



KINGDOM HOLDING COMPANY

(A Saudi Joint Stock Company)

Condensed Consolidated Interim

Financial Statements

For the three-month and Nine-month periods ended

30 September 2021

(unaudited)

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2021

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Report on review of condensed consolidated interim financial statements

To the Shareholders of Kingdom Holding Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Kingdom Holding Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 September 2021 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and nine-month periods ended 30 September 2021 and the condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

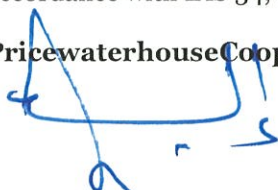
Scope of review

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

Conclusion

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

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read "Omar M. Al Sagga", written over the printed name.

Omar M. Al Sagga
License Number 369

10 November 2021

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

	Note	30-Sep-21 (Unaudited)	31-Dec-20 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents		1,040,201	2,387,431
Investments at fair value through profit or loss ("FVTPL")	6	152,891	274,287
Trade and other receivables		87,828	123,773
Prepayments and other current assets		197,781	150,442
Due from related parties		125,366	219,807
		1,604,067	3,155,740
Equity-accounted investment classified as held for sale	7	2,261,792	-
Total current assets		3,865,859	3,155,740
Non-current assets			
Investments at FVTPL	6	213,525	213,525
Investments at fair value through other comprehensive income ("FVOCI")	6	16,490,821	13,997,579
Equity-accounted investees	7	16,372,274	18,654,797
Investment properties		4,217,943	4,231,963
Properties and equipment		6,900,299	6,949,410
Goodwill and intangible assets		1,959,542	2,025,936
Deferred tax assets		49,398	49,407
Other long-term assets		453,180	386,796
Total non-current assets		46,656,982	46,509,413
Total assets		50,522,841	49,665,153
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Borrowings	8	3,499,646	5,024,102
Accounts payable, accrued expenses and other current liabilities		730,657	744,445
Zakat and income tax payable		231,996	193,478
Due to related parties		100,140	116,508
Dividend payable		328,062	164,077
Total current liabilities		4,890,501	6,242,610
Non-current liabilities			
Borrowings	8	11,027,896	10,575,557
Due to a related party		235,253	154,189
Deferred tax liabilities		152,967	165,493
Employee benefit obligations		94,419	115,546
Other long-term liabilities		84,860	45,302
Total non-current liabilities		11,595,395	11,056,087
Total liabilities		16,485,896	17,298,697
Net assets		34,036,945	32,366,456
EQUITY			
Share capital		37,058,823	37,058,823
Statutory reserve		775,606	775,606
Retained earnings		1,607,361	1,621,585
Fair value reserve for investments at FVOCI		(7,005,531)	(9,130,047)
Other reserves		72,405	472,609
Equity attributable to shareholders of the Company		32,508,664	30,798,576
Non-controlling interests		1,528,281	1,567,880
Total equity		34,036,945	32,366,456

The notes on pages 9 to 16 form an integral part of these condensed consolidated interim 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)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
(Unaudited)

(All amounts in Saudi Riyals thousands unless otherwise stated)

		Three-month periods ended		Nine-month periods ended	
	Note	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
Revenues					
Hotels and other operating revenues		261,651	183,661	533,872	643,822
Dividend income		76,626	116,708	364,245	231,274
Gain on investments at FVTPL		-	-	36,500	37,696
Total revenues		338,277	300,369	934,617	912,792
Hotels and other operating costs		(183,903)	(191,720)	(418,788)	(598,551)
Gross profit		154,374	108,649	515,829	314,241
General, administrative and marketing expenses		(67,889)	(67,588)	(173,745)	(224,041)
Reversal of impairment/ (impairment) of financial assets		-	13,192	-	(4,760)
Share of profit / (loss) from equity-accounted investees		158,527	(114,786)	488,435	(562,711)
Impairment of equity-accounted investees		-	-	-	(500,000)
Other gains / (losses), net		771	(26,491)	161,268	(2,724)
Profit / (loss) from operations		245,783	(87,024)	991,787	(979,995)
Financial charges		(104,470)	(101,740)	(286,286)	(340,925)
Profit / (loss) before zakat and income tax		141,313	(188,764)	705,501	(1,320,920)
Income tax		(23,641)	(5,551)	(69,057)	(21,285)
Zakat		(19,898)	(22,223)	(62,457)	(67,250)
Profit / (loss) for the period		97,774	(216,538)	573,987	(1,409,455)
Profit / (loss) for the period attributable to:					
- Owners of the Company		108,688	(192,727)	611,995	(1,369,598)
- Non-controlling interests		(10,914)	(23,811)	(38,008)	(39,857)
		97,774	(216,538)	573,987	(1,409,455)
Basic and diluted earnings / (loss) per share (Saudi Riyals)	13	0.03	(0.05)	0.17	(0.37)

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KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Three-month periods ended		Nine-month periods ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
Profit / (loss) for the period	97,774	(216,538)	573,987	(1,409,455)
Other comprehensive (loss) / income:				
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>				
Unrealized (loss) / gain on equity investments at FVOCI	(282,633)	(324,718)	2,154,238	(2,458,386)
<i>Items that may be reclassified to profit or loss in subsequent periods</i>				
Share in other comprehensive loss of equity-accounted investees	(31,635)	(30,860)	(87,823)	(47,717)
Exchange differences on translation of foreign operations	(5,649)	306,706	(313,972)	337,207
Other comprehensive (loss) / income for the period	(319,917)	(48,872)	1,752,443	(2,168,896)
Total comprehensive (loss) / income for the period	(222,143)	(265,410)	2,326,430	(3,578,351)
Total comprehensive (loss) / income for the period attributable to:				
- Owners of the Company	(209,638)	(242,212)	2,366,029	(3,554,345)
- Non-controlling interests	(12,505)	(23,198)	(39,599)	(24,006)
	(222,143)	(265,410)	2,326,430	(3,578,351)

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KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the nine-month period ended 30 September 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Fair value reserve for investment at FVOCI	Other reserves	Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Balance as at 01 January 2021 (Audited)	37,058,823	775,606	1,621,585	(9,130,047)	472,609	30,798,576	1,567,880	32,366,456
Profit / (loss) for the period	-	-	611,995	-	-	611,995	(38,008)	573,987
Other comprehensive income / (loss) for the period	-	-	-	2,154,238	(400,204)	1,754,034	(1,591)	1,752,443
Total comprehensive income / (loss) for the period	-	-	611,995	2,154,238	(400,204)	2,366,029	(39,599)	2,326,430
Transfer of gain on disposal of equity investments at FVOCI to retained earnings	-	-	29,722	(29,722)	-	-	-	-
Transactions with owners in their capacity as owners:								
Dividends declared (Note 12)	-	-	(655,941)	-	-	(655,941)	-	(655,941)
Balance as at 30 September 2021 (Unaudited)	37,058,823	775,606	1,607,361	(7,005,531)	72,405	32,508,664	1,528,281	34,036,945

The notes on pages 9 to 16 form an integral part of these condensed consolidated interim 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)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (continued)
For the nine-month period ended 30 September 2020
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Fair value reserve for investment at FVOCI	Other reserves	Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Balance as at 01 January 2020 (Audited)	37,058,823	775,606	945,004	(7,420,869)	118,562	31,477,126	1,866,103	33,343,229
Loss for the period	-	-	(1,369,598)	-	-	(1,369,598)	(39,857)	(1,409,455)
Other comprehensive (loss) / income for the period	-	-	-	(2,458,386)	273,639	(2,184,747)	15,851	(2,168,896)
Total comprehensive (loss) / income for the period	-	-	(1,369,598)	(2,458,386)	273,639	(3,554,345)	(24,006)	(3,578,351)
Transfer of gain on disposal of equity investments at FVOCI to retained earnings	-	-	1,230,574	(1,230,574)	-	-	-	-
Transactions with owners in their capacity as owners:								
Dividends declared (Note 12)	-	-	(655,941)	-	-	(655,941)	-	(655,941)
Balance as at 30 September 2020 (Unaudited)	37,058,823	775,606	150,039	(11,109,829)	392,201	27,266,840	1,842,097	29,108,937

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

	Nine-month periods ended	
	30-Sep-21	30-Sep-20
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before zakat and income tax	705,501	(1,320,920)
<i>Adjustments for non-cash items:</i>		
Depreciation and amortisation	92,851	136,808
Share of (profit) / loss from equity-accounted investees	(488,435)	562,711
Impairment of equity-accounted investee	-	500,000
Unrealized gain on investments at FVTPL	(36,500)	-
Other losses, net	-	2,724
Impairment of financial assets	-	4,760
Finance charges	286,286	340,925
	559,703	227,008
Changes in operating assets and liabilities		
Trade and other receivables	35,945	77,526
Prepayments and other current assets	(47,339)	(107,504)
Due from related parties	94,441	(34,516)
Accounts payable, accrued expenses and other current liabilities	(13,788)	44,966
Due to related parties	(16,368)	8,120
Proceeds from disposals of investments at FVTPL	157,896	832,772
Other long-term liabilities	39,558	12,384
Cash generated from operating activities	810,048	1,060,756
Employee benefit obligations paid during the period	(22,718)	(5,210)
Zakat and income tax paid	(105,513)	(57,936)
Net cash generated from operating activities	681,817	997,610
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from equity accounted investees	205,031	-
Purchase of investments at FVOCI	(375,075)	(3,498,331)
Sale of investments at FVOCI	36,071	1,374,927
Proceeds from disposal of assets held for sale, net	-	30,946
Property and equipment, net	(169,860)	96,158
Net cash utilized in investing activities	(303,833)	(1,996,300)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	2,672,338	7,581,757
Repayments of borrowings, net	(3,714,455)	(4,732,593)
Due to a related party	81,064	-
Finance charges paid	(272,205)	(340,925)
Dividends paid to the Company's shareholders	(491,956)	(491,864)
Net cash (utilized in) / generated from financing activities	(1,725,214)	2,016,375
Net (decrease) / increase in cash and cash equivalents during the period	(1,347,230)	1,017,685
Cash and cash equivalents at the beginning of the period	2,387,431	1,637,560
Cash and cash equivalents at the end of the period	1,040,201	2,655,245

The notes on pages 9 to 16 form an integral part of these condensed consolidated interim 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 condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2021
(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 joint stock company. The majority shareholder of the Company is His Royal Highness Prince Alwaleed Bin Talal Bin Abdulaziz Al Saud ("Ultimate controlling party").

The Company and its subsidiaries (the "Group") carry out activities through the entities as listed in Note 1.5 to the annual audited consolidated financial statements for the year ended 31 December 2020. The principal activities of the Group are hotel management and operations, commercial services, education, investments and medical services.

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

The Company's head office is in Riyadh at the following address:
Kingdom Holding Company
66th Floor, Kingdom Centre
P.O. Box 1, Riyadh 11321
Kingdom of Saudi Arabia

Impact of COVID-19

Across the world, governments have taken different protective measures against COVID-19 causing disruptions to businesses and economic activity, ranging from partial to complete lockdown of countries. The impact of the pandemic has evolved rapidly and to contain the virus, the governments and other authorities across the world, including the geographies where the Group operates, imposed strict measures. These included restrictions on movement, social gatherings, travel bans, border closures, business closures, quarantines, stay-at-home requirements, shelter-in-place orders, density limitations and social distancing measures. The Group's businesses in hospitality and airlines (subsidiaries and equity-accounted investees) have been impacted by the mandated closures to affect social distancing. As a result, the Group experienced reductions in income associated with these businesses. The majority of the Group's business is customers' driven and the pandemic has impacted the customers' confidence and purchasing power globally. Consequently, the Group has experienced reduction in income and revenues in the corresponding periods of financial year 2020. However, with the adoptions of protective measures under the regulatory guidelines and world-wide vaccination drives the world economy has shown upward trajectory at a steady pace. Similarly, the income and revenues of the Group have improved during the current period as compared to the corresponding periods.

The impact of COVID-19 is determined by factors that continue to evolve, including but not limited to the success of support measures introduced by governments; the volume and velocity of the tourism trade; customer behaviour and sentiment; the ability of the wider economy to recover; and the timing and manner of the easing of restrictions (such as lockdowns and social distancing). The results for the three-month and nine-month periods ended 30 September 2021 and the business outlook for the full year ending 31 December 2021 are already showing improvements in operational and financial performance as the negative economic and social impacts of aforesaid factors are continuously being eliminated with global economic adjustments to the new norms.

Management has taken a series of preventive measures to ensure the health and safety of its employees, customers and wider community as well as to ensure the continuity of its operations.

As at the date of approval of these condensed consolidated interim financial statements, even though most of the territories have eased the lockdowns, the extent of impact on the businesses and economies in general, remains uncertain and is dependent on the future developments that cannot be reasonably estimated.

**KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)**

**Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2021**
(All amounts in Saudi Riyals thousands unless otherwise stated)

1 Corporate information (continued)

Critical judgements and estimates

The Group has considered the potential impact of the Covid-19 pandemic on its significant accounting judgements and estimates (Note 3).

Liquidity and financial position

As at 30 September 2021, the Group had net current liabilities amounting to Saudi Riyals 1,025 million (31 December 2020: Saudi Riyals 3,087 million). This is mainly due to maturity of certain current borrowings amounting to Saudi Riyals 3,500 million (31 December 2020: Saudi Riyals 3,499 million). KHC has undrawn amounts of the other borrowing facilities of Saudi Riyals 3,206 million (31 December 2020: Saudi Riyals 1,650 million) and based on a review of the existing liquid unpledged investments portfolio and an analysis of cash flow projections over the next twelve months, management is confident that the Group will be able to meet its obligations as and when they fall due.

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

There are no changes to the Group structure as reported in Note 1 to the annual audited consolidated financial statements of the Group for the year ended 31 December 2020.

These condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on 10 November 2021.

2 Basis of preparation

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - "Interim Financial Reporting" ("IAS-34") that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These condensed consolidated interim financial statements should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended 31 December 2020 and do not include all of the information required for a complete set of financial statements under International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual audited consolidated financial statements.

The interim results may not be an indicator of the annual results of the Group.

2.2 Historical cost convention

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for certain financial assets that are measured at fair value. Further, the employee termination benefits are calculated using the Projected Unit Credit Method (PUCM) and actuarial assumptions.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals, which is the Company's functional and Group's presentation currency.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

3 Use of estimates, assumptions and judgments

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

Management has reassessed the significant inputs in its estimates of recoverable amounts of investments in equity-accounted investments, goodwill and intangible assets, as disclosed in Notes 3.1, 12 and 15 of the annual audited consolidated financial statements for the year ended 31 December 2020, directly impacted by Covid-19 and recoverable amount of these assets are still higher than the carrying values and therefore no impairment was recognized for the nine-month period ended 30 September 2021.

4 Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's last annual audited consolidated financial statements as at and for the year ended 31 December 2020, except as mentioned in Note 4.1 to these condensed consolidated interim financial statements.

New IFRS standards, amendments to standards and interpretations not yet adopted

There are no new standards issued, however, there are number of amendments to existing standards which are effective from 1 January 2021 and have been explained in the Group's annual consolidated financial statements, but they do not have a material effect on these condensed consolidated interim financial statements.

4.1 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). The components of an option premium include its intrinsic value and its time value. On trade date, the Group determines intrinsic and time value of the option premium. The income from time value component of option premium is recognised over the time till the settlement date while the income from intrinsic value component is recognised on the trade date. At each reporting date, the Group determines fair value of derivatives and recognizes only the corresponding fair value loss, if any.

During the nine-month period ended 30 September 2021, the Group collected a premium of Saudi Riyals 158 million (2020: Nil) related to certain option contracts with a bank. The premium has already been collected and based on management's assessment regarding the exposure to fair value movements through marked-to-market valuation, the whole amount of aforementioned option premium has been recognised as 'other gains' in the condensed consolidated interim statement of profit or loss. These options are maturing on 23 December 2021. There are no corresponding derivative financial assets or liabilities related to these options that need to be recognized as of the balance sheet date.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2021
(All amounts in Saudi Riyals thousands unless otherwise stated)

5 Segment information

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

Description of segments and principal activities

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

Equity investments	International - The principal activity includes investments in international quoted 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.
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 hospital, pharmacy and consulting clinics.
All other segments	The principal activities include operations of Kingdom School and other trading activities carried out by the Group.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2021
 (All amounts in Saudi Riyals thousands unless otherwise stated)

5 Segment information (continued)

	Equity investments	Hotels	Real estate	Health Care	All other segments	Total
2021 (Unaudited)						
Total revenue:						
For the three-month period ended 30 September 2021	76,626	187,158	59,352	-	15,141	338,277
For the nine-month period ended 30 September 2021	400,745	277,055	209,104	-	47,713	934,617
Profit / (loss):						
For the three-month period ended 30 September 2021	109,459	1,910	(16,567)	-	2,972	97,774
For the nine-month period ended 30 September 2021	685,322	(109,441)	(14,930)	-	13,036	573,987
Total assets as at 30 September	37,128,815	6,615,727	6,336,069	77,561	364,669	50,522,841
Total liabilities as at 30 September	11,682,205	3,957,289	783,935	29,757	32,710	16,485,896
Timing of revenue recognition						
- At point in time	N/A	Yes	N/A	Yes	N/A	
- Over a period	N/A	N/A	Yes	N/A	Yes	
	Equity investments	Hotels	Real estate	Health care	All other segments	Total
2020 (Unaudited)						
Total revenue						
For the three-month period ended 30 September 2020	116,708	9,989	56,434	89,599	27,639	300,369
For the nine-month period ended 30 September 2020	268,970	162,656	209,170	210,525	61,471	912,792
(Loss) / profit						
For the three-month period ended 30 September 2020	(108,674)	(77,637)	(39,909)	5,165	4,517	(216,538)
For the nine-month period ended 30 September 2020	(1,231,707)	(180,550)	(18,567)	9,260	12,109	(1,409,455)
Total assets as of 31 December 2020 (Audited)	36,466,245	6,395,476	6,360,055	77,561	365,816	49,665,153
Total liabilities as of 31 December 2020 (Audited)	12,319,404	3,678,357	871,389	29,757	399,790	17,298,697
Timing of revenue recognition						
- At point in time	N/A	Yes	N/A	Yes	N/A	
- Over a period	N/A	N/A	Yes	N/A	Yes	

Management believes that the inter-segment revenues for the Group are insignificant and therefore have not been disclosed.

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6 Investments at fair value

Note 32 of the annual audited consolidated financial statements as at and for the year ended 31 December 2020 explains the fair value hierarchy, valuation techniques and the valuation process.

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 as at period end:

	Level 1	Level 2	Level 3	Total
As at 30 September 2021				
(Unaudited)				
Financial assets				
<i>Investments at FVTPL:</i>				
- Europe (<i>Non-current</i>)	-	213,525	-	213,525
- United States of America (<i>Current</i>)	-	47,635	-	47,635
- Middle East (<i>Current</i>)	-	105,256	-	105,256
Sub-total	-	366,416	-	366,416
<i>Investments at FVOCI (Non-current):</i>				
- United States of America	11,901,900	-	-	11,901,900
- Europe	3,261,951	-	-	3,261,951
- Middle East	1,326,970	-	-	1,326,970
Sub-total	16,490,821	-	-	16,490,821
Total financial assets at fair value	16,490,821	366,416	-	16,857,237
As at 31 December 2020				
(Audited)				
Financial assets				
<i>Investments at FVTPL:</i>				
- Europe (<i>Non-current</i>)	-	213,525	-	213,525
- United States of America (<i>Current</i>)	-	170,756	-	170,756
- Middle East (<i>Current</i>)	-	103,531	-	103,531
Sub-total	-	487,812	-	487,812
<i>Investments at FVOCI (Non-current):</i>				
- United States of America	10,410,550	-	-	10,410,550
- Europe	2,788,857	-	-	2,788,857
- Middle East	798,172	-	-	798,172
Sub-total	13,997,579	-	-	13,997,579
Total financial assets at fair value	13,997,579	487,812	-	14,485,391

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7 Equity-accounted investees

	Note	30-Sep-21 (Unaudited)	31-Dec-20 (Audited)
Balance as at 01 January		18,654,797	19,562,668
Dividends received		(205,031)	(71,249)
Share of profit / (loss) from equity-accounted investees for the period / year		488,435	(563,777)
Share in other comprehensive loss of equity-accounted investees for the period / year		(87,823)	(155,198)
Impairment loss recognized during the period / year		-	(500,000)
Unrealized exchange (loss) / gain on translation of foreign operations during the period / year		(216,312)	382,353
Balance as at the end of the period / year		18,634,066	18,654,797
Less: Equity-accounted investment classified as held for sale (<i>Current</i>)	7.1	(2,261,792)	-
Equity-accounted investees (<i>Non-current</i>)		16,372,274	18,654,797

The significant movements during 2020 have been explained in Note 12 to the annual consolidated financial statements for the Company for the year ended 31 December 2020.

7.1 Equity-accounted investee – Held for Sale (*Current*)

On 9 September 2021, the Company, through its affiliate (Kingdom Investment I (TSF)), has 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 SAR 8.29 billion, and retaining a 23.75% ownership of Four Seasons Holding Company (FSHC). FSHC is engaged in the management of, and the investment in, hotels, resorts and branded residential projects throughout the world. The deal is expected to be closed in January 2022 after obtaining all the applicable regulatory approvals and satisfaction of other customary closing conditions.

8 Borrowings

The outstanding balances of borrowings are related to the following group entities:

	30-Sep-21 (Unaudited)	31-Dec-20 (Audited)
Kingdom Holding Company	7,447,420	8,543,760
Kingdom 5-KR-11 Limited	3,375,000	3,375,000
Kingdom 5-KR-35 Group	1,786,985	1,609,672
Kingdom KR-114 Limited	1,368,166	1,416,042
Trade Centre Company Limited	549,563	592,185
Others	408	63,000
	14,527,542	15,599,659

The above outstanding balance is presented in the condensed consolidated interim statement of financial position as follows:

	30-Sep-21 (Unaudited)	31-Dec-20 (Audited)
<i>Current</i>		
Current portion of term loans	3,499,646	5,024,102
<i>Non-Current</i>		
Term loans, including long-term revolving facilities	11,027,896	10,575,557

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8 Borrowings (continued)

During the nine-month period ended 30 September 2021, the Group has made further drawdowns from its existing borrowing facilities amounting to Saudi Riyals 2,672 million and repaid the loans maturing during the reporting period amounting to Saudi Riyals 3,714 million.

As at 30 September 2021, borrowings include loan from a related party amounting to Saudi Riyals 867 million (31 December 2020: Saudi Riyals 652 million).

9 Contingencies and commitments

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, other than those claims against the Group requiring provision and which have been already provided. Management believes that the provisions maintained for such claims are adequate. Any additional liabilities including any potential zakat assessments 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 its operations.

There have been no significant changes in contingencies, capital and operating lease commitments during the three-month and nine-month periods ended 30 September 2021.

10 Related party transactions

The Group enters various other transactions with related parties at mutually agreed terms. All the related party transactions for the three-month and nine-month periods ended 30 September 2021, individually or in aggregate, are not material to the condensed consolidated interim financial statements for the periods then ended.

11 Share capital

The share capital as at 30 September 2021 and 31 December 2020 consists of 3,706 million authorized and issued shares at a par value of Saudi Riyals 10 each.

12 Dividend declaration

The General Assembly of the Company, in its annual meeting held on 22 Shawwal 1442H (corresponding to 2 June 2021), approved cash dividends amounting to Saudi Riyals 656 million (2020: Saudi Riyals 656 million) to be paid quarterly in equal amounts, as recommended by the Company's Board of Directors. The cash distributions have to be made to all shareholders on record as of the dates approved in the General Assembly meeting. The first and second dividend distributions were made to all shareholders on record as of the date approved in the General Assembly meeting.

13 Earnings / (loss) per share

Earnings / (loss) per share for the three-month and nine-month periods ended 30 September 2021 and 2020 have been computed by dividing the profit / (loss) for each of the period presented by the number of shares outstanding of 3,706 million shares (30 September 2020: 3,706 million shares) during the period then ended.

14 Zakat and income tax payable

During the period ended 30 September 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. Management and zakat advisor are in the process of assessing these claims. Based on the historical settlements, the company has been able to reduce the previous claims significantly.

15 Subsequent event

No events have arisen subsequent to 30 September 2021 and before the date of signing the independent auditor's review report, that could have a significant effect on the condensed consolidated interim financial statements for the three-month and nine-month periods ended 30 September 2021.