



KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
AND INDEPENDENT AUDITOR'S REPORT

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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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 2023, 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 2023;
- 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 matters	<ul style="list-style-type: none">• 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 2023, the Group had indefinite life intangible assets, comprising goodwill and brand, which arose on past business combinations amounting to Saudi Riyals 1.2 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 2023 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Khald A. Mahdhar
License Number 368
31 March 2024

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

	Note	As at 31 December	
		2023	2022
Assets			
Current assets			
Cash and cash equivalents	5	1,923,789	3,440,947
Investments at fair value through profit or loss ("FVTPL")	6	232,576	105,256
Trade and other receivables	7	429,486	198,837
Prepayments and other current assets	8	230,226	276,221
Due from related parties	9	123,858	120,976
Total current assets	1	2,939,935	4,142,237
Non-current assets			
Investments at fair value through other comprehensive income ("FVOCI")	10	19,502,567	19,085,926
Equity-accounted investees	11	17,172,435	16,371,058
Long-term receivables	7	1,250,399	1,162,715
Investment properties	12	3,997,522	3,676,690
Property and equipment	13	6,823,581	6,508,529
Goodwill and intangible assets	14	1,839,916	1,813,812
Deferred tax assets	19	20,364	13,804
Other long-term assets	15	551,616	380,705
Total non-current assets		51,158,400	49,013,239
Total assets		54,098,335	53,155,476
Liabilities and equity			
Liabilities			
Current liabilities			
Borrowings	16	2,208,888	5,105,425
Derivative financial instruments	36	13,682	-
Accounts payable, accrued expenses and other current liabilities	17	994,056	1,120,248
Zakat, withholding and income tax provisions	18	362,674	546,330
Due to related parties	9	101,115	327,993
Dividends payable	35	259,376	259,412
Total current liabilities	1	3,939,791	7,359,408
Non-current liabilities			
Borrowings	16	12,763,240	13,256,073
Derivative financial instrument	36	61,245	-
Due to related party	9	440,793	-
Deferred tax liabilities	19	112,444	139,623
Employee benefit obligations	32	88,110	85,665
Other long-term liabilities		68,294	95,585
Total non-current liabilities		13,534,126	13,576,946
Total liabilities		17,473,917	20,936,354
Net assets		36,624,418	32,219,122
Equity			
Share capital	20	37,058,823	37,058,823
Statutory reserves	21	1,674,460	1,573,136
Retained earnings		3,352,240	7,413,603
Fair value reserve for investments at FVOCI	10	(6,758,124)	(14,712,982)
Other reserves	21	(155,857)	(605,841)
Equity attributable to shareholders of the Company		35,171,542	30,726,739
Non-controlling interests	22	1,452,876	1,492,383
Total equity		36,624,418	32,219,122

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	
		2023	2022
Hotels and other operating revenues	23	1,592,719	1,460,652
Hotel and other operating costs	24	(1,183,874)	(901,603)
Dividend income	25	983,333	1,000,165
Gain on investments at FVTPL	26	127,320	31,304
		1,519,498	1,590,518
General, administrative and marketing expenses	27	(522,232)	(423,911)
Reversal / (impairment) of financial assets	7	5,153	(14,280)
Share of results from equity-accounted investees	11	1,032,833	851,595
Gain on partial sale of equity-accounted investee	11	-	5,873,907
Other gains, net	37	463,256	32,944
Profit from operations		2,498,508	7,910,773
Finance income	12	87,204	81,120
Financial charges	28	(1,289,637)	(685,453)
Profit before zakat, withholding and income tax		1,296,075	7,306,440
Withholding and income tax	18	(140,977)	(157,291)
Zakat	18	(166,855)	(206,995)
Profit for the year		988,243	6,942,154
Profit for the year attributable to:			
- Shareholders of the Company		1,013,243	6,957,868
- Non-controlling interests		(25,000)	(15,714)
		988,243	6,942,154
Basic and diluted earnings per share (Saudi Riyals)	34	0.27	1.88

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)

	Note	Year ended 31 December	
		2023	2022
Profit for the year		988,243	6,942,154
Other comprehensive income / (loss)			
<i>Items that will not be reclassified to profit or loss:</i>			
Unrealized gain / (loss) on investments at FVOCI	10	4,019,176	(5,397,807)
Re-measurement of gain / (loss) employment benefit obligations	32	6,397	(5,028)
<i>Items that may be reclassified to profit or loss:</i>			
Share in other comprehensive income / (loss) of equity-accounted investees	11	107,207	(299,723)
Exchange differences on translation of foreign operations		321,873	(421,343)
Other comprehensive income / (loss) for the year		4,454,653	(6,123,901)
Total comprehensive income for the year		5,442,896	818,253
Total comprehensive income for the year attributable to:			
- Shareholders of the Company		5,482,403	874,582
- Non-controlling interests	22	(39,507)	(56,329)
		5,442,896	818,253

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 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 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

	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 2022	37,058,823	877,349	1,911,050	(9,036,703)	79,638	30,890,157	1,548,712	32,438,869
Profit / (loss) for the year	-	-	6,957,868	-	-	6,957,868	(15,714)	6,942,154
Other comprehensive loss	-	-	-	(5,397,807)	(685,479)	(6,083,286)	(40,615)	(6,123,901)
Total comprehensive income / (loss)	-	-	6,957,868	(5,397,807)	(685,479)	874,582	(56,329)	818,253
Transfer to statutory reserve	-	695,787	(695,787)	-	-	-	-	-
Transfer of gain on disposal of equity investments at FVOCI to retained earnings (Note 10)	-	-	278,472	(278,472)	-	-	-	-
Dividends declared	-	-	(1,038,000)	-	-	(1,038,000)	-	(1,038,000)
Balance at 31 December 2022	37,058,823	1,573,136	7,413,603	(14,712,982)	(605,841)	30,726,739	1,492,383	32,219,122

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	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat and income tax		1,296,075	7,306,440
<i>Adjustments for non-cash items</i>			
Share of results from equity-accounted investees	11	(1,032,833)	(851,595)
Depreciation and amortization	12, 13	368,614	197,816
Unrealized gain on investments at FVTPL	26	(127,320)	(31,304)
Impairment of financial assets		5,153	14,280
Gain on sale of investment properties	12	(254,531)	-
Finance income		(87,204)	(81,120)
Finance charges		1,289,637	685,453
Provision for employee benefit obligations	32	2,062	9,854
Gain on partial sale of equity accounted investee	11	-	(5,873,907)
		1,459,653	1,375,917
Changes in operating assets and liabilities			
Investment at FVTPL		-	78,939
Trade receivables		(235,802)	(22,886)
Prepayments and other current assets		45,995	(87,709)
Due from related parties		(2,882)	4,709
Other long-term assets		12,088	(16,213)
Derivative financial instruments		74,927	-
Accounts payable, accrued expenses and other current liabilities		(126,192)	393,049
Due to related parties		441	227,448
Other long-term liabilities		(27,291)	13,580
		1,200,937	1,966,834
Zakat and income tax paid	18	(491,488)	(205,184)
Employee benefit obligations paid during the year	32	(6,702)	(7,388)
Net cash generated from operating activities		702,747	1,754,262
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of investments at FVOCI	10	6,776,442	825,683
Purchase of investments at FVOCI	10, 9.3	(3,173,907)	(8,755,693)
Dividends from equity-accounted investees	11	437,647	312,429
Additions to investment properties	12	(94,246)	(13,586)
Additions to property and equipment	13	(284,993)	(151,173)
Proceeds from sale of equity accounted investee	11	-	8,288,927
Other long-term assets		(183,000)	-
Net cash generated from investing activities		3,477,943	506,587
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	16	9,661,639	10,433,225
Repayment of borrowings	16	(13,151,672)	(8,411,952)
Dividends paid	35	(1,037,636)	(942,665)
Movement in restricted cash		103,788	(197,417)
Finance charges paid		(1,383,653)	(711,099)
Repayment of a related party loan	9.2	(227,319)	-
Proceeds from a related party loan	9.2	440,793	(238,605)
Net cash utilized in financing activities		(5,594,060)	(68,513)
Net change in cash and cash equivalents		(1,413,370)	2,192,336
Cash and cash equivalents at beginning of year		3,038,557	846,221
Cash and cash equivalents at end of year	5	1,625,187	3,038,557

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 2023

(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 AlSaud ("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 2023.

Liquidity and financial position

As at 31 December 2023, the Group had net current liabilities amounting to Saudi Riyals 1.0 billion (31 December 2022: Saudi Riyals 3.2 billion). This is mainly due to maturity of certain current borrowings amounting to Saudi Riyals 2.2 billion. The Group also has access to undrawn borrowing facilities amounting to Saudi Riyals 6.7 billion, existing liquid unpledged investments portfolio and the option to roll-over the revolving facilities, as they mature. Further, the management of the Group has performed an analysis of cash flow projections over the next twelve months and is confident that the Group will be able to meet its obligations as and when they fall 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 15 Ramadan 1445H (corresponding to 25 March 2024).

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 2023

(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	
	2023	2022
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)	6.3	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% (2022: 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
	2023	2022	
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)	47	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	69.4	69.4	Real estate development and management
Trade Centre Company Limited (TCCL) - Saudi Arabia	70.6	70.6	Real estate development and management & hotel management
Consulting Clinic SAL (Clinic) - Lebanon	50.4	50.4	Healthcare
Equity-accounted investees (Associates)			
National Air Services (NAS) - Saudi Arabia	37.1	37.1	Aviation
Jeddah Economic Company (JEC) - Saudi Arabia	33.4	33.4	Real estate development and management
Banque Saudi Fransi (BSF) - Saudi Arabia (Note 3.2)	16.2	16.2	Financial institution

The principal activities and the various segments of the Group are described in Note 32.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the consolidated financial statements for the year ended 31 December 2023
(All amounts in Saudi Riyals thousands unless otherwise stated)

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 following:

- Investments at FVOCI and FVTPL are measured at fair value; and
- Assets held for sale - measured at fair value less costs of disposal.

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

2.3 New accounting standards and interpretations effective during the year

The following amendments became effective from January 1, 2023:

IFRS 17, “Insurance Contracts” (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023)

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on February 12, 2021 and effective for annual periods beginning on or after January 1, 2023)

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023)

Amendment to IAS 12 - International Tax Reform - Pillar Two Model Rules (issued 23 May 2023)

The application of the standard and amendments had no significant impact on the consolidated financial statements during the year.

2.4 New accounting standards, amendments and interpretations not yet adopted by the Group

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the Group in the current or future reporting 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 4.17 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 2023 and 2022 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 2023 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 Kingdom School Company while the remaining shares are held by twelve investors. The CEO of the Group is also the CEO of the Kingdom School Company. 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 this company, even though it only holds 47% of the voting rights.

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.

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.

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.

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.1 Foreign currency translation (continued)

(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).

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.

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.2 Principles of consolidation and equity accounting (continued)

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

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 MATERIAL ACCOUNTING POLICIES (continued)

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.

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 30. 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.

4 MATERIAL ACCOUNTING POLICIES (continued)

4.4 Financial instruments (continued)

(i) Financial assets (continued)

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.

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.

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4 MATERIAL ACCOUNTING POLICIES (continued)

4.7 Investment properties (continued)

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.

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.

4 MATERIAL ACCOUNTING POLICIES (continued)

4.9 Intangible assets (continued)

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.

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.

4 MATERIAL ACCOUNTING POLICIES (continued)

4.12 Zakat and income tax (continued)

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.

Post-employment obligation (continued)

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.

4.15 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.

4 MATERIAL ACCOUNTING POLICIES (continued)

4.16 Impairment of non-financial assets (continued)

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.

(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.

4 MATERIAL ACCOUNTING POLICIES (continued)

4.18 Revenue recognition (continued)

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.

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.

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5 CASH AND CASH EQUIVALENTS

	2023	2022
Cash and cash equivalents (Note 5.1)	1,923,789	3,440,947
Less: Restricted cash (Note 5.2)	(298,602)	(402,390)
Cash and cash equivalents in the consolidated statement of cash flows	1,625,187	3,038,557

5.1 Cash and cash equivalents include deposit with a related party (associate) amounting to Saudi Riyals 80.6 million (2022: 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 2023, FVTPL investments consist of unquoted securities. The movement in FVTPL investments is set out below:

	2023	2022
FVTPL		
1 January	105,256	152,891
Disposal	-	(78,939)
Changes in fair value	127,320	31,304
31 December	232,576	105,256

7 TRADE AND OTHER RECEIVABLES

	2023	2022
Trade receivables (current)	751,804	526,308
Less: provision for impairment of trade receivable	(322,318)	(327,471)
	429,486	198,837
Long-term receivables (non-current) (Note 12)	1,250,399	1,162,715
Total receivables	1,679,885	1,361,552

Following is the breakdown of net receivables:

	2023	2022
Receivables from real estate (non-current)	1,250,399	1,162,715
Receivables from guests	52,367	56,872
Receivables from tenants	100,645	132,482
Receivables from medical operations	5,701	5,701
Receivable related to sale of FVOCI securities	254,739	-
Receivable from others	16,034	3,782
Trade receivables (current)	429,486	198,837

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 30.

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.

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7 TRADE AND OTHER RECEIVABLES (continued)

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

	2023	2022
Balance at the beginning of the year	327,471	313,191
(Reversal) / provision during the year	(5,153)	14,280
Balance at end of the year	322,318	327,471

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 30.

8 PREPAYMENTS AND OTHER CURRENT ASSETS

	2023	2022
Prepaid expenses and other current assets	123,569	131,216
Inventories	31,810	30,611
Advances to suppliers	69,124	110,356
Value added tax claims receivable	5,723	4,038
	230,226	276,221

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.

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:

<u>Name</u>	<u>Relationship</u>	2023	2022
Due from related parties:			
Azizia Commercial Investment Company (Note 9.1)	Entity under common control	114,207	114,207
Others	Associate	9,651	6,769
Total		123,858	120,976
Due to related parties:			
Kingdom Oasis - Current	Entity under common control	100,000	100,000
Others - Current	Associates	1,115	674
Qatar Investment Authority – Katara Hospitality (Note 9.2) – Non-Current	Non-controlling interest	440,793	227,319
Total		541,908	327,993

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 2023.

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.

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9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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.

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:

	2023	2022
Short and long-term benefits	23,818	22,689
Others	15,370	28,770
	39,188	51,459

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.

(a) FVOCI investments consists of the following:

	2023	2022
International	18,145,850	17,888,731
Local and regional	1,356,717	1,197,195

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

	2023	2022
Cost:		
1 January – Note 10.2	33,798,908	25,376,901
Additions - Note 9.3	3,173,907	8,755,693
Transferred from FVTPL	-	213,525
Disposals during the year - Note 10.1	(10,712,124)	(547,211)
31 December	26,260,691	33,798,908
Fair value reserve for investments at FVOCI:		
1 January	(14,712,982)	(9,036,703)
Unrealized gain during the year	8,983,839	837,710
Unrealized loss during the year	(4,964,663)	(6,235,517)
Realized loss (gain) transferred to retained earnings upon disposal	3,935,682	(278,472)
31 December	(6,758,124)	(14,712,982)
Net carrying amount	19,502,567	19,085,926

The investments at FVOCI are denominated in the following currencies:

	2023	2022
US Dollar	11,541,747	10,129,522
Euro	6,538,901	7,536,760
Russian Rubles ('RR')	97,452	222,449
Saudi Riyals	1,324,467	1,197,195
	19,502,567	19,085,926

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10 INVESTMENTS AT FVOCI (continued)

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 March 1, 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 2023, amounting to Saudi Riyals 1,190 million. This amount was then reduced by 92% to account for the aforementioned regulatory/administrative challenges. A 5% change in this percentage would result in a Saudi Riyal 60 million change in the fair value of these securities.

10.2 Investment in securities of a social media services company

As at 31 December 2023, the Group holds position in equity securities of a social media services company ("Tech Company") amounting to Saudi Riyals 985 million. The Group has used discounted cash flow model for fair valuation of equity securities using the most recent management business plan of the Tech Company. Significant unobservable inputs used include assumptions related to revenue growth, EBITDA margin, discount rate, terminal growth rate and the period of forecast.

The following table sets out the key assumptions made in performing the fair valuation review as at 31 December 2023:

Revenue growth - CAGR for the forecasted period	22.1%
EBITDA margin - average for the forecasted period	52.2%
Terminal growth rate	3.0%
Discount rate	12%-13%

As at 31 December 2023, a change of 100 basis points in the Revenue CAGR, average EBITDA margin, discount rate and terminal growth rate will impact the fair value of the Tech Company by Saudi Riyals 45 million, Saudi Riyals 12 million, Saudi Riyals 136 million and Saudi Riyals 91 million respectively.

11 EQUITY-ACCOUNTED INVESTEEES

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

	2023	2022
1 January	16,371,058	16,343,166
Dividends	(437,647)	(312,429)
Share of results	1,032,833	851,595
Share in other comprehensive income (loss)	107,207	(299,723)
Unrealized exchange gain (loss) on translation	98,984	(211,551)
31 December	<u>17,172,435</u>	<u>16,371,058</u>

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

Investee name	2023		2022	
	Effective ownership %	Amount	Effective ownership %	Amount
Banque Saudi Fransi ("BSF") (Note 3)	16.2	7,283,425	16.2	6,852,490
Four Seasons Holding Inc ("FSH Inc.")	23.75	2,452,216	23.75	2,354,122
Accor S.A. ("Accor") (Note 3)	6.3	3,002,262	6.3	2,816,628
Jeddah Economic Company ("JEC")	33.4	2,687,168	33.4	2,729,844
National Air Services ("NAS")	37.1	1,694,639	37.1	1,565,249
Others	30.0-35.0	52,725	30.0-35.0	52,725
		<u>17,172,435</u>		<u>16,371,058</u>

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11 EQUITY-ACCOUNTED INVESTEEES (continued)

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 2023 (All amounts in Saudi Riyals millions)	NAS	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
31 December 2022 (All amounts in Saudi Riyals millions)	NAS	JEC	FSH Inc.	BSF	Accor S.A.
Non-current assets	5,418	10,759	10,508	73,067	32,630
Current assets	1,335	866	2,545	159,012	14,386
Non-current liabilities	(5,452)	(3,110)	(4,185)	(157,592)	(13,395)
Current liabilities	(2,850)	(434)	(698)	(35,740)	(11,721)
Equity	(1,549)	8,081	8,170	38,747	21,900
KHC's share	(574)	2,695	1,940	6,277	1,380
Carrying amount	1,565	2,730	2,354	6,852	2,817
Revenue	4,781	-	2,023	9,730	16,692
Net (loss) / profit	258	(152)	511	3,575	1,683
Other comprehensive (loss) / income	(7)	-	(10)	(2,319)	1,284
Total comprehensive (loss) / income	251	(152)	501	1,256	2,967
Share in total comprehensive (loss) / income	93	(51)	119	204	187

Among the equity-accounted investees mentioned above, BSF and Accor are listed entities. At 31 December 2023, the fair value of the Group's holding in these associates as per quoted prices amounts to Saudi Riyals 7,352 million (2022: Saudi Riyals 7,928 million) and Saudi Riyals 2,362 million (2022: Saudi Riyals 1,546 million), respectively.

Accor

In 2023, Accor reported its financial outcomes, marking an EBITDA that exceeded Saudi Riyal 4.0 billion (2022: Saudi Riyals 2.6 billion) for the first time. The year ended 31 December 2023 also saw a 20% increase in revenue and a 57% increase in net profit compared to the previous year. Accor also paid a dividend of Saudi Riyals 1.2 billion during the year ended 31 December 2023 (2022: Nil).

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11 EQUITY-ACCOUNTED INVESTEEES (continued)

Accor (continued)

However, the list price of Accor's business was less than carrying value of net assets as at 31 December 2023 which is mentioned as one of the triggers for assessment of impairment under IAS 36, that is endorsed in the Kingdom of Saudi Arabia. Accordingly, the Group has performed an impairment assessment based on value in use using discounted cash flow model prepared over a period of 10 years which management believes reflects the life of investment in hospitality sector having footprint in various geographical locations. The significant assumptions used, which were based on Accor management's best estimate given the current uncertainties, are as follows:

Particulars	2023
Revenue growth – CAGR	Actual revenue posted in 2023 was above 2019 (pre-covid). CAGR assumed from 2024 to 2033 is 5.28%
EBITDA margin –average	Average EBITDA margin assumed from 2024 to 2033 is 41%
Terminal growth rate	2.0%
Discount rate	10.5%
Assumption	Approach used to determine values
Revenue growth - Key revenue streams Franchise and management fees	The key factor that the hotels working with the franchise names of brands under Accor will continue their status as premier hotels. The Group has now achieved revenues from this stream which has surpassed the Pre-COVID (one year earlier than predicted last year). Management believes that actual revenues achieved in 2023 still does not depict Pre-COVID 19 levels and expects to achieve Pre-COVID 19 level revenues by end of 2024. The franchise fees depend on occupancy rate and average rate per rooms which is based on management's assumption of achieving a stabilized level of performance considering the political and economic environment of the countries in which the hotels operate.
EBITDA margins-average	Based on past performance (reference years 2019, 2022 and 2023) and management's expectations for the future (Pre-COVID levels to be achieved by 2024).
Long term growth 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. The increase from last year is due to increase in risk free rate and increase in cost of debt (reflecting the rising inflation and interest rates).

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

Particulars	2023	
	From	To
Revenue growth – CAGR*	5.05%	4.07%
EBITDA margin – average*	41.01%	40.48%
Terminal growth rate	2.0%	0.2%
Discount rate	10.5%	11.34%

* Including terminal years

NAS

During 2023, NAS recorded strong topline growth. The revenue for NAS increased by 32% to reach Saudi Riyals 6.3 billion (2022: Saudi Riyals 4.8 billion) for the year ended 31 December 2023. NAS also recorded a net profit of Saudi Riyals 363 million (2022: profit of Saudi Riyals 258 million) for the year ended 31 December 2023. The strong financial performance was underpinned by increase in fleet size to 64 aircrafts (2022: 43 aircrafts); increase in passengers by 28% to 11.1 million (2022: 8.7 million passengers) and launch of 57 new destinations in 2023 (16 new destinations in 2022). In the back-drop of the above, 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 2023.

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11 EQUITY-ACCOUNTED INVESTEEES (continued)

JEC

For the investment in JEC, the work is not progressing since 2019. The Group is negotiating the same with the existing contractor and along with the other shareholders of JEC to resume the construction work.

FSH

On 9 September 2021, the Group, through its affiliate (Kingdom Investment I (TSF)), signed an agreement with FS Washington Acquisition Corp, an affiliate of Cascade Investment Company, to sell half of its stake in Four Seasons Holding Company, representing 23.75% for a consideration of Saudi Riyals 8.29 billion, and retaining a 23.75% ownership of Four Seasons Holding Company (FSHI). FSHI is engaged in the management of, and the investment in, hotels, resorts and branded residential projects throughout the world. The deal was closed in January 2022 after obtaining all the applicable regulatory approvals and satisfaction of other customary closing conditions. The transaction resulted in a net gain of Saudi Riyals 5.87 billion which was recognized during 2022.

Further, 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 2023.

12 INVESTMENT PROPERTIES

	Land	Buildings	Furniture, Fixtures and others	Total
2023				
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
2022				
Cost				
1 January	3,250,684	949,838	21,047	4,221,569
Additions	-	13,586	-	13,586
31 December	3,250,684	963,424	21,047	4,235,155
Accumulated depreciation				
1 January	-	516,123	16,915	533,038
Charge for the year	-	24,425	1,002	25,427
31 December	-	540,548	17,917	558,465
Net book value	3,250,684	422,876	3,130	3,676,690

12.1 During the year ended 31 December 2021, the Group disposed of land at a sale consideration amounting to Saudi Riyals 1.5 billion (The present value of these sale proceeds amounts to Saudi Riyals 1.25 billion. Also see Note 7). The sale proceeds are expected to be received after 5 years in cash. The Group made a net gain of Saudi Riyals 502 million on this transaction, after discounting the sale proceeds to its present value and deducting sales related expenses (real estate taxes and sales commission). The finance income amounting to Saudi Riyals 87 million (2022: Saudi Riyals 81 million), calculated using the effective interest rate method, has been recognised in the consolidated statement of income as part of 'Finance income'.

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12 INVESTMENT PROPERTIES (continued)

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").

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
	<u>4,103,561</u>

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 (2022: Nil) 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 2023, investment properties kept for the purpose of rental yields amounted to Saudi Riyals 1.2 billion. The direct attributable expenses associated with the rental income amounts to Saudi Riyals 210 million for the year ended 31 December 2023. 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 4.5 billion as at 31 December 2023.

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14 GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets comprise the following:

	2023	2022
Goodwill	1,158,938	1,132,722
Other intangible assets	680,978	681,090
	1,839,916	1,813,812

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

	2023	2022
1 January	1,813,812	1,945,430
Additions	-	515
Currency translation adjustments and others	26,104	(132,133)
31 December	1,839,916	1,813,812

Goodwill recognized by the Group mainly represents an amount of Saudi Riyals 1.159 billion (31 December 2022: Saudi Riyals 1.133 billion) recognized on its cash generating unit – George V.

Other intangible assets include an indefinite life brand amounting to Saudi Riyals 680.9 million (2022: Saudi Riyals 680.7 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 (2022: 9 years) for George V and Savoy.

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

Particulars	George V	
	2023	2022
Revenue growth - CAGR	6.8%	6.7%
EBITDA margin - average	40.0%	30.7%
Terminal capitalization rate	4.0%	4.25%
Discount rate	9.5%	8.25%
	Savoy	
Particulars	2023	2022
Revenue growth - CAGR	4.8%	3.7%
EBITDA margin - average	42.1%	32.0%
Terminal Capitalization rate	4.0%	3.75%
Discount rate	11.0%	10.25%

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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 2023 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	2023	
	From	To
Revenue growth – CAGR	6.8%	1.6%
EBITDA margin – average	40.0%	37.7%
Terminal capitalization rate	4.0%	9.3%
Discount rate	9.5%	17.0%

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

Particulars	2023	
	From	To
Revenue growth – CAGR	4.8%	3.1%
EBITDA margin – average	42.1%	40.7%
Terminal capitalization rate	4.0%	6.2%
Discount rate	11.0%	15.0%

15 OTHER LONG-TERM ASSETS

	2023	2022
Long term advances	500,001	317,001
Refundable deposits	837	385
Others	50,778	63,319
	551,616	380,705

15.1 At 31 December 2023, long term advances includes an amount of Saudi Riyals 500 million (2022: Saudi Riyals 317 million) paid as advances in respect of purchase of additional shares of certain subsidiaries of the Group. The legal proceedings for the transfer of the title of these shares in the name of the Group have not been completed and as such these payments have been recognized as part of other long-term assets.

16 BORROWINGS

The outstanding borrowings balance is presented as follows:

	2023	2022
<u>Current</u>		
Current portion of term loans	2,208,888	5,105,425
<u>Non-current</u>		
Term loans, including long-term revolving facilities	12,763,240	13,256,073

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16 BORROWINGS (continued)

The movement in the borrowings is as follows:	2023	2022
1 January	18,434,066	16,496,674
Additions	9,661,639	10,433,225
Repayments	(13,151,672)	(8,411,952)
Foreign currency translation adjustments	96,201	(83,881)
31 December	15,040,234	18,434,066
Unamortized transaction costs:		
1 January	(72,569)	(53,619)
Additions	-	(25,653)
Amortization	4,463	6,704
31 December	(68,106)	(72,568)
Net carrying amount	14,972,128	18,361,498
Details of borrowings by entity are as follows:		
	2023	2022
Kingdom Holding Company	8,701,902	12,159,182
Kingdom 5-KR-11 Limited	2,672,431	2,591,722
Kingdom 5-KR-35 Group	1,704,026	1,568,868
Kingdom KR-114 Limited	1,142,259	1,213,398
Trade Centre Company Limited (TCCL)	751,102	827,920
Others	408	408
	14,972,128	18,361,498

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 2022, 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.

During 2023, the Group has repaid the outstanding loan of Saudi Riyals 1.99 billion 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 22.3 billion as at 31 December 2023. 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:

	2023	2022
Saudi Riyals	4,541,241	7,033,093
Euro	2,812,500	3,937,500
US Dollars	1,348,161	1,188,589
	8,701,902	12,159,182

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 5.4 billion as at 31 December 2023. 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.

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16 BORROWINGS (continued)

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 937 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.

For IRS related disclosures, refer to Note 36.

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 1.978 billion as at 31 December 2023 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.

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 2023, Property and Equipment and Investment Properties pledged as collateral to this loan facility amounted to Saudi Riyals 242 million and Saudi Riyals 135 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

	2023		2022	
Borrowings	14,972,128		18,361,498	
Due to a related party	440,793		227,319	
Less: Cash and cash equivalents	(1,923,789)		(3,440,947)	
	13,489,132		15,147,870	
	Borrowings	Due to a related party	Cash	Total
Net debt as at				
1 January 2022	16,443,055	238,605	(1,051,194)	15,630,466
Financing cash flows	2,021,273	(11,286)	(2,192,336)	(182,349)
Other changes	(77,184)	-	(197,417)	(274,601)
Interest expense	676,601	8,852	-	685,453
Interest payments (presented as operating cash flows)	(702,247)	(8,852)	-	(711,099)
Net debt as at 31 December 2022	18,361,498	227,319	(3,440,947)	15,147,870
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

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17 ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2023	2022
Accrued expenses	606,983	602,177
Accounts and other payables	133,912	308,174
Unearned revenues	112,121	92,773
Advances from customers	88,105	54,199
Security deposits	21,893	20,003
Others	31,042	42,922
	994,056	1,120,248

18 ZAKAT AND INCOME TAX PROVISION

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

	Note	2023	2022
Zakat	18.1	166,855	206,995
Income tax charge	18.2	20,780	35,059
Withholding tax on foreign dividends	18.2	120,197	122,232
		307,832	364,286

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:

	2023	2022
1 January	532,177	381,857
Charge for the year	166,855	206,995
Paid during the year	(336,358)	(56,675)
31 December	362,674	532,177

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.

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 has executed a payment of Saudi Riyals 256 million as settlements for open assessments which is in line with the provision recorded by the Company for such years.

The remaining years (2019 and onwards) are under review by ZATCA and the 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 2022 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.

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18 ZAKAT AND INCOME TAX PROVISION (continued)

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.

	2023	2022
1 January	14,153	5,371
Income tax (reversal) / charge	(12,959)	48,316
Deferred tax debit (credit)	33,739	(13,257)
	20,780	35,059
Withholding tax on foreign dividends	120,197	122,232
Paid during the year	(155,130)	(148,509)
31 December	-	14,153

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:

	2023	2022
<u>Deferred tax liabilities</u>		
Property and equipment	111,132	136,641
Others	1,312	2,982
	112,444	139,623
<u>Deferred tax asset</u>	20,364	13,804

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 2023 and 31 December 2022 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 is currently in the process of amending 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 2022					
Share in other comprehensive loss	(250,370)	326,528	(32,041)	35,521	79,638
Net change in fair value	(64,690)	-	-	-	(64,690)
Actuarial gain / (losses) on employee benefit obligations during the year	3,132	-	(5,028)	-	(1,896)
Unrealized exchange loss for the year on translation	-	(380,728)	-	-	(380,728)
At 31 December 2022	(311,928)	(54,200)	(37,069)	(202,644)	(605,841)
Share in other comprehensive income	33,496	-	-	-	33,496
Net change in fair value	-	-	-	73,711	73,711
Actuarial gains on employee benefit obligations during the year	-	-	6,397	-	6,397
Unrealized exchange gain for the year on translation	-	336,380	-	-	336,380
At 31 December 2023	(278,432)	282,180	(30,672)	(128,933)	(155,857)

22 NON-CONTROLLING INTERESTS

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

Name of the subsidiary	2023		2022	
	Total non-controlling interest	Share in total comprehensive income / (loss)	Total non-controlling interest	Share in total comprehensive income / (loss)
Trade Centre Company Limited	708,183	(50,125)	758,308	8,170
Kingdom KR-114 Limited – Brezzeroad Limited	210,468	(47,099)	257,567	(81,061)
Real Estate Investment Company	414,602	45,667	368,935	6,308
Kingdom Schools Company Limited	98,889	12,050	86,839	10,254
Consulting Clinic SAL	24,535	-	24,535	-
Fashion Village Trading Company Limited	(9,675)	-	(9,675)	-
Others	5,874	-	5,874	-
	1,452,876	(39,507)	1,492,383	(56,329)

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22 NON-CONTROLLING INTERESTS (continued)

The summarized financial information below relates to subsidiaries of group and represents amounts before intra group eliminations:

	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
Current assets	29%	41%	31%	53%	50%	28%	
Current liabilities	196,683,060	163,074,889	54,312,993	58,718,700	8,027,509	2,920,000	483,737,151
Net current assets	134,355,648	73,794,562	10,495,677	13,130,815	24,536,868	-	256,313,570
	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:

	2023	2022
Revenue from hotel operations - over a period of time – for room sales and hotel stay	687,174	634,748
Revenue from hotel operations - at a point in time – for other goods and services	477,850	441,394
Revenue from tuition fees - over a period of time	83,795	73,200
Revenue from other services - at a point in time	2,851	-
	1,251,670	1,149,342
Revenue from renting of shops and apartments – over a period of time	268,868	248,355
Revenue from renting of villas and apartments – over a period of time	72,181	62,955
	341,049	311,310
	1,592,719	1,460,652

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	2023	2022
Europe (England and France)	884,459	827,055
Asia (Saudi Arabia)	624,702	536,281
Africa (Seychelles)	83,558	97,316
	1,592,719	1,460,652

24 HOTEL AND OTHER OPERATING COSTS

	2023	2022
Employee cost	493,647	405,946
Depreciation and Amortization	354,151	189,712
Repairs and maintenance	128,039	107,533
Utilities	96,802	79,443
Others	111,235	118,969
	1,183,874	901,603

25 DIVIDEND INCOME

	2023	2022
Dividends from international equity investments	983,333	1,000,165

26 GAIN ON INVESTMENTS AT FVTPL

	2023	2022
Unrealized gain on investments at FVTPL (Refer Note 6)	127,320	31,304

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27 GENERAL, ADMINISTRATIVE AND MARKETING EXPENSES

	Note	2023	2022
Employee cost		146,411	139,515
Professional fees	27.1	97,126	42,027
Selling and marketing expenses		137,217	89,532
Utilities and office expenses		40,257	32,862
Repairs and maintenance		15,963	43,231
Others		85,258	76,744
		<u>522,232</u>	<u>423,911</u>

27.1 Includes the Group's auditors' fee of Saudi Riyals 4.31 million (2022: Saudi Riyals 3.1 million) for the audit and review of the consolidated financial statements and Saudi Riyals 0.75 million (2022: Nil) 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 COMMITMENTS

Hotel 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 2023 amounted to Saudi Riyals 389 million (2022: Saudi Riyals 392 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 6,420 million (2022: Saudi Riyals 9,321 million) as at the consolidated 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 2023, the Group does not have any outstanding letters of guarantee (2022: Nil). However, the Group's share in the equity-accounted investees' letters of guarantees, credits and acceptance as of 31 December 2023 amounted to Saudi Riyals 13.5 billion (31 December 2022: Saudi Riyals 10.5 billion).

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31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group holds the following financial instruments:

	Note	2023	2022
Financial assets			
Financial assets at amortized cost			
Trade and other receivables	7	429,486	198,837
Due from related parties	9	123,858	120,976
Cash and cash equivalents	5	1,923,789	3,440,947
Long-term receivables	7	1,250,399	1,162,715
Financial assets at FVOCI			
Investments at FVOCI	10	19,502,567	19,085,926
Financial assets at FVTPL			
Investments at FVTPL	6	232,576	105,256
Financial liabilities			
Financial liabilities at amortized cost			
Accounts payables, accrued expenses and other current liabilities	17	879,972	1,028,981
Derivative financial instruments	36	74,927	-
Due to related parties	9	541,908	327,993
Borrowings	16	14,972,128	18,361,498
Dividends payable	34	259,376	259,412

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:

	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
	2022				
	SAR	EUR	GBP	USD	Others
Trade receivables	1,304,681	28,764	21,938	-	6,169
Bank loans	7,861,421	8,098,090	1,213,398	1,188,589	-
FVOCI investments	1,197,195	7,536,760	-	10,129,522	222,449

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 income by Saudi Riyals 359 million and Saudi Riyals 57, 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 5 million and Saudi Riyals 327 million, respectively.

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31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 133 million (2022: Saudi Riyals 186.8 million).

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	2023	Sensitivity	
		Net Profit	Percentage
Investments at FVTPL (Current):			
- Asia	232,576	+/- 2,326	+/- 1%
		Sensitivity	
Investments at FVOCI (Non-current):		OCI	Percentage
- North America	11,471,997	+/- 114,720	+/- 1%
- Asia	1,491,669	+/- 15,292	+/- 1%
- Europe	6,538,901	+/- 65,389	+/- 1%
	<u>19,502,567</u>	<u>+/- 194,729</u>	
	19,735,143	+/- 197,351	
Markets	2022	Sensitivity	
Investments at FVTPL:		Net Profit	Percentage
- Asia	105,256	+/- 1,053	+/- 1%
		Sensitivity	
Investments at FVOCI (Non-current):		OCI	Percentage
- North America	10,129,521	+/- 101,295	+/- 1%
- Asia	1,419,646	+/- 14,196	+/- 1%
- Europe	7,536,759	+/- 75,368	+/- 1%
	<u>19,085,926</u>	<u>+/- 190,859</u>	
	19,191,182	+/- 191,912	

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. Reversal / Impairment losses on financial assets recognized in the statement of income for the year ended 31 December 2023 amounted to Saudi Riyals (5.2) million (2022: Saudi Riyals 14.3 million). Credit risk is managed on an entity level.

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Credit risk (continued)

Revenue from hotel operations are 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 receivables from investment property's sales in prior year, the customer is one of the leading real estate development companies in the Kingdom of Saudi Arabia specialising in developing small- and large-scale lands for more than 25 years.

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

Receivable from sale of Oil and Gas Companies and Telefonica securities primarily represents sale proceeds amounting to Saudi Riyals 180 and 74 million recognized from sale of such investments during the year. For receivables related to sale of Oil and Gas Companies and Telefonica securities, payment has been received in full for the amounts outstanding subsequent to year-end.

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 2023 and 2022 is not material. The cash balance as at 31 December 2023 is Saudi Riyals 1.9 billion (31 December 2022: Saudi Riyals 3.4 billion).

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

Credit rating	2023	2022
Aa3	828,480	2,117,843
A-1	994,202	203,673
A-2	101,107	1,119,431
	1,923,789	3,440,947

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 80.6% in KSA, 0.60% in Gulf Cooperation Council (GCC) countries (other than KSA) and 2.86% in other countries (2022: 95.4% in KSA, 0.88% in GCC countries (other than KSA) and 3.72% in other countries). The nature of businesses of the Group owned entities does not expose it to credit concentration risk.

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Credit risk (continued)

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

With regard to due from related parties amounting to Saudi Riyals 124 million as at 31 December 2023 (31 December 2022: Saudi Riyals 121 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 30 shows the maximum exposure to credit risk.

Long-term receivable

For long-term receivable balance amounting to Saudi Riyals 1.3 billion is due from a single customer. Also see Note 12.1.

For long-term receivable asset recognized on sale of land (also see Note 12.1), assessment for whether there is a SICR since initial recognition has been carried out by evaluating the financial performance of the buyer of such land including review of any supplemental publicly available information. The Group has assessed that credit risk of such receivable has not increased significantly since initial recognition and has determined that a credit loss allowance based on 12-month ECLs (Stage 1) is not material.

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.

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
2022	Less than 1 year	1-3 years	More than 3 year	Total
Borrowings	5,163,104	14,718,788	-	19,881,892
Accounts payable, accrued expenses and other current liabilities	1,028,981	-	-	1,028,981
Due to related parties	327,993	-	-	327,993
Dividends payable	259,412	-	-	259,412
	6,779,490	14,718,788	-	21,498,278

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31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

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>	2023	2022
Total borrowings (Note 16)	14,972,128	18,361,498
Total assets	54,098,335	53,155,476
Debt to total asset ratio	27.68%	34.54%

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.

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31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

Fair value hierarchy (continued)

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 2023:

As at 31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets				
<i>Investments at FVTPL (Current):</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
Sub-total	18,238,609	-	1,263,958	19,502,567
Total financial assets at fair value	18,238,609	-	1,496,534	19,735,143
As at 31 December 2022				
Financial assets				
<i>Investments at FVTPL:</i>				
- Asia	-	105,256	-	105,256
<i>Investments at FVOCI (non-current):</i>				
- North America	9,143,984	-	985,538	10,129,522
- Asia	1,197,195	-	222,449	1,419,644
- Europe	7,536,760	-	-	7,536,760
	17,877,939	-	1,207,987	19,085,926
Total financial assets at fair value	17,877,939	105,256	1,207,987	19,191,182

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.

Level 3 designated financial instruments – Investments at FVOCI/FVTPL

Investments at FVOCI

As at 31 December 2023, Level 3 investments designated under North America and Asia, relate to equity positions held in Tech Company 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 10.2 and 10.1.

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.

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31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

Transfer from level 2 to level 3

During the year ended 31 December 2023, investment in Five Capital Fund (the "Fund") was transferred from level 2 to level 3 which is the appropriate classification for such securities. The fair value of the investments held by the Fund is determined using discounted cashflows, enterprise value and revenue multiples derived from companies comparable to investees.

There were no other transfers carried out between Level 1, Level 2 and Level 3 fair value measurements.

As of 31 December 2023, the Investments at FVOCI encompasses strategic holdings in Citibank, M&G, Phoenix, and Telefonica Groups, with their respective fair values constituting 26%, 8%, 7%, and 10% of the portfolio.

	Securities at FVTPL (level 3)	Securities at FVOCI (level 3)
Fair value at 1 January 2023	-	1,207,987
loss recognised in other comprehensive income	-	(2,443)
Additions	-	180,968
Disposals	-	(122,554)
Transfers into level 3	232,576	-
Fair value at 31 December 2023	232,576	1,263,958

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

	2023	2022
At 1 January	85,665	88,227
Current service cost	2,062	9,434
Interest expense	688	420
Total amount recognized in profit or loss	2,750	9,854
<i>Re-measurements</i>		
Gain (loss) from change in financial assumptions	6,397	(5,028)
Total amount recognized in other comprehensive income	6,397	(5,028)
Benefit payments	(6,702)	(7,388)
At 31 December	88,110	85,665

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 2023 and 2022, 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 4.9% to 5.5% (31 December 2022: 4.0% to 4.5%). The expected liability at the date of leaving the service has been discounted to its net present value using an approximate discount rate between 5% to 6% (31 December 2022: 3.9% to 4%).

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33 SEGMENT INFORMATION

The Group is a diversified organization and derives its revenues and profits from a variety of sources, 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.
Healthcare	The principal activity includes Consulting Clinics.
All other segments	The principal activities include operations of Kingdom School and other trading activities carried out by the Group.

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33	SEGMENT INFORMATION (continued)	2023					2022		
		Equity investments	Hotels	Real estate	Healthcare	All other segments	Total	All other segments	Total
	2023								
	Total assets	39,575,122	6,630,532	7,293,605	77,561	521,515	54,098,335		
	Total liabilities	12,420,450	3,856,864	1,116,860	29,757	49,986	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		
	2022								
	Total assets	39,165,333	6,154,173	7,167,128	77,561	591,281	53,155,476		
	Total liabilities	16,205,527	3,487,666	1,176,305	29,757	37,099	20,936,354		
	Total revenues	1,023,218	924,372	471,332	-	73,199	2,492,121		
	Total operating costs	-	567,293	292,661	-	41,649	901,603		
	Profit (including NCI)	6,855,320	17,407	51,715	-	17,712	6,942,154		

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 2023 and 2022 have been computed by dividing the profit for the year by the total number of shares outstanding during 2023 of 3,706 million shares (2022: 3,706 million shares).

35 DIVIDENDS DECLARATION

The General Assembly of the Company, in its annual meeting held on 24 Shawwal 1444H (corresponding to 14 May 2023), approved cash dividends distribution amounting to Saudi Riyals 1,037.6 million (Saudi Riyals 0.28 per share), in accordance with the recommendation put forth by the Board of Directors on 30 March 2023. Payment in respect of the first, second and third dividend distribution of Saudi Riyals 778.2 million was made during the year ended 31 December 2023. The fourth dividend distribution was made subsequent to the year-end. (Payment in respect of the fourth dividend distribution of Saudi Riyals 259.4 million relating to the year ended 31 December 2021 was made during the period ended 31 March 2023).

36 DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2023, the Group holds the following outstanding written put/call options ('Options'), granting the counterparty the right to either sell or buy shares from or to the Group at the pre-agreed strike price stipulated within the contracts.

Nature of options	Trade date	Settlement date	Option style	Fair value as at 31 December 2023	Underlying security
Sale of Put options	8 June 2022*	Month of June 2024	European	13,677	Shares of a listed entity
Sale of Call options	6 January 2023	22 January 2024	European	5	Shares of a listed entity

* The put option expired out of the money in the month of June 2023 and a gain of Saudi Riyals 79 million was recorded under "other gains, net" during the year ended 31 December 2023. The remaining put option on certain securities was extended for an additional period of 12 months.

The Group has used Black Scholes model ('Model') for determination of fair value of Options. The Model takes into account the current price of the underlying shares, the exercise price, the time to expiry, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the Options. The most sensitive input to the Model were risk free interest rate and volatility. However, a 5% change in the risk-free interest rate and expected price volatility of underlying shares will not significantly impact the fair value of the Options as at 31 December 2023.

36.1 Interest rate swap derivative

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 60 million

The hedge is considered effective. As of 31 December 2023, a net unrealized loss of Saudi Riyals 60 million (2022 Nil) has been recorded in other comprehensive income.

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37 OTHER GAINS, NET

	2023	2022
Net fair value gains on derivatives (Note 36)	160,763	-
Net gain on derecognition of investment property (Note 12.2)	254,531	-
Net gain on settlement of put options (Note 36)	79,000	-
Other	(31,038)	32,944
	463,256	32,944

38 SUBSEQUENT EVENTS

In February 2024, the Board of directors granted approval for sale of a Compound held under one of the subsidiaries of the Group ('REIC'). A sale transaction was finalized between the Group and a third party on a subsequent date, culminating in the sale of the compound for Saudi Riyals 0.9 billion. As of 31 December 2023, this compound had a carrying value of Saudi Riyals 0.7 billion in the books of REIC.

The Board of Directors on 26 March 2024 proposed a distribution of cash dividends totaling to Saudi Riyals 1,037.6 million, subject to approval in the next Ordinary General Assembly meeting.