

**SAUDI RESEARCH AND MEDIA GROUP
(SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT**

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30
SEPTEMBER 2022**

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

INDEX	PAGE
Independent auditor's review report	2-3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of income	5
Interim condensed consolidated statement of comprehensive income	6
Interim condensed consolidated statement of changes in equity	7
Interim condensed consolidated statement of cash flows	8-9
Notes to the interim condensed consolidated financial statements	10-29



Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 - Five million and five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821
Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730
ey.ksa@sa.ey.com
ey.com

Independent auditor's review report on the interim condensed consolidated financial statements to the shareholders of Saudi Research and Media Group (SRMG) (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Research and Media Group ("the company") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2022, and the related interim condensed consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2022, and the related interim condensed statements 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 interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated 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" 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 that are 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

**Independent auditor's review report on the interim condensed consolidated financial statements to the shareholders of Saudi Research and Media Group (SRMG)
(A Saudi Joint Stock Company) (continued)**

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 4 Ramadan 1443H (corresponding to 5 April 2022G). Further, the interim condensed consolidated financial statements of the group for the three-month period ended 31 March 2022 and for the three-month and nine-month periods ended 30 September 2021 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 21 Shawwal 1443H (corresponding to 22 May 2022G) and 6 Rabi Al-Thani 1443H (corresponding to 11 November 2021G), respectively.

for Ernst & Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License No. (437)

Riyadh: 13 Rabi Al-Thani 1444H
(7 November 2022G)



SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2022

		As at 30 September 2022 (Unaudited) SR	As at 31 December 2021 (Audited) SR
ASSETS			
Non-current assets			
Property, plant, and equipment	7	1,207,179,570	1,113,694,086
Right-of-use assets	8	113,673,535	87,343,732
Intangible assets and goodwill	9	855,919,264	839,945,533
Investment properties	10	25,631,784	25,961,117
Financial assets at fair value through other comprehensive income	11	1,140,078,180	1,155,872,141
Financial assets at amortized cost		-	307,152,000
Non-current trade receivables		11,160,124	3,856,127
Derivative financial instruments	17	8,156,176	-
Total non-current assets		3,361,798,633	3,533,824,736
Current assets			
Inventories	13	268,643,561	216,256,632
Trade receivables		921,093,423	1,024,693,434
Prepayments and other current assets		243,866,450	147,274,863
Financial assets at amortized cost		503,595,024	-
Financial assets at fair value through profit or loss	11	152,032,527	349,302,897
Short-term investments		875,000,000	700,000,000
Cash and cash equivalents	12	390,762,655	396,786,676
Total current assets		3,354,993,640	2,834,314,502
TOTAL ASSETS		6,716,792,273	6,368,139,238
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the Parent Company		2,517,589,820	2,066,457,537
Non-controlling interests		225,453,443	235,739,033
Total equity		2,743,043,263	2,302,196,570
Liabilities			
Non-current liabilities			
Borrowings and Murabaha	18	401,045,703	418,680,482
Defined employees' benefits liabilities		138,505,045	129,392,757
Trade payables		106,898,936	80,379,078
Contract liabilities		570,995,928	830,011,706
Other non-current liabilities		15,252,524	15,478,746
Deferred tax liabilities		56,416	60,301
Lease liabilities		90,126,846	70,383,979
Total non-current liabilities		1,322,881,398	1,544,387,049
Current liabilities			
Borrowings and Murabaha – current portion	18	482,422,873	439,393,795
Trade payables		357,190,284	329,667,273
Contract liabilities		1,323,850,673	1,263,809,142
Accrued expenses and other current liabilities		279,997,590	305,625,353
Lease liabilities		28,702,253	26,376,068
Provision for Zakat and income tax	19	178,703,939	156,683,988
Total current liabilities		2,650,867,612	2,521,555,619
Total liabilities		3,973,749,010	4,065,942,668
TOTAL EQUITY AND LIABILITIES		6,716,792,273	6,368,139,238

Chairman
Abdulrahman Al Rowaita

CEO and Board Member
Jowana AlRashid

CFO
Mohammed Abdulfatah Nazer

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the three-month and nine-month periods ended 30 September 2022

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2022	2021	2022	2021
		(Unaudited) SR	(Unaudited) SR	(Unaudited) SR	(Unaudited) SR
Revenue	23	1,002,721,116	813,932,031	2,696,306,534	2,113,482,457
Cost of revenue		(605,650,097)	(463,472,703)	(1,708,792,989)	(1,282,960,074)
Gross profit		397,071,019	350,459,328	987,513,545	830,522,383
General and administrative expenses		(93,524,620)	(99,576,894)	(308,805,351)	(270,098,060)
Selling, marketing and distribution expenses		(30,602,492)	(18,656,846)	(72,036,064)	(49,140,031)
Allowance for expected credit losses on trade receivables		(3,150,362)	(9,316,773)	(18,049,541)	(10,974,862)
Other operational income, net		4,127,819	9,180,184	13,981,408	6,292,890
Income from operations		273,921,364	232,088,999	602,603,997	506,602,320
Finance costs		(12,148,221)	(14,085,080)	(32,969,398)	(42,761,601)
Finance income		7,774,218	684,300	18,935,918	1,645,681
Net finance cost		(4,374,003)	(13,400,780)	(14,033,480)	(41,115,920)
Income before Zakat and income tax		269,547,361	218,688,219	588,570,517	465,486,400
Zakat and income tax		(25,981,633)	(19,654,978)	(67,421,569)	(51,319,640)
Net income for the period		243,565,728	199,033,241	521,148,948	414,166,760
Attributable to:					
Shareholders of the Parent Company		246,531,519	204,876,845	527,766,407	430,960,354
Non-controlling interests		(2,965,791)	(5,843,604)	(6,617,459)	(16,793,594)
		243,565,728	199,033,241	521,148,948	414,166,760
Basic and diluted earnings per share					
Earnings per share from net income attributable to shareholders of the Parent Company	20	3.08	2.56	6.60	5.39
Number of equity shares		80,000,000	80,000,000	80,000,000	80,000,000

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022	2021	2022	2021
	(Unaudited) SR	(Unaudited) SR	(Unaudited) SR	(Unaudited) SR
Net income for the period	243,565,728	199,033,241	521,148,948	414,166,760
Other comprehensive (loss) / income				
<i>Items that will not be reclassified subsequently to profit or loss (net of tax):</i>				
- Fair value changes of financial assets at fair value through other comprehensive income	(35,586,747)	(6,510,051)	(59,053,906)	5,354,200
<i>Items that may be reclassified subsequently to profit or loss (net of tax):</i>				
- Foreign currency translation differences - foreign operations	(7,981,491)	328,923	(21,248,349)	(5,571,640)
Movement of other comprehensive loss for the period	(43,568,238)	(6,181,128)	(80,302,255)	(217,440)
Total comprehensive income for the period	199,997,490	192,852,113	440,846,693	413,949,320
Attributable to:				
Shareholders of the Parent Company	202,999,439	198,694,817	447,512,280	430,912,449
Non-controlling interests	(3,001,949)	(5,842,704)	(6,665,587)	(16,963,129)
	199,997,490	192,852,113	440,846,693	413,949,320

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine-month period ended 30 September 2022

	Equity attributable to the shareholders of the Parent Company						Non-controlling interests SR	Total equity SR	
	Capital SR	Statutory reserve SR	Contractual reserve SR	Translation reserve SR	Fair value of financial assets reserve SR	Retained earnings SR			Total SR
Balance as at 1 January 2021 (audited)	800,000,000	240,000,000	67,547,177	(22,245,409)	24,092,729	418,084,308	1,527,478,805	241,803,062	1,769,281,867
Net change in non-controlling interests	-	-	-	-	-	-	-	4,218,900	4,218,900
Net income / (loss)	-	-	-	-	-	430,960,354	430,960,354	(16,793,594)	414,166,760
Other comprehensive (loss) / income	-	-	-	(5,402,105)	5,354,200	-	(47,905)	(169,535)	(217,440)
Total comprehensive (loss) / income	-	-	-	(5,402,105)	5,354,200	430,960,354	430,912,449	(16,963,129)	413,949,320
Balance as at 30 September 2021 (unaudited)	800,000,000	240,000,000	67,547,177	(27,647,514)	29,446,929	849,044,662	1,958,391,254	229,058,833	2,187,450,087
Balance as at 1 January 2022 (audited)	800,000,000	293,701,965	67,547,177	(29,523,376)	32,240,686	902,491,085	2,066,457,537	235,739,033	2,302,196,570
Transactions with non-controlling interests – business unit acquisition transaction	-	-	-	-	-	3,620,003	3,620,003	(3,620,003)	-
Net income / (loss)	-	-	-	-	-	527,766,407	527,766,407	(6,617,459)	521,148,948
Other comprehensive loss	-	-	-	(21,200,221)	(59,053,906)	-	(80,254,127)	(48,128)	(80,302,255)
Total comprehensive (loss) / income	-	-	-	(21,200,221)	(59,053,906)	527,766,407	447,512,280	(6,665,587)	440,846,693
Balance as at 30 September 2022 (unaudited)	800,000,000	293,701,965	67,547,177	(50,723,597)	(26,813,220)	1,433,877,495	2,517,589,820	225,453,443	2,743,043,263

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2022

	Notes	For the nine-month period ended 30 September	
		2022 (Unaudited) SR	2021 (Unaudited) SR
Operating activities:			
Income before Zakat and income tax		588,570,517	465,486,400
<i>Adjustments to reconcile income before Zakat and income tax to net cash inflow from operating activities:</i>			
Depreciation		108,552,796	93,497,085
Amortisation		71,925,206	63,624,748
Fund management fees	11	2,098,245	1,858,403
Realised gain from sale of financial assets at fair value through profit or loss (FVTPL)	11	(12,063,649)	(2,261,150)
Change in fair value of financial assets at FVTPL	11	9,744,081	1,473,500
Loss / (Gain) from disposal of property, plant, and equipment		605,319	(35,073)
Fair value gain from derivatives financial instruments		(8,156,176)	-
Finance costs		41,125,574	42,761,601
Allowance for expected credit losses on trade receivables, net		18,049,541	10,974,862
Allowance for expected credit losses on prepayments and other current assets		1,483,300	-
(Reverse) / Provision for slow-moving inventories		(47,784)	902,066
Amortization of premium on financial assets at amortized cost		5,196,976	-
Defined employees' benefits liabilities provision		18,408,383	12,488,651
Foreign exchange gains		(15,173,802)	-
		<u>830,318,527</u>	<u>690,771,093</u>
<i>Changes in operating assets and liabilities:</i>			
Inventories		(52,339,145)	(33,382,171)
Trade receivables		78,825,317	30,059,379
Prepayments and other current assets		(98,653,558)	(83,640,046)
Trade payables		(68,573,201)	(69,149,953)
Contract liabilities		(198,974,247)	140,606,095
Accrued expenses and other current liabilities		(25,627,763)	19,788,849
Cash from operations		<u>464,975,930</u>	<u>695,053,246</u>
Zakat and income tax paid		(45,412,591)	(13,595,371)
Finance cost paid		(35,417,137)	(26,627,108)
Defined employees' benefits liabilities paid		(9,241,352)	(11,747,351)
Net cash from operating activities		<u>374,904,850</u>	<u>643,083,416</u>
Investing activities:			
Proceeds from disposal of property, plant, and equipment		198,461	79,599
Acquisition of financial assets at amortised costs		(201,640,000)	-
Addition of property, plant, and equipment		(133,198,714)	(36,235,162)
Addition of intangible assets		(9,127,742)	(7,277,155)
Proceeds from sale of financial assets at FVTPL	11	199,589,938	43,000,000
Short-term investments, net		(175,000,000)	-
Addition of financial assets at FVOCI	11	(45,358,190)	(3,240,000)
Net cash used in investing activities		<u>(364,536,247)</u>	<u>(3,672,718)</u>
Financing activities:			
Proceeds from Murabaha and term borrowings	18	971,607,381	1,208,093,267
Repayment of Murabaha and term borrowings	18	(950,008,566)	(1,171,807,288)
Lease liabilities paid		(23,583,230)	(24,420,070)
Change in non-controlling interests		-	4,218,900
Net cash (used in)/from financing activities		<u>(1,984,415)</u>	<u>16,084,809</u>
Net change in cash and cash equivalents		8,384,188	655,495,507
Effect of movements in exchange rates		(14,408,209)	(4,273,226)
Cash and cash equivalents at the beginning of the period		386,993,766	387,700,102
Change in restricted cash at banks		58	-
Cash and cash equivalents at the end of the period	12	<u>380,969,803</u>	<u>1,038,922,383</u>

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the nine-month period ended 30 September 2022

	For the nine-month period ended 30 September	
	2022 (Unaudited) SR	2021 (Unaudited) SR
<u>Significant non-cash transactions:</u>		
Additions to right-of-use assets and lease liabilities	62,208,147	5,200,444
Intangible assets acquired but not yet settled and included under trade payables	78,980,177	-
Addition of property, plant, and equipment but not yet settled and included under trade payables	57,540,432	-



The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2022

1. Corporate information

Saudi Research and Media Group (the “Company” or the “Parent Company”) is a Saudi joint stock company registered in Riyadh, Kingdom of Saudi Arabia and operates under commercial registration number 1010087772 dated 29 Rabi Al-Awwal 1421H (corresponding to 1 July 2000) and has a registered branch in Jeddah under sub-commercial registration number 4030061258. The Company’s head office address is Al-Moutamarat District, Makkah Road, P.O. Box 53108, Riyadh 11583, Kingdom of Saudi Arabia.

The Company has announced to the shareholders on 2 May 2021 the approval of the Extraordinary General Assembly held on 17 Ramadan 1442H (corresponding to 29 April 2021) to amend Article (2) of the Company’s by-laws regarding changing the Company’s name from Saudi Research and Marketing Group to Saudi Research and Media Group, after completion of all legal requirements on 5 Shawwal 1442H (corresponding to 17 May 2021).

The Company and its subsidiaries (collectively referred to as the “Group”) are engaged in trading, media, advertising, promotions, distribution, printing and publishing, and public relations, and operate mainly in the Middle East, Europe, and North Africa.

These interim condensed consolidated financial statements include the financial position and results of operations of the Company and its domestic and foreign subsidiaries in the schedule below.

The following is a list of the subsidiaries incorporated within these interim condensed consolidated financial statements:

Subsidiaries	Country of incorporation and activities	Principal activity	Direct and indirect ownership %	
			30 September 2022	31 December 2021
Intellectual Holding Company for Advertisement and Publicity	Kingdom of Saudi Arabia	Investment in subsidiaries	100	100
Scientific Works Holding Company	Kingdom of Saudi Arabia	Investment in subsidiaries	100	100
Saudi Research and Publishing Company	Kingdom of Saudi Arabia	Publishing	100	100
Al-Khaleejiah Advertisement and Public Relations Company	Kingdom of Saudi Arabia	Advertisement and publicity	100	100
Arab Media Company Limited	Kingdom of Saudi Arabia	Visual and readable media and advertising services	100	100
Saudi Distribution Company	Kingdom of Saudi Arabia	Publishing and distribution	100	100
Moutamarat Company for Exhibitions and Conferences	Kingdom of Saudi Arabia	Holding and organizing specialized exhibitions, conferences, and forums	100	100
Emirates Printing, Publishing, and Distribution Company Ltd.	United Arab Emirates	Distribution	100	100
Moroccan Printing and Publishing Company	Morocco	Printing and publishing	100	100

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

As at 30 September 2022

1. Corporate information (continued)

The following is a list of the subsidiaries incorporated within these interim condensed consolidated financial statements (continued):

Subsidiaries	Country of incorporation and activities	Principal activity	Direct and indirect ownership (%)	
			30 September 2022	31 December 2021
VOX Asia Productions Limited	Pakistan	Advertising	100	100
Numu Media Holding Company	Kingdom of Saudi Arabia	Management of subsidiaries	100	100
Scene Visual Media Company (previously "Numu Visual Media Company")	Kingdom of Saudi Arabia	Advertising	100	100
Numu Elmiah Co. (previously Educational Bookshop Co.)	Kingdom of Saudi Arabia	Development of educational methods and books trade	100	100
Saudi Specialized Publishing Company	Kingdom of Saudi Arabia	Specialized publishing	100	100
Saudi Commercial Company	Kingdom of Saudi Arabia	Trading in printing accessories	100	100
Al-Ofoq Management Information System and Communication Company	Kingdom of Saudi Arabia	Trading in communication equipment and software development	100	100
Character Company Limited	Kingdom of Saudi Arabia	Trade	100	100
Taoq Public Relations Company Limited	Kingdom of Saudi Arabia	Public relations and communication	100	100
Takanah Public Relations Company Limited (c)	Kingdom of Saudi Arabia	Trading in advertisement and publicity materials	100	100
Numu Training and Consulting Company	Kingdom of Saudi Arabia	Training and consulting	100	100
Education Concept for Educational and Technical Solutions Company	Kingdom of Saudi Arabia	Import, export, and wholesale trade	100	100
Numu Alelaniah for Advertising	Kingdom of Saudi Arabia	Visual and readable media and advertising services	100	100
Arab Net Technology Co. Ltd	United Kingdom	Internet services	100	100
Al Khaleejiah Company Ltd	United Kingdom	Advertising	100	100
Book Depot for Publishing and Distribution (Ethra'a)	Jordan	Publishing and distribution	100	100
Raff Publishing Company (previously Nasheroon for Publishing co.) (c)	Kingdom of Saudi Arabia	Publishing and distribution	100	100
Taoq Media Research Company	Kingdom of Saudi Arabia	Research and support	100	100
Asharq News Services Company Limited	United Arab Emirates	TV broadcasting, radio, and other media platforms	100	100
Content Specialized Media Company	United Arab Emirates	Specialized publishing	100	100
University Book Shop Company	United Arab Emirates	Publishing and distribution	100	100
Smart Super Stores Company	United Arab Emirates	Publishing and distribution	100	100

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

As at 30 September 2022

1. Corporate information (continued)

The following is a list of the subsidiaries incorporated within these interim condensed consolidated financial statements (continued):

Subsidiaries	Country of incorporation and activities	Principal activity	Direct and indirect ownership (%)	
			30 September 2022	31 December 2021
HH Saudi Research and Marketing Company	United Kingdom	Publishing and distribution	100	100
Media Investment Company Limited	United Kingdom	Rental services	100	100
Al-Majalla Magazine Limited	United Kingdom	Commercial activities	100	100
Asharq Al Awsat Co. Ltd	United Kingdom	Main center activities	100	100
IPM Ltd	Guernsey Islands	Registration, maintenance, and ownership of the Group's intellectual property	100	100
Sayidaty Products Co.	United Kingdom	Commercial activities	100	100
Sayidaty Limited Company	United Kingdom	Commercial activities	100	100
Euromena Company (formerly "Satellite Graphics")	United Kingdom	Commercial activities	100	100
Media Arabia Company Limited	Jersey	Commercial activities	100	100
Asharq News Services Company Limited	Kingdom of Saudi Arabia	TV broadcasting, radio, and platforms	100	100
Asharq TV Company	Kingdom of Saudi Arabia	Television broadcasting and radio and forums	100	100
The News Hub Limited	United Kingdom	News wire	100	100
The News Hub Limited	Saudi Arabia	News wire	100	-
Saudi Printing and Packaging Company (a)	Kingdom of Saudi Arabia	Printing, packaging, and plastic industries	70	70
Argaam Investment and Trading Company (b)	Kingdom of Saudi Arabia	Publishing and electronic content	51	51
Thmanyah Co. for Publishing and distribution (d)	Kingdom of Saudi Arabia	Publishing audiovisual content	51	51

(a) The Saudi Printing and Packaging Company (SPPC) owns the following subsidiaries:

Subsidiaries	Country of incorporation and activities	Principal activity	The Group percentage of indirect ownership (%)	
			30 September 2022	31 December 2021
Al Madinah Al Mounoura for Printing and Publishing Company	Kingdom of Saudi Arabia	Printing	70	70
Hala Printing company	Kingdom of Saudi Arabia	Printing	70	70
Future Industrial Investment Company	Kingdom of Saudi Arabia	Printing and packaging	70	70
Emirates National Factory for Plastic Industries and its Subsidiaries	United Arab Emirates	Packaging and plastic industries	70	70

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

As at 30 September 2022

1. Corporate information (continued)

- (b) Argaam Investment and Trading Company (Argaam) owns the following subsidiaries:

Subsidiaries	Country of incorporation and activities	Principal activity	The Group percentage of indirect ownership (%)	
			30 September 2022	31 December 2021
Danat Free Zone Company	United Arab Emirates	Publishing and electronic content	51	51
Argaam Media Company	Arab Republic of Egypt	Publishing and electronic content	51	51

- (c) Takanah Public Relations Company Limited and Raff Publishing Company own 100% of the shares in Global Media Company and its subsidiaries, based in the United Kingdom.
- (d) On 1 October 2021, the Arab Media Company, a subsidiary of the Group, acquired 51% of the issued capital of Thmanyah for Publishing and Distribution Company (Thmanyah), one of the leading digital media companies in the Kingdom of Saudi Arabia that works in the production and distribution of podcasts and documentaries on social media platforms. The acquisition is part of the Group's multi-platform approach and commitment to provide original, distinguished, and exclusive content to audiences and customers through digital platforms and social media.

Acquisition accounted for as business combinations in accordance with IFRS 3, using the acquisition method, as all assets and liabilities were recognised at their fair value as on the acquisition date. In March 2022, the Group completed the purchase price allocation (PPA) to the net identifiable assets.

The details of the cash consideration for the purchase of net assets and goodwill are as follows:

	SR million
Cash consideration fair value	
Cash Paid	17.5
Present value of deferred cash consideration (*)	7.2
	<u>24.7</u>

(*) A deferred cash consideration of SR 8.0 million to be paid to the seller in installments starting from the second year of the transaction date until the fifth year. The present value of the deferred cash consideration was defined at SR 7.2 million and recognized in other non-current liabilities. This amount is discounted as a cash outflow using a discount rate 5%.

Details of the assets and liabilities fair values recognized as a result of the acquisition are as follows:

<u>Description</u>	<u>SR million</u>
Property, plant, and equipment	3.1
Intangible assets	0.4
Intangible assets: trade names	10.4
Right-of-use assets	0.8
Trade receivables	1.6
Cash and cash equivalents	0.1
Lease liabilities	(1.0)
Defined employees' benefits liabilities	(0.1)
Zakat provision	(0.1)
Other current liabilities	(5.6)
Fair value of the net identifiable assets	<u>9.6</u>

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

1. Corporate information (continued)

Goodwill:

Description	SR million
Cash consideration at fair value	24.7
Non-controlling interests (**)	4.7
Fair value of the net identifiable assets	(9.6)
Goodwill resulting from acquisition	19.8

(**) The non-controlling interests are calculated at (49%) of the net fair value of the identifiable assets.

2. Basis of preparation

The interim condensed consolidated financial statements for the nine months ended 30 September 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed in the Kingdom of Saudi Arabia by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2021.

The interim condensed consolidated financial statements are prepared under the historical cost convention, except for the following:

- Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value;
- Financial assets at fair value through profit or loss (FVTPL) are measured at fair value;
- Derivative financial instruments are measured at fair value; and
- Defined employees’ benefits liabilities is recognized at the present value of future obligations using the Projected Unit Credit Method.

Functional and presentation currency

The interim condensed consolidated financial statements are presented in Saudi Riyal (SR), which is the Company’s functional currency and the Group’s presentation currency. All amounts are shown in full unless otherwise indicated.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group’s interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The significant judgements exercised by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

4. Accounting Policies

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2021 except as disclosed below and in note 6.

Derivative financial instruments

The Group uses derivative financial instruments such as Interest Rate Swaps (IRS) to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured for any changes in their fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from the changes in the fair value of derivatives are charged directly to income statement.

5. Fair value measurements

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values for financial assets and liabilities. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the standards, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

6. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no onerous contracts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

6. New standards, interpretations and amendments adopted by the Group (continued)

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent consideration payable with respect to business combinations.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in income statement.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group’s financial instruments during the period.

7. Property, plant, and equipment

As at 30 September 2022, the cost of property, plant and equipment amounted to SR 2,400.5 million (31 December 2021: SR 2,236.9 million) and the accumulated depreciation as at 30 September 2022 amounted to SR 1,193.3 million (31 December 2021: SR 1,123.2 million).

Additions

During the nine-month period ended 30 September 2022, the Group purchased assets with a cost of SR 190.6 million (30 September 2021: SR 36.2 million).

Pledged assets

Certain plant, property and equipment with net book value amounting to SR 70.5 million as at 30 September 2022 (31 December 2021: SR 91 million) were placed as collateral against long-term borrowing (note 18).

Capital commitments

The capital commitments of the Group pertaining to purchase of property, plant and equipment amounted to SR 270.8 million as at 30 September 2022 (31 December 2021: SR 140.4 million). These are expected to be delivered in 2023.

8. Right-of-use assets

During the nine-month period ended 30 September 2022, the Group obtained a lease contract for a new building and renewed existing lease contracts which increased the right-of-use assets by SR 63.5 million (30 September 2021: SR 5.2 million).

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

9. Intangible assets and goodwill

The details of intangible assets and goodwill are as follows:

	As at 30 September 2022 SR	As at 31 December 2021 SR
Goodwill (a)	389,745,066	389,745,066
Visual content project, websites, and copyrights	238,122,815	219,300,110
Mastheads (a)	172,126,350	172,126,350
Computer software	43,659,867	48,303,153
Trade names	9,058,700	10,029,275
Projects in progress	3,206,466	441,579
	<u>855,919,264</u>	<u>839,945,533</u>

a. Sensitivity to changes in assumptions

With regard to the assessment of value-in-use, there are no significant changes to the key assumptions, or the sensitivity information disclosed in the annual consolidated financial statements for the year ended 31 December 2021.

10. Investment properties

As at 30 September 2022, the group holds investment properties with carrying value of SR 25.6 million (31 December 2021: SR 25.9 million) which has fair value of SR 37.9 million as at 31 December 2021.

11. Financial assets at fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL)

This includes investment in funds in the Kingdom of Saudi Arabia regulated by the Saudi Capital Market Law and its executive regulations, private equity fund and shares in an unquoted company.

a. Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets at FVOCI represents the investments which the Group has the intention to hold for a long term for strategic purposes. In accordance with IFRS 9, the Group has initially recognized them as financial assets at FVOCI.

The movement of financial assets at FVOCI is as follows:

	For the nine-month period ended 30 September 2022 SR	For the year ended 31 December 2021 SR
At 1 January	1,155,872,141	1,139,499,770
Additions	45,358,190	5,390,000
Dividends	-	5,316,057
Management fees	(2,098,245)	(2,481,643)
Changes in fair value	(59,053,906)	8,147,957
	<u>1,140,078,180</u>	<u>1,155,872,141</u>

During the nine-month period ended 30 September 2022, the group invested SR 19.2 million in a newly established private equity fund.

In accordance with the terms and conditions of investment funds with fair values of SR 1.12 billion (31 December 2021: SR 1.15 billion), the control of these investment funds rest with the fund manager.

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

11. Financial assets at fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL) (continued)

b. Financial assets at fair value through profit or loss (FVTPL):

Financial assets at FVTPL represents the investments which the Group holds with intention to trade. The movement of financial assets at FVTPL is as follows:

	For the nine-month period ended 30 September 2022 SR	For the year ended 31 December 2021 SR
At 1 January	349,302,897	241,211,454
Additions during the year	-	150,000,000
Disposals during the period / year	(199,589,938)	(43,000,000)
Realized gain on disposal during the period / year	12,063,649	2,261,151
Changes in fair value during the period / year	(9,744,081)	(1,169,708)
	<u>152,032,527</u>	<u>349,302,897</u>

12. Cash and cash equivalents

	As at 30 September 2022 SR	As at 31 December 2021 SR
Cash at banks and on hand	285,969,803	286,993,766
Cash at banks – restricted accounts (*)	9,792,852	9,792,910
Cash at bank – term deposits	95,000,000	100,000,000
	<u>390,762,655</u>	<u>396,786,676</u>

For the purposes of the consolidated statement of cash flows, the gross cash at banks and cash on hand consist of the following:

	As at 30 September 2022 SR	As at 31 December 2021 SR
Total cash and cash equivalents	390,762,655	396,786,676
Less: restricted accounts (*)	(9,792,852)	(9,792,910)
	<u>380,969,803</u>	<u>386,993,766</u>

*Restricted bank accounts represent deposit pledged against a loan obtained by the Saudi Printing and Packaging Company (a subsidiary).

13. Inventories

The provision for slow-moving inventories as at 30 September 2022 amounted to SR 26.3 million (31 December 2021: SR 26.3 million) was in line with the policy adopted by the Group.

14. Share capital

The Company's share capital amounting to SR 800 million as of 30 September 2022 and 31 December 2021 is divided into 80 million shares of SR 10 each.

15. Statutory reserve

In accordance with the Parent Company's by-laws, the Group is required to set aside 10% of its net profit as statutory reserve. The general assembly may cease such transfer when this reserve equals 30% of the share capital. Based on the approval of the Ordinary General Assembly of Shareholders at its meeting on 18 Shawwal 1433H (corresponding to 19 May 2022, the transfer to statutory reserve was ceased. The statutory reserve is not available for distribution.

16. Contractual reserve

In accordance with the Parent Company's by-laws, the Ordinary General Assembly may, based on the proposal of the Board of Directors, set aside 10% of net profits for the formation of a contractual reserve allocated for specific purpose(s).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

17. Derivative financial instruments

The fair value on derivative financial instruments as at the reporting date was as follows:

	As at 30 September 2022 SR	As at 31 December 2021 SR
Derivatives designated as hedging instruments		
Profit rate swaps	8,156,176	-

The Group uses derivative financial instruments mainly, profit rate swaps to hedge its profit rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Accordingly, the Group has recognised SR 8.2 million as a financial asset during the period ended 30 September 2022. Other details related to the profit rate swap arrangement are as follows:

	As at 30 September 2022 SR	As at 31 December 2021 SR
Change in fair value of the hedging instrument	8,156,176	-
Carrying amount of the hedging instrument	8,156,176	-
Notional amount of the hedging instrument	168,385,385	184,150,800
Maturity date of the hedging instrument	6 December 2025	6 December 2025

18. Murabaha and Borrowings

The Group has signed several financing agreements and banking facilities with a number of local and foreign banks, which include borrowings and Murabaha, credit facilities, letters of credit and letters of guarantee, amounting to SR 1.3 billion (31 December 2021: SR 1.2 billion). The purpose of these facilities is to finance the working capital, investments, import of raw materials, and equipment relating to the Group's activities. These facilities bear financial charges as per the relevant agreements.

The subsidiary company of the Group, Saudi Printing and Packaging Company signed several financing agreements and banking facilities with a number of local and foreign banks, which include loans, short-term borrowings, Murabaha, credit facilities, letters of credit and letters of guarantee, on different periods starting from December 2018 and ending in March 2029, which are subject to renewal. The credit limit for total facilities was SR 965.9 million as at 30 September 2022 (31 December 2021: SR 884.6 million). These agreements are subject to the terms and conditions that apply to all types of facilities provided by banks to their clients, as well as compliance with debt covenants of banking facilities. The purpose of these facilities is to finance the activity, working capital, investments, capital expenditures import of raw materials, and equipment related to SPPC's activities and projects.

In January 2021, Emirates National Factory for Plastic Industries (a wholly owned subsidiary of SPPC in the United Arab Emirates) signed a banking facility agreement (in compliance with the provisions of Islamic Sharia) with a local bank in the United Arab Emirates for a total amount of AED 475 million (equivalent to SR 484.5 million) representing the following:

- Long-term financing of AED 375 million (equivalent to SR 382.5 million), repayable over 8 years. The facility was obtained for the purposes of financing capital projects in the amount of AED 100 million (equivalent to SR 102 million), in addition to early payment of existing facilities in favor of other banks in the United Arab Emirates, amounting to AED 275 million (equivalent to SR 280.5 million); and
- Short-term financing of AED 100 million (equivalent to SR 102 million) for the purpose of working capital financing.

The future movements in interest rate of loans are hedged through an IRS which has resulted in a derivative financial instrument asset as at 30 September 2022 (note 17). These facilities are subject to interest charges according to the relevant agreements, ranging from 1.65% to 3.5% + SAIBOR and EIBOR. Under these agreements, SPPC and its subsidiary provided a number of guarantees to cover the full value of the financing which consist of the following:

- Promissory notes with the total value of the available facilities;
- A plot of land in Abhor district in Jeddah placed as collateral;
- An insurance policy which grants the bank the right to be the first beneficiary for the amount equal to the value of the facility;
- A corporate guarantee provided by a subsidiary of SR 16.6 million; and
- Restricted bank accounts amounting to SR 9.8 million (31 December 2021: SR 9.8 million).

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

18. Murabaha and Borrowings (continued)

Based on the decision of the Board of Directors of SPPC in their meeting held on 7 May 2018, the bank has the right, in the event of default by SPPC, to recourse through some of the subsidiaries, and the bank has the right to request additional guarantees other than what is mentioned in the loan agreement.

SRMG also obtained Islamic financing (Tawaruq) amounting to SR 20 million on 25 July 2022 from a local bank which shall be due for repayment on 25 October 2022, this borrowing carries financial charges at prevailing market borrowing costs. Of the facilities available to the Group and its subsidiaries, as at 30 September 2022, the balance outstanding amounted to SR 883.5 million (31 December 2021: SR 858.1 million).

The following is an analysis of the borrowings and Murabaha transactions:

	As at 30 September 2022 SR	As at 31 December 2021 SR
Short-term borrowing	372,763,461	325,506,091
Long-term borrowing*	486,328,022	510,213,224
Bank overdrafts	17,399,290	19,172,640
Accrued finance costs	6,977,803	3,182,322
Total borrowings and Murabaha	<u>883,468,576</u>	<u>858,074,277</u>
Less: Current portion	<u>(482,422,873)</u>	<u>(439,393,795)</u>
Non-current portion	<u>401,045,703</u>	<u>418,680,482</u>

* Including the current portion of long-term loans.

The following is the movement in the balance of borrowings and Murabaha:

	For the nine-month period ended 30 September 2022 SR	For the year ended 31 December 2021 SR
At 1 January	858,074,278	943,554,857
Proceeds from borrowings	971,607,381	1,446,343,578
Repayment of borrowings	(950,008,566)	(1,530,432,225)
Finance costs	30,407,665	38,601,249
Paid finance costs	<u>(26,612,182)</u>	<u>(39,993,182)</u>
	<u>883,468,576</u>	<u>858,074,277</u>

19. Zakat and income tax

Zakat and income tax assessments for the “Parent Company and its wholly owned subsidiaries”

Provision for Zakat and income tax is recognised and provided within the interim condensed consolidated statement of income.

Zakat returns of the Company and its wholly owned subsidiaries are submitted to the Zakat, Tax and Customs Authority (ZATCA) based on the standalone financial statements prepared for Zakat purposes up to 2006. Other non-wholly owned subsidiaries file their Zakat returns separately.

During the year 2007, the Group had obtained the approval of ZATCA on filing a consolidated Zakat return for the Company and its wholly owned subsidiaries. The Company and its wholly owned subsidiaries have filed Zakat returns to ZATCA for the years from 2007 through 2021.

During the year 2020, a session was held with the Committee for the Settlement of the Zakat and Tax Disputes for the years 2007-2010, in which the Committee issued a final decision, and the Company and its wholly owned subsidiaries paid the amount proposed by the Committee, after which the status of the Company and its wholly owned subsidiaries was finalized and cleared for the aforementioned years.

The Company and its wholly owned subsidiaries have filed Zakat returns for the years from 2011 through 2013 to ZATCA. The final assessments for these years have not yet been raised by ZATCA, Since the Zakat returns have been submitted for more than five years ago, the status for these years is considered terminated due to the statute of limitations.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

19. Zakat and income tax (continued)

Zakat and income tax assessments for the “Parent Company and its wholly owned subsidiaries” (continued)

The Company and its wholly owned subsidiaries have filed Zakat returns for the years 2014 through 2018. The ZATCA has issued the final assessment for the years from 2014 to 2018 and accordingly the Company and its wholly owned subsidiaries has made a provision to cover the potential claims as at 31 December 2020 amounting to SR 57,169,524. Subsequent to the year ended 31 December 2020, the Company and its wholly owned subsidiaries have filed an appeal to the Zakat Dispute Committee and the objection was partially accepted by ZATCA and the assessment was adjusted to be SR 27,318,553 for the years 2015 through 2018. Accordingly, the Company and its wholly owned subsidiaries have resorted to General Secretariat of Committees for Resolution of Zakat, Tax and Customs Violations and Disputes to file an objection on the Zakat Dispute Committee’s resolution. Subsequently for years 2015 to 2018 the objection was not accepted by General Secretariat of Committees for Resolution of Zakat, Tax and Customs Violations and Disputes, accordingly the Company in process to file an appeal.

For year 2014, General Secretariat of Committees for Resolution of Zakat, Tax and Customs Violations and Disputes has issued a resolution in favor of the Company, subsequently ZATCA file an appeal on this resolution and the Company in process to respond on ZATCA appeal.

ZATCA also issued Zakat assessment on Numu Al Elmiah Company (a wholly owned subsidiary of the Company) with a value of SR 8,088,037 for the years 2016 to 2018. Numu Al Elmiah filed and submitted an objection to the Zakat Disputes Committee, and the objection was not accepted by ZATCA. Subsequently, Numu Al Elmiah resorted to the General Secretariat of Committees for Resolution of Zakat, Tax and Customs Violations and Disputes, and the objection was not accepted by General Secretariat of Committees for Resolution of Zakat, Tax and Customs Violations and Disputes, Numu Al Elmiah resorted to the Appeal Committee for Violations and Disputes.

The Company and its wholly owned subsidiaries have submitted their Zakat returns for the years 2019 to 2021, which are still under review by ZATCA, and therefore amendments may occur to them that may lead to an amendment of the Zakat accrued for those years.

Zakat and income tax for “not-wholly-owned major subsidiaries”

a. Saudi Printing and Packaging Company (“SPPC”):

Zakat provision is estimated and charged to the interim condensed consolidated statement of comprehensive income. SPPC submitted Zakat returns for all years up to 2021, and the Zakat return for the year 2021 is still under review by the ZATCA.

SPPC received the consolidated Zakat assessment for the years 31 December 2005 to 2008. However, ZATCA issued assessment notice requesting SPPC to pay an additional amount of SAR. 9,964,793 for which SPPC has filed an objection against the assessment. Subsequently, ZATCA partially accepted the appeal and Zakat differences were reduced by SAR. 3,382,159. The objection was partially approved by the General Secretariate of Zakat, Tax and Custom department “GSTC” and Zakat differences were reduced by 5,040,535. SPPC and ZATCA filed objection to the GSTC, these objections are still being considered by GSTC at the date of preparing these interim condensed consolidated financial statements.

SPPC filed consolidated Zakat returns to ZATCA for the years ended 31 December 2009 until 2013 and received Zakat certificate for these years. ZATCA did not issue the final assessment for the mentioned years up to the date of preparing these interim condensed consolidated financial statements. ZATCA issued assessment notice for the year 2014 without additional amounts.

SPPC received the consolidated Zakat assessment for the years 31 December 2015, 2016, and 2018 claiming additional Zakat liability of SAR. 27,137,780, SPPC partially accepted an amount of SAR. 230,874 from ZATCA treatment and filed an appeal for the remaining amount. ZATCA partially accepted the appeal and issued a revised assessment amounted to SAR. 16,314,362. SPPC filed objections for these years to the first level of the General Secretariate of Tax and Committees “GSTC”, and these objections were rejected by the first level. Then SPPC filed its appeal to the second level of GSTC and these objections are still being considered by the second level of GSTC.

SPPC received the final Zakat assessment for the year 31 December 2017. Zakat position has been finalized with ZATCA for the year 2017.

SPPC received the final Zakat assessment for the years 31 December 2019 and 2020 claiming additional Zakat liability of SAR. 22,428,203. SPPC filed objections for these years, and these objections were partially accepted where Zakat differences are reduced to SAR. 21,809,019. SPPC filed an appeal on the revised assessment to the 1st level of the GSTC and settled 25% of the total Zakat liability amounting to SR. 6,170,214 (according to the ZATCA regulations). The ruling from the first level of GSTC is still under review.

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

19. Zakat and income tax (continued)

Zakat and income tax for “not-wholly-owned major subsidiaries” (continued)

b. Argaam Investment Trading Company:

Zakat returns have been filed to Zakat and Tax and Customs Authority (ZATCA) up to the year ended 31 December 2021. No Zakat provisions accrued to the Company for the years ended 31 December 2021, 2020, and 2019 because the Zakat base was negative. Argaam has not been subject to any Zakat examination up to the date of these financial statements.

c. Thmanyah for Publishing and Distribution Company:

Zakat returns have been filed to Zakat and Tax and Customs Authority (ZATCA) up to the year ended 31 December 2021.

Income tax:

Foreign subsidiaries file their tax returns on a regular basis, and the difference between the effective and accounting tax rate is deemed insignificant.

Movement in Zakat and income provision is as follows:

	For the nine-month period ended 30 September 2022			For the year ended 31 December 2021		
	Zakat SR	Income tax SR	Total SR	Zakat SR	Income tax SR	Total SR
At 1 January	156,553,256	130,732	156,683,988	110,639,526	(679,139)	109,960,387
Provision assumed through acquisition	-	-	-	93,794	861,160	954,954
Provision during the period/ year	66,756,786	664,783	67,421,569	65,404,770	-	65,404,770
Foreign currency translation adjustments	-	(2,548)	(2,548)	-	(51,289)	(51,289)
Adjustments during the period / year	13,520		13,520	-	-	-
Paid during the period / year	(44,561,616)	(850,974)	(45,412,590)	(19,584,834)	-	(19,584,834)
	178,761,946	(58,007)	178,703,939	156,553,256	130,732	156,683,988

20. Earnings per share

Basic / diluted earnings per share (EPS) for income attributable to ordinary shares are calculated by the appropriation of the weighted average number of outstanding ordinary shares. Earnings per share for the three-month and nine-month periods ended 30 September 2022 has been computed based on the weighted average number of shares outstanding during the periods which amounted to 80,000,000 shares for the three-month and nine-months periods ended 30 September 2022 (three- and nine-months periods ended 30 September 2021: 80,000,000 shares). There are no contingent ordinary diluted shares. Diluted earnings per share is the same as the basic earnings per share as the Group does not have any convertible securities nor diluted instruments to exercise.

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2022

21. Financial instruments fair values and risk management

The table below shows the carrying and fair values of financial assets and liabilities as at 30 September 2022 and 31 December 2021:

	Carrying value					Fair value			
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR
30 September 2022									
Financial assets measured at fair value									
Financial assets at fair value through profit or loss	152,032,527	-	-	-	152,032,527	152,032,527	-	-	152,032,527
Financial assets at fair value through other comprehensive income (OCI)*	-	1,139,078,180	-	-	1,139,078,180	-	1,119,919,990	19,158,190	1,139,078,180
Derivative financial instruments	8,156,176	-	-	-	8,156,176	-	8,156,176	-	8,156,176
	160,188,703	1,139,078,180	-	-	1,299,266,883	152,032,527	1,128,076,166	19,158,190	1,299,266,883
Financial assets not measured at fair value									
Trade receivables-current	-	-	921,093,423	-	921,093,423	-	-	-	-
Trade receivables-non-current	-	-	11,160,124	-	11,160,124	-	-	-	-
Financial assets at amortised cost	-	-	503,595,024	-	503,595,024	-	-	-	-
Short-term investments	-	-	875,000,000	-	875,000,000	-	-	-	-
Cash and cash equivalents	-	-	390,762,655	-	390,762,655	-	-	-	-
	-	-	2,701,611,226	-	2,701,611,226	-	-	-	-
Financial liabilities not measured at fair value									
Loans and Murabaha - current	-	-	-	482,422,873	482,422,873	-	-	-	-
Loans and Murabaha - non-current	-	-	-	401,045,703	401,045,703	-	-	-	-
Trade payable - current	-	-	-	357,190,284	357,190,284	-	-	-	-
Trade payable - non-current	-	-	-	106,898,936	106,898,936	-	-	-	-
Accrued expenses and other current liabilities	-	-	-	279,997,590	279,997,590	-	-	-	-
Non-current liabilities - others	-	-	-	7,572,327	7,572,327	-	-	-	-
Lease liabilities - current	-	-	-	28,702,253	28,702,253	-	-	-	-
Lease liabilities - non-current	-	-	-	90,126,846	90,126,846	-	-	-	-
	-	-	-	1,753,956,812	1,753,956,812	-	-	-	-

*Financial assets at fair value through comprehensive income excludes SR 1.0 million of unquoted investments.

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2022

21. Financial instruments fair values and risk management (continued)

	Carrying value					Fair value			
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR
31 December 2021									
Financial assets measured at fair value									
Financial assets at fair value through profit or loss	349,302,897	-	-	-	349,302,897	150,008,466	199,294,431	-	349,302,897
Financial assets at fair value through other comprehensive income (OCI)*	-	1,154,872,141	-	-	1,154,872,141	-	1,154,872,141	-	1,154,872,141
	<u>349,302,897</u>	<u>1,154,872,141</u>	<u>-</u>	<u>-</u>	<u>1,504,175,038</u>	<u>150,008,466</u>	<u>1,354,166,572</u>	<u>-</u>	<u>1,504,175,038</u>
Financial assets not measured at fair value									
Trade receivables – non-current	-	-	1,024,693,434	-	1,024,693,434	-	-	-	-
Trade receivables - current	-	-	3,856,127	-	3,856,127	-	-	-	-
Financial assets at amortized cost	-	-	307,152,000	-	307,152,000	-	-	-	-
Short-term investments	-	-	700,000,000	-	700,000,000	-	-	-	-
Cash and cash equivalents	-	-	396,786,676	-	396,786,676	-	-	-	-
	<u>-</u>	<u>-</u>	<u>2,432,488,237</u>	<u>-</u>	<u>2,432,488,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Loans and Murabaha - current	-	-	-	439,393,795	439,393,795	-	-	-	-
Loans and Murabaha - non-current	-	-	-	418,680,482	418,680,482	-	-	-	-
Trade payable - current	-	-	-	329,667,273	329,667,273	-	-	-	-
Trade payable - non-current	-	-	-	80,379,078	80,379,078	-	-	-	-
Accrued expenses and other current liabilities	-	-	-	305,625,353	305,625,353	-	-	-	-
Non-current liabilities - others	-	-	-	7,287,235	7,287,235	-	-	-	-
Lease liabilities - current	-	-	-	26,376,068	26,376,068	-	-	-	-
Lease liabilities - non-current	-	-	-	70,383,979	70,383,979	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,677,793,263</u>	<u>1,677,793,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

*Financial assets at fair value through comprehensive income excludes SR 1.0 million of unquoted investments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

22. Commitments and contingencies

Contingent legal claims

Certain subsidiaries of the Group are involved in litigation matters in their ordinary course of business, which are being defended. The ultimate results of these matters cannot be determined with certainty. However, the management believes that the results of these matters will not have a significant impact on the Group's interim condensed consolidated financial statements as at 30 September 2022.

The Group has the following contingent liabilities and commitments:

	As at 30 September 2022 SR million	As at 31 December 2021 SR million
Letters of credit	28.5	22.1
Letters of guarantee	4.7	5.3
Trades and marketing commitments	13.4	16.0
Capital commitments (note 7)	270.8	140.4
Trade and operational commitments	187.5	-

23. Segment information

For management purposes, the Group is organized into business units based on their products and services and has four reportable segments, as follows:

- Publishing, visual, and digital content:** Comprise the publishing works locally and internationally, media activities, research and marketing of the products of the Group and third parties. The segment is also involved in the publishing of specialized publications for third parties, issuance of licensed international publications/media platforms, translation services and selling electronic and visual content.
- Public relations and advertising:** Comprise the local and international public relations services, studies, research, marketing, media events, international advertising, production, representation and marketing of audio visual and readable advertising media, and advertising panels.
- Printing and packaging:** Comprise printing works on paper and plastic, commercial posters, in addition to manufacturing of plastic products for the Group and others.
- All other segments:** Comprise the wholesale and retail trading of school supplies, office furniture, installation and maintenance of laboratories, and providing technical, training and educational courses, services, international and local distribution of newspapers, magazines, publications, investments, books and the publications of the Group and other related activities.

The following segments have been aggregated in these interim condensed consolidated financial statements, as follows:

Publishing: This segment comprises the publishing and specialized publishing segments. These two segments have been aggregated based on the criteria of having similar nature of services and similar type or class of customers for their products.

All other segments: This segment is an aggregation of all other business activities and operating segments that do not individually meet the quantitative thresholds required under IFRS 8.

The Chief Executive Officer and the Chief Operating Officer both monitor the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently with income in the interim condensed consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2022

23. Segment information (continued)

The following table presents revenues and profit information for the Group's operating segments for the nine-month period ended 30 September 2022:

	Publishing, visual, and digital content SR	Public relations and advertising SR	Printing and packaging SR	All other segments SR	Total SR	Adjustments and eliminations SR	Total SR
Revenues							
External customers	1,064,907,607	838,294,743	729,609,435	63,494,749	2,696,306,534	-	2,696,306,534
Inter-segment	264,509,352	-	38,196,210	3,456,254	306,161,816	(306,161,816)	-
Total revenues	1,329,416,959	838,294,743	767,805,645	66,951,003	3,002,468,350	(306,161,816)	2,696,306,534
Gross profit	286,907,679	564,694,798	110,327,476	40,877,497	1,002,807,450	(15,293,905)	987,513,545
Segment profit / (loss) attributable to shareholders of the Parent Company	181,660,526	427,185,772	(6,244,632)	(17,093,852)	585,507,814	(57,741,407)	527,766,407

The following table presents revenues and profit information for the Group's operating segments for the nine-month period ended 30 September 2021:

	Publishing, visual, and digital content SR	Public relations and advertising SR	Printing and packaging SR	All other segments SR	Total SR	Adjustments and eliminations SR	Total SR
Revenues							
External customers	679,038,598	843,494,550	559,355,982	31,593,327	2,113,482,457	-	2,113,482,457
Inter-segment	260,249,997	48,193,799	11,899,229	4,539,169	324,882,194	(324,882,194)	-
Total revenue	939,288,595	891,688,349	571,255,211	36,132,496	2,438,364,651	(324,882,194)	2,113,482,457
Gross profit	192,502,728	595,048,292	63,351,799	19,365,236	870,268,055	(39,745,672)	830,522,383
Segment profit / (loss) attributable to shareholders of the Parent Company	75,944,804	498,223,381	(46,660,393)	(7,296,618)	520,211,174	(89,250,820)	430,960,354

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2022

23. Segment information (continued)

The following table presents total assets and total liabilities information for the Group's operating segments as at 30 September 2022:

	Publishing, visual, and digital content SR	Public relations and advertising SR	Printing and packaging SR	All other segments SR	Total SR	Adjustments and eliminations SR	Total SR
Total assets	4,288,262,848	7,345,444,774	1,776,633,754	686,285,197	14,096,626,573	(7,379,834,300)	6,716,792,273
Total liabilities	4,057,092,311	4,472,416,819	1,141,136,439	312,153,980	9,982,799,549	(6,009,050,539)	3,973,749,010

The following table presents total assets and total liabilities information for the Group's operating segments as at 31 December 2021:

	Publishing, visual, and digital content SR	Public relations and advertising SR	Printing and packaging SR	All other segments SR	Total SR	Adjustments and eliminations SR	Total SR
Total assets	3,182,723,271	6,493,755,361	1,702,052,042	788,351,341	12,166,882,015	(5,798,742,777)	6,368,139,238
Total liabilities	3,404,600,250	4,437,059,163	1,060,305,829	328,712,391	9,230,677,633	(5,164,734,965)	4,065,942,668

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.

Adjustments and eliminations

Finance costs and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Group basis.

Zakat, income taxes, and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

23. Segment information (continued)

Revenue recognition timing:

The Group recognizes revenue as per the terms and conditions in the contracts with customers for media, advertising, publishing, and other segments services as follows:

Public relations and advertising

Revenue is recognized over time and on a 'stand-ready' basis. The performance obligations are stand-ready obligations and generally agreed that the nature of the promise in a stand-ready obligation is the promise that the customer will have access to a good or service. The standard describes a stand-ready obligation as a promised service that consists of standing ready to provide goods or services or making goods or services available for a customer to use as and when it decides to do so.

Advertising revenue is billed monthly, and payments are due shortly after the bill date. Such services are recognized as a performance obligation satisfied at a point in time. A receivable is recognized by the Group when the goods or services are delivered or rendered as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Printing and packaging

Revenue is recognized when customers obtain control of goods when the goods are delivered to customers and have been accepted at their premises. Invoices are generated and revenue is recognized at that point in time.

Some contracts allow customers to return goods and replace them with other new goods, and no refunds are permitted. Revenue is recognized when the goods are delivered and have been accepted by customers.

With respect to contracts that allow customers to return goods, revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur in the amount of the accumulated revenue.

Other segments:

Subscription revenues are billed and collected in advance. Revenue billed in advance of the rendering of services is deferred and presented in the statement of financial position as contract liabilities. Subscription revenue is recognized over time as the Group satisfies its performance obligations over time. The transaction price allocated to these subscriptions is recognized as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service.

Penalties on overdue trade receivables are recognized on an accrual basis using the rates stipulated in the service agreements.

	For the nine-month period ended 30 September 2022 SR	For the nine-month period ended 30 September 2021 SR
At a point in time	820,439,678	647,474,601
Over a period of time	1,875,866,856	1,466,007,856
	2,696,306,534	2,113,482,457

24. Related party transactions and balances

Related parties of the Group comprise entities where shareholders and key management personnel have control, joint control, or significant influence. The transactions with related parties are made on terms approved by the Board of the Directors of the Group. The Group and its related parties transact with each other at arm's length.:

	For the nine-month period ended 30 September 2022 SR	For the nine-month period ended 30 September 2021 SR
BOD expenses, allowances, and respective committees	7,700,000	4,723,861
Benefits of group's key management personnel	27,017,231	5,735,733

SAUDI RESEARCH AND MEDIA GROUP (SRMG) AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

24. Related party transactions and balances (continued)

The significant transactions and balances between the Group and its related parties are as follows:

<u>Related parties name</u>	<u>Nature of relationship</u>	<u>Nature of Transaction</u>	For the nine-month period ended 30 September 2022 SR	For the nine-month period ended 30 September 2021 SR
Al Madarat Company for advertising and its subsidiaries for advertising services	Owned by board of directors' member	Media service, programs, and films production	-	21,060,057
Al-Fahed law firm	Owned by board of directors' member	Legal consultancy	263,650	1,129,025

In addition, the Group has an outstanding balance of SR 23 million (31 December 2021: SR 28 million) and those amounts have been paid for media services to an entity owned by one of the subsidiaries' General Manager. This amount is included in prepayments and other current assets.

25. Comparative figures

Certain prior period figures have been reclassified to conform for better presentation of the interim condensed consolidated statement of financial position, statement of income and consolidated statement of cash flows. These reclassifications did not affect the profits and equity of the previous periods / years:

	<i>For the nine months period ended 30 September 2021</i>		
	<i>As previously reported</i>	<i>Amount of reclassification</i>	<i>Reclassified amounts</i>
Cost of revenue	(1,257,453,084)	(25,506,990)	(1,282,960,074)
General and administrative expenses	(295,605,050)	25,506,990	(270,098,060)

26. Subsequent events

No matters have occurred up to and including the date of approval of these interim condensed consolidated financial statements by the board of directors which would materially affect the interim condensed consolidated financial statements and the related disclosures for the period ended 30 September 2022.

27. Board of directors' approval

The interim condensed consolidated financial statements were approved by the Board of Directors on 12 Rabi Al-Thani 1444H corresponding to 6 November 2022G.