



KINGDOM HOLDING COMPANY

(A Saudi Joint Stock Company)

Condensed Consolidated Interim
Financial Statements

For the three-month and nine-month periods ended
30 September 2022
(unaudited)

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2022

INDEX	PAGE
Report on review of condensed consolidated interim financial statements	1
Condensed consolidated interim statement of financial position	2
Condensed consolidated interim statement of profit or loss	3
Condensed consolidated interim statement of comprehensive income	4
Condensed consolidated interim statement of changes in equity	5 – 6
Condensed consolidated interim statement of cash flows	7
Notes to the condensed consolidated interim financial statements	8 - 16



Report on review of condensed consolidated interim financial statements

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Kingdom Holding Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 September 2022 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and nine-month periods ended 30 September 2022, the condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers

Omar M. Al Sagga
License Number 369

10 November 2022

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

	Note	30-Sep-22 (Unaudited)	31-Dec-21 (Audited)
Assets			
Current assets			
Cash and cash equivalents		1,670,366	1,051,194
Investments at fair value through profit or loss ("FVTPL")	6	105,256	152,891
Trade and other receivables		176,511	190,231
Prepayments and other current assets		268,246	188,512
Due from related parties		121,657	125,685
		2,342,036	1,708,513
Equity-accounted investment classified as held for sale	7	-	2,235,020
Total current assets	1	2,342,036	3,943,533
Non-current assets			
Investments at FVTPL	6	-	213,525
Investments at fair value through other comprehensive income ("FVOCI")	6	17,582,317	16,340,198
Equity-accounted investees	7	15,801,668	16,343,166
Long-term receivables		1,101,875	1,081,595
Investment properties		3,680,076	3,688,531
Properties and equipment		6,284,364	6,861,903
Goodwill and intangible assets		1,712,342	1,945,430
Deferred tax assets		18,871	36,956
Other long-term assets		386,337	364,491
Total non-current assets		46,567,850	46,875,795
Total assets		48,909,886	50,819,328
Liabilities and equity			
Liabilities			
Current liabilities			
Borrowings	8	6,304,739	5,856,962
Accounts payable, accrued expenses and other current liabilities		847,961	727,199
Zakat and income tax payable		514,857	387,228
Due to related parties		100,425	100,545
Dividends payable		518,824	164,077
Total current liabilities	1	8,286,806	7,236,011
Non-current liabilities			
Borrowings	8	9,835,610	10,586,093
Due to a related party		205,661	238,605
Deferred tax liabilities		126,215	149,518
Employee benefit obligations		86,641	88,227
Other long-term liabilities		94,215	82,005
Total non-current liabilities		10,348,342	11,144,448
Total liabilities		18,635,148	18,380,459
Net assets		30,274,738	32,438,869
Equity			
Share capital		37,058,823	37,058,823
Statutory reserve		877,349	877,349
Retained earnings		7,581,767	1,911,050
Fair value reserve for investments at FVOCI		(16,042,354)	(9,036,703)
Other reserves		(662,894)	79,638
Equity attributable to shareholders of the Company		28,812,691	30,890,157
Non-controlling interests		1,462,047	1,548,712
Total equity		30,274,738	32,438,869

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

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

	Note	Three-month period ended		Nine-month period ended	
		30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
Revenues					
Hotels and other operating revenues		358,371	261,651	1,030,881	533,872
Dividend income		290,933	76,626	806,640	364,245
Income from gain on investments at FVTPL, net		-	-	31,304	36,500
Total revenues		649,304	338,277	1,868,825	934,617
Hotels and other operating costs		(215,594)	(183,903)	(646,291)	(418,788)
Gross profit		433,710	154,374	1,222,534	515,829
General, administrative and marketing expenses		(96,659)	(67,889)	(316,290)	(173,745)
Share of results from equity-accounted investees		238,598	158,527	553,163	488,435
Gain on partial sale of equity-accounted investee	7	-	-	5,873,907	-
Other gains, net		8,597	771	31,958	161,268
Profit from operations		584,246	245,783	7,365,272	991,787
Finance income		-	-	20,280	-
Financial charges		(174,960)	(104,470)	(403,730)	(286,286)
Profit before zakat and income tax		409,286	141,313	6,981,822	705,501
Income tax		(38,842)	(23,641)	(120,360)	(69,057)
Zakat		(25,586)	(19,898)	(174,005)	(62,457)
Profit for the period		344,858	97,774	6,687,457	573,987
Profit for the period attributable to:					
- Owners of the Company		354,801	108,688	6,707,566	611,995
- Non-controlling interests		(9,943)	(10,914)	(20,109)	(38,008)
		344,858	97,774	6,687,457	573,987
Basic and diluted earnings per share (Saudi Riyals)	13	0.10	0.03	1.81	0.17

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

	Three-month period ended		Nine-month period ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
Profit for the period	344,858	97,774	6,687,457	573,987
Other comprehensive (loss) / income:				
<i>Items that will not be reclassified to profit or loss:</i>				
Unrealized (loss) / gain on equity investments at FVOCI	(3,857,226)	(282,633)	(7,004,500)	2,154,238
Re-measurements of post-employment benefit obligations	(4,848)	-	(31,610)	-
<i>Items that may be reclassified to profit or loss:</i>				
Share in other comprehensive loss of equity-accounted investees	(132,482)	(31,635)	(326,384)	(87,823)
Exchange differences on translation of foreign operations	(168,701)	(5,649)	(451,094)	(313,972)
Other comprehensive (loss) / income for the period	(4,163,257)	(319,917)	(7,813,588)	1,752,443
Total comprehensive (loss) / income for the period	(3,818,399)	(222,143)	(1,126,131)	2,326,430
Total comprehensive (loss) / income for the period attributable to:				
- Owners of the Company	(3,780,905)	(209,638)	(1,039,466)	2,366,029
- Non-controlling interests	(37,494)	(12,505)	(86,665)	(39,599)
	(3,818,399)	(222,143)	(1,126,131)	2,326,430

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

	Share capital	Statutory reserve	Retained earnings	Fair value reserve for investment at FVOCI	Other reserves	Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2022 (Audited)	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 period	-	-	6,707,566	-	-	6,707,566	(20,109)	6,687,457
Other comprehensive loss for the period	-	-	-	(7,004,500)	(742,532)	(7,747,032)	(66,556)	(7,813,588)
Total comprehensive income / (loss) for the period	-	-	6,707,566	(7,004,500)	(742,532)	(1,039,466)	(86,665)	(1,126,131)
Transfer of gain on disposal of equity investments at FVOCI to retained earnings	-	-	1,151	(1,151)	-	-	-	-
Dividends declared (Note 12)	-	-	(1,038,000)	-	-	(1,038,000)	-	(1,038,000)
Balance as at 30 September 2022 (Unaudited)	37,058,823	877,349	7,581,767	(16,042,354)	(662,894)	28,812,691	1,462,047	30,274,738

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KINGDOM HOLDING COMPANY
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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (continued)
(All amounts in Saudi Riyals thousands unless otherwise stated)

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

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

	Nine-month period ended	
	30-Sep-22	30-Sep-21
Cash flows from operating activities		
Profit before zakat and income tax	6,981,822	705,501
<i>Adjustments for non-cash items:</i>		
Depreciation and amortisation	99,982	92,851
Share of results from equity-accounted investees	(553,163)	(488,435)
Gain on partial sale of equity-accounted investee	(5,873,907)	-
Provision for employee benefit obligations	5,406	-
Gain on sale of investment at FVTPL	(31,304)	(36,500)
Finance income	(20,280)	-
Finance charges	403,730	286,286
	1,012,286	559,703
Changes in operating assets and liabilities		
Trade and other receivables	13,720	35,945
Prepayments and other current assets	(79,734)	(47,339)
Due from related parties	4,028	94,441
Accounts payable, accrued expenses and other current liabilities	120,762	(13,788)
Due to related parties	(120)	(16,368)
Proceeds from sale of investments at FVTPL	78,939	157,896
Other long-term assets	(21,845)	-
Other long-term liabilities	12,210	39,558
	1,140,246	810,048
Employee benefit obligations paid	(2,701)	(22,718)
Zakat and income tax paid	(171,954)	(105,513)
Net cash generated from operating activities	965,591	681,817
Cash flows from investing activities		
Dividend received from equity accounted investees	312,429	205,031
Purchase of investments at FVOCI	(8,222,902)	(375,075)
Proceeds from investments at FVOCI	189,808	36,071
Proceeds from disposal of equity accounted investee, net	8,108,116	-
Additions to investment properties	(11,496)	-
Additions to properties and equipment	(74,322)	(169,860)
Net cash generated from / (utilized in) investing activities	301,633	(303,833)
Cash flows from financing activities		
Proceeds from borrowings	4,607,375	2,672,338
Repayments of borrowings, net	(4,142,760)	(3,714,455)
Due to a related party	(32,944)	81,064
Financial charges paid	(396,470)	(272,205)
Dividends paid	(683,253)	(491,956)
Net cash utilized in financing activities	(648,052)	(1,725,214)
Net change in cash and cash equivalents	619,172	(1,347,230)
Cash and cash equivalents at the beginning of the period	1,051,194	2,387,431
Cash and cash equivalents at the end of the period	1,670,366	1,040,201

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

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three-month and nine-month periods ended 30 September 2022

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 Corporate information

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

The Company and its subsidiaries (the “Group”) carry out activities through the entities as listed in Note 1.5 to the annual audited consolidated financial statements for the year ended 31 December 2021. The principal activities of the Group are hotel management and operations, commercial services, education, investments and medical services.

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

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

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

Impact of COVID-19

The Group has assessed the continued impact of COVID-19 on its businesses and its reflection on its consolidated financial position and performance. This assessment involved significant judgements, estimates and assumptions that were subject to a lesser degree of certainty as compared to those made in years prior to the advent of COVID-19. These have been disclosed in Note 3.

Climate Change

The Group has reviewed its exposure to climate related and other emerging business risks but has not identified any risks that could impact the financial performance or position of the Group as at 30 September 2022.

Liquidity and financial position

As at 30 September 2022, the Group had net current liabilities amounting to Saudi Riyals 5.9 billion (31 December 2021: Saudi Riyals 3.3 billion). This is mainly due to maturity of certain current borrowings amounting to Saudi Riyals 6.3 billion. The Group has sufficient liquid unpledged portfolio of investments and cash and cash equivalents including undrawn financing facilities of Saudi Riyals 1.64 billion as at 30 September 2022. Further, based on analysis of cash flow projections over the next twelve months, management is confident that the Group will be able to meet its obligations as and when they fall due.

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

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

1 Corporate information (continued)

There are no changes to the Group structure as reported in Note 1 to the annual audited consolidated financial statements of the Group for the year ended 31 December 2021 except for the change in shareholding of the Ultimate Controlling Party as a result of the Share Purchase Agreement ('SPA') signed with Public Investment Fund on 22 May 2022. The effective shareholding of the Ultimate Controlling Party has decreased to 78.13% as a result of the SPA.

These condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on 15 Rabi Al Thani 1444 (corresponding to 9 November 2022).

2 Basis of preparation

2.1 Statement of compliance

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

These condensed consolidated interim financial statements should be read in conjunction with the Group's annual audited consolidated financial statements as at and for the year ended 31 December 2021 and do not include all of the information required for a complete set of financial statements under International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual audited consolidated financial statements.

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

2.2 Historical cost convention

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

2.3 Functional and presentation currency

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

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

3 Use of estimates, assumptions and judgments

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

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

Management has reassessed the significant inputs in its estimates of recoverable amounts of investments in equity-accounted investments, goodwill and intangible assets, as disclosed in Notes 3.1, 11 and 14 of the annual audited consolidated financial statements for the year ended 31 December 2021 directly impacted by COVID-19 and recoverable amount of these assets are still higher than the carrying values and therefore no impairment was recognized for the nine-month period ended 30 September 2022.

Also, refer to Note 6 for key assumptions and judgements used in valuation technique for certain investments carried at FVOCI.

4 Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's last annual audited consolidated financial statements as at and for the year ended 31 December 2021.

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

There are no new standards issued, however, there are number of amendments to existing standards which are effective from 1 January 2022 and have been explained in the Group's annual consolidated financial statements, but they do not have a material effect on these condensed consolidated interim financial statements.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

5 Segment information

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

Description of segments and principal activities

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

Equity investments	<p>International - The principal activity includes investments in international quoted securities;</p> <p>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</p> <p>Private equity - The principal activity includes investments in private equities, managed funds and other entities existing within the structure of the Group.</p>
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.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

5 Segment information (continued)

	Equity investments	Hotels	Real estate	Health Care	All other segments	Total
2022 (Unaudited)						
Total revenue:						
For the three-month period ended 30 September 2022	286,445	252,568	92,551	-	17,740	649,304
For the nine-month period ended 30 September 2022	833,456	661,432	319,556	-	54,381	1,868,825
Profit / (loss):						
For the three-month period ended 30 September 2022	333,681	19,159	(11,631)	-	3,649	344,858
For the nine-month period ended 30 September 2022	6,669,250	16,141	(12,291)	-	14,357	6,687,457
Total assets as at 30 September 2022	35,602,774	5,791,325	6,861,692	77,561	576,534	48,909,886
Total liabilities as at 30 September 2022	14,508,439	3,178,485	878,292	29,757	40,175	18,635,148
Timing of revenue recognition						
- At point in time	N/A	N/A	N/A	Yes	N/A	
- Over a period of time	N/A	Yes	Yes	N/A	Yes	
	Equity investments	Hotels	Real estate	Health Care	All other segments	Total
2021 (Unaudited)						
Total revenue:						
For the three-month period ended 30 September 2021	76,626	187,158	59,352	-	15,141	338,277
For the nine-month period ended 30 September 2021	400,745	277,055	209,104	-	47,713	934,617
Profit / (loss):						
For the three-month period ended 30 September 2021	109,459	1,910	(16,567)	-	2,972	97,774
For the nine-month period ended 30 September 2021	685,322	(109,441)	(14,930)	-	13,036	573,987
Total assets as at 31 December 2021 (Audited)	36,966,541	6,445,943	6,769,070	77,561	560,213	50,819,328
Total liabilities as at 31 December 2021 (Audited)	13,760,698	3,676,070	866,834	29,757	47,100	18,380,459
Timing of revenue recognition						
- At point in time	N/A	N/A	N/A	Yes	N/A	
- Over a period of time	N/A	Yes	Yes	N/A	Yes	

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

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2022
 (All amounts in Saudi Riyals thousands unless otherwise stated)

6 Investments at fair value

Note 31 of the annual audited consolidated financial statements as at and for the year ended 31 December 2021 explains the fair value hierarchy, valuation techniques and the valuation process other than those disclosed in Note 6.1.

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

	Level 1	Level 2	Level 3 (Note 6.1)	Total
As at 30 September 2022				
(Unaudited)				
Financial assets				
<i>Investments at FVTPL</i>				
<i>(Current):</i>				
- Asia	-	105,256	-	105,256
<i>Investments at FVOCI (Non-current):</i>				
- North America	8,569,763	-	-	8,569,763
- Asia	1,295,120	-	916,482	2,211,602
- Europe (Note 6.2)	6,800,952	-	-	6,800,952
Sub-total	16,665,835	-	916,482	17,582,317
Total financial assets at fair value	16,665,835	105,256	916,482	17,687,573
As at 31 December 2021				
(Audited)				
Financial assets				
<i>Investments at FVTPL:</i>				
- Europe (Non-current) (Note 6.2)	-	213,525	-	213,525
- North America (Current)	-	47,635	-	47,635
- Asia (Current)	-	105,256	-	105,256
Sub-total	-	366,416	-	366,416
<i>Investments at FVOCI (Non-current):</i>				
- North America	11,202,782	-	-	11,202,782
- Asia	1,198,670	-	-	1,198,670
- Europe	3,938,746	-	-	3,938,746
Sub-total	16,340,198	-	-	16,340,198
Total financial assets at fair value	16,340,198	366,416	-	16,706,614

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

6 Investments at fair value (continued)

6.1 Valuation of level 3 designated Investments

As at 30 September 2022, the Group holds position in certain equity securities dual listed on Russian and London Stock Exchanges. Given the trading on London Stock Exchange ('LSE') has ceased during the nine-month period ended 30 September 2022, the Group has used valuation technique using observable input i.e. the trading price on Moscow Stock Exchange ('MSE'). The trading price on MSE has been adjusted for certain pertinent unobservable inputs such as liquidity, repatriation risk and forex adjustments.

A 10% change in the inputs to the valuation for such equity securities as at 30 September 2022 will be as follows:

Assumptions	Amount in Saudi Riyals 'ooo'
Observable input change by +/-10%	305,494
Unobservable input by +/-10%	91,648

6.2 Transfer from level 2 to level 1

During the nine-month period ended 30 September 2022, the Group transferred its Investment in Dezeers securities from level 2 to level 1 because of its listing on the stock exchange.

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

7 Equity-accounted investees

	For the nine-month period ended 30-Sep-22 (Unaudited)	Year ended 31-Dec-21 (Audited)
At beginning of the period / year	16,343,166	18,654,797
Dividends	(312,429)	(205,031)
Share of results	553,163	571,952
Share in other comprehensive loss	(326,385)	(167,422)
Unrealized exchange loss on translation	(455,847)	(276,110)
	15,801,668	18,578,186
Less: Equity-accounted investment classified as held for sale (Current)	-	(2,235,020)
Balance as at the end of the period / year	15,801,668	16,343,166

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 the three-month period ended 31 March 2022.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

8 Borrowings

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

	30-Sep-22 (Unaudited)	31-Dec-21 (Audited)
Kingdom Holding Company	9,782,393	9,570,420
Kingdom 5-KR-11 Limited	3,193,441	3,326,492
Kingdom 5-KR-35 Group	1,436,138	1,666,852
Kingdom KR-114 Limited	1,116,396	1,344,117
Trade Centre Company Limited (TCCL)	611,573	534,766
Others	408	408
	16,140,349	16,443,055

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

	30-Sep-2022 (Unaudited)	31-Dec-2021 (Audited)
Current		
Current portion of term loans	6,304,739	5,856,962
Non-Current		
Term loans, including long-term revolving facilities	9,835,610	10,586,093

As at 30 September 2022, borrowings include loan from a related party amounting to Saudi Riyals 1.73 billion (31 December 2021: Saudi Riyals 1.2 billion).

9 Contingencies and commitments

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

There have been no significant changes in contingencies, capital and operating lease commitments during the three-month and nine-month periods ended 30 September 2022.

10 Related party transactions

The Group enters various other transactions with related parties at mutually agreed terms. Other than those mentioned specifically in these condensed consolidated interim financial statements, transactions for the three-month and nine-month periods ended 30 September 2022, individually or in aggregate, are not material to the condensed consolidated interim financial statements.

11 Share capital

The share capital as at 30 September 2022 and 31 December 2021 consists of 3,706 million authorized and issued shares at a par value of Saudi Riyals 10 each.

KINGDOM HOLDING COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
For the three-month and nine-month periods ended 30 September 2022
(All amounts in Saudi Riyals thousands unless otherwise stated)

12 Dividends declaration

The Board of Directors on 25 Rajab 1443H (corresponding to 26 February 2022) exercised its authority provided by the shareholders of the Company and approved dividend distribution of Saudi Riyals 1,038 million equivalent to Saudi Riyals 0.28 per share for the year 2022. The first and second dividend distribution were made to all shareholders on record as at the date approved in the General Assembly meeting.

13 Earnings per share

Earnings per share for the three-month and nine-month periods ended 30 September 2022 and 2021 have been computed by dividing the profit for each of the period presented by the number of shares outstanding of 3,706 million shares (30 September 2021: 3,706 million shares) during the period then ended.

14 Zakat and income tax payable

In the year ended 31 December 2020, the Company closed all of its open assessment years with Zakat, Tax and Customs Authority ("ZATCA"). The Company has filed its zakat returns up to the year ended 31 December 2021 with ZATCA.

During the year ended 31 December 2021, the ZATCA reopened the assessments for the years 2015 to 2018 claiming additional zakat amounts related to those years. Management is 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 the ZATCA.

There is no change in the status of income tax assessments received in relation to the operations of subsidiaries in foreign countries by their respective taxation authorities other than those disclosed in Note 18 to the annual audited consolidated financial statements.

15 Derivative financial instruments

At 30 September 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 30 September 2022 was recognized as a liability of Saudi Riyals 159 million under 'other current liabilities'.

As at 30 September 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 Options. The most sensitive input to the Model were risk free interest rate and volatility. However, a 5% change in the risk-free interest rate and expected price volatility of underlying shares will not significantly impact the fair value of the Options as at 30 September 2022.

16 Subsequent event

No events have arisen subsequent to 30 September 2022 and before the date of signing the independent auditor's review report, that could have a significant effect on the condensed consolidated interim financial statements as at 30 September 2022.