	-	-	62,799	62,799
Accounts payable, accrued expenses and other current liabilities	886,985	-	-	886,985
Due to related parties	240	-	510,799	511,039
Dividends payable	259,411	-	-	259,411
	4,265,568	4,230,759	6,942,375	15,438,702
2023	Less than 1 year	1-3 years	More than 3 year	Total
Borrowings	2,234,835	3,331,526	11,910,845	17,477,206
Derivative financial instruments	13,682	-	61,245	74,927
Accounts payable, accrued expenses and other current liabilities	879,972	-	-	879,972
Due to related parties	101,115	-	440,793	541,908
Dividends payable	259,376	-	-	259,376
	3,488,980	3,331,526	12,412,883	19,233,389

Capital management risk

Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt. The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

The Group's capital management strategy is to maintain sufficient capital so that the percentage of debt to total assets does not exceed 60% of total assets (i.e. to maintain a 40% headroom).

<i>Capital management</i>	2024	2023
Total borrowings (Note 16)	12,597,435	14,972,128
Total assets	54,719,212	54,098,335
Debt to total asset ratio	23.02%	27.68%

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31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group's financial instruments are measured under the historical cost convention, except for investment carried at FVOCI and FVTPL which are carried at their fair values.

Fair value hierarchy

Level 1: The fair value of financial instruments traded in active markets (such as trading and fair value through other comprehensive income securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Group's financial assets measured and recognized at fair value on a recurring basis including their levels in the fair value hierarchy at 31 December 2024:

As at 31 December 2024	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Investments at FVTPL (Current):</i>				
- Asia	-	-	243,421	243,421
<i>Investments at FVOCI (non-current):</i>				
- North America	11,179,569	-	5,352,834	16,532,403
- Asia	1,224,119	-	350,500	1,574,619
- Europe	3,998,770	-	-	3,998,770
Sub-total	16,402,458	-	5,703,334	22,105,792
Total financial assets at fair value	16,402,458	-	5,946,755	22,349,213
As at 31 December 2023				
Financial assets				
<i>Investments at FVTPL:</i>				
- Asia	-	-	232,576	232,576
<i>Investments at FVOCI (non-current):</i>				
- North America	10,342,991	-	1,129,006	11,471,997
- Asia	1,356,717	-	134,952	1,491,669
- Europe	6,538,901	-	-	6,538,901
	18,238,609	-	1,263,958	19,502,567
Total financial assets at fair value	18,238,609	-	1,496,534	19,735,143

Valuation techniques used to determine fair values

Level 1 and level 2 designated financial instruments

Specific valuation techniques used to value financial instruments include, the use of quoted market prices resulting in level 1 valuations, observable market inputs and latest transaction prices resulting in level 2 valuations.

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31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

Level 3 designated financial instruments – Investments at FVOCI/FVTPL

Investments at FVOCI

As at 31 December 2024, Level 3 investments designated under North America and Asia, relate to equity positions held in Tech and Oil and Gas Companies' securities, respectively. The respective valuation technique used to determine the fair values including the key inputs/assumptions have been disclosed in Note 10.1, 10.2 and 10.3.

Valuation process

The Group has a team that performs / reviews the valuations of non-property items required for financial reporting purposes, including fair values of financial instruments. This team reports directly to the Chief Investment Officer (CIO). Discussions of valuation processes and results are held between the CIO and the valuation team at least once every six months, in line with the Group's half-yearly reporting periods.

Changes in level 2 and 3 fair values are analyzed at the end of each reporting period during the half-yearly valuation discussion.

Transfer from level 2 to level 3

During the year ended 31 December 2024, there were no transfers carried out between Level 1, Level 2 and Level 3 fair value measurements.

Movement in level 3 designated FVOCI investments

	Securities at FVOCI (level 3) 2024	Securities at FVOCI (level 3) 2023
Fair value at 1 January	1,263,958	1,207,987
Gain (loss) recognised in other comprehensive income	1,399,922	(2,443)
Additions	3,039,454	180,968
Disposals	-	(122,554)
Fair value at 31 December	5,703,334	1,263,958

Portfolio Composition and Key Holdings

As of 31 December 2024, the Investments at FVOCI encompasses strategic holdings in Citibank, xAI, M&G, Phoenix, and Telefonica Groups, with their respective fair values constituting 24%, 19%, 6%, 5%, and 5% of the portfolio.

Fair value of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the consolidated statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates (mostly due to frequent re-pricing) or the instruments are short-term in nature.

32 EMPLOYEE BENEFIT OBLIGATIONS

	2024	2023
At 1 January	88,110	85,665
Current service cost	8,720	2,062
Interest expense	3,238	688
Total amount recognized in profit or loss	11,958	2,750
<i>Re-measurements</i>		
Gain from change in financial assumptions	2,751	6,397
Total amount recognized in other comprehensive income	2,751	6,397
Benefit payments	(9,318)	(6,702)
At 31 December	93,501	88,110

32 EMPLOYEE BENEFIT OBLIGATIONS (continued)

In accordance with the provisions of IAS 19 'Employee Benefits', management has carried out an exercise to assess the present value of its obligation at 31 December 2024 and 2023, using the projected unit credit method, in respect of employees' end of service benefits payable under the local laws applicable to the respective subsidiaries and the parent company. Under this method, an assessment has been made of the employee's expected service life with the Group and the expected basic salary at the date of leaving the service.

Management has assumed average increment/promotion costs between 5.1% to 5.9% (31 December 2023: 4.9% to 5.5%). The expected liability at the date of leaving the service has been discounted to its net present value using an approximate discount rate between 6% to 7% (31 December 2023: 5% to 6%).

33 SEGMENT INFORMATION

The Group is a diversified organization and derives its revenues and profits from a variety of sources. The investment committee, comprising senior management and the Chief Executive Officer, organize and manage its operations by business segments and have identified the following segments separately for the purposes of monitoring, decision making and performance assessment.

Description of segments and principal activities

The Group's primary operations are organized into the following segments:

Equity investments	International - The principal activity includes investments in international quoted and unquoted securities;
	Domestic and regional - The principal activity includes investments in securities quoted on the Saudi Stock Exchange, regional stock exchanges and investments in associates other than real estate; and
	Private equity - The principal activity includes investments in private equities, managed funds and other entities existing within the structure of the Group.
Hotels	The principal activity of this segment includes investments in subsidiaries and associates that are in the business of managing and owning hotel properties and related activities.
Real estate	The principal activity includes investments in activities relating to ownership and development of land and real estate projects.
All other segments	The principal activities include, consulting clinics, operations of Kingdom School and other trading activities carried out by the Group.

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33 SEGMENT INFORMATION (continued)

	Equity investments	Hotels	Real estate	All other segments	Total
2024					
Total assets	42,119,933	6,192,752	5,619,378	787,149	54,719,212
Total liabilities	10,230,522	3,497,731	1,277,294	154,823	15,160,370
Total revenues	786,082	1,014,156	495,359	94,927	2,390,524
Total operating costs	-	669,116	329,724	56,490	1,055,330
Profit (including NCI)	1,204,538	(61,644)	40,403	23,869	1,207,166
	Equity investments	Hotels	Real estate	All other Segments	Total
2023					
Total assets	39,575,122	6,630,532	7,293,605	599,076	54,098,335
Total liabilities	12,420,450	3,856,864	1,116,860	79,743	17,473,917
Total revenues	971,316	968,018	680,243	83,795	2,703,372
Total operating costs	-	616,581	520,377	46,916	1,183,874
Profit (including NCI)	771,742	(24,247)	218,013	22,735	988,243

The inter-segment revenues for the Group are insignificant and accordingly have not been disclosed.

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34 EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2024 and 2023 have been computed by dividing the profit for the year by the total number of shares outstanding during 2024 of 3,706 million shares (2023: 3,706 million shares).

35 DIVIDENDS DECLARATION

The General Assembly of the Company, in its annual meeting held on 26 Dhu al-Qa'dah 1445H (corresponding to 3 June 2024), approved the distribution of cash dividends amounting to Saudi Riyals 1,037.6 million (Saudi Riyals 0.28 per share). Payment in respect of the first, second and third dividend distribution of Saudi Riyals 778.2 million, relating to the year ended 31 December 2023, was made during the year ended 31 December 2024.

Payment for the fourth dividend distribution of Saudi Riyals 259.4 million, relating to the year ended 31 December 2022, was made during the year ended 31 December 2024.

36 DERIVATIVE FINANCIAL INSTRUMENTS

The put option expired out of the money in the month of June 2024 and a gain of Saudi Riyals 14 million was recorded under "other gains, net" during the year ended 31 December 2024.

During the year ended 31 December 2024, the Group recorded a net unrealized loss of Saudi Riyals 1.6 million in other comprehensive income (2023: Nil), representing the effective portion of interest rate swap (IRS) derivatives, with Saudi Riyals 0.1 million related to Kingdom 5-KR-35 and Saudi Riyals 1.5 million to Kingdom 5-KR-114 (refer to Notes 36.1 and 36.2).

36.1 Interest rate swap derivative - Kingdom-5-KR-35 - George V hotels

As disclosed in Note 16, to hedge the variability in the interest rate on the new loan facility, Kingdom-5-KR-35 entered into an IRS derivative contract (the 'Contract') with a counterparty whereby the interest rate was fixed for a determinable rate for the entire period of loan facility due to mature in September 2028.

Under the contract, Kingdom-5-KR-35 agreed to pay a fixed interest rate to the counterparty for 5 years while receiving a variable interest rate based on the EURIBOR.

For the purpose of hedge accounting, IRS derivative contract (hedge item) has been designated as cash flow hedge. The critical terms of the hedge item match with the designated hedge instrument. The fair value and notional amount of the IRS derivative is as follows:

Notional amount of the loan: Saudi Riyals 1.7 billion

Fair value of the derivative: Saudi Riyals 61 million

The hedge is deemed effective, with a net unrealized loss recorded in other comprehensive income.

36.2 Interest rate swap derivative - Kingdom 5-KR-114 - Savoy

As disclosed in Note 16, Kingdom 5-KR-114 Limited entered into an IRS derivative contract (the "Contract") with a counterparty to hedge against interest rate fluctuations on its new loan facility, which is scheduled to mature in October 2028. The Contract effectively fixed the interest rate for the duration of the loan.

Under the contract, Kingdom 5-KR-11 Limited agreed to pay a fixed interest rate to the counterparty (DBS Bank, OCBC Bank, and National Bank of Kuwait) for five years, while receiving a variable interest rate based on the Sterling Overnight Index Average (SONIA).

For hedge accounting purposes, the IRS derivative contract was designated as a cash flow hedge. The critical terms of the hedge item match those of the designated hedging instrument. The fair value and notional amount of the IRS derivative are as follows:

Notional amount of the loan: Saudi Riyals 650 million

Fair value of the derivative: Saudi Riyals 1.5 million

The hedge is deemed effective, with a net unrealized loss recorded in other comprehensive income.

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37 OTHER GAINS, NET

	2024	2023
Net fair value gains on derivatives (Note 36)	13,682	160,763
Net gain on derecognition of investment property (Note 12.2)	-	254,531
Net gain on settlement of put options	-	79,000
Other	6,312	(31,038)
	19,994	463,256

38 SUBSEQUENT EVENTS

The Board of Directors on 16 March 2025 proposed a distribution of cash dividends totaling to Saudi Riyals 1,037.6 million, subject to approval in the next Ordinary General Assembly meeting.