KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
AND INDEPENDENT AUDITOR'S REPORT

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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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 2022, 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 2022;
- 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, which include significant accounting policies 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	• Impairment assessment of indefinite life intangible assets • Impairment assessment of equity-accounted investment in Accor

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.

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
Impairment assessment of indefinite life intangible assets At 31 December 2022, the Group had indefinite life intangible assets, comprising goodwill and brand, which arose on past business combinations amounting to Saudi Riyals 1.1 billion and Saudi Riyals 681 million, respectively. In accordance with the International Accounting Standard "Impairment of assets" (IAS 36), 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. 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 2022 did not result in any impairment loss to be recognized. 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 on the part of management. The critical judgmental elements of management's assessment were: (a) revenue growth and EBITDA margin assumptions; and (b) discount rates and terminal capitalization rates used in the cash flow models. *Refer to Note 4.11 and Note 4.18 for the accounting policies, Note 3.1 for the significant estimate and Note 14 for the related disclosures in the accompanying consolidated financial statements.*	We assessed management's impairment assessment of indefinite life intangible assets by performing the following procedures: • 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 • Reviewed 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. We also reviewed the adequacy of the disclosures included in the notes to the accompanying consolidated financial statements.

Our audit approach (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of equity-accounted investment in Accor At 31 December 2022, the Group had an investment in Accor amounting to Saudi Riyals 2.8 billion. In accordance with the International Accounting Standard "Impairment of assets" (IAS 36), an entity is required to perform impairment reviews for non-financial assets whenever there is an identified trigger for impairment. Based on such trigger, management carried out an impairment assessment in respect of its investment in Accor by determining a recoverable amount based on value-in-use using discounted cash flow model, which utilized the most recent business plans prepared by their management. The outcome of this assessment as at 31 December 2022 did not result in any impairment loss to be recognized. We considered impairment testing of equity- accounted investment in Accor performed by management as a key audit matter since the assessment of the recoverable amount under the value in use basis requires considerable judgment around use of estimates on the part of management. The critical judgmental elements of management's assessment were: 1) revenue growth and EBITDA margin assumptions; and 2) discount rates and long-term growth rates used in the cash flow models. *Refer to Note 4.2 and Note 4.18 for the accounting policies, Note 3.1 for the significant estimate, Note 3.2 for significant judgement and Note 11 for the related disclosures in the accompanying consolidated financial statements.*	We assessed management's impairment assessment of equity-accounted investees by performing the following procedures: • 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 model used and of the underlying calculations; • Tested the reasonableness of the cash flow projections by comparison to 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 model and use of certain assumptions including discount rates and long-term growth rates; and • Reviewed sensitivity analyses over key assumptions as disclosed in Note 11 to the accompanying consolidated financial statements in order to assess the potential impact of a range of possible outcomes. We also reviewed the adequacy of the disclosures included in the notes to the accompanying consolidated financial statements.

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.

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

Omar M. Al Sagga
License Number 369

March 30, 2023

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 2022	2021
Assets			
Current assets			
Cash and cash equivalents	5	**3,440,947**	1,051,194
Investments at fair value through profit or loss ("FVTPL")	6	**105,256**	152,891
Trade receivables	7	**198,837**	190,231
Prepayments and other current assets	8	**276,221**	188,512
Due from related parties	9	**120,976**	125,685
		4,142,237	1,708,513
Equity-accounted investment classified as held for sale	11	-	2,235,020
Total current assets	1	**4,142,237**	3,943,533
Non-current assets			
Investments at FVTPL	6	-	213,525
Investments at fair value through other comprehensive income ("FVOCI")	10	**19,085,926**	16,340,198
Equity-accounted investees	11	**16,371,058**	16,343,166
Long-term receivables	7	**1,162,715**	1,081,595
Investment properties	12	**3,676,690**	3,688,531
Property and equipment	13	**6,508,529**	6,861,903
Goodwill and intangible assets	14	**1,813,812**	1,945,430
Deferred tax asset	19	**13,804**	36,956
Other long-term assets	15	**380,705**	364,491
Total non-current assets		**49,013,239**	46,875,795
Total assets		**53,155,476**	50,819,328
Liabilities and equity			
Liabilities			
Current liabilities			
Borrowings	16	**5,105,425**	5,856,962
Accounts payable, accrued expenses and other current liabilities	17	**1,120,248**	727,199
Zakat and income tax provision	18	**546,330**	387,228
Due to related parties	9	**327,993**	100,545
Dividends payable	34	**259,412**	164,077
Total current liabilities	1	**7,359,408**	7,236,011
Non-current liabilities			
Borrowings	16	**13,256,073**	10,586,093
Due to a related party	9	-	238,605
Deferred tax liabilities	19	**139,623**	149,518
Employee benefit obligations	31	**85,665**	88,227
Other long-term liabilities		**95,585**	82,005
Total non-current liabilities		**13,576,946**	11,144,448
Total liabilities		**20,936,354**	18,380,459
Net assets		**32,219,122**	32,438,869
Equity			
Share capital	20	**37,058,823**	37,058,823
Statutory reserves	21	**1,573,136**	877,349
Retained earnings		**7,413,603**	1,911,050
Fair value reserve for investments at FVOCI	10	**(14,712,982)**	(9,036,703)
Other reserves	21	**(605,841)**	79,638
Equity attributable to shareholders of the Company		**30,726,739**	30,890,157
Non-controlling interests	22	**1,492,383**	1,548,712
Total equity		**32,219,122**	32,438,869

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 2022	2021
Revenues:			
Hotels and other operating revenues	23	**1,460,652**	927,446
Dividend income	24	**1,000,165**	544,408
Gain on investments at FVTPL	25	**31,304**	36,500
Total revenues		**2,492,121**	1,508,354
Hotel and other operating costs		**(901,603)**	(630,277)
Gross profit		**1,590,518**	878,077
General, administrative and marketing expenses	26	**(423,911)**	(315,294)
Impairment of financial assets		**(14,280)**	(65,367)
Share of results from equity-accounted investees	11	**851,595**	571,952
Gain on sale of investment property	12	**-**	501,550
Gain on partial sale of equity-accounted investee	11	**5,873,907**	-
Other gains, net		**32,944**	165,273
Profit from operations		**7,910,773**	1,736,191
Finance income	12	**81,120**	-
Financial charges	27	**(685,453)**	(406,114)
Profit before zakat and income tax		**7,306,440**	1,330,077
Income tax	18	**(157,291)**	(118,613)
Zakat	18	**(206,995)**	(207,239)
Profit for the year		**6,942,154**	1,004,225
Profit for the year attributable to:			
- Shareholders of the Company		**6,957,868**	1,017,427
- Non-controlling interests		**(15,714)**	(13,202)
		6,942,154	1,004,225
Basic and diluted earnings per share (Saudi Riyals)	33	**1.88**	0.27

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

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

	Note	Year ended 31 December 2022	2021
Profit for the year		**6,942,154**	1,004,225
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss:			
Unrealized gain on investments at FVOCI	10	**837,710**	159,138
Unrealized loss on investments at FVOCI	10	**(6,235,517)**	(36,072)
Re-measurements of employment benefit obligations	31	**(5,028)**	(23,131)
Items that may be reclassified to profit or loss:			
Share in other comprehensive loss of equity-accounted investees	11	**(299,723)**	(167,422)
Exchange differences on translation of foreign operations		**(421,343)**	(208,384)
Other comprehensive loss		**(6,123,901)**	(275,871)
Total comprehensive income for the year		**818,253**	728,354
Total comprehensive income for the year attributable to:			
- Shareholders of the Company		**874,582**	747,522
- Non-controlling interests	22	**(56,329)**	(19,168)
		818,253	728,354

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 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 investments at FVOCI to retained earnings (Note 10)	-	-	**278,472**	**(278,472)**	-	-	-	-
Dividends declared (Note 34)	-	-	**(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**

	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 2021	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 year	-	-	1,017,427	-	-	1,017,427	(13,202)	1,004,225
Other comprehensive income/(loss)	-	-	-	123,066	(392,971)	(269,905)	(5,966)	(275,871)
Total comprehensive income /(loss)	-	-	1,017,427	123,066	(392,971)	747,522	(19,168)	728,354
Transfer to statutory reserve	-	101,743	(101,743)	-	-	-	-	-
Transfer of gain on disposal of equity investments at FVOCI to retained earnings (Note 10)	-	-	29,722	(29,722)	-	-	-	-
Dividends declared	-	-	(655,941)	-	-	(655,941)	-	(655,941)
Balance at 31 December 2021	37,058,823	877,349	1,911,050	(9,036,703)	79,638	30,890,157	1,548,712	32,438,869

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 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat and income tax		**7,306,440**	1,330,077
Adjustments for non-cash items			
Share of results from equity-accounted investees	11	**(851,595)**	(571,952)
Depreciation and amortization	12, 13	**197,816**	126,495
Unrealized gain on investments at FVTPL	25	**(31,304)**	(36,500)
Impairment of financial assets		**14,280**	65,367
Gain on sale of investment property	12	**-**	(501,550)
Finance income		**(81,120)**	-
Finance charges		**685,453**	406,114
Provision for employee benefit obligations	31	**9,854**	8,285
Gain on partial sale of equity accounted investee	11	**(5,873,907)**	-
		1,375,917	826,336
Changes in operating assets and liabilities			
Investment at FVTPL		**78,939**	157,896
Trade receivables		**(22,886)**	(71,825)
Prepayments and other current assets		**(87,709)**	(38,070)
Due from related parties		**4,709**	94,122
Other long-term assets		**(16,213)**	(37,695)
Accounts payable, accrued expenses and other current liabilities		**393,049**	(17,246)
Due to related parties		**227,448**	(15,963)
Other long-term liabilities		**13,580**	36,703
		1,966,834	934,258
Zakat and income tax paid	18	**(205,184)**	(132,102)
Employee benefit obligations paid during the year	31	**(7,388)**	(12,473)
Net cash generated from operating activities		**1,754,262**	789,683
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of investments at FVOCI	10	**825,683**	36,071
Purchase of investments at FVOCI	10	**(8,755,693)**	(2,255,624)
Expenses on disposal of investment property		**-**	(55,316)
Dividends from equity-accounted investees	11	**312,429**	205,031
Additions to investment properties	12	**(13,586)**	(3,045)
Additions to property and equipment	13	**(151,173)**	(103,292)
Proceeds from sale of equity accounted investee	11	**8,288,927**	-
Net cash generated from / (utilized in) investing activities		**506,587**	(2,176,175)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	16	**10,433,225**	6,334,951
Repayment of borrowings	16	**(8,411,952)**	(5,313,688)
Dividends paid	34	**(942,665)**	(655,941)
Movement in restricted cash		**(197,417)**	(107,661)
Finance charges paid		**(711,099)**	(399,483)
Proceeds from related party loan		**(238,605)**	84,416
Net cash utilized in financing activities		**(68,513)**	(57,406)
Net change in cash and cash equivalents		**2,192,336**	(1,443,898)
Cash and cash equivalents at beginning of year		**846,221**	2,290,119
Cash and cash equivalents at end of year	5	**3,038,557**	846,221

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:

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 Muharram 11, 1417H (corresponding to 28 May 1996). The Ministry of Commerce and Investment approved, pursuant to resolution number 128/S dated Jumad Awwal 18, 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 AlSaud ("Ultimate controlling party").

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 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

Impact of COVID-19

After two years were severely impacted by the health crisis, the financial year end 2022 posted a sustainable rebound in Group's activities in the hotel segment (primarily Europe) and aviation industry. The performance of hotel sector over the second half of the year surpassed pre-crisis levels in most of regions. Recoveries in hotel sector was led by a strong increase in prices, fueled by demand and accentuated by inflation. As such the Group continues to assess the impact of COVID-19 on its business and its reflection on its consolidated financial position and performance for financial year end 2022 and beyond. This assessment involves significant judgements, estimates and assumptions that were subject to a greater degree of certainty as compared to 2021. The Group believes that hotel operations will reach pre-crisis level by 2023. For aviation industry perspective in relation to the COVID-19 impact also refer to Note 11.

Climate Change

The Group has reviewed its exposure to climate related and other emerging business risks but has not identified any risks that could materially impact the financial performance or position of the Group as at 31 December 2022.

Liquidity and financial position

As at 31 December 2022, the Group had net current liabilities amounting to Saudi Riyals 3.2 billion (2021: Saudi Riyals 3.3 billion). This is mainly due to maturity of certain current borrowings amounting to Saudi Riyals 5.1 billion.

The Group also has access to undrawn borrowing facilities amounting to Saudi Riyals 3.4 billion, existing liquid unpledged investments portfolio amounting to Saudi Riyals 5.6 billion 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 29 March 2023

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.

(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	
	2022	2021
Subsidiaries		
Kingdom Hotel Investments (KHI) - Cayman Islands	**100**	100
Kingdom 5 KR 35 Group (George V) - France	**100**	100
Equity-accounted investees		
Four Seasons Holding Inc. (FSH Inc.) - Canada	**23.75**	47.5
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% (2021: 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
	2022	2021	
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			
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.

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 BASIS OF PREPARATION (continued)

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;
- Assets held for sale - measured at fair value less costs of disposal; and
- Employee benefit obligations - stated at present value of obligations.

2.3 New standard and amendments to standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

2.3.1 Amendments to IFRS 3, IAS 16, IAS 37

IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

The adoption of above amendments does not have any material impact on the consolidated financial statements during the year.

2.4 New standard and amendments not yet adopted by the Group

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial statements.

2.4.1 Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability

2.4.2 Amendments to IAS 1, Practice statement 2 and IAS 8

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

2.4.3 Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

3 USE OF JUDGEMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS 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 Group has assessed the impact of COVID-19 on its businesses and how it is reflected in its consolidated financial position and performance, which involved significant judgements, estimates and assumptions. Also see Note 1.

3 USE OF JUDGEMENTS AND ESTIMATES (continued)

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements 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:

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 4.18 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 2022 and 2021 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 Russian and Tech Company securities

The Group has exercised judgement in estimating the fair value of Russian and Tech Company securities as at 31 December 2022 as part of the level 3 measurements of such financial instruments. For further details please refer to Note 10.1 and Note 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 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 SIGNIFICANT ACCOUNTING POLICIES

The significant 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.

4 SIGNIFICANT 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. <u>Subsidiaries</u>

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.

4 SIGNIFICANT 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 SIGNIFICANT 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.

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 SIGNIFICANT 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 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes expenditures incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition. Costs are assigned to individual items of inventory on the basis of weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs of disposal. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in the consolidated statement of income. Once classified as held for sale, property and equipment are no longer amortized or depreciated.

4.9 Investment properties

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

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

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

4.10 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:

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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Property and equipment (continued)

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.

4.11 Intangible assets

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

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

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

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

4.12 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 2022.

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.

4.13 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 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.

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.

4.15 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.

4.16 Employee benefits and post-employment benefits

Short-term employee benefits

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

Post-employment obligation

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

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Share capital

Ordinary shares are classified as equity.

4.18 Impairment of non-financial assets

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

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

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

4.19 Fair value measurement

The Group measures its financial instruments at fair value at the reporting date.

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

4.20 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Revenue recognition

The Group recognizes revenue from contracts with customers based on a five step model as set out in IFRS 15.

i. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

ii. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

iii. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

iv. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

v. Recognize revenue when (or as) the Group satisfies a performance obligation at a point time or over time.

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

i. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

ii. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

iii. The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance obligations completed to date.

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Revenue is recognized in the consolidated statement of income to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable, can be measured reliably.

(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.

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Revenue recognition (continued)

(iv) Health care

Revenue is generated primarily from the sale of pharmaceutical products and provision of inpatient and outpatient medical services to the patients.

Some contracts include variable consideration such as rejection of claims. Management estimates variable consideration using most likely amount for rejections. Management applies one method consistently throughout the year when estimating the effect of an uncertainty on an amount of variable consideration in which Group will be entitled. In addition, management considers all the information (historical, current and forecast) that is reasonably available to the Group and identifies a reasonable number of possible consideration amounts.

Revenue from sale of pharmaceutical products is recognised at point in time when goods are delivered and have been accepted by the customers at their premises.

(v) Retail

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

(vi) Investment measured at FVTPL

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

Financing component

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

4.22 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.

4.23 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"). 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.

4.24 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 SIGNIFICANT ACCOUNTING POLICIES (continued)

4.24 Derivative financial instruments (continued)

Written options

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

5 CASH AND CASH EQUIVALENTS

	2022	2021
Cash and cash equivalents (Note 5.1)	**3,440,947**	1,051,194
Less: Restricted cash (Note 5.2)	**(402,390)**	(204,973)
Cash and cash equivalents in the consolidated statement of cash flows	**3,038,557**	846,221

5.1 Cash and cash equivalents include deposited with a related party amounting to Saudi Riyals 134.2 million (2021: Saudi Riyals 61 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 2022, FVTPL investments consist of unquoted securities. The movement in FVTPL investments is set out below:

	2022	2021
FVTPL - current assets		
1 January	**152,891**	274,287
Addition	-	1,725
Disposal	**(78,939)**	(159,621)
Changes in fair value	**31,304**	36,500
31 December	**105,256**	152,891
FVTPL - non-current assets		
1 January	**213,525**	213,525
Derecognition (Note 6.1)	**(213,525)**	-
31 December	-	213,525
Total FVTPL	**105,256**	366,416

6.1 Investment in Deezer securities

The Group had been carrying a equity position in Deezer ("Old Deezer") since 2018 which was classified as investment at FVTPL.

During 2021, a special purpose company (the "I2PO") was incorporated, for the purpose of acquiring businesses involved in the entertainment and leisure industry in Europe including the Old Deezer. During 2022, the board of directors of the I2PO approved the merger, by way of absorption, of Old Deezer, into I2PO (the "Merged entity"). The Group derecognised its position in Old Deezer.

The merger was completed on 5 July 2022, subject in particular to the approval of the shareholders' meeting of the Merged entity held earlier and other regulatory approvals processed in due course. The merger resulted in a new class of shares being issued to the Group carrying different rights to the one available in Old Deezer.

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 INVESTMENTS AT FVTPL (continued)

6.1 Investment in Deezer securities (continued)

The Group considered the new class of shares in I2PO as a strategic investment and made an irrevocable election to account for the new class of shares as Investment at FVOCI.

Subsequent to the completion of the merger, the I2PO was listed on Paris Stock Exchange ('PSX'). Also see Note 10.3 for valuation methodology used with respect to the determination of fair value.

7 TRADE RECEIVABLES

	2022	2021
Trade receivables (current)	526,308	503,422
Less: provision for doubtful receivables	(327,471)	(313,191)
	198,837	190,231
Long-term receivables (non-current) (Note 12)	1,162,715	1,081,595
Total receivables	1,361,552	1,271,826

Following is the breakdown of net receivables:

	2022	2021
Receivables from real estate (non-current)	1,162,715	1,081,595
Receivables from guests	56,872	96,693
Receivables from tenants	132,482	83,671
Receivables from medical operations	5,701	5,701
Receivable from others	3,782	4,166
Trade receivables (current)	198,837	190,231

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.

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

	2022	2021
Balance at the beginning of the year	313,191	307,824
Provision during the year	14,280	5,367
Balance at end of the year	327,471	313,191

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

	2022	2021
Prepaid expenses and other current assets	131,216	100,119
Inventories (Note 8.1)	30,611	30,207
Advances to suppliers	110,356	56,634
Value added tax claims receivable	4,038	1,552
	276,221	188,512

8.1 The breakup of inventories is as follows:

	2022	2021
Food, beverages and operational supplies	30,611	30,036
Spare parts	-	171
	30,611	30,207

(All amounts in Saudi Riyals thousands unless otherwise stated)

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:

Name	Relationship	2022	2021
Due from related parties:			
Azizia Commercial Investment Company (Note 9.1)	Affiliate	**114,207**	114,207
Others	Associate	**6,769**	11,478
Total		**120,976**	125,685
Due to related parties:			
Current			
Kingdom Oasis	Affiliate	**100,000**	100,000
Safari Company Limited	Affiliate	**417**	261
Others	Associates	**257**	284
Qatar Investment Authority – Katara Hospitality (Note 9.2)	Non-controlling interest	**227,319**	-
Total		**327,993**	100,545
Non-current			
Qatar Investment Authority – Katara Hospitality (Note 9.2)	Non-controlling interest	**-**	238,605

9.1 The balance is due from Azizia Commercial Investment Company "Azizia" (an entity under liquidation). The balance is recoverable as Azizia owns shares in a listed entity, the fair value of which is higher than carrying value of the receivable.

9.2 The balance represents a loan given by the NCI to one of the subsidiaries. The loan carries interest at the market rates and is payable in lump sum along with its external debt maturity date which is falling in November 2023.

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 top 5 senior executives including the CEO and CFO (2021: 5 executives) are considered the key management, and their benefits are as follows:

	2022	2021
Short and long-term benefits	**22,689**	28,851
Others	**28,770**	28,720
	51,459	57,571

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:

	2022	2021
International	**17,888,731**	15,141,528
Local and regional	**1,197,195**	1,198,670
	19,085,926	16,340,198

10 INVESTMENTS AT FVOCI (continued)

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

	2022	**2021**
Cost:		
1 January	**25,376,901**	23,127,626
Additions - Note 10.1	**8,755,693**	2,255,624
Transferred from FVTPL - Note 10.3 and 6.1	**213,525**	-
Disposals during the year	**(547,211)**	(6,349)
31 December	**33,798,908**	25,376,901
Fair value reserve for investments at FVOCI:		
1 January	**(9,036,703)**	(9,130,047)
Unrealized gain during the year	**837,710**	159,138
Unrealized loss during the year	**(6,235,517)**	(36,072)
Unrealized gain transferred to retained earnings upon disposal	**(278,472)**	(29,722)
31 December	**(14,712,982)**	(9,036,703)
Net carrying amount	**19,085,926**	16,340,198

The investments at FVOCI are denominated in the following currencies:

	2022	**2021**
US Dollar	**10,129,522**	11,202,782
Euro	**7,536,760**	3,938,746
Russian Rubles ('RR')	**222,449**	-
Saudi Riyals	**1,197,195**	1,198,670
	19,085,926	16,340,198

10.1 Investments in Russian securities

The Group holds positions in certain equity securities dual listed on the London Stock Exchange ('LSE') and Moscow Stock Exchange ('MSE'). In the backdrop of Russia Ukraine conflict, the trading on LSE has been suspended during the first half of 2022 and the Group is unable to trade its shares on the MSE since that date.

IFRS defines fair value as 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. Further, an entity should take into account the characteristics of the asset or liability if market participants would take those into account when pricing the asset or liability, where such characteristics would include restrictions on the sale or use of the asset.

Under current market conditions, given the restrictions identified in preceding paragraphs, the quoted share price on MSE (observable input) as at 31 December 2022 has been adjusted for certain pertinent unobservable inputs such as liquidity, repatriation risk and forex adjustments. It was also determined that it is no longer appropriate to classify these investments as Level 1 financial instruments in accordance with IFRS, but rather as Level 3 financial instruments.

A 10% change in the inputs to the valuation for such equity securities as at 31 December 2022 will be as follows:

Assumptions	**Amount in Saudi Riyals '000'**
Observable input change by +/-10%	222,449
Unobservable input by +/-10%	20,020

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INVESTMENTS AT FVOCI (continued)

10.2 Investment in the securities of social media services company

As at 31 December 2022, the Group holds position in equity securities of various social media services companies. On 27 October 2022, an individual shareholder announced close out of a deal to acquire a controlling stake in one of such social media companies (the "Tech Company"). It was also decided that securities of the Tech Company will be delisted from New York Stock Exchange (NYSE) and as such trading of the securities in the Tech Company has ceased as of that date. Concurrently, the Group also announced the rollover of its existing stake in the Tech Company as at that date.

Given the active market relating to the fair value of the Tech Company does not exist as at 31 December 2022, it was determined to reclassify these investments from Level 1 financial instruments to Level 3 financial instruments. 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 concerning the amount and timing of estimated future free cash flows, discount rate, terminal growth rate and the period of forecast (7 years).

As at 31 December 2022, a change of 100 basis points in the adjusted free cashflows projections (for terminal period), discount rate and terminal growth rate will impact the fair value of the Tech Company by Saudi Riyals 21.2 million, Saudi Riyals 146.5 million and Saudi Riyals 86.9 million respectively.

10.3 Investment in Deezer securities

During the year ended 31 December 2022, the Group transferred its Investment in Deezer's securities (the Merged entity) from level 2 to level 1 because of its listing on the PSX. Also see Note 6.

There were no other transfers carried out between Level 1, Level 2 and Level 3 fair value measurements other than disclosed in Note 10.

11 EQUITY-ACCOUNTED INVESTEES

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

	2022	2021
1 January	**16,343,166**	18,654,797
Dividends	**(312,429)**	(205,031)
Share of results	**851,595**	571,952
Share in other comprehensive loss	**(299,723)**	(167,422)
Unrealized exchange loss on translation	**(211,551)**	(276,110)
	16,371,058	18,578,186
Less: Equity-accounted investment classified as held for sale (Current) (Note 11.1)	**-**	(2,235,020)
31 December	**16,371,058**	16,343,166

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

	2022		2021	
Investee name	**Effective ownership %**	**Amount**	**Effective ownership %**	**Amount**
Banque Saudi Fransi ("BSF") (Note 3)	**16.2**	**6,852,490**	16.2	6,961,389
Four Seasons Holding Inc ("FSH Inc.") (Note 11.1)	**23.75**	**2,354,122**	47.5	4,470,040
Accor S.A. ("Accor") (Note 3)	**6.3**	**2,816,628**	6.3	2,841,212
Jeddah Economic Company ("JEC")	**33.4**	**2,729,844**	33.4	2,780,690
National Air Services ("NAS")	**37.1**	**1,565,249**	37.1	1,472,130
Others	**30.0-35.0**	**52,725**	30.0-35.0	52,725
		16,371,058		18,578,186

11 EQUITY-ACCOUNTED INVESTEES (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 IFRSs.

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 profit / (loss)	**258**	**(152)**	**511**	**3,575**	**1,683**
Other comprehensive (loss) / income	**(7)**	**-**	**(10)**	**(2,319)**	**1,284**
Total comprehensive income / (loss)	**251**	**(152)**	**501**	**1,256**	**2,967**
Share in total comprehensive income / (loss)	**93**	**(51)**	**119**	**204**	**187**

31 December 2021 (All amounts in Saudi Riyals millions)	**NAS**	**JEC**	**FSH Inc.**	**BSF**	**Accor S.A.**
Non-current assets	4,106	10,740	10,716	67,989	32,405
Current assets	510	911	1,826	147,813	13,144
Non-current liabilities	(3,479)	(2,905)	(4,145)	(141,950)	(14,881)
Current liabilities	(2,791)	(418)	(746)	(34,166)	(11,249)
Equity	(1,654)	8,328	7,651	39,686	19,419
KHC's share	(614)	2,773	3,634	6,429	1,223
Carrying amount	1,472	2,781	4,470	6,961	2,841
Revenue	2,581	-	1,343	5,373	9,780
Net (loss) / profit	(67)	(23)	187	3,450	399
Other comprehensive (loss) / income	(3)	-	23	(960)	426
Total comprehensive (loss) / income	(70)	(23)	210	2,490	825
Share in total comprehensive (loss) / income	(26)	(8)	100	403	52

Among the equity-accounted investees mentioned above, BSF and Accor are listed entities. At 31 December 2022, the fair value of the Group's holding in these associates as per quoted prices amounts to Saudi Riyals 7,928 million (2021: Saudi Riyals 9,226 million) and Saudi Riyals 1,546 million (2021: Saudi Riyals 2,003 million), respectively.

Accor

After two years of severely impact by the health crises, Accor recorded a significant increase in revenue and profit for the year ended 31 December 2022. However, the list price of Accor's business was less than carrying value of net assets as at 31 December 2022 which is mentioned as one of the triggers for assessment of impairment under IAS 36. 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 foot print 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	**2022**	**2021**
Revenue growth - CAGR	Revenue is expected to be back at 2019 (pre-COVID) levels by the end of 2023 and there on a CAGR of 6.3% is assumed from 2023 - 2032	Revenue is expected to be back at 2019 (pre-COVID) levels by the end of 2024 and there on a CAGR of 6% is assumed from 2024 - 2031
EBITDA margin – average	Average EBITDA margin assumed from 2023 to 2032 is 50%	Average EBITDA margin up till 2023 is 54% and there on 64% from 2023-2031 (2021-2031: 61%)
Long term growth rate	2.0%	2.0%
Discount rate	9.25%	7.5%

(All amounts in Saudi Riyals thousands unless otherwise stated)

11 EQUITY-ACCOUNTED INVESTEES (continued)

Accor (continued)

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 now expects revenues from this stream to be back on Pre-COVID levels by 2023 (one year earlier than predicted last year). 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 2018 and 2019) and management's expectations for the future (Pre-COVID levels to be achieved by 2023).
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).

Sensitivity analysis:

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

Particulars	**2022** **From**	**To**
Revenue growth – CAGR	**6.3%**	**4.7%**
EBITDA margin – average	**50.0%**	**48.9%**
Discount rate	**9.25%**	**11.0%**

NAS

During 2022, NAS recorded strong recovery as the regional travel reached pre-COVID levels. The revenue for NAS increased by 85% to reach Saudi Riyals 4.7 billion (2021: Saudi Riyals 2.5 billion) for the year ended 31 December 2022 as compared to the budgeted revenue of Saudi Riyals 2.8 billion for the same period. NAS also recorded a net profit of Saudi Riyals 258 million (2021: loss of Saudi Riyals 67 million) for the year ended 31 December 2022. The strong financial performance was underpinned by increase in fleet size to 43 aircrafts (2021: 39 aircrafts); increase in passengers by 91% to 8.7 million (2021: 4.6 million passengers) and launch of 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 2022.

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.

11.1 Equity-accounted investee - Held for Sale (Current)

On 9 September 2021, the Company, 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

12 INVESTMENT PROPERTIES

2022	Land	Buildings	Furniture, Fixtures and others	Total
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

2021	Land	Buildings	Furniture, Fixtures and others	Total
Cost				
January 1	3,775,413	946,793	32,038	4,754,244
Additions	-	3,045	-	3,045
Disposals	(524,729)	-	(10,991)	(535,720)
31 December	3,250,684	949,838	21,047	4,221,569
Accumulated depreciation				
January 1	-	497,795	24,486	522,281
Charge for the year	-	18,328	3,420	21,748
Disposals	-	-	(10,991)	(10,991)
31 December	-	516,123	16,915	533,038
Net book value	3,250,684	433,715	4,132	3,688,531

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 1.1 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 81 million (2021: Nil), calculated using the effective interest rate method, has been recognised in the consolidated statement of income as part of 'Finance income'.

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

13 PROPERTY AND EQUIPMENT

	Land	Buildings	Equipment	Furniture, fixtures and others	Total
2022					
Cost					
1 January	**2,264,092**	**4,930,783**	**82,417**	**983,668**	**8,260,960**
Additions	**-**	**39,646**	**6,240**	**105,287**	**151,173**
Disposals, currency translation and others	**3,585**	**(342,836)**	**10,739**	**21,229**	**(307,283)**
31 December	**2,267,677**	**4,627,593**	**99,396**	**1,110,184**	**8,104,850**
Accumulated depreciation					
1 January	**-**	**880,994**	**32,340**	**485,723**	**1,399,057**
Charge for the year	**-**	**81,844**	**6,947**	**83,407**	**172,198**
Disposals, currency translation and others	**-**	**9,139**	**9,739**	**6,188**	**25,066**
31 December	**-**	**971,977**	**49,026**	**575,318**	**1,596,321**
Net book value	**2,267,677**	**3,655,616**	**50,370**	**534,866**	**6,508,529**

	Land	Buildings	Equipment	Furniture, fixtures and others	Total
2021					
Cost					
1 January	2,251,439	4,984,611	42,458	884,736	8,163,244
Additions	-	11,313	4,779	87,200	103,292
Disposals, currency translation and others	12,653	(65,141)	35,180	11,732	(5,576)
31 December	2,264,092	4,930,783	82,417	983,668	8,260,960
Accumulated depreciation					
1 January	-	779,308	(6,992)	441,518	1,213,834
Charge for the year	-	74,930	6,546	23,220	104,696
Disposals, currency translation and others	-	26,756	32,786	20,985	80,527
31 December	-	880,994	32,340	485,723	1,399,057
Net book value	2,264,092	4,049,789	50,077	497,945	6,861,903

14 GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets comprise the following:

	2022	2021
Goodwill	**1,132,722**	1,186,002
Other intangible assets	**681,090**	759,428
	1,813,812	1,945,430

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

	2022	2021
1 January	**1,945,430**	2,025,936
Additions	**515**	-
Currency translation adjustments and others	**(132,133)**	(80,506)
31 December	**1,813,812**	1,945,430

Goodwill recognized by the Group mainly represents an amount of Saudi Riyals 1.1 billion (31 December 2021: Saudi Riyals 1.2 billion) recognized on its cash generating unit – George V.

Other intangible assets include an indefinite life brand amounting to Saudi Riyals 680.7 million (2021: Saudi Riyals 759.4 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

14 GOODWILL AND INTANGIBLE ASSETS (continued)

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 (2021: 10 years) for George V and Savoy. Management has considered 9 years as it will take these hotels to recover fully by 2023 at pre-COVID levels of operations.

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

Particulars	George V 2022	George V 2021
Revenue growth - CAGR	6.7%	Revenue is expected to be back at 2019 (pre-COVID) levels by the end of 2023 and there on a CAGR of 2.7% is assumed from 2024-2031 (CAGR - 5.3%).
EBITDA margin - average	30.7%	23.8%
Terminal capitalization rate	4.25%	3.0%
Discount rate	8.25%	6.3%

Particulars	Savoy 2022	Savoy 2021
Revenue growth – CAGR	3.7%	8.6%
EBITDA margin – average	32%	26.0%
Terminal Capitalization rate	3.75%	3.0%
Discount rate	10.25%	6.5%

Assumption	Approach used to determine values
Revenue growth	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 considering the political and economic environment of the countries in which the hotels operate.
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	2022 From	2022 To
Revenue growth – CAGR	6.7%	4.0%
EBITDA margin – average	30.7%	29.7%
Terminal capitalization rate	4.25%	5.99%
Discount rate	8.25%	11.7%

For Savoy 2022 and 2021 valuations, any reasonable change in the assumptions will not result into impairment of this asset.

(All amounts in Saudi Riyals thousands unless otherwise stated)

15 OTHER LONG-TERM ASSETS

	2022	2021
Long term advances	**317,001**	317,001
Refundable deposits	**385**	414
Others	**63,319**	47,076
	380,705	364,491

15.1 At 31 December 2022, long term advances includes an amount of Saudi Riyals 317 million (2021: 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.

16 BORROWINGS

The outstanding borrowings balance is presented as follows:

	2022	2021
Current		
Current portion of term loans	**5,105,425**	5,856,962
Non-current		
Term loans, including long-term revolving facilities	**13,256,073**	10,586,093

The movement in the borrowings is as follows:	2022	2021
1 January	**16,496,674**	15,675,069
Additions	**10,433,225**	6,334,951
Repayments	**(8,411,952)**	(5,313,688)
Foreign currency translation adjustments	**(83,881)**	(199,658)
31 December	**18,434,066**	16,496,674
Unamortized transaction costs:		
1 January	**(53,619)**	(75,410)
Additions	**(25,653)**	(696)
Amortization	**6,704**	22,487
31 December	**(72,568)**	(53,619)
Net carrying amount	**18,361,498**	16,443,055

Details of borrowings by entity are as follows:	2022	2021
Kingdom Holding Company	**12,159,182**	9,570,420
Kingdom 5-KR-11 Limited	**2,591,722**	3,326,492
Kingdom 5-KR-35 Group	**1,568,868**	1,666,852
Kingdom KR-114 Limited *	**1,213,398**	1,344,117
Trade Centre Company Limited (TCCL)	**827,920**	534,766
Others	**408**	408
	18,361,498	16,443,055

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 2021, 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.

The Group considers borrowings net of cash and cash equivalent as net debt (Refer to the movement above and consolidated statement of cash flows for the net movement of the net debt for the year ended 31 December 2022 and 2021).

*As at 31 December 2022, Saudi Riyals 227 million (2021: Saudi Riyals 239 million) payable to NCI on account of funding provided was reclassified from 'Due to a related party - non-current' to the 'Borrowings - non-current" on the balance sheet. The comparative figures have also been reclassified to conform with the presentation for the current year.

(All amounts in Saudi Riyals thousands unless otherwise stated)

16 BORROWINGS (continued)

As at 31 December 2022, borrowings from a related party (BSF) amounted to Saudi Riyals 1.99 billion (2021: Saudi Riyals 1.2 billion). 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 Inter-Bank 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 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:

	2022	**2021**
Saudi Riyals	**7,033,093**	5,010,860
Euro	**3,937,500**	1,264,172
US Dollars	**1,188,589**	3,295,388
	12,159,182	9,570,420

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 aggregate maturities of these loans, based on their respective repayment schedules, are spread over a period of 3 years. These loans are denominated in Euro. Loan agreements include certain financial covenants with respect to minimum tangible net worth, consolidated EBIT, consolidated net commission costs, loan to value ratio, minimum standalone and consolidated total assets and debt service ratio.

Kingdom 5-KR-35 Group - George V Hotels

Loan in Kingdom 5-KR-35 Group is secured by a mortgage over George V hotel property. The loan agreement include 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 in October 2023. The loans is denominated in Euro and has been classified as current borrowings as at 31 December 2022.

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. 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 property. The facility is repayable in 30 quarterly installments starting from 30 June 2020 and ending on 30 September 2026 and the remaining amount to be repaid upon final maturity date of 31 December 2026.

17 ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2022	**2021**
Accrued expenses	**602,177**	359,617
Accounts and other payables	**308,174**	127,370
Unearned revenues	**92,773**	90,929
Advances from customers	**54,199**	43,677
Security deposits	**20,003**	21,413
Others	**42,922**	84,193
	1,120,248	727,199

(All amounts in Saudi Riyals thousands unless otherwise stated)

18 ZAKAT AND INCOME TAX PROVISION

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

	Note	2022	2021
Zakat	18.1	**206,995**	207,239
Income tax charge	18.2	**35,059**	8,285
Withholding tax on foreign dividends	18.2	**122,232**	110,328
		364,286	325,852

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:

	2022	2021
1 January	**381,857**	182,890
Charge for the year	**206,995**	207,239
Paid during the year	**(56,675)**	(8,272)
31 December	**532,177**	381,857

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 financial 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

The Company has filed its zakat returns up to the year ended 2021 with ZATCA. The zakat returns for 2022 is not yet filed.

During 2020, the Company settled all of its open assessment years with ZATCA for the years till 2020. However, during 2021, ZATCA reopened the assessments for the years 2015 to 2018 claiming additional zakat amounts related to such years. Management of the Company is currently in the process of contesting these claims. The Company is carrying an estimated zakat provision in the books that is based on historical settlements and analysis conducted internally.

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

18.2 Income tax

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

	2022	2021
1 January	**5,371**	10,588
Income tax charge	**48,316**	3,609
Deferred tax (credit) debit	**(13,257)**	4,676
	35,059	8,285
Withholding tax on foreign dividends	**122,232**	110,328
Paid during the year	**(148,509)**	(123,830)
31 December	**14,153**	5,371

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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

19 DEFERRED TAX

Deferred tax liabilities and assets relate to the following:

	2022	2021
Deferred tax liabilities		
Property and equipment	136,641	149,544
Others	2,982	(26)
	139,623	149,518
Deferred tax asset	13,804	36,956

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 consists of 3,706 million authorized and issued shares at par value of Saudi Riyals 10 each.

21 RESERVES

21.a Statutory reserve:

Regulations for Companies require companies to set aside 10% of net profit for the year as statutory reserve until the reserve reaches 30% of their share capital.

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	Total
At 1 January 2021	(47,427)	528,946	(8,910)	472,609
Share in other comprehensive loss	(166,391)	-	-	(166,391)
Actuarial losses on employee benefit obligations during the year	(1,031)	-	(23,131)	(24,162)
Unrealized exchange loss for the year on translation	-	(202,418)	-	(202,418)
At 31 December 2021	(214,849)	326,528	(32,041)	79,638
Share in other comprehensive loss	**(302,855)**	-	-	**(302,855)**
Actuarial gains / (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	**(514,572)**	**(54,200)**	**(37,069)**	**(605,841)**

(All amounts in Saudi Riyals thousands unless otherwise stated)

22 NON-CONTROLLING INTERESTS

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

	2022		2021	
Name of the subsidiary	Total non-controlling interest	Share in total comprehensive income / (loss)	Total non-controlling interest	Share in total comprehensive income / (loss)
Trade Centre Company Limited	**758,308**	**8,170**	750,138	27,732
Kingdom KR-114 Limited – Breezeroad Limited	**257,567**	**(81,061)**	338,628	(58,630)
Real Estate Investment Company	**368,935**	**6,308**	362,627	3,237
Kingdom Hotel Investments	**5,874**	**-**	5,874	-
Kingdom Schools Company Limited	**86,839**	**10,254**	76,585	8,493
Consulting Clinic SAL	**24,535**	**-**	24,535	-
Fashion Village Trading Company Limited	**(9,675)**	**-**	(9,675)	-
	1,492,383	**(56,329)**	1,548,712	(19,168)

23 REVENUE

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

	2022	2021
Revenue from hotel operations - at a point in time	**924,371**	679,616
Revenue from tuition fees - over a period of time	**73,200**	62,711
Revenue from other services - at a point in time	**-**	15,870
	997,571	758,197
Revenue from renting of shops and apartments - over a period of time	**400,126**	115,875
Revenue from renting of villas and apartments - over a period of time	**62,955**	53,374
	463,081	169,249
	1,460,652	927,446

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	2022	2021
Europe (England and France)	**827,055**	457,084
Asia (Saudi Arabia)	**536,281**	400,511
Africa (Seychelles)	**97,316**	69,851
	1,460,652	927,446

24 DIVIDEND INCOME

	2022	2021
Dividends from international equity investments	**1,000,165**	544,408

25 GAIN ON INVESTMENTS AT FVTPL

	2022	2021
Unrealized gain on investments at FVTPL	**31,304**	36,500
	31,304	36,500

(All amounts in Saudi Riyals thousands unless otherwise stated)

26 GENERAL, ADMINISTRATIVE AND MARKETING EXPENSES

	2022	2021
Employee cost	**139,515**	66,898
Professional fees	**42,027**	73,547
Selling and marketing expenses	**89,532**	65,506
Utilities and office expenses	**32,862**	27,711
Repairs and maintenance	**43,231**	13,391
Others	**76,744**	68,241
	423,911	315,294

27 FINANCIAL CHARGES

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

28 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 2022 amounted to Saudi Riyals 392 million (2021: Saudi Riyals 386 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 SAR 9,321 million (2021: SAR 11,986 million) as at the consolidated statement of financial position.

29 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.

At 31 December 2022, the Group does not have any outstanding letters of guarantee (2021: Nil). However, the Group's share in the equity-accounted investees' letters of guarantees, credits and acceptance as of 31 December 2022 amounted to Saudi Riyals 10.5 billion (31 December 2021: Saudi Riyals 9.3 billion).

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group holds the following financial instruments:

	Note	2022	2021
Financial assets			
Financial assets at amortized cost			
Trade receivables	7	**198,837**	190,231
Due from related parties	9	**120,976**	125,685
Cash and cash equivalents	5	**3,440,947**	1,051,194
Long-term receivables	7	**1,162,715**	1,081,595
Financial assets at FVOCI			
Investments at FVOCI	10	**19,085,926**	16,340,198
Financial assets at FVTPL			
Investments at FVTPL	6	**105,256**	366,416
Financial liabilities			
Financial liabilities at amortized cost			
Accounts payables, accrued expenses and other current liabilities		**1,028,981**	599,329
Due to related parties	9	**327,993**	339,150
Borrowings	16	**18,361,498**	16,443,055
Dividends payable		**259,412**	164,077

(All amounts in Saudi Riyals thousands unless otherwise stated)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

Currency risk

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

	2022					
	SAR	**SCR***	**EUR**	**GBP**	**USD**	**RR**
Trade receivables	**1,304,681**	**6,169**	**28,764**	**21,938**	**-**	**-**
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**

	2021					
	SAR	**SCR**	**EUR**	**GBP**	**USD**	**RR**
Trade receivables	1,239,249	2,861	13,460	16,256	-	-
Bank loans	5,546,035	-	4,195,015	1,344,117	5,357,888	-
FVOCI investments	1,198,670	-	3,938,746	-	11,202,782	-

*Seychelles Rupee

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. A 5% change in the closing exchange rate for borrowings in Euro and GBP will impact the consolidated statement of income by Saudi Riyals 466 million (2021: Saudi Riyals 277 million).

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 388 million.

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.

An increase / decrease in interest rate of 1%, 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 186.8 million (2021: Saudi Riyals 126.7 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Equity price risk (continued)

Markets	**2022**	**Sensitivity**	
Investments at FVTPL (Current):		**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%**
	19,085,926	**+/- 190,859**	
	19,191,182	**+/- 191,912**	

Markets	**2021**	**Sensitivity**	
Investments at FVTPL:		**Net Profit**	**Percentage**
- North America (Current)	47,635	+/- 476	+/- 1%
- Asia (Current)	105,256	+/- 1,053	+/- 1%
- Europe (Non-current)	213,525	+/- 2,135	+/- 1%
	366,416	+/- 3,664	
		Sensitivity	
Investments at FVOCI (Non-current):		**OCI**	**Percentage**
- North America	11,202,782	+/- 112,028	+/- 1%
- Asia	1,198,670	+/- 11,987	+/- 1%
- Europe	3,938,746	+/- 39,387	+/- 1%
	16,340,198	+ - 163,402	
	16,706,614	+/- 167,066	

Credit risk

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

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

Credit risk is the risk that the Group will incur a financial loss as a result of the failure of the customer or counterparty to a financial instrument to fulfil its contractual obligations. The carrying amount of financial assets represents their maximum credit exposure. Impairment losses on financial assets recognized in the statement of income for the year ended 31 December 2022 amounted to Saudi Riyals 14.3 million (2021: Saudi Riyals 65 million). Credit risk is managed on an entity level.

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 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.

For banks and financial institutions, only independently rated parties with a minimum rating of A2 are accepted. Therefore, the ECL on cash and cash equivalents is immaterial.

(All amounts in Saudi Riyals thousands unless otherwise stated)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

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 2022 and 2021 is not material. The cash balance as at 31 December 2022 is Saudi Riyals 3.4 billion (31 December 2021: Saudi Riyals 1.1 billion). For banks and financial institutions, only independently rated parties with a minimum rating of A2 are accepted.

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

	2022	2021
Credit rating		
Aa3	**2,117,843**	218,875
A-1	**203,673**	308,794
A-2	**1,119,432**	522,383
	3,440,948	1,050,052

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 unlikeness-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 95.4% in KSA, 0.88% in Gulf Cooperation Council (GCC) countries (other than KSA) and 3.72% in other countries (2021: 97.6% in KSA, 0.54% in GCC countries (other than KSA) and 1.86% in other countries). The nature of businesses of the Group owned entities does not expose it to credit concentration risk.

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

With regard to due from related parties amounting to Saudi Riyals 121 million as at 31 December 2022 (31 December 2021: Saudi Riyals 126 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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

Long-term receivable

For long-term receivable balance amounting to Saudi Riyals 1.2 billion is due from a single customer. Also see Note 12.1.

For long-term receivable asset recognised 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 maintaining sufficient headroom on its undrawn committed borrowing facilities at all times 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.

2022	**Less than 1 year**	**1 to 3 years**	**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**

2021	**Less than 1 year**	**1 to 3 years**	**Total**
Borrowings	5,931,300	11,124,628	17,055,928
Accounts payable, accrued expenses and other current liabilities	599,329	-	599,329
Due to related parties	339,150	-	339,150
Dividends payable	164,077	-	164,077
	7,033,856	11,124,628	18,158,484

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).

(All amounts in Saudi Riyals thousands unless otherwise stated)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

Capital management risk (continued)

Capital management	2022	2021
Total borrowings (Note 16)	**18,361,498**	16,443,055
Total assets	**53,155,476**	50,819,328
Debt to total asset ratio	**34.54%**	32.36%

Fair values

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

Fair value hierarchy

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

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

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

The following table presents the Group's financial assets measured and recognized at fair value on a recurring basis including their levels in the fair value hierarchy at 31 December 2022:

As at 31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Investments at FVTPL (Current):				
- Asia	-	**105,256**	-	**105,256**
Investments at FVOCI (non-current):				
- 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**
Sub-total	**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**
As at 31 December 2021				
Financial assets				
Investments at FVTPL:				
- Europe *(Non-current) (Note 10.3)*	-	213,525	-	213,525
- North America *(Current)*	-	47,635	-	47,635
- Asia *(Current)*	-	105,256	-	105,256
	-	366,416	-	366,416
Investments at FVOCI (Non-current):				
- North America	11,202,782	-	-	11,202,782
- Asia	1,198,670	-	-	1,198,670
- Europe	3,938,746	-	-	3,938,746
	16,340,198	-	-	16,340,198
Total financial assets at fair value	16,340,198	366,416	-	16,706,614

(All amounts in Saudi Riyals thousands unless otherwise stated)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

Fair value hierarchy (continued)

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. There were no changes in valuation techniques for level 2 recurring fair value measurements during the year ended 31 December 2022 (2021: None).

Level 3 designated financial instruments

Investments at FVOCI

As at 31 December 2022, Level 3 investments designated under North America and Asia, relate to equity positions held in Tech Company and Russian securities, respectively. The respective valuation technique used to determine the fair values including the key inputs/assumptions have been disclosed in Note 10.1 and 10.2.

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. There have been no transfers between level 2 and 3 and vice versa, during the year ended 31 December 2022. Also refer to Note 10.2 and Note 10.3.

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.

31 EMPLOYEE BENEFIT OBLIGATIONS

	2022	**2021**
At 1 January	**88,227**	115,546
Current service cost	**9,434**	7,943
Interest expense	**420**	342
Total amount recognized in profit or loss	**9,854**	8,285
Re-measurements		
Loss from change in financial assumptions	**(5,028)**	(23,131)
Total amount recognized in other comprehensive income	**(5,028)**	(23,131)
Benefit payments	**(7,388)**	(12,473)
At 31 December	**85,665**	88,227

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 2022 and 2021, 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 4.0% to 4.5% (31 December 2021: 1.7% to 3.7%). The expected liability at the date of leaving the service has been discounted to its net present value using an approximate discount rate between 3.9% to 4% (31 December 2021: 2.1% to 2.4%).

(All amounts in Saudi Riyals thousands unless otherwise stated)

32 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; 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.

	Equity investments	Hotels	Real estate	Healthcare	All other segments	Total
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	**6,855,320**	**17,407**	**51,715**	**-**	**17,712**	**6,942,154**

	Equity investments	Hotels	Real estate	Healthcare	All other segments	Total
2021						
Total assets	36,966,541	6,445,943	6,769,070	77,561	560,213	50,819,328
Total liabilities	13,760,698	3,676,070	866,834	29,757	47,100	18,380,459
Total revenues	580,908	526,936	337,799	-	62,711	1,508,354
Total operating costs	-	397,299	197,428	-	35,550	630,277
Profit/ (loss)	655,544	(85,975)	418,632	-	16,024	1,004,225

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

33 EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2022 and 2021 have been computed by dividing the profit for the year by the total number of shares outstanding during 2022 of 3,706 million shares (2021: 3,706 million shares).

34 DIVIDENDS DECLARATION

The Extraordinary General Assembly of the Company, in its annual meeting held on 17 April 2022, approved quarterly cash dividends distribution totaling to Saudi Riyals 1,038 million (Saudi Riyals 0.28 per share), 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 Extraordinary General Assembly meeting. The first, second and third dividend distribution was made to all shareholders on record as of the date approved in the Extraordinary General Assembly meeting. The fourth dividend distribution was made subsequent to the year-end.

35 DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2022, the Group had outstanding written put options ('Options') giving the counterparty the right to sell shares to the Group at the strike price agreed in the contracts. The Options can be exercised till June 2023. The premium received on the Options as at 31 December 2022 was recognized as a liability of Saudi Riyals 159 million under 'other current liabilities'.

As at 31 December 2022, the difference between the amount recorded as a liability and fair value of the Options is not considered material. 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 option. 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 2022.

36 SUBSEQUENT EVENTS

The Board of Directors on 29 March 2023 proposed a distribution of cash dividends totaling to Saudi Riyals 1,037.6 million, subject to approval in the next Ordinary General Assembly meeting.