

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

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
AND INDEPENDENT AUDITORS' REPORT

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

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Saudi Research and Media Group (SRMG)

(A Saudi Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Saudi Research and Media Group (SRMG) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated statement of cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Saudi Research and Media Group (SRMG)
(A Saudi Joint Stock Company) (Continued)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
<p>The Group recognized revenue amounting to SR 3.7 billion for the year ended 31 December 2023.</p> <p>The Group earns revenue from a variety of sources among its different business segments which primarily include publishing, public relations and advertising, printing and packaging and subscriptions. The Group recognizes revenue upon satisfaction of the performance obligation either over time or at point in time depending on the contractual terms and conditions in its contracts with customers.</p> <p>We have considered revenue recognition a key audit matter as the application of accounting standard for revenue recognition involves careful consideration and judgment to determine when the performance obligation has been satisfied for different types of contracts. In addition, revenue is an important element of how the Group measures its performance which creates an incentive for improper revenue recognition.</p> <p><i>Refer to note 4 of the consolidated financial statements for the material accounting policy information relating to revenue from contract with customers and note 37 for revenue related disclosures.</i></p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • Assessed the Group's revenue recognition policies, for compliance with the relevant accounting standard. • Tested revenue transactions, on sample basis, to verify that amounts are recorded in accordance with the terms and conditions of the underlying contracts in line with the Group's revenue recognition policies. • Tested, on a sample basis, revenue journal entries for appropriateness of the transactions recorded and evaluated whether there are any unusual or unexpected journal entries made during the year. • Evaluated, on a sample basis, revenue transactions to assess if they have been recorded in the correct accounting period. • Tested the elimination of inter-company revenue transactions as part of the financial statements' consolidation process. • Performed analytical procedures by comparing expectation of revenue with actual results and analysed variances. • Assessed the adequacy of the relevant disclosures in the consolidated financial statement.

**Independent Auditor’s Report
To the Shareholders of Saudi Research and Media Group (SRMG)
(A Saudi Joint Stock Company) (Continued)**

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables	
<p>As at 31 December 2023, the Group’s gross trade receivables amounted to SR 1.2 billion against which an impairment allowance of SR 229.2 million is maintained.</p> <p>The Group uses the Expected Credit Losses (“ECL”) model as required by the relevant accounting standard to calculate allowance for impairment in trade receivable. Further, the Group perform an assessment based on a set of relevant qualitative factors for some of the customers categories.</p> <p>We have considered impairment of trade receivables a key audit matter as the determination of ECL involves high degree of judgement including making significant assumptions which results in estimation uncertainty that could materially impact the amounts recorded in the consolidated financial statements.</p> <p><i>Refer to note 3.2.2 of the consolidated financial statements for the significant accounting judgements, estimates and assumptions relating to provision for ECL of trade receivables and contract assets and note 14 for ECL related disclosures.</i></p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the management’s process in determining and calculating the allowance for impairment of trade receivables • Involved our internal specialist to assist in evaluating significant assumptions, including collection rates, recovery rates, impairment ratios and those relating to future economic events that are used to calculate the expected credit losses. • Tested the completeness and accuracy of data used in the ECL calculation including the customers’ ageing reports by tracing to underlying source documents. • Tested the mathematical accuracy of the ECL model. • Obtained an understanding of the latest development and the basis of measuring the impairment allowance for specific provisions including management assumptions. • Assessed the adequacy of the relevant disclosures included in the consolidated financial statements.

**Independent Auditor’s Report
To the Shareholders of Saudi Research and Media Group (SRMG)
(A Saudi Joint Stock Company) (Continued)**

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill	
<p>As at 31 December 2023, the Group’s consolidated financial statements included goodwill which arose from past business combinations amounting to SR 354.7 million.</p> <p>In accordance with the International Accounting Standard (IAS) 36 “Impairment of assets”, goodwill must be tested for impairment at least annually where an estimate of the recoverable amount should be made. The determination of recoverable amount, being the higher of value-in-use and fair value less cost to dispose, requires significant accounting judgement by management in both identifying and then valuing the relevant CGUs. Moreover, the determination of the recoverable value based on value-in -use requires making considerable accounting judgements and assumptions when estimating the future cashflows, growth rates and discount rates.</p> <p>We have identified the assessment of potential impairment of goodwill as key audit matter considering the quantitative materiality of the Goodwill recognized and the involvement of significant accounting judgements and assumptions in the determination of the recoverable amount by management.</p> <p><i>Refer to note 4 of the consolidated financial statements for the material accounting policy information relating to impairment of non-financial assets, note 3.2.1 for the significant accounting estimates, assumptions and judgements relating to impairment of non-financial assets and note 9 for intangible assets and goodwill related disclosures.</i></p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of management’s methods in the identification of the individual CGUs for the purpose of impairment testing. • Involved our internal specialist to assist in evaluating the appropriateness of the valuation methodologies used by management and the reasonableness of the valuation assumptions such as discount and growth rates by comparing these assumptions to source data and market data. • Tested the mathematical accuracy and re-performed sensitivity analysis on the key assumptions used in the model, including the discount rate used in the discounted cash flow forecast. • Assessed the reliability of cash flow forecasts through a review of actual past performance and comparison to previous forecasts. • Assessed the adequacy of the relevant disclosures included in the consolidated financial statements.

**Independent Auditor’s Report
To the Shareholders of Saudi Research and Media Group (SRMG)
(A Saudi Joint Stock Company) (Continued)**

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of mastheads	
<p>As at 31 December 2023, the Group’s intangible assets included mastheads amounting to SR 172.1 million. These mastheads arose as a result of acquiring Saudi Research and Publishing Company through Intellectual Holding Company for Advertisement and Publicity and Scientific Works Holding Company in prior years.</p> <p>Mastheads, being intangible assets with indefinite useful life, must be tested for impairment at least annually where an estimate of the recoverable amount should be made. The recoverable amount is calculated as the higher of the value-in-use or fair value less costs to dispose. The outcome of the impairment assessment could vary significantly if different assumptions were applied in the models. The determination of recoverable amount is complex due to the uncertainty involved in estimating future cash flows, growth rates and discount rates.</p> <p>We have identified impairment of mastheads as key audit matter as it involves significant judgements and assumptions to be made by management in the determination of recoverable amount.</p> <p><i>Refer to note 4 of the consolidated financial statements for the material accounting policy information relating to impairment of non-current assets, note 3.2.1 for the significant accounting estimates, assumptions and judgements relating to impairment of non-financial assets and note 9 for intangible assets related disclosures.</i></p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of management’s methods in the identification of the individual CGUs for the purpose of impairment testing. • Involved our internal specialist to assist in reviewing the valuation methodologies used by management and assess the reasonableness of the valuation assumptions such as discount and growth rates by comparing these assumptions to source data and market data. • Tested the mathematical accuracy and performed sensitivity analysis on the key assumptions used in the impairment assessment, including the discount rate used in the discounted cash flow forecast. • Assessed the reliability of cash flow forecasts through comparison with actual past performance and previous forecasts and comparing the forecasts with approved budgets. • Assessed the adequacy of the relevant disclosures included in the consolidated financial statements.

**Independent Auditor's Report
To the Shareholders of Saudi Research and Media Group (SRMG)
(A Saudi Joint Stock Company) (Continued)**

Other information included in The Group's 2023 Annual Report

Other information consists of the information included in the Group's 2023 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Company's 2023 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit, in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Independent Auditor's Report
To the Shareholders of Saudi Research and Media Group (SRMG)
(A Saudi Joint Stock Company) (Continued)**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services

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



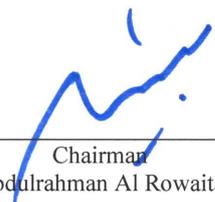
Riyadh: 21 Ramadhan 1445H
(31 March 2024G)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	As at 31 December 2023 SR	As at 31 December 2022 SR
Assets			
Non-current assets			
Property, plant and equipment	7	1,324,940,667	1,212,374,145
Right-of-use assets	8	168,143,246	122,017,727
Intangible assets and goodwill	9	1,033,363,135	971,046,194
Investment properties	10	25,314,211	25,643,502
Financial assets at fair value through other comprehensive income	11	1,214,442,526	1,137,948,446
Derivative financial instruments	13	7,646,415	8,665,937
Non-current trade receivables	14	5,658,536	9,356,428
Total non-current assets		3,779,508,736	3,487,052,379
Current assets			
Inventories	15	193,563,872	268,430,085
Trade receivables	14	942,603,465	898,704,616
Prepayments and other current assets	16	207,231,579	218,214,399
Financial assets at amortised cost	12	-	536,337,732
Short-term investments	17	-	1,060,000,000
Cash and cash equivalents	18	607,417,788	273,452,109
Total current assets		1,950,816,704	3,255,138,941
Total assets		5,730,325,440	6,742,191,320
Equity and liabilities			
Equity			
Share capital	19	800,000,000	800,000,000
Statutory reserve	20	293,701,965	293,701,965
Contractual reserve	21	67,547,177	67,547,177
Other reserves		(206,718,474)	(79,579,570)
Retained earnings		2,128,360,766	1,569,936,524
Equity attributable to equity holders of the Parent Company		3,082,891,434	2,651,606,096
Non-controlling interests	1	177,705,117	226,998,743
Total equity		3,260,596,551	2,878,604,839
Liabilities			
Non-current liabilities			
Borrowings and Murabaha	22	177,652,688	332,302,893
Contract liabilities	23	81,428,572	309,478,494
Defined employees' benefits liabilities	24	139,626,476	122,045,219
Non-current trade payables	25	264,583,126	208,651,500
Other non-current liabilities		15,565,450	22,526,015
Deferred tax liabilities		1,047	1,307
Lease liabilities	8	130,091,599	88,838,851
Total non-current liabilities		808,948,958	1,083,844,279
Current liabilities			
Borrowings and Murabaha – current portion	22	595,760,604	486,469,539
Contract liabilities – current portion	23	252,810,407	1,387,972,390
Trade payables	25	335,670,807	304,139,524
Accrued expenses and other current liabilities	26	335,893,763	358,021,152
Lease liabilities – current portion	8	35,308,201	30,712,447
Provision for zakat and income tax	27	105,336,149	212,427,150
Total current liabilities		1,660,779,931	2,779,742,202
Total liabilities		2,469,728,889	3,863,586,481
Total equity and liabilities		5,730,325,440	6,742,191,320


Chairman
Abdulrahman Al Rowaita


CEO and Board Member
Jomana AlRashid

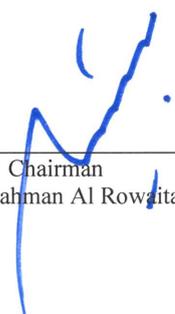

CFO
Mohammed Abdulfatah Nazer

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2023

	Notes	For the year ended 31 December 2023 SR	For the year ended 31 December 2022 SR
Revenues	37	3,746,229,929	3,709,838,682
Cost of revenues	28	(2,583,623,235)	(2,457,064,740)
Gross profit		1,162,606,694	1,252,773,942
General and administrative expenses	30	(447,186,514)	(408,414,836)
Selling, marketing and distribution expenses	29	(114,732,151)	(97,733,710)
Impairment of goodwill	9	(35,000,000)	-
Reversal/(allowance) for expected credit losses on trade receivables	14	5,007,057	(17,687,805)
Other operating income, net	33	10,718,823	19,208,258
Income from operations		581,413,909	748,145,849
Finance cost	31	(94,696,845)	(60,040,594)
Finance income	32	30,959,214	41,394,588
Finance cost, net		(63,737,631)	(18,646,006)
Income before zakat and income tax		517,676,278	729,499,843
Zakat and income tax	27	(5,470,114)	(87,454,204)
Deferred tax		-	58,835
Net income for the year		512,206,164	642,104,474
Attributable to:			
Equity holders of the Parent Company		559,620,553	648,791,550
Non-controlling interests		(47,414,389)	(6,687,076)
		512,206,164	642,104,474
Basic and diluted earnings per share:			
Earnings per share from net income attributable to equity holders of the Parent Company	34	7.00	8.11


Chairman
Abdulrahman Al Rowaita


CEO and Board Member
Jomana AlRashid

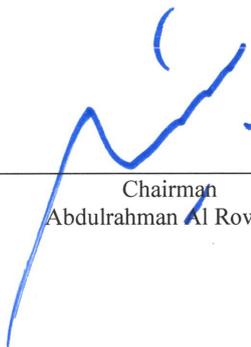

CFO
Mohammed Abdulfatah Nazer

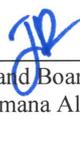
SAUDI RESEARCH AND MEDIA GROUP (SRMG)
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	<i>For the year ended 31 December 2023</i> SR	<i>For the year ended 31 December 2022</i> SR
Net income for the year		512,206,164	642,104,474
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to the consolidated statement of profit or loss:</i>			
- Re-measurement of defined employees' benefits liabilities	24	(2,828,866)	16,743,617
- Fair value changes of financial assets at fair value through other comprehensive income	11	(128,481,275)	(67,114,784)
		(131,310,141)	(50,371,167)
<i>Items that may be reclassified subsequently to the consolidated statement of profit or loss:</i>			
- Foreign currency translation differences - foreign operations		1,095,689	(15,325,038)
		1,095,689	(15,325,038)
Other comprehensive loss for the year		(130,214,452)	(65,696,205)
Total comprehensive income for the year		381,991,712	576,408,269
Attributable to:			
Equity holders of the Parent Company		431,285,338	581,528,556
Non-controlling interests		(49,293,626)	(5,120,287)
		381,991,712	576,408,269


Chairman
Abdulrahman Al Rowaita


CEO and Board Member
Jomana AlRashid

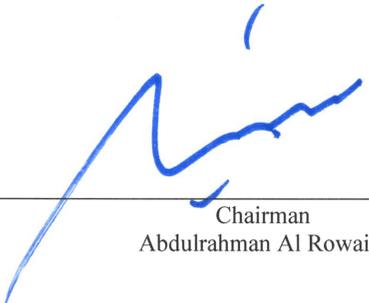

CFO
Mohammed Abdulfatah Nazer

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	<i>Equity attributable to equity holders of the Parent Company</i>								
	<i>Capital SR</i>	<i>Statutory reserve SR</i>	<i>Contractual reserve SR</i>	<i>Other reserves</i>		<i>Retained earnings SR</i>	<i>Total SR</i>	<i>Non-controlling interests SR</i>	<i>Total equity SR</i>
				<i>Translation reserve SR</i>	<i>Fair value of financial assets at FVOCI reserve SR</i>				
Balance as at 1 January 2022	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) for the year	-	-	-	-	-	648,791,550	648,791,550	(6,687,076)	642,104,474
Other comprehensive (loss)/income for the year	-	-	-	(15,182,096)	(67,114,784)	15,033,886	(67,262,994)	1,566,789	(65,696,205)
Total comprehensive (loss)/income for the year	-	-	-	(15,182,096)	(67,114,784)	663,825,436	581,528,556	(5,120,287)	576,408,269
Balance as at 31 December 2022	<u>800,000,000</u>	<u>293,701,965</u>	<u>67,547,177</u>	<u>(44,705,472)</u>	<u>(34,874,098)</u>	<u>1,569,936,524</u>	<u>2,651,606,096</u>	<u>226,998,743</u>	<u>2,878,604,839</u>
Balance as at 1 January 2023	<u>800,000,000</u>	<u>293,701,965</u>	<u>67,547,177</u>	<u>(44,705,472)</u>	<u>(34,874,098)</u>	<u>1,569,936,524</u>	<u>2,651,606,096</u>	<u>226,998,743</u>	<u>2,878,604,839</u>
Net income/(loss) for the year	-	-	-	-	-	<u>559,620,553</u>	<u>559,620,553</u>	<u>(47,414,389)</u>	<u>512,206,164</u>
Other comprehensive income /(loss) for the year	-	-	-	<u>1,342,371</u>	<u>(128,481,275)</u>	<u>(1,196,311)</u>	<u>(128,335,215)</u>	<u>(1,879,237)</u>	<u>(130,214,452)</u>
Total comprehensive income/(loss) for the year	-	-	-	<u>1,342,371</u>	<u>(128,481,275)</u>	<u>558,424,242</u>	<u>431,285,338</u>	<u>(49,293,626)</u>	<u>381,991,712</u>
Balance as at 31 December 2023	<u>800,000,000</u>	<u>293,701,965</u>	<u>67,547,177</u>	<u>(43,363,101)</u>	<u>(163,355,373)</u>	<u>2,128,360,766</u>	<u>3,082,891,434</u>	<u>177,705,117</u>	<u>3,260,596,551</u>


Chairman
Abdulrahman Al Rowaita


CEO and Board Member
Jomana AlRashid


CFO
Mohammed Abdulfatah Nazer

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	<i>For the year ended 31 December 2023</i> SR	<i>For the year ended 31 December 2022</i> SR
Operating activities:			
Income before zakat and income tax		517,676,278	729,499,843
<i>Adjustments to reconcile income before zakat and income tax to net cash flows from operating activities:</i>			
Depreciation	7,8,10	169,877,916	153,342,570
Amortization	9	104,950,758	97,411,347
Fund management fees	11	2,996,770	3,455,496
Loss from disposal of property, plant and equipment and intangible assets	33	883,905	435,206
Finance cost	31	94,696,845	60,040,594
Finance income	32	(32,296,946)	(37,548,689)
(Reversal)/allowance for expected credit losses on trade receivables, net	14	(5,007,057)	17,687,805
Provision for other receivables		181,444	573,865
Provision for slow-moving inventories, net	15	3,332,951	1,581,171
(Reversal)/provision for legal claims and cases		(336,361)	355,487
Realized gains from sale of financial assets at fair value through profit or loss	11	-	(14,210,740)
Change in fair value of financial assets at fair value through profit or loss	11	-	11,776,608
Change in fair value of derivatives financial instruments		1,019,522	(8,665,937)
Amortization of premium on financial assets at amortized cost		1,337,732	7,254,168
Impairment of goodwill		35,000,000	-
Loss/(gain) from foreign exchange		3,730,342	(9,489,680)
Transfer of property, plant and equipment and intangible assets to profit and loss		-	275,713
Defined employees' benefits liabilities provision	24	20,326,156	17,755,653
		918,370,255	1,031,530,480
<i>Changes in operating assets and liabilities:</i>			
Inventories		71,533,262	(53,754,690)
Trade receivables		(35,191,709)	105,598,563
Prepayments and other current assets		(2,911,423)	(57,985,373)
Trade payables		(90,890,767)	(104,703,009)
Contract liabilities		(1,363,211,905)	(401,154,292)
Accrued expenses and other current liabilities		(35,770,254)	61,357,187
Cash (used in)/from operations		(538,072,541)	580,888,866
Finance cost paid		(87,819,899)	(51,313,184)
Finance income received		46,009,680	22,860,372
Zakat and income tax paid	27	(112,582,456)	(37,881,677)
Defined employees' benefits liabilities paid	24	(11,704,273)	(11,266,713)
Net cash flows (used in)/from operating activities		(704,169,489)	503,287,664
Investing activities:			
Proceeds from disposal of property, plant and equipment and intangible assets		1,381,770	999,279
Short-term investments, net		1,060,000,000	(360,000,000)
Addition of property, plant and equipment	7	(228,009,556)	(232,080,315)
Addition of intangible assets		(34,043,299)	(13,582,657)
Proceeds from sale of financial assets at fair value through profit or loss	11	-	351,737,029
Proceeds/(purchase) of financial assets at amortised costs		535,000,000	(236,439,900)
Purchase of financial assets at fair value through other comprehensive income	11	(207,972,125)	(52,646,585)
Net cash flows from/(used in) investing activities		1,126,356,790	(542,013,149)

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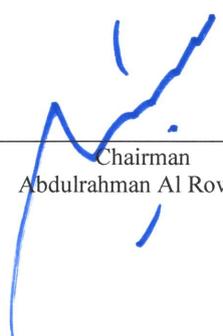


The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2023

	<i>Notes</i>	<i>For the year ended 31 December 2023 SR</i>	<i>For the year ended 31 December 2022 SR</i>
Financing activities:			
Proceeds from borrowings and Murabaha	22	1,287,554,769	1,450,844,862
Repayment of borrowings and Murabaha	22	(1,333,040,814)	(1,491,405,148)
Lease liabilities paid	8	(37,005,046)	(31,971,093)
Other non-current liabilities paid		(4,000,000)	-
Net cash flows used in financing activities		(86,491,091)	(72,531,379)
Net change in cash and cash equivalents		335,696,210	(111,256,864)
Effect of movements in exchange rates		(1,730,531)	(12,077,703)
Cash and cash equivalents as at the beginning of the year	18	263,659,257	386,993,766
Change in restricted cash at banks		-	58
Cash and cash equivalents at the end of the year	18	597,624,936	263,659,257
Non-cash transactions:			
Intangible assets acquired but not yet settled and included under trade payables	9	169,090,267	214,071,330
Additions to right of use assets and lease liabilities	8	78,263,975	64,607,942
Additions to property, plant and equipment	7	15,755,597	7,910,000
Change to right of use assets and other non-current liability (asset decommissioning liability)	8	(554,540)	6,934,937
Transfers to properties, plant and equipment from intangible assets		70,622	(1,092,161)


Chairman
Abdulrahman Al Rowaita


CEO and Board Member
Jomana AlRashid


CFO
Mohammed Abdulfatah Nazer

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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 (“KSA”) and operates under commercial registration number 1010087772 dated 29 Rabi Al-Awal 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 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 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 consolidated financial statements:

<i>Subsidiaries</i>	<i>Country of incorporation and activities</i>	<i>Principal activity</i>	<i>Direct and indirect ownership %</i>	
			<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
Intellectual Holding Company for Advertisements and Publicity	KSA	Investment in subsidiaries	100	100
Scientific Works Holding Company	KSA	Investment in subsidiaries	100	100
Saudi Research and Publishing Company	KSA	Publishing	100	100
Al-Khaleejiah Advertisement and Public Relations Company	KSA	Advertisement and publicity	100	100
Arab Media Company Limited	KSA	Visual and readable media and advertising services	100	100
Saudi Distribution Company	KSA	Publishing and distribution	100	100
Moutamarat Company for Exhibitions and Conferences	KSA	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
VOX Asia Productions Limited	Pakistan	Advertising	100	100
Numu Media Holding Company	KSA	Management of subsidiaries	100	100
Scene Visual Media Company (previously “Numu Visual Media Company”)	KSA	Advertising	100	100
Numu Elmiah Co. (previously Educational Bookshop Co.)	KSA	Development of educational methods and books trade	100	100
Saudi Specialized Publishing Company	KSA	Specialized publishing	100	100
Saudi Commercial Company	KSA	Trading in printing accessories	100	100
Al-Ofoq Management Information System and communication Company	KSA	Trading in communication equipment and software development	100	100
Character Company Limited	KSA	Trade	100	100

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

1. Corporate information (continued)

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

<i>Subsidiaries</i>	<i>Country of incorporation and activities</i>	<i>Principal activity</i>	<i>Direct and indirect ownership %</i>	
			<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
Taoq Public Relations Company Limited	KSA	Public relations and communication	100	100
Takanah Public Relations Company Limited (c)	KSA	Finance and business services	100	100
Numu Training and Consulting Company	KSA	Training and consulting	100	100
Education Concept for Educational and Technical Solutions Company	KSA	Import, export, and wholesale trade	100	100
Numu Alelaniah for Advertising	KSA	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
Nasherco (previously Raff Publishing Company) (c)	KSA	Publishing and distribution	100	100
Taoq Media Research Company	KSA	Research and support TV broadcasting, radio, and	100	100
Al Sharq News Services Company Limited	United Arab Emirates	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
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.	Guernsey Islands	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
Al Sharq News Services Company Limited	KSA	TV broadcasting, radio, and platforms	100	100
Alsharq TV Company	KSA	Television Broadcasting and Radio and Forums	100	100
The News Hub Limited	United Kingdom	News wire	100	100
The News Hub Limited	KSA	News wire	100	100
Raff Publishing LLC	KSA	Publishing and distribution	100	100
Manga Arabia LLC	KSA	Publishing and distribution	100	100
SRMG Godo Kaisha	Japan	Publishing	100	100
Manga International Godo Kaisha	Japan	Publishing	100	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

1. Corporate information (continued)

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

<i>Subsidiaries</i>	<i>Country of incorporation and activities</i>	<i>Principal activity</i>	<i>Direct and indirect ownership %</i>	
			<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
Saudi Printing and Packaging Company (a)	KSA	Printing, packaging, and plastic industries	70	70
Argaam Investment and trading Company (b)	KSA	Publishing and electronic content	51	51
Thmanyah Co. for Publishing and distribution	KSA	Providing visual content	51	51

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

<i>Subsidiaries</i>	<i>Country of incorporation and activities</i>	<i>Principal activity</i>	<i>Direct and indirect ownership %</i>	
			<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
Al Madinah Al Mounoura for Printing and Publishing Company	KSA	Printing	100	100
Hala Printing company	KSA	Printing	100	100
Future Industrial Investment Company	KSA	Printing and packaging	100	100
Emirates National Factory for Plastic Industries (ENPI)	United Arab Emirates	Packaging and plastic industries	100	100

b) The Arab Media Company (a subsidiary) owns 51% of the shares in Argaam Investment and Trading Company (Argaam), a limited liability company. Argaam has the following subsidiaries:

<i>Subsidiaries</i>	<i>Country of incorporation and activities</i>	<i>Principal activity</i>	<i>The Group percentage of indirect ownership (%)</i>	
			<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
Danat Free Zone Company	United Arab Emirates	Publishing and electronic content	51	51
Argaam Media Company	Egypt	Publishing and electronic content	51	51

c) Takanah Public Relations Company Limited and Nasheron Company own 100% of the shares in Global Media Company and its subsidiaries, based in the United Kingdom.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

1. Corporate information (continued)

The following table summarizes the information relating to each subsidiary of the Group in which it has a material non-controlling interest before excluding intra-group transactions:

	<i>Saudi Printing and Packaging Company and its subsidiaries (1)</i> SR	<i>Argaam Investment Trading Company (2)</i> SR	<i>Thmanyah Company</i> (3) SR	<i>Total</i> SR
31 December 2023				
Current assets	470,898,824	17,051,737	8,110,028	496,060,589
Non-current assets	1,053,246,960	74,153,263	16,034,819	1,143,435,042
Current liabilities	805,252,055	20,111,676	27,687,912	853,051,643
Non-current liabilities	217,449,233	9,982,576	1,911,012	229,342,821
Equity attributable to equity holders of the Parent Company	351,011,147	31,166,481	(2,781,578)	379,396,050
Non-controlling interests	150,433,349	29,944,267	(2,672,499)	177,705,117
Total revenue	779,158,077	31,401,286	27,564,708	838,124,071
(Loss)/income for the year	(132,304,036)	3,456,625	(19,218,200)	(148,065,611)
Total other comprehensive loss for the year	(4,191,800)	(935,216)	(333,554)	(5,460,570)
Net cash flows from operating activities	116,164,928	5,950,867	5,561,172	127,676,967
Net cash flows used in investing activities	(11,943,665)	(9,282,082)	(923,262)	(22,149,009)
Net cash flows used in financing activities	(106,639,310)	(1,659,379)	(1,932,915)	(110,231,604)
	<i>Saudi Printing and Packaging Company and its subsidiaries</i> (1) SR	<i>Argaam Investment Trading Company (2)</i> SRU	<i>Thmanyah Company</i> (3) SR	<i>Total</i> SR
31 December 2022				
Current assets	598,414,419	21,182,662	14,656,417	634,253,498
Non-current assets	1,136,877,268	66,861,977	14,274,246	1,218,013,491
Current liabilities	729,074,888	19,897,376	13,310,823	762,283,087
Non-current liabilities	368,276,467	9,557,912	1,522,163	379,356,542
Equity attributable to equity holders of the Parent Company	446,558,233	29,880,569	7,189,815	483,628,617
Non-controlling interests	191,382,099	28,708,782	6,907,862	226,998,743
Total revenue	1,000,093,933	27,505,517	17,190,036	1,044,789,486
Loss for the year/period	(9,219,476)	(1,206,497)	(6,796,002)	(17,221,975)
Total other comprehensive loss for the year/period	5,413,591	(165,298)	48,371	5,296,664
Net cash flows from/(used in) operating activities	71,143,308	5,698,891	(13,893,919)	62,948,280
Net cash flows used in investing activities	(17,821,304)	(1,369,624)	(769,179)	(19,960,107)
Net cash flows (used in)/from financing activities	(47,532,925)	(1,660,918)	7,675,000	(41,518,843)

- (1) The Saudi Printing and Packaging Company (SPPC) is a Saudi Joint Stock Company registered in KSA. The principal activity of SPPC is the wholesale and retail of materials, machineries, and equipment for printing, and its respective tools, inks, and all types of papers, raw materials, tools, equipment, books, printings, office supplies and materials, together with advertising materials.
- (2) Argaam Investment Trading Company is a limited liability company and is engaged in providing technical proposals and solutions in the fields of telecommunications, information technology services, mobile and fixed communications devices, telecommunications, and designing and hosting of internet websites.
- (3) Thmanyah Publishing and Distribution Company is a Saudi company established in 2016 specialized in the production of documentaries, podcasts, political, social, cultural, economic, and other digital media materials.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

2. Basis of preparation and consolidation

2.1 Basis of preparation

These accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (collectively referred to as "IFRS as endorsed in KSA").

The 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 are recognized at the present value of future liabilities using the Projected Unit Credit Method

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed to risk or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through practicing its control over the investee. Specifically, the Group controls an investee only when the Group has:

- Control over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its control over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

When one or more of the three control elements are available, consolidation of the subsidiary begins from the date of the Group's control over the subsidiary and continues until the control of the subsidiary ceases to exist. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Net income and each component of other comprehensive income are allocated between the equity holders of the Parent Company and the non-controlling interests, even if such distribution results in a deficit in the balance of non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to intra-group transactions are eliminated in full on consolidation. A change in the interest of equity of a subsidiary, without a loss of control, is accounted for as equity transactions.

If the Group loses control over a subsidiary, then it:

- Derecognizes the assets and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained; and
- Recognizes any surplus or deficit in consolidated statement of profit or loss.

Resulting in the Group reclassifying its share of components previously recognized in the consolidated statement of comprehensive income to the consolidated statement of profit or loss or retained earnings, as appropriate, as would be directly required if the Group had disposed of the related assets or liabilities.

The Company and its subsidiaries apply the same financial reporting periods.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

2. Basis of preparation and consolidation (continued)

2.3 Going Concern

The consolidated financial statements have been prepared on a going concern basis which the management consider to be appropriate for the following reasons:

The management have prepared cash flow forecasts for a period of at least 12 months from the date of these consolidated financial statements which indicate that, taking account of a reasonable scenario, the Group will have sufficient funds, through cash generated from its operations and credit facility to meet its liabilities as they fall due for that period.

The Group's cash flow forecasts indicate profitability and cash flows to continue in line with previous years as a result of its operations supported by strategic and long-term relationships and agreements with its customers and attracting further customers. The Group's revenue includes publishing, visual and digital content, public relations and advertising, printing and packaging, and other segment services, a large proportion of which is generated from existing customers.

Taking the above into consideration, along with the Group's forecast profitability, cash flows from existing contracts, anticipated future growth and the Group's current cash balance, the management is confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of these consolidated financial statements and therefore have prepared these consolidated financial statements on a going concern basis.

2.4 Functional and presentation currency

The consolidated financial statements are presented in Saudi Riyal (SR) which is the functional for the parent company and presentation currency of the Group and used in the preparation of financial reports of the Group. All amounts have been stated in full, except when otherwise indicated.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's 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.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Financial instruments – fair values and risk management (*note 35*)
- Sensitivity analysis disclosures (*note 9,10,24*)

3.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

3.1.1 Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

3.1.2 Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

3. Significant accounting judgements, estimates and assumptions (continued)

3.2 Assumptions and estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3.2.1 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When available, the fair value less costs of disposal calculation is based on available data from binding sales transactions, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in (note 9).

3.2.2 Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, thus the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

3.2.3 Defined employees' benefits liabilities

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality.

Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

3.2.4 Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

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For the year ended 31 December 2023

4. Material accounting policy information

The material accounting policies adopted by the Group in preparing these consolidated financial statements are applied consistently and are described below and amendments to IFRS as elaborated in (*note 5*) that have been applied from 1 January 2023, if applicable.

4.1 Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred which is measured at the acquisition date at fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

Any contingent consideration, if any, to be transferred by the acquirer will be recognised at fair value as at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument, is measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised as non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gains are recognised in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the unit when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the value related to the disposed operation and the retained portion of the CGU.

4.2 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle any liabilities for at least twelve months after the reporting period. All other assets are classified as "non-current".

All liabilities are determined to be current when:

- it is expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period;
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period; or
- the Group classifies all other liabilities as "non-current".

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4. Material accounting policy information (continued)

4.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost which includes capitalized borrowing costs (if any), less accumulated depreciation and any accumulated impairment losses, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in the consolidated statement of profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

The depreciation method used should reflect the pattern in which the economic benefits of the asset are expected to be depreciated by the Group. The management uses the following two methods to calculate the depreciation:

(i) Straight line method

Depreciation of properties, plant and equipment items is calculated using the straight-line method to allocate their cost over their estimated useful lives, net of their residual values. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

<u>Assets</u>	<u>Estimated useful life</u>
Buildings	10-50 years
Leasehold improvements	4-10 years, or lease term, whichever is shorter
Plant and equipment (except printing and packaging equipment)	5-20 years
Computer equipment	4-10 years
Furniture and fixtures	4-13.3 years
Motor vehicles	2-6.67 years
Studio equipment	5-7 years

(ii) Units of production method

The depreciation of printing and packaging machineries is calculated based on the ratio of the number of actual generating units to the total production capacity of the machinery, resulting in a burden based on the expected use or production, reflecting - to the maximum extent - the expected pattern of depreciation of the future economic benefits embodied in the machinery. The management of the Group applies this method - consistently - from one period to another unless there is a change in the expected pattern of depreciation of these future economic benefits. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Projects in progress

Assets in the course of construction or development are capitalized in the projects-in-progress account. The asset under construction or development is transferred to the appropriate category in the property, plant and equipment, once the asset is in a location and/or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of projects-in-progress comprises its purchase price, construction/development cost and any other directly attributable to the construction or acquisition of an item intended by management. Costs associated with commissioning the items (prior to its being available for use) are capitalized. Borrowing costs related to qualifying assets are capitalized as part of the cost of the qualified assets until the commencement of commercial production. project-in-progress is measured at cost less any recognized impairment. Capital project-in-progress is not depreciated. Depreciation only commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

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4. Material accounting policy information (continued)

4.4 Intangible assets and goodwill

Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses
Research and development	Expenditure on research activities is recognized in the consolidated statement of profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in consolidated statement of profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.
Other intangible assets	Other intangible assets, including customer relationships, patents, trademarks, and trade names that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the consolidated statement of profit or loss as incurred.

Mastheads "Printing names"

Mastheads represent the recorded value of the mastheads of the newspapers and magazines published by the Group. The Group has assessed its mastheads as having an indefinite useful life and they are therefore not amortised. The Group reviews the useful life of the mastheads annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from "indefinite" to "finite" is made on a prospective basis. Furthermore, the Group assesses the recorded value of the mastheads on an annual basis to determine whether there is objective evidence that they have suffered any impairment loss through fair value measurement methods. If such evidence exists, analyzes are performed to ensure that the book value of the mastheads is recoverable, and in case if the recoverable amount of the mastheads is determined as lower than its carrying value, the carrying value of mastheads is than decreased to its recoverable amount and impairment loss is recognized in the consolidated statement of profit or loss.

Publishing rights and books development projects

Publishing rights include all necessary costs incurred in acquiring the publishing rights and are amortised over the contractual life using the straight-line method or the contracted number of books to be published. Amortization is calculated upon release of the first edition of the book. Publishing rights of books at the Group are recorded at cost less amortization and impairment in value.

Media content project, websites and computer programs

Media content projects, websites and computer programs are amortised on a straight-line method over a period of two to ten years from the effective starting date of these projects. For the media content projects, the amortization is calculated and recognized effectively from the starting date of the project.

Computer software

Computer software are recorded at historical cost less accumulated amortization and accumulated impairment losses, if any. Historical cost comprises all costs attributable directly to the acquisition of the items.

Amortization is charged to consolidated statement of profit or loss using the straight-line method in order to allocate the costs over the respective assets less the residual value over their estimated useful lives, as following:

Computer software: 3 – 6.5 years

Trade names

Trade names are amortized using the straight-line method over the estimated useful life of eight years.

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4. Material accounting policy information (continued)

4.5 Investment properties

Investment properties are initially carried at cost, and transaction costs are recognized in the initial measurement, and are subsequently measured according to the cost model (at historical cost less accumulated depreciation - except for lands, which are carried at its cost - and the accumulated impairment losses, if any).

Depreciation is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of investment properties as follows:

Buildings 10 - 33 years

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

4.6 Leases

At inception of a contract, the Group shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

At inception or on reassessment of an arrangement that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, with regard to real estate leases, the Group elected not to separate the non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognized a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs of dismantling and removing the underlying asset and cost of restoring the underlying asset or the site on which it is located (if any), less any lease incentives received.

Right-of-use assets are subsequently depreciated using the straight-line method from the date of commencement of the lease to the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. Further, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and is discounted using the implicit interest rate in the lease, or if that rate is difficult to determine reliably, the Group uses its incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, the lease payments in the optional renewal period if the Group is reasonably certain to exercise the extension option, and payments for penalties for early lease termination unless the Group is reasonably certain not to exercise an option for early lease termination.

The lease liability is measured at amortized cost using the Effective Interest Rate (EIR) method. It is remeasured when there is a change in future lease payments arising from a change in index or a rate, or if there was a change in the Group's estimate of the amount expected to be payable by the lessee under residual value guarantees, or if the Group changed its assessment whether it will exercise either the purchase, extension, or termination.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the consolidated statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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4. Material accounting policy information (continued)

4.6 Leases (continued)

Group as a lessee (continued)

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less and leases of low value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term in the consolidated statement of profit or loss.

Group as a lessor

When the Group is a lessor, it determines, at the commencement of the lease, whether the lease is a finance lease or operating lease.

To classify each lease, the Group performs an overall assessment of whether the lease substantially transfers all risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, otherwise it is an operating lease. As part of this assessment, the Group considers specific indicators such as whether or not the lease term is for the majority of the economic life of the underlying asset.

When the Group is an intermediate lessor, it calculates its interest in the headlease and sublease separately. Classification of the sublease is assessed by reference to the right-of-use asset arising from the headlease, rather than by reference to the underlying asset. If the headlease is a short-term lease, the Group applies an exemption and the sublease shall be classified as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group also regularly reviews the estimated unsecured residual values used in the calculation of the total lease investment.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term in the consolidated statement of profit or loss.

4.7 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method. In the case of manufactured and in progress inventories, the cost includes direct materials, direct labor, and an appropriate share of production overheads in accordance with normal operating capacity.

Net realizable value is the estimated selling price in the Group's ordinary course of business less estimated costs to complete the sale.

The value of the decrease in obsolete and slow-moving inventory is determined based on the policy approved by the Group.

4.8 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing of assets, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash flows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

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4. Material accounting policy information (continued)

4.9 Foreign currency translation

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency defined for the Group's companies at the exchange rates at the dates of those transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the consolidated statement of profit or loss.

Foreign operations

As part of the financial statement consolidation process, the assets and liabilities of foreign operations are translated into SR at the prevailing exchange rate at the date of preparing the consolidated financial statements, and their profit or loss statements are translated into the average exchange rates on the date of the transactions. Exchange differences arising from the translation of currencies for consolidation purposes are recognized in other comprehensive income. On disposal of any foreign operation, other comprehensive income related to that foreign operation is recognized in the consolidated statement of profit or loss.

4.10 Employees benefits

Employees' short-term benefits

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

Defined benefit plans

Defined benefit plans provision is calculated annually by actuaries in accordance with the projected unit credit method as per (IAS 19) Employee Benefits, taking into consideration the labor law of the respective country in which the subsidiary operates. The provision is recognized based on the present value of the defined benefit obligations.

The present value of the defined benefit obligations is calculated using assumptions on the average salary incremental rate, average employees' years of service and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each period and reflect management's best estimate.

The discount rates used are determined based on available information in each jurisdiction with a term consistent with the estimated term of the defined benefit obligation as at the reporting date.

Remeasurement of net liabilities that includes actuarial gains and losses arising from the changes in assumptions used in the calculation, is recognized directly in other comprehensive income. Remeasurements are not reclassified to the consolidated statement of profit and loss in subsequent periods.

The cost of past services (if any) is recognized in the consolidated statement of profit or loss before:

- Date of modification of the program or labor downsizing; and
- The date on which the Group recognizes the related restructuring costs.

Net interest cost is calculated using the discount rate to net defined benefit assets or liabilities. The Group recognizes the following changes in the net benefit obligation identified under "cost of revenue", "general and administrative expenses" and "selling and marketing expenses" in the consolidated statement of profit or loss (by function):

- Service costs that include the current service costs, past service costs, profits and losses resulting from labor downsizing and non-routine payments.

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4. Material accounting policy information (continued)

4.11 Revenue from contracts with customer

The Group recognizes revenue from contracts with customers according to IFRS 15, using the following five-step model:

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met
Step 2: Identify the performance obligations	A performance obligation is a contract with a customer to transfer a good or service to the customer
Step 3: Identify the transaction price	The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation
Step 5: Revenue recognition	The Group recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract

Identify the contract with the customer

The Group carefully evaluates the terms and conditions of the contracts with its customers because revenue is recognized only when performance obligations in contracts with customers are satisfied. A change in the scope or price of a contract (or both) is considered as a contract modification and the Group determines whether this creates a new contract or whether it will be accounted for as part of the existing contract.

Identifying performance obligations

Once the Group has identified the contract with a customer, it evaluates the contractual terms and its customary business practices to identify all the promised services within the contract and determine which of those promised services (or bundles of promised services) will be treated as separate performance obligations.

Identify the transaction price

The Group determines transaction price as the amount by which it expects to be entitled. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e., the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or payable to a customer, if any. Variable considerations are limited to the amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Allocation of transaction price

Once the performance obligations have been identified and the transaction price has been determined, the transaction price is allocated to the performance obligations, generally in proportion to their stand-alone selling prices (i.e., on a relative stand-alone selling price basis). When determining stand-alone selling prices, the Group is required to use observable information, if any. If stand-alone selling prices are not directly observable, the Group makes estimates based on information that is reasonably available.

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

Publishing and visual and digital content

Revenue is recognized when customers obtain control of services; when services are rendered to customers and have been accepted. Invoices are generated and revenue is recognized at that point in time.

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 based on the services provided and payments are due shortly after the bill date. Such services are recognised as a performance obligation satisfied at a point in time. A receivable is recognised 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.

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4. Material accounting policy information (continued)

4.11 Revenue from contracts with customer (continued)

Allocation of transaction price (continued)

Printing and packaging

Revenue is recognized when customers obtain control of goods; when 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 newer 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 recognised over time as the Group satisfies its performance obligations over time. The transaction price allocated to these subscriptions are recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the service period.

Events management and research revenues are recognized when customers obtain control of services; when services are rendered to customers and have been accepted. Invoices are generated and revenue is recognized at that point in time.

Penalties on overdue accounts receivable (if any) are recognized on an accrual basis using the rates stipulated in the service agreements.

Contract liabilities

Contract liabilities consist of advance receipts and collections in excess of revenue recognized and deferred revenue. The contracts at times contain prepayment terms in advance of providing the service.

Contract assets

Contract assets primarily relate to the Group's right to consideration for work completed but not billed as at the reporting date (unbilled receivable). The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customers. Contract assets are subject to impairment requirements as per IFRS 9.

4.12 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and short-term highly liquid deposits with original maturity of three months or less which are not subject to a significant risk of change in value. Time-deposits with an original maturity of greater than three months but less than twelve months, are included as part of short-term investments.

4.13 Borrowings and Murabaha

Borrowings and Murabaha are initially recognized at fair value (which represent proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition, long-term borrowings and Murabaha are measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss over the year of the borrowing using EIR method. Borrowings and Murabaha financing are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the preparation of the financial statements.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying assets which require a significant period of time to be ready for their intended use or sale are capitalized. All other borrowing costs are expensed in the year in which they are incurred in the consolidated statement of profit or loss.

4.14 Financial instruments

Initial recognition and measurement

The Group initially recognizes trade receivables on the date that they are originated. All other financial assets and liabilities are initially recognized when the Group becomes part of the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. Trade receivables that do not have a significant financing component are initially measured at the transaction price.

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4. Material accounting policy information (continued)

4.14 Financial instruments (continued)

Subsequent classification and measurement

Financial assets

Under IFRS 9, on initial recognition, a financial asset is measured at:

- amortized cost- debt instruments;
- fair value through other comprehensive income (“FVOCI”) – debt instruments;
- fair value through other comprehensive income (“FVOCI”) – equity instruments; or
- fair value through profit or loss (“FVTPL”).

According to IFRS 9, the classification of the financial assets is generally based on the business model for managing the financial asset and the contractual terms of the related cash flows. Derivatives embedded in contracts, where the host is a financial asset and which falls within the scope of IFRS 9, should not be recognized separately. Instead, the whole instrument is considered as a hybrid instrument and assessed accordingly for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets is measured at fair value through other comprehensive income (FVOCI) if both of the following conditions are met:

- It is held within a business model whose objective is to collect contractual cash flows and sell financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group’s continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessments whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

4. Material accounting policy information (continued)

4.14 Financial instruments (continued)

Subsequent classification and measurement (continued)

Financial assets (continued)

Assessments whether contractual cash flows are solely payments of principal and interest (continued)

In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net profit and loss including interest revenue and dividends are recognized in the consolidated statement of profit or loss.
Financial assets at amortized cost	These assets are measured at amortized cost using the effective interest method. The amortized value is reduced by impairment losses. Interest income, foreign exchange gains, losses of foreign currencies translation and impairment are recognized in the consolidated statement of profit or loss. Any gain or loss on derecognition of an investment is recognized in the consolidated statement of profit or loss.
Financial assets at FVOCI (debt instruments)	Subsequently measured at fair value. Interest revenue calculated using the effective interest method, foreign currencies translation gains and losses and impairment are recognized in the consolidated statement of profit or loss. Other net gains and losses are recognised in the consolidated statement of other comprehensive income. On derecognition, profits and losses accumulated in the consolidated statement of other comprehensive income are reclassified to the consolidated statement of profit or loss.
Financial assets at FVOCI (Equity instruments)	These assets are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of profit or loss. Any profit or loss on derecognition or recognition of investment in the consolidated statement of change in equity is recognized and may not be reclassified to the consolidated statement of profit or loss.

Financial Liabilities

Financial liabilities are classified when measured at amortized cost or at FVTPL. The financial liabilities are classified at FVTPL if they are classified as held-for-trading, they are derivative or they are classified as such on initial recognition. Financial liabilities at FVTPL are measured at fair value, and net gains and losses, including any interest expenses, are recognized in consolidated statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest expenses and foreign currencies translation gains and losses are recognized in the consolidated statement of profit or loss. Any gains or losses on derecognition is recognized in consolidated statement of profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when:

- The right to receive cash flows from the asset has expired; or
- The Group has transferred its rights to receive cash flows from the transaction through any of the following:
 - (a) The Group has transferred substantially all risks and rewards of the asset; or
 - (b) The Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

SAUDI RESEARCH AND MEDIA GROUP (SRMG)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

4. Material accounting policy information (continued)

4.14 Financial instruments (continued)

Derecognition(continued)

Financial assets (continued)

The Group enters into transactions whereby it transfers assets recognized in its consolidated statement of financial position but retains either all or substantially all the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, canceled, or expired. The Group derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statement of financial position to realize the assets and settle the liabilities simultaneously only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis.

Impairment of financial assets

The Group recognizes provisions for ECL on the financial assets measured at amortized cost. The Group measures impairment losses at an amount equal to the lifetime ECL when determining whether the credit risk of a financial asset has increased significantly since initial recognition, and the Group considers reasonable and supportable information that is relevant and available without undue cost or effort while estimating expected credit losses. This includes both quantitative and qualitative information and analysis, based on the historical experience of the Group and the credit evaluation, which includes forward-looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

Measurement of ECL

ECL are probability-weighted estimate of credit losses. ECL are measured as the present value of all cash shortfalls (i.e., the difference between cash flows due to the Group in accordance with the contract and cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired include:

- significant financial difficulties faced by the Group's customers;
- breach of contract such as a default or past due event;
- rescheduling of financing by the Group on terms that are not favorable to the Group;
- imminent bankruptcy or other financial reorganization of the customer; and
- absence of an active market for that financial instrument due to financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Impairment losses in financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

Financial assets are written off (either partially or in full) when the Group has no reasonable expectations of recovery. The Group also performs an individual assessment of each customer in order to determine the value and timing of write-offs, based on whether there are reasonable expectations of recovery.

However, financial assets that are written off are still subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

In the event that the amount to be written off exceeds the accumulated loss allowance, the difference is initially considered as an addition to the provision that is applied to the gross carrying amount. Any subsequent recoveries are credited to other income.

SAUDI RESEARCH AND MEDIA GROUP (SRMG)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

4. Material accounting policy information (continued)

4.15 Zakat and tax

Zakat

The Company and its subsidiaries in KSA are subject to zakat in accordance with the regulation issued by the Zakat, Tax and Customs Authority (ZATCA). Zakat provision is calculated according to the consolidated zakat base of the Company and its directly or indirectly wholly owned subsidiaries. Zakat is levied at a fixed rate of 2.5% on the higher of adjusted zakat profit or zakat base. The management establishes provisions where appropriate on the basis of amounts expected to be paid to the ZATCA and periodically evaluates positions taken in zakat returns in case of any differences. Additional zakat liability, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the assessments are finalized. Subsidiaries outside KSA calculate income tax in accordance with the relevant income tax regulations in those countries. The provision for zakat and income tax is charged to the consolidated statement of profit or loss.

Value Added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, except:

- Where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- Receivables and payables are stated with the amount of VAT included.

The net amount of value added tax (VAT) recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized.

Withholding tax

The Group makes a provision for withholding tax on payments to non-resident parties in KSA in accordance with the Income Tax Law applicable in KSA.

4.16 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Collaterals	A provision for warranties is recognised when the underlying products or services are sold, based on <u>historical warranty data and a weighting of possible outcomes against their associated probabilities.</u>
Restructuring	A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly.
Asset decommissioning liability	Decommissioning liabilities are provided at the present value of expected costs to settle the obligation using the estimated cashflow which are recognized as part of the cost of the particular asset. The cashflows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the consolidated statement of profit or loss as a finance cost. The estimated future cost of decommissioning is reviewed annually and adjusted as appropriate.
Onerous contracts	A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on incremental costs necessary to fulfill the obligation under the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

4.17 Selling, marketing and distribution expenses

Selling, marketing and distribution expenses consist of the costs incurred in marketing and selling the Group's products and include other indirect costs related to revenue. All the other expenses are classified as general and administrative expenses.

4.18 General and administrative expenses

General and administrative expenses comprise direct and indirect costs not attributable to cost of revenue. Allocations between general and administration expenses and cost of revenues, when required, are made on a consistent basis. Expenses mainly include employee costs, other benefits, compensation, and allowances for members of the Board of Directors and its committees, maintenance fees, rental and travel expenses, insurance, professional fees, and others.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

4. Material accounting policy information (continued)

4.19 Dividend

Interim dividends are recorded in the period in which they are approved by the management. Furthermore, final dividends are recorded in the period in which they were approved by the shareholders' General Assembly.

4.20 Earnings per share

Basic earnings per share

Basic EPS is calculated by dividing the net income or loss attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held, if any.

Diluted earnings per share

Diluted EPS, if any, is determined by adjusting the net income or loss attributable to common equity holders of the Parent Company and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares.

The Group has not issued any potential ordinary shares; therefore, the basic and diluted earnings per share are the same.

4.21 Contingent liabilities

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is unlikely to occur. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

4.22 Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps 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 taken directly to profit or loss.

5. Changes in accounting policies and disclosures

The Group applied for the first-time certain standards and amendments, which are relevant to the Group and are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5.1 Insurance Contracts - IFRS 17

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's consolidated financial statements.

5.2 Definition of Accounting Estimates - Amendments to IAS 8

The IASB has issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments had no impact on the Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

5. Changes in accounting policies and disclosures (continued)

5.3 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

5.4 Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

These amendments to IAS 12 narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments had no material impact on the Group.

5.5 International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no material impact on the Group's consolidated financial statements.

6. Standards issued but not yet effective

The new standards and interpretations that are issued and relevant for the Group, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are elaborated below. These standards will be adopted by the Group when they become effective.

6.1 Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

6.2 Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right, and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

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For the year ended 31 December 2023

6. Standards issued but not yet effective (continued)

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

6.3 Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of consolidated financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

7. Property, plant and equipment

	<i>Land SR</i>	<i>Buildings SR</i>	<i>Leasehold improvements SR</i>	<i>Plant and printing equipment SR</i>	<i>Computer equipment SR</i>	<i>Furniture and fixtures SR</i>	<i>Studio equipment SR</i>	<i>Other equipment SR</i>	<i>Motor vehicles SR</i>	<i>Projects in progress SR</i>	<i>Total SR</i>
<u>Cost:</u>											
<i>1 January 2023</i>	191,108,462	520,075,911	125,461,155	962,667,073	159,107,887	101,537,391	146,212,262	34,727,679	24,936,269	226,889,066	2,492,723,155
Additions during the year	-	87,198	28,912,110	26,209	14,577,193	3,321,513	11,186,143	1,233,053	276,120	184,145,614	243,765,153
Disposals	-	-	(12,874,454)	(7,699,936)	(12,835,155)	(9,280,775)	(1,689,590)	(12,857,923)	(1,135,144)	(268,680)	(58,641,657)
Transferred	-	323,256	5,769,896	8,392,948	530,566	2,568,775	219,597	-	265,519	(18,070,557)	-
Transferred from intangible assets	-	-	-	-	70,622	-	-	-	-	-	70,622
Foreign currency translation adjustment	-	-	906,571	-	1,512,470	172,174	4,023,849	(143)	22,880	13,147	6,650,948
<i>31 December 2023</i>	191,108,462	520,486,365	148,175,278	963,386,294	162,963,583	98,319,078	159,952,261	23,102,666	24,365,644	392,708,590	2,684,568,221
<u>Depreciation and impairment</u>											
<i>1 January 2023</i>	13,197,604	289,534,467	90,642,118	612,271,716	87,825,558	83,192,579	55,272,833	25,337,717	23,074,418	-	1,280,349,010
Depreciation charge for the year	-	11,880,658	22,982,870	42,687,102	22,627,419	4,682,312	25,050,893	2,305,984	756,085	-	132,973,323
Disposals	-	-	(12,874,422)	(6,691,915)	(12,764,394)	(9,257,744)	(1,657,304)	(12,801,453)	(1,135,131)	-	(57,182,363)
Foreign currency translation adjustment	-	-	484,553	-	1,134,011	155,317	1,695,336	(337)	18,704	-	3,487,584
<i>31 December 2023</i>	13,197,604	301,415,125	101,235,119	648,266,903	98,822,594	78,772,464	80,361,758	14,841,911	22,714,076	-	1,359,627,554
<u>Net book value</u>											
<i>31 December 2023</i>	177,910,858	219,071,240	46,940,159	315,119,391	64,140,989	19,546,614	79,590,503	8,260,755	1,651,568	392,708,590	1,324,940,667

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

7. Property, plant and equipment (continued)

	<i>Land SR</i>	<i>Buildings SR</i>	<i>Leasehold improvements SR</i>	<i>Plant and printing equipment SR</i>	<i>Computer equipment SR</i>	<i>Furniture and fixtures SR</i>	<i>Studio equipment SR</i>	<i>Other equipment SR</i>	<i>Motor vehicles SR</i>	<i>Projects in progress SR</i>	<i>Total SR</i>
<i>Cost:</i>											
<i>1 January 2022</i>	191,109,094	507,917,041	123,371,697	1,022,792,798	139,610,226	89,465,289	119,250,448	19,314,488	24,959,015	104,303,655	2,342,093,751
Additions during the year	-	-	2,725,870	283,125	12,334,668	1,250,390	22,399,718	9,590,326	515,761	190,890,462	239,990,320
Disposals/adjustments	-	(58,897)	(2,522,337)	(71,831,280)	(720,220)	(1,094,817)	(58,855)	(245,871)	(874,441)	(706,904)	(78,113,622)
Transferred	-	12,218,980	14,581,032	11,426,411	12,762,898	14,692,793	-	-	448,050	(66,230,232)	(100,068)
Transferred to the statement of profit or loss	-	-	-	-	-	-	-	-	-	(275,713)	(275,713)
Transferred to intangible assets	-	-	-	-	-	-	-	-	-	(1,092,161)	(1,092,161)
Adjustments	-	-	(8,559,623)	-	(1,863,636)	(2,351,271)	11,217,766	6,068,736	(65,155)	(342)	4,446,475
Foreign currency translation adjustment	(632)	(1,213)	(4,135,484)	(3,981)	(3,016,049)	(424,993)	(6,596,815)	-	(46,961)	301	(14,225,827)
<i>31 December 2022</i>	<u>191,108,462</u>	<u>520,075,911</u>	<u>125,461,155</u>	<u>962,667,073</u>	<u>159,107,887</u>	<u>101,537,391</u>	<u>146,212,262</u>	<u>34,727,679</u>	<u>24,936,269</u>	<u>226,889,066</u>	<u>2,492,723,155</u>
<i>Depreciation and impairment</i>											
<i>1 January 2022</i>	13,197,604	278,665,714	77,419,929	635,311,451	75,423,100	72,441,267	35,215,064	17,413,483	23,312,053	-	1,228,399,665
Depreciation charge for the year	-	10,927,430	25,120,715	40,967,619	17,695,467	6,193,903	21,102,198	2,267,261	728,316	-	125,002,909
Disposals/adjustments	-	(58,897)	(1,804,026)	(64,008,496)	(715,457)	(1,046,429)	(21,711)	(245,867)	(868,262)	-	(68,769,145)
Transferred	-	-	(5,550)	-	(94,903)	386	-	-	-	-	(100,067)
Adjustments	-	-	(6,799,222)	-	(2,524,169)	5,927,457	2,004,727	5,902,840	(65,158)	-	4,446,475
Foreign currency translation adjustment	-	220	(3,289,728)	1,142	(1,958,480)	(324,005)	(3,027,445)	-	(32,531)	-	(8,630,827)
<i>31 December 2022</i>	<u>13,197,604</u>	<u>289,534,467</u>	<u>90,642,118</u>	<u>612,271,716</u>	<u>87,825,558</u>	<u>83,192,579</u>	<u>55,272,833</u>	<u>25,337,717</u>	<u>23,074,418</u>	<u>-</u>	<u>1,280,349,010</u>
<i>Net book value</i>											
<i>31 December 2022</i>	<u>177,910,858</u>	<u>230,541,444</u>	<u>34,819,037</u>	<u>350,395,357</u>	<u>71,282,329</u>	<u>18,344,812</u>	<u>90,939,429</u>	<u>9,389,962</u>	<u>1,861,851</u>	<u>226,889,066</u>	<u>1,212,374,145</u>

- Certain property, plant and equipment have been placed as collateral against loans amounting to SR 279.3 million (Note 22).
- Projects in progress balance comprises mainly its purchase price, construction, eligible development cost and any other directly attributable cost to the construction of head-office.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2023

7. Property, plant and equipment (continued)

Depreciation charge for the year has been allocated as follows:

	<i>For the year ended 31 December 2023</i>	<i>For the year ended 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Cost:		
Cost of revenues (note 28)	119,994,588	112,993,426
Selling, marketing, and distribution expenses (note 29)	309,512	326,713
General and administrative expenses (note 30)	12,669,223	11,682,770
	132,973,323	125,002,909

8. Right-of-use assets

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

	<i>SR</i>
Cost:	
1 January 2022	174,811,053
Additions	71,542,879
Modification	(1,358,029)
Disposals	(15,898,565)
Foreign currency translation adjustment	(12,251,275)
31 December 2022	216,846,063
Additions	78,939,551
Disposals	(4,206,084)
Foreign currency translation adjustment	8,333,878
31 December 2023	299,913,408
Accumulated depreciation:	
1 January 2022	87,467,321
Depreciation	28,022,092
Disposals	(15,898,565)
Foreign currency translation adjustment	(4,762,512)
31 December 2022	94,828,336
Depreciation	36,575,302
Disposals	(2,975,966)
Foreign currency translation adjustment	3,342,490
31 December 2023	131,770,162
Net book value:	
31 December 2022	122,017,727
31 December 2023	168,143,246

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8. Right-of-use assets (continued)

Leases liabilities:

	<i>For the year ended 31 December 2023</i>	<i>For the year ended 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Balance as at 1 January	119,551,298	96,760,047
Additions	79,494,093	64,607,942
Disposals	(1,230,117)	-
Modification	-	(1,358,029)
Foreign currency translation adjustment	4,589,572	(8,487,569)
Interest expenses (<i>note 31</i>)	6,200,949	4,988,334
Lease liabilities paid	(43,205,995)	(36,959,427)
Balance as at 31 December	165,399,800	119,551,298

Lease liabilities have been categorized as follows:

	<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Non-current	130,091,599	88,838,851
Current	35,308,201	30,712,447
	165,399,800	119,551,298

Commitments for minimum lease payments to which the requirements of the IFRS 16 have been applied are disclosed in (*note 35.4*)

The following are the amounts recognized in statement of profit or loss:

	<i>For the year ended 31 December 2023</i>	<i>For the year ended 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Depreciation expense of right-of-use assets	36,575,302	28,022,092
Interest expense on lease liabilities	6,200,949	4,988,334
Expense relating to short-term or low value leases (included in cost of revenue)	8,550,414	1,423,871
Expense relating to short-term or low value leases (included in selling and distribution expenses)	4,480,811	4,336,293
Expense relating to short-term or low value leases (included in general and administrative expenses)	6,936,812	5,221,792
Total amount recognised in statement of profit or loss	62,744,288	43,992,382

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9. **Intangible assets and goodwill**

The movement of intangible assets and goodwill is presented as follows:

	<i>Goodwill</i> <i>(a), (b), (c)</i>	<i>Mastheads</i> <i>(d)</i>	<i>Visual content project, websites, and copyrights</i> <i>(e)</i>	<i>Computer software</i>	<i>Trade names</i>	<i>Projects in progress</i>	<i>Total</i>
	SR	SR	SR	SR	SR	SR	SR
<u>Cost</u>							
<i>1 January 2023</i>	471,162,307	350,000,000	657,432,833	76,880,732	10,352,800	5,680,728	1,571,509,400
Additions	-	-	187,374,467	3,649,180	-	12,109,919	203,133,566
Disposal	-	-	(49,621,581)	-	-	(806,381)	(50,427,962)
Transfers to property, plant and equipment	-	-	-	-	-	(70,622)	(70,622)
Transfers from Projects in progress	-	-	-	2,630,987	-	(2,630,987)	-
Foreign currency translation adjustment	-	-	(81,428)	482,142	-	(3,810)	396,904
<i>31 December 2023</i>	<u>471,162,307</u>	<u>350,000,000</u>	<u>795,104,291</u>	<u>83,643,041</u>	<u>10,352,800</u>	<u>14,278,847</u>	<u>1,724,541,286</u>
<u>Accumulated amortization and impairment</u>							
<i>1 January 2023</i>	81,417,241	177,873,650	301,365,575	38,189,115	1,617,625	-	600,463,206
Amortization charge during the year	-	-	93,528,150	10,128,508	1,294,100	-	104,950,758
Disposal	-	-	(49,621,581)	-	-	-	(49,621,581)
Impairment	35,000,000	-	-	-	-	-	35,000,000
Foreign currency translation adjustment	-	-	(15,113)	400,881	-	-	385,768
<i>31 December 2023</i>	<u>116,417,241</u>	<u>177,873,650</u>	<u>345,257,031</u>	<u>48,718,504</u>	<u>2,911,725</u>	<u>-</u>	<u>691,178,151</u>
<u>Net book value</u>							
<i>31 December 2023</i>	<u>354,745,066</u>	<u>172,126,350</u>	<u>449,847,260</u>	<u>34,924,537</u>	<u>7,441,075</u>	<u>14,278,847</u>	<u>1,033,363,135</u>

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9. Intangible assets and goodwill (continued)

	<i>Goodwill</i> <i>(a), (b), (c)</i>	<i>Mastheads</i> <i>(d)</i>	<i>Visual content project, websites, and copyrights</i> <i>(e)</i>	<i>Computer software</i>	<i>Trade names</i>	<i>Projects in progress</i>	<i>Total</i>
	SR	SR	SR	SR	SR	SR	SR
<i>Cost</i>							
<i>1 January 2022</i>	471,162,307	350,000,000	479,065,748	77,880,269	10,352,800	1,451,546	1,389,912,670
Additions	-	-	221,813,685	1,913,379	87	3,926,832	227,653,983
Disposal	-	-	(65,877,511)	-	-	-	(65,877,511)
Transfers from property, plant and equipment	-	-	-	1,226,289	-	(134,128)	1,092,161
Adjustments	-	-	22,583,977	(4,450,731)	-	820,940	18,954,186
Transferred from projects	-	-	-	384,636	-	(384,636)	-
Foreign currency translation adjustment	-	-	(153,066)	(73,110)	(87)	174	(226,089)
<i>31 December 2022</i>	<u>471,162,307</u>	<u>350,000,000</u>	<u>657,432,833</u>	<u>76,880,732</u>	<u>10,352,800</u>	<u>5,680,728</u>	<u>1,571,509,400</u>
<i>Accumulated amortization and impairment</i>							
<i>1 January 2022</i>	81,417,241	177,873,650	261,899,158	28,453,563	323,525	-	549,967,137
Amortization charge during the year	-	-	86,460,675	9,656,572	1,294,100	-	97,411,347
Disposal	-	-	(65,877,510)	-	-	-	(65,877,510)
Adjustments	-	-	18,858,697	95,489	-	-	18,954,186
Foreign currency translation adjustment	-	-	24,555	(16,509)	-	-	8,046
<i>31 December 2022</i>	<u>81,417,241</u>	<u>177,873,650</u>	<u>301,365,575</u>	<u>38,189,115</u>	<u>1,617,625</u>	<u>-</u>	<u>600,463,206</u>
<i>Net book value</i>							
<i>31 December 2022</i>	<u>389,745,066</u>	<u>172,126,350</u>	<u>356,067,258</u>	<u>38,691,617</u>	<u>8,735,175</u>	<u>5,680,728</u>	<u>971,046,194</u>

- Projects in progress balance comprises mainly in visual content not yet developed and still in-progress.

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9. Intangible assets and goodwill (continued)

a) Goodwill – SPPC:

	<i>As at</i> 31 December 2023	<i>As at</i> 31 December 2022
	SR	SR
Emirates National Factory for Plastic Industries (ENPI)	324,707,551	359,707,551
Hala Printing Company	10,216,885	10,216,885
	334,924,436	369,924,436

During 2012, SPPC acquired 100% of the shares of Emirates National Factory for Plastic Industries LLC (“Emirates Factory”), a limited liability company, established in the Emirate of Sharjah, in the United Arab Emirates, for a net consideration of approximately SR 642 million.

All parties have agreed under the Shares Purchase and Sale Agreement (the “Agreement”) to transfer all rights and liabilities related to the former shareholders to SPPC on 1 July 2012 as the date on which effective control is transferred to the company (the “Acquisition Date”). This acquisition resulted in goodwill amounting to SR 353.8 million, which represents: the excess of the consideration paid over the fair value of the net assets acquired on the date of acquisition, amounting to approximately SR 288.2 million.

Emirates Factory operates in the manufacture and distribution of packaging and plastic products and has several subsidiaries in both the United Arab Emirates and KSA. The consolidated financial statements of Emirates Factory were consolidated with effect from 1 July 2012.

On 1 July 2014, SPPC restructured the packaging sector by merging Future Plus Company and Flexible Packaging Company with Emirates National Factory for Plastic Industries. Accordingly, the carrying amount of goodwill has increased to SR 380 million after adding the goodwill of these two companies. During 2017 and 2023, the group recognized impairment on the goodwill amounting to SR 20.3 million and SR 35.0 million, respectively.

Goodwill impairment test

Management performs goodwill test to ensure that there is no impairment at the end of each financial year for each cash generating unit. The management found, through the goodwill impairment testing performed, that the recoverable amount was less than the book value of the goodwill as at 31 December 2023, accordingly an impairment of SR 35.0 million was recorded during the current year.

The recoverable amount was determined on the basis of the information used to calculate the present value of the five-year expected cash flows along with cash flow to perpetuity, based on the financial budget approved by SPPC management. The estimated average annual growth rate of revenue of the Emirates National Factory for Plastic Industries and Hala Printing Company is 4.23% and 5.52%, respectively.

Management believes that the estimated growth rates do not exceed the long-term average growth rates related to the activities carried out by SPPC.

Sensitivity to changes in assumptions

In relation to the recoverable amount review, any adverse change in underlying assumption might result in an impairment loss. The terminal growth rates and Weighted Average Cost of Capital Assumptions (“WACC”) used are the key assumptions to determine recoverable amount in cases where potential changes in those assumptions might lead to impairment. A change of +1% in the WACC will result in further significant impairment loss.

The key assumptions used in the estimation of the recoverable amount as at 31 December 2023 are set out below. The values assigned to key assumptions represent management’s assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	As at 31 December 2023		As at 31 December 2022	
	ENPI	Hala Printing Company	ENPI	Hala Printing Company
	%	%	%	%
WACC	9.82	9.82	9.50	9.50
Estimated average EBITDA margin	9.66	19.18	10.8	23.20
Average annual growth rate of revenue	4.23	5.52	5.16	4.80
Terminal growth rate	2.50	2.50	2.50	2.50

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9. **Intangible assets and goodwill (continued)**

Sensitivity to changes in assumptions (continued)

WACC represents the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. WACC calculation is based on the specific circumstances of the SPPC and its operating segments. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the SPPC investors. The cost of debt is based on the interest-bearing borrowings the SPPC is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

The terminal growth rate was determined based on SPPC management's estimate of the long-term growth forecast for UAE and KSA.

b) **Goodwill – Argaam Investment Trading Company:**

During the year 2017, 51% of the net assets of Argaam Investment Trading Company was acquired for a value of SR 31,908,938. During the year ended 31 December 2018, the management carried out a goodwill test to assess whether there was any impairment in value. According to the study, management determined an impairment in value of goodwill which amounted to SR 13,091,062, representing the total value of goodwill.

c) **Goodwill - Thmanyah Company:**

During the year ended 31 December 2021, the Arab Media Company, a subsidiary of the Group, acquired 51% of the issued capital of Thmanyah for Publishing and Distribution Company, one of the leading digital media companies in KSA that works in the production and distribution of podcasts and documentaries on social media platforms. The acquisition was part of the Group's multi-platform approach and commitment to provide original, distinguished, and exclusive content to customers through digital platforms and social media. Goodwill resulting from acquisition amounted to SR 19,820,630.

Goodwill impairment test

Management performs goodwill test to evaluate if the carrying value exceeds recoverable amount of each CGU at the end of each financial year. The management found, through the goodwill test, that the carrying value of goodwill was less than its recoverable value as at 31 December 2023.

Sensitivity to changes in assumptions

The key assumptions used in the estimation of the recoverable amount are set out below; the values assigned to key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	<i>Percentage</i>	
	%	
	<i>As at</i>	<i>As at</i>
	<u>31 December 2023</u>	<u>31 December 2022</u>
WACC	20.0	15.9
Estimated average EBITDA margin	7.16	34.2
Average annual growth rate for revenue	9.8	4.2
Terminal growth rate	2.4	2.0

The terminal growth rates and WACC used are the key assumptions in cases where potential changes could lead to impairment. A change of +/- 1% in WACC will not result in an impairment.

d) **Mastheads**

As at 31 December 2023, the Group's intangible assets included mastheads amounting to SR 172.1 million (2022: SR 172.1 million). These mastheads arose as a result of acquiring Saudi Research and Publishing Company through Intellectual Holding Company for Advertisement and Publicity and Scientific Works Holding Company in prior years.

Impairment test

During the year ended 31 December 2023, management tested the mastheads to determine whether impairment exists or not. The management determined that the recoverable amount of the mastheads was higher than its carrying value for the year ended 31 December 2023. The recoverable value was determined on the basis of value-in-use calculation. This calculation uses cash flow projections for five years based on financial budgets approved by management. The management drew on its past experience taking into consideration the market indicators and used a discount rate based on an estimated WACC. In management's opinion, the growth rate assumption does not exceed the long-term average growth rate for the mastheads' activity.

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9. Intangible assets and goodwill (continued)

d) Mastheads (continued)

Sensitivity to changes in assumptions

The key assumptions used in the estimation of the recoverable amount are set out below; the values assigned to key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	<i>Percentage</i>	
	%	
	<i>As at</i>	<i>As at</i>
	<u><i>31 December 2023</i></u>	<u><i>31 December 2022</i></u>
WACC	14.5	14.0
Estimated average margin	4.7	4.7
Average annual growth rate of revenue	1.4	1.6
Terminal growth rate	2.4	3.7

The terminal growth rates and WACC used are the key assumptions in cases where potential changes could lead to impairment. A change of +/- 1% in WACC will not result in an impairment.

e) *Visual content projects and Website - Digital Content of Argaam Investment Trading Company:*

On 31 October 2017, one of the subsidiaries (Arab Media Company) acquired 51% of the shares in Argaam, inclusive of the intangible assets comprising the digital content related to Argaam. As at 31 December 2023, the carrying value of Argaam digital content amounted to SR 72.5 million (2022: SR 63.3 million).

Impairment test

During the year ended 31 December 2023, management tested the Argaam digital content to determine whether impairment exists or not. The management determined that the recoverable amount of the mastheads was higher than its carrying value for the year ended 31 December 2023 and hence SR Nil impairment was recorded (2022: SR Nil). The recoverable value was determined on the basis of value-in-use calculation. This calculation uses cash flow projections for five years based on financial budgets approved by management.

Key assumptions for the value-in-use calculation are set out below:

	<i>Percentage</i>	
	%	
	<i>As at 31 December</i>	<i>As at 31 December</i>
	<u><i>2023</i></u>	<u><i>2022</i></u>
WACC	18.6	19.5
Estimated average EBITDA margin	34.4	31.2
Average annual growth rate for sales	22.4	26.1
Terminal growth rate	3.0	2.0

The terminal growth rates and WACC used are the key assumptions in cases where potential changes could lead to impairment. A change of +/- 1% in WACC will not result in an impairment.

Visual content projects and Website – Bloomberg and others:

The Group signed an agreement with Bloomberg in 2017 to obtain an exclusive license to launch multiple media platforms in Arabic for an annual license fee of USD 9 million (equivalent to approximately SR 33.8 million) valid for a five-year period and extendable up to 10 years. In 2022, the Group extended the term of the agreement for an additional five years till 2027. In 2017, the Group has also signed other content licensing agreements with "The Independent" amongst others to establish digital platforms in multiple languages.

Visual content projects and Website – Discovery:

The Group signed an agreement with Discovery to obtain a non-exclusive right commencing from 1 February 2023 to launch a new free-to-view Arabic-language infotainment platform for an annual license fee of USD 10 million (equivalent to approximately SR 37.5 million) valid for a five-year period and extendable up to 10 years.

Intangible assets amortization charge for the year has been allocated as follows:

	<i>For the year ended</i>	<i>For the year ended</i>
	<u><i>31 December 2023</i></u>	<u><i>31 December 2022</i></u>
	<i>SR</i>	<i>SR</i>
Cost of revenues (note 28)	103,725,225	95,921,312
General and administrative expenses (note 30)	1,225,533	1,490,035
	<u>104,950,758</u>	<u>97,411,347</u>

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10. Investment properties

Movement in investment properties is summarized as follows:

	<i>Land SR</i>	<i>Buildings SR</i>	<i>Total SR</i>
<u>Cost:</u>			
1 January and 31 December 2022	18,922,102	9,403,543	28,325,645
31 December 2023	18,922,102	9,403,543	28,325,645
<u>Accumulated depreciation:</u>			
1 January 2022	-	2,364,528	2,364,528
Depreciation charge for the year	-	317,569	317,569
Foreign currency translation adjustment	-	46	46
31 December 2022	-	2,682,143	2,682,143
Depreciation charge for the year	-	329,291	329,291
31 December 2023	-	3,011,434	3,011,434
<u>Net book value:</u>			
31 December 2023	18,922,102	6,392,109	25,314,211
31 December 2022	18,922,102	6,721,400	25,643,502

The Group's investment properties consist of two commercial properties in KSA and the United Arab Emirates, both of which have been retained by one of the Group's subsidiaries for the purpose of capital appreciation and achieving rental income. Rental income for the year ended 31 December 2023 amounted to SR 974,044 (2022: SR 915,230) (note 33).

Fair value disclosures

The following is a comparison of the carrying value and fair value of the Group's investment properties:

	<i>As at 31 December 2023 SR</i>		<i>As at 31 December 2022 SR</i>	
	<i>Carrying amount</i>	<i>Fair value</i>	<i>Carrying amount</i>	<i>Fair value</i>
Investment properties	25,314,211	49,900,000	25,643,502	50,136,316

The fair value of investment properties has been determined by external, accredited, independent property valuers who have appropriate and recognized professional qualifications and recent experience in the location and category of the property whose value is estimated according to the geographical location.

The fair value of property located in the Kingdom of Saudi Arabia was determined based on the valuation by a third party, CBRE Rowad Al-Riyadh Real Estate Valuation Company ("Valuer"), which has performed the valuation of the investment properties using the residual Valuation method.

The fair value of property located in the United Arab Emirates was determined based on the valuation made by a third party, Asteco Property Management for Real Estate Valuation and Revaluation Establishment under RERA license number (43767), ("Valuer") using the income approach.

The fair value measurement of all investment properties has been classified as a level 3 fair value based on the inputs of the valuation method used. The following table shows the valuation method used in measuring fair value:

<i>Geographical location</i>	<i>Valuation technique</i>	<i>Unobservable inputs</i>
KSA	<i>Residual value approach</i> The residual valuation method is the valuation method accepted by the Royal Institution of Chartered Surveyors (RICS) for valuing developments and opportunities which take time to come to fruition.	<i>Assumptions</i> The term "Residual Valuation" relates to any valuation which consists of an estimate of the value of a property after allowing for various items of expenditure.
United Arab Emirates	<i>Income Approach</i> By using revenue multiples / capitalization rates based on available market trends and evidence.	<i>Assumptions</i> <u>Building</u> - Annual rent of the subject of appraisal and similar buildings amounting to SR 984,858. - Operating expenses average 11% of the annual rent for similar buildings.

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10. Investment properties (continued)

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Profit arising from investment properties:

	<u>2023</u>	<u>2022</u>
	SR	SR
Rental income derived from investment properties	974,044	915,230
	<i>Percentage</i>	<i>Percentage</i>
Direct operating expenses generating rental income (percentage of annual rent)	11%	12%

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

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

This mainly includes investments in an investment funds in KSA regulated by the Saudi Capital Market Law and its executive regulations, private equity fund, shares in a quoted and unquoted company.

11.1 Financial assets at FVOCI

Financial assets at FVOCI represent 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:

	<i>For the year ended</i> <i>31 December 2023</i>	<i>For the year ended</i> <i>31 December 2022</i>
	SR	SR
Balance as at 1 January	1,137,948,446	1,155,872,141
Additions	207,972,125	50,463,190
Dividends	-	2,183,395
Fund management fee	(2,996,770)	(3,455,496)
Changes in fair value	(128,481,275)	(67,114,784)
Balance as at 31 December	<u>1,214,442,526</u>	<u>1,137,948,446</u>

During the year ended 31 December 2023, the Group invested SR 19.3 million (2022: SR nil) in a listed entity and invested SR nil (2022: 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 1.21 billion (2022: SR 1.14 billion), the control of these investment funds rests with the fund manager.

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

11.2 Financial assets at fair value through profit or loss (FVTPL)

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

	<i>For the year ended 31 December 2023</i>	<i>For the year ended 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Balance as at 1 January	-	349,302,897
Additions during the year	-	-
Changes in fair value during the year* (note 32)	-	(11,776,608)
Sale during the year	-	(337,526,289)
Balance as at 31 December	<u>-</u>	<u>-</u>
*Includes reversal of previously recognized unrealized gain upon sale		
Proceeds from sale	-	351,737,029
Less: Initial cost of sold investments	-	(337,526,289)
Realized gain on sale (note 32)	<u>-</u>	<u>14,210,740</u>

12. Financial assets at amortised cost

The financial assets at amortized cost represent the purchase of Saudi government sukuk with a nominal value of SR nil (2022: SR 535 million). The cost as at 31 December 2023 as follows:

	<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Notional amount	-	535,000,000
Unamortized premium/discount	-	1,337,732
Balance as at 31 December	<u>-</u>	<u>536,337,732</u>

Financial assets at amortised cost have been categorized as follows:

	<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Non-current	-	-
Current	-	536,337,732
	<u>-</u>	<u>536,337,732</u>

13. Derivative financial instruments

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

	<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Derivatives not designated as hedging instruments		
Profit rate swaps	<u>7,646,415</u>	<u>8,665,937</u>

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13. Derivative financial instruments (continued)

The Group uses derivative financial instruments mainly, profit rate swaps. 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 8.6 million as a financial asset during the year ended 31 December 2022 and the asset has been decreased to SR 7.6 million during year ended 31 December 2023. Other details related to the profit rate swap arrangement are as follows:

	<i>As at</i> <i>31 December 2023</i> <i>SR</i>	<i>As at</i> <i>31 December 2022</i> <i>SR</i>
Change in fair value of the derivative instrument	(1,019,522)	8,665,937
Carrying amount of the derivative instrument	7,646,415	8,665,937
Notional amount of the derivative instrument	141,458,678	163,120,800
Maturity date of the derivative instrument	6 December 2025	6 December 2025

14. Trade receivables

	<i>As at</i> <i>31 December 2023</i> <i>SR</i>	<i>As at</i> <i>31 December 2022</i> <i>SR</i>
Trade receivables	1,177,500,820	1,142,309,111
Less: Allowance for expected credit losses on trade receivables	(229,238,819)	(234,248,067)
	948,262,001	908,061,044

Trade receivables have been categorized as follows:

	<i>As at</i> <i>31 December 2023</i> <i>SR</i>	<i>As at</i> <i>31 December 2022</i> <i>SR</i>
Non-current	5,658,536	9,356,428
Current	942,603,465	898,704,616
	948,262,001	908,061,044

Movement in the allowance for expected credit losses of trade receivables is as follows:

	<i>For the year ended</i> <i>31 December 2023</i> <i>SR</i>	<i>For the year ended</i> <i>31 December 2022</i> <i>SR</i>
Balance as at 1 January	234,248,067	219,358,114
(Reversal)/allowance during the year	(5,007,057)	17,687,805
Transferred to prepayments and other current assets	-	(2,797,956)
Foreign currency translation	(2,191)	104
Balance as at 31 December	229,238,819	234,248,067

15. Inventories

	<i>As at</i> <i>31 December 2023</i> <i>SR</i>	<i>As at</i> <i>31 December 2022</i> <i>SR</i>
Raw materials	139,595,691	205,314,615
Finished and in progress production	55,802,504	61,920,555
Spare parts and consumables	26,870,145	25,366,636
Goods-in-transit	2,537,790	3,737,586
	224,806,130	296,339,392
Provision for obsolete and slow-moving inventories	(31,242,258)	(27,909,307)
	193,563,872	268,430,085

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15. Inventories (continued)

Movement in the provision for obsolete and slow-moving inventories is as follows:

	<i>For the year ended 31 December 2023</i>	<i>For the year ended 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Balance as at 1 January	27,909,307	26,328,070
Provided during the year	3,332,951	1,581,171
Foreign currency translation adjustment	-	66
Balance as at 31 December	31,242,258	27,909,307

16. Prepayments and other current assets

	<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Prepaid expenses	104,110,795	103,781,905
Refundable deposits	42,469,736	36,856,786
Value added tax (VAT)	17,720,819	14,569,996
Advances to suppliers	14,899,589	15,676,280
Employees' advances	11,062,636	9,110,123
Prepayment to General Authority of Zakat, Tax, and Customs (ZATCA)	6,170,214	6,170,214
Accrued finance income	975,583	14,688,317
Margin against letters of guarantee	236,776	2,994,538
Others	44,685,939	50,062,911
	242,332,087	253,911,070
Less: Allowance for expected credit losses on prepayments and other debit balances	(35,100,508)	(35,696,671)
	207,231,579	218,214,399

Movement in the allowance for expected credit losses of prepayments and other debit balances is as follows:

	<i>For the year ended 31 December 2023</i>	<i>For the year ended 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Balance as at 1 January	35,696,671	32,324,850
Provided during the year	181,444	573,865
Transfer from ECL write-off	-	2,797,956
	(777,672)	-
Foreign currency translation	65	-
Balance as at 31 December	35,100,508	35,696,671

17. Short-term investments

Short-term investments represent deposits with maturity dates of more than three months and less than a year from the date of acquisition and these are placed with local banks with a total amount of SR nil (2022: SR 1,060 million). They bear interest at a rate ranging from 3.25% to 5.6% per annum.

18. Cash and cash equivalents

	<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Cash at banks and on hand	152,624,936	263,659,257
Cash at banks – restricted accounts (*)	9,792,852	9,792,852
Short term deposits (**)	445,000,000	-
	607,417,788	273,452,109

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18. Cash and cash equivalents (continued)

For the purposes of the consolidated statement of cash flows, the gross cash and cash equivalents consist of the following:

	<i>As at</i> 31 December 2023	<i>As at</i> 31 December 2022
	SR	SR
Total cash and cash equivalents	607,417,788	273,452,109
Less: restricted accounts (*)	(9,792,852)	(9,792,852)
	597,624,936	263,659,257

(*) Restricted bank accounts represent deposit pledged against a loan obtained by SPPC (a subsidiary).

(**) Short term deposits represent deposits with banks with maturity date of three months or less which yield financial income at the rate of 6% to 6.15% per annum.

19. Share capital

As at 31 December 2023, the Group's capital of SR 800 million (2022: SR 800 million) consists of 80 million shares (2022: 80 million shares) at a value of SR 10 per share (2022: SR 10 per share).

20. Statutory reserve

In accordance with the 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 1443H (corresponding to 19 May 2022), the transfer to statutory reserve was ceased. The statutory reserve is not available for distribution.

21. Contractual reserve

In accordance with the 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 certain purpose(s).

22. Borrowings and Murabaha

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 1.4 billion (2022: SR 1.3 billion). Of the facilities available to the Group, as at 31 December 2023, the balance outstanding amounted to SR 773.4 million (2022: SR 818.8 million).

SPPC and its subsidiaries ("SPPC") have signed several financing agreements and banking facilities with a number of local and foreign banks, which include loans and Murabaha, credit facilities, letters of credit and letters of guarantee, on different periods subject to renewal. The credit limit for total facilities was SR 886.8 million as at 31 December 2023 (31 December 2022: SR 942.9 million). These agreements are subject to the terms and conditions of banking facilities that apply to all types of facilities provided by banks to their clients. The purpose of these facilities is to finance the activity, working capital, investments and capital expenditures as well as to finance the import of raw materials and equipment related to the SPPC's activities and projects. These facilities are subject to interest charges according to the relevant agreements, ranging from 1.65% to 3.5% per annum in addition to SAIBOR or EIBOR as applicable.

The loan agreements contain covenants, mainly relating to certain current ratio, leverage ratio, total debt to equity ratio, and others. Under the terms of these agreements, the banks have the right to demand immediate repayment of the loans if any of the covenants are not met. SPPC did not comply with certain loans and certain covenants as at 31 December 2023. SPPC is in breach in certain financial covenants related to certain interest-bearing loan, accordingly this certain loan has been classified as short-term.

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 first beneficiary for the amount equal to the value of the facility
- Restricted bank accounts amounting SR 9.8 million (2022: SR 9.8 million) (note 18).
- Corporate Guarantee from Flexible Packaging Company Limited, Future Plus Company and Taibah Printing and Packaging Company Limited.
- Legal Mortgage over land and property of SR 107.6 million.
- Mortgage of Machineries worth SR171.6 million.
- Assignment of all risk Islamic Insurance policy over mortgaged properties, inventory, and purchased machines.
- Pledge of stock/inventories in favor of the bank until full and final repayment of the total facilities.

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22. Borrowings and Murabaha (continued)

- Hypothecation over inventories of ENPI amounting to the carrying value of the inventories at any given point in time.
- Hypothecation over ENPI receivable on pari passu basis between the lenders.
- Cross corporate guarantees of ENPI Companies for SR 410 million (31 December 2022: SR 389 million).
- Comfort letter from the shareholders of ENPI amounting to the full working capital facilities of SR 410 million (2022: SR 389 million).
- Promissory note in an amount of SR 76.46 million (AED 75,000,000)

Based on the decision of SPPC's Board of Directors 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.

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 SR 494 million representing the following:

- Long-term financing of SR 356.8 million, repayable over 8 years. The facility was obtained for the purposes of financing capital projects in the amount of SR 76.4 million, in addition to early payment of existing facilities in favor of other banks in the United Arab Emirates, amounting to SR 280.0 million.
- Short-term financing of SR 137.6 million for the purpose of working capital financing.

This loan has an IRS which has resulted in a derivative financial instrument asset as at 31 December 2023 refer to (note 13).

The following is an analysis of the loans and Murabaha transactions of the Group:

	<i>As at</i> 31 December 2023 <i>SR</i>	<i>As at</i> 31 December 2022 <i>SR</i>
Long-term borrowing	372,101,924	404,911,688
Short-term loans	377,416,393	389,382,622
Bank overdrafts	19,327,305	20,037,360
Accrued financing costs	4,567,670	4,440,762
Gross borrowings	773,413,292	818,772,432
Less: current portion	(595,760,604)	(486,469,539)
Non-current portion	177,652,688	332,302,893

The following is the movement on the balance of borrowings and Murabaha of the Group:

	<i>For the year ended</i> 31 December 2023 <i>SR</i>	<i>For the year ended</i> 31 December 2022 <i>SR</i>
Balance as at 1 January	818,772,432	858,074,277
Proceeds from borrowings	1,287,554,769	1,450,844,862
Payments from borrowings	(1,333,040,814)	(1,491,405,148)
Finance cost	60,437,436	39,745,342
Finance cost paid	(60,310,531)	(38,486,901)
Balance as at 31 December	773,413,292	818,772,432

23. Contract liabilities

Contract liabilities comprise advances received on contracts signed with its customers to provide media and marketing services in addition to the advertisement and digital expansion and reach. The liabilities are recognized as revenue once the service(s) has been rendered.

Contract liabilities have been categorized as follows:

	<i>As at</i> 31 December 2023 <i>SR</i>	<i>As at</i> 31 December 2022 <i>SR</i>
Non-current	81,428,572	309,478,494
Current	252,810,407	1,387,972,390
	334,238,979	1,697,450,884

Revenue recognized during the year that was included in the contract liability balance at the beginning of the year amounted to SR 1,588.9 million (2022: SR 1,268.6 million).

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24. Defined employees' benefits liabilities

The Group provides end of services benefits by considering the local laws, business, and general insurance regulations for the countries they operate in. Defined benefits liabilities are not financed. The amounts recognised in the consolidated statement of financial position and the movements in the net defined benefit liability over the year are as follows:

	<i>For the year ended 31 December 2023</i>	<i>For the year ended 31 December 2022</i>
	<u>SR</u>	<u>SR</u>
Balance as at 1 January	122,045,219	129,392,757
Current service cost	20,326,156	18,048,260
Past service cost	-	(292,607)
Interest cost (<i>note 31</i>)	6,043,944	3,874,469
Actuarial changes from remeasurements	2,828,866	(16,743,617)
Foreign currency translation adjustment	86,564	(967,330)
Paid during the year	(11,704,273)	(11,266,713)
Balance as at 31 December	<u>139,626,476</u>	<u>122,045,219</u>

Significant actuarial assumptions

The significant actuarial assumptions are as follows:

	<i>Valuation at</i>	
	<u>31 December 2023</u>	<u>31 December 2022</u>
KSA		
Discount rate	5.05%	5.0%
Inflation	2.0%	2.0%
Expected rate of salary increase	2.0%	2.0%
Assumed retirement age	60 years	60 years
United Arab Emirates:		
Discount rate	4.55%	4.4%
Inflation	3.0%	3.0%
Expected rate of salary increase	3.0%	3.0%
Assumed retirement age	60 years	60 years
Exchange rate (AED to SR)	1.02	1.02
United Kingdom:		
Discount rate	5.2%	5.1%
Inflation	4.0%	3.0%
Expected rate of salary increase	3.0%	3.0%
Assumed retirement age	60 years	60 years
Exchange rate (GBP to SR)	4.77	4.54

Sensitivity analysis

The sensitivity of the defined benefit liabilities to changes in the weighted principal assumptions is:

	<u>Discount rate</u>		<u>Salary inflation</u>	
	<i>1% decrease</i>	<i>1% increase</i>	<i>1% decrease</i>	<i>1% increase</i>
	<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
31 December 2023	10,264,119	(9,251,833)	(9,301,637)	10,418,256
31 December 2022	9,463,031	(8,386,724)	(8,686,600)	9,351,776

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit liabilities to significant actuarial assumptions, the same method (present value of the defined benefit liabilities calculated with the projected unit credit method at the end of the consolidated financial statements date) has been applied as when calculating the defined benefit liabilities recognized in the consolidated statement of financial position.

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24. Defined employees' benefits liabilities (continued)

The following are the expected payments to the defined benefit plan in future years:

	<i>For the year ended 31 December 2023</i>	<i>For the year ended 31 December 2022</i>
	<u>SR</u>	<u>SR</u>
Within one year	34,969,992	30,600,037
1-2 years	15,588,447	11,823,013
2-3 years	12,859,146	13,387,494
3-4 years	15,313,861	12,470,099
4-5 years	15,455,690	14,337,496
Beyond 5 years	99,894,598	78,823,332

25. Trade payables

	<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
	<u>SR</u>	<u>SR</u>
Non-current	264,583,126	208,651,500
Current	335,670,807	304,139,524
	<u>600,253,933</u>	<u>512,791,024</u>

The Group has entered into agreements with Bloomberg, the Independent and various other parties, where the liabilities related to these agreements are recorded in trade payables. The average credit period on purchases is 60-90 days except for the non-current portion of trade payables. No interest is charged on trade payables.

26. Accrued expenses and other current liabilities

	<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
	<u>SR</u>	<u>SR</u>
Accrued expenses	198,929,682	195,049,828
Employee accruals	54,107,233	44,649,799
Value Added Tax (VAT) and other tax	38,432,470	53,029,225
Advances from customers	7,920,143	19,536,885
Provision for legal claims and cases	7,339,636	7,827,182
Accrued GOSI	5,442,485	5,234,450
Others	23,722,114	32,693,783
	<u>335,893,763</u>	<u>358,021,152</u>

27. Provision for zakat and income tax

Following are the major components of zakat and income tax expense in the consolidated statement of profit or loss:

	<i>As at 31 December 2023</i>	<i>As at 31 December 2022</i>
	<u>SR</u>	<u>SR</u>
Zakat	4,071,467	86,028,195
Income tax	1,398,647	1,426,009
	<u>5,470,114</u>	<u>87,454,204</u>

Movement in Group's zakat and income tax provision is as follows:

	<i>For the year ended 31 December 2023</i>			<i>For the year ended 31 December 2022</i>		
	<u>SR</u>			<u>SR</u>		
	<i>Zakat</i>	<i>Income tax</i>	<i>Total</i>	<i>Zakat</i>	<i>Income tax</i>	<i>Total</i>
At 1 January	212,109,713	317,437	212,427,150	162,723,470	130,732	162,854,202
Provision during the year	26,159,310	1,398,647	27,557,957	86,028,195	1,426,009	87,454,204
Foreign currency translation adjustments	1,301	20,040	21,341	2,257	(1,836)	421
Paid during the year	(111,173,077)	(1,409,379)	(112,582,456)	(36,644,209)	(1,237,468)	(37,881,677)
Reversal of provision	(22,087,843)	-	(22,087,843)	-	-	-
	<u>105,009,404</u>	<u>326,745</u>	<u>105,336,149</u>	<u>212,109,713</u>	<u>317,437</u>	<u>212,427,150</u>

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27. Provision for zakat and income tax (continued)

27.1 Zakat and income tax assessments for the "Parent Company and its wholly owned subsidiaries"

Provision for zakat and income tax is recognized and provided within the consolidated statement of profit or loss.

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 had filed 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 the zakat returns to ZATCA for the years from 2007 through 2022.

Status from inception till 2010

The zakat position of the Company and its wholly owned subsidiaries has been finalized for the years up to 31 December 2010.

Status for the year from 2011 to 2013

The final zakat assessments for the years from 2011 to 2013 have not yet been raised by ZATCA. Since more than 5 years had passed since the filing of the zakat returns for these years, the status for these years is considered terminated due to the statute of limitations.

Status for the years from 2014 to 2018

The ZATCA had issued the final zakat 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 57,259,524.

The Company and its wholly owned subsidiaries have filed an objection on the assessment for year 2014 which amounted to SR 4,605,062. In October 2023, the Tax Violations and Disputes Appellate Committee (TVDAC) had issued its final ruling stating that the ZATCA had withdrew its assessment and therefore the assessed zakat for the year 2014 was canceled.

The Company and its wholly owned subsidiaries have filed an appeal against the zakat assessments for the years from 2015 to 2018 and the objection was partially accepted by ZATCA. On 1st January 2024, the TVDAC has issued its final ruling of partially accepting the appeal for the years from 2015 to 2018. Accordingly, the assessed zakat liability for the years from 2015 to 2018 should be adjusted by ZATCA to SR 17,918,748. The ZATCA is currently in process of executing the final ruling for issuance of the adjusted zakat liabilities for the years from 2015 to 2018.

The ZATCA had also issued the zakat assessment on Numu Al Elmiah Company (a wholly owned subsidiary of the Company) for the years from 2016 to 2018 which amounted to SR 8,088,037. On 9th November 2023, the TVDAC had issued its final ruling stating that the assessed zakat has been canceled for the years from 2016 to 2018.

Status for the years from 2019 to 2022

The final zakat assessments for the years from 2019 to 2022 have not yet been raised by ZATCA.

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27. Provision for zakat and income tax (continued)

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

a. SPPC:

Zakat provision is estimated and charged to the condensed consolidated statement of comprehensive income. SPPC submitted zakat returns for all years up to 2022, and the Zakat return for the year 2022 and 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 an assessment notice requesting SPPC to pay an additional amount of SR 9,964,793 for which the company has filed an objection against the assessment. Subsequently, ZATCA partially accepted the appeal and zakat differences were reduced by SR 3,382,159. SPPC filed an additional objection for the remaining amount of SR 6,582,634. The objection was partially approved by the General Secretariate of Zakat, Tax and Custom department GSTC and zakat differences were reduced by SR 5,040,535. SPPC and ZATCA filed an objection to the GSTC, these objections are still being considered by GSTC at the date of preparing these 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 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 SR 27,137,780, SPPC partially accepted an amount of SR 230,874 from ZATCA treatment and filed an appeal for the remaining amount. ZATCA partially accepted the appeal and issued a revised assessment amounting to SR 16,314,362. SPPC filed objections for these years to the first level of the General Secretariate of Tax and Committees (GSTC), and the objection was rejected by the first level. Then SPPC filed its appeal to the second level of GSTC. The GSTC 2nd level has issued its ruling upholding ZATCA's treatment in the majority of the items. However, SPPC did not accept this ruling and submitted a reconsideration request to the GSTC. The result of this reconsideration request is still pending.

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 zakat assessment for the years 31 December 2019 and 2020 claiming additional zakat liability of SR 22,428,203. SPPC filed objections for these years, and these objections were partially accepted where zakat differences are reduced to SR 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 zakat By-Laws for the year 2019). The GSTC 1st level has issued a favorable ruling to SPPC whereby the GSTC has upheld the Company's contention in the majority of the appealed items. ZATCA appealed the Ruling with the GSTC 2nd level. The objection is still being considered by GSTC 2nd level at the date of preparing these consolidated financial statements.

b. Argaam Investment Trading Company:

Zakat and income tax returns have been filed to ZATCA till the year 2022. No zakat provisions accrued to Argaam Investment Trading Company for the years from 2019 to 2021 because the zakat base is negative. The Company 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 ZATCA up to the year ended 31 December 2022.

27.3 Income tax:

Foreign subsidiaries regularly file its tax returns, and the difference between the effective and accounting tax rate is deemed insignificant.

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28. Cost of revenues

	<i>For the year ended 31 December 2023</i>	<i>For the year ended 31 December 2022</i>
	<u>SR</u>	<u>SR</u>
Employees' costs	1,015,760,101	866,520,791
Cost of publishing, distribution, visual content, and public relations	715,179,628	676,999,842
Cost of materials	516,751,687	619,481,233
Depreciation of property, plant and equipment (note 7)	119,994,588	112,993,426
Amortization of intangible assets (note 9)	103,725,225	95,921,312
Utilities	33,663,850	33,933,624
Depreciation of right-of-use assets (note 8)	22,020,727	16,108,215
Maintenance and repairs	16,594,401	10,505,478
Rent (note 8)	8,550,414	1,423,871
Insurance	5,855,021	3,324,206
Consumables	4,419,437	4,854,654
Provision for slow moving inventories	3,332,951	1,581,171
Others	17,775,205	13,416,917
	<u>2,583,623,235</u>	<u>2,457,064,740</u>

29. Selling, marketing and distribution expenses

	<i>For the year ended 31 December 2023</i>	<i>For the year ended 31 December 2022</i>
	<u>SR</u>	<u>SR</u>
Employees' costs	44,693,867	25,404,408
Marketing and advertising expenses	44,319,901	43,138,568
Transport and shipping	15,305,786	21,010,575
Rent (note 8)	4,480,811	4,336,293
Depreciation of property, plant and equipment (note 7)	309,512	326,713
Others	5,622,274	3,517,153
	<u>114,732,151</u>	<u>97,733,710</u>

30. General and administrative expenses

	<i>For the year ended 31 December 2023</i>	<i>For the year ended 31 December 2022</i>
	<u>SR</u>	<u>SR</u>
Employees' costs	222,214,081	211,493,179
Consultancy, professional fees and advertising services	59,616,905	77,920,287
Depreciation of right-of-use assets (note 8)	14,554,575	11,913,877
Depreciation of property, plant and equipment (note 7)	12,669,223	11,682,770
Travel	12,579,287	8,864,478
Utilities	10,714,962	7,355,012
BOD expenses, allowances, and respective committees	10,659,000	11,667,426
Computer expenses and software subscription	10,648,622	3,034,887
Rent (note 8)	6,936,812	5,221,792
Telephone, fax and internet	6,716,665	4,035,170
Hospitality and public relations	5,254,919	3,861,087
Government fees and subscriptions	4,605,139	4,170,315
Maintenance and repairs	3,615,009	9,177,447
Insurance	2,880,198	2,055,070
Amortization of intangible assets (note 9)	1,225,533	1,490,035
Stationery and prints	795,055	874,572
Depreciation of investment properties (note 10)	329,291	317,569
Provision for other debit balances	181,444	573,865
Others	60,989,794	32,705,998
	<u>447,186,514</u>	<u>408,414,836</u>

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31. Finance cost

	<i>For the year ended 31 December 2023</i>	<i>For the year ended 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Finance cost on borrowings and Murabaha	60,437,436	39,308,299
Finance cost on long-term payables	21,308,419	10,703,981
Interest cost on lease liabilities (<i>note 8</i>)	6,200,949	4,988,334
Interest cost on employees' benefit liabilities (<i>note 24</i>)	6,043,944	3,874,469
Amortized rescheduled borrowing expenses and Murabaha	-	437,043
Unwinding of discounting of other non-current liabilities	706,097	728,468
	94,696,845	60,040,594

32. Finance income

	<i>For the year ended 31 December 2023</i>	<i>For the year ended 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Income from time deposits	26,161,144	22,997,488
Realized gain from sale of financial assets at FVTPL	-	14,210,740
Interest from Sukuk	6,135,802	12,367,804
Dividends	-	2,183,395
Change in fair value of derivatives financial instruments	-	8,665,937
Amortisation of premium on Sukuk	(1,337,732)	(7,254,168)
Net change in fair value of financial assets at FVTPL	-	(11,776,608)
	30,959,214	41,394,588

33. Other operating income, net

	<i>For the year ended 31 December 2023</i>	<i>For the year ended 31 December 2022</i>
	<i>SR</i>	<i>SR</i>
Gain from customer deposits settlements	9,193,158	-
Revenue from sale of scrap	4,099,861	5,178,500
Proceeds from Human Resources Development Fund	1,549,214	1,805,734
Reversal of accruals and provisions	1,082,235	-
Rental income (<i>note 10</i>)	974,044	915,230
Loss from disposal of property, plant and equipment and intangible assets	(883,905)	(435,206)
(Loss)/gain on foreign currency	(8,356,468)	12,316,015
Others	3,060,684	(572,015)
	10,718,823	19,208,258

34. Earnings per share

Basic and diluted earnings per share (EPS) is calculated by dividing the net income for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Weighted average number of ordinary shares outstanding during the year amounted to 80,000,000 shares (2022: 80,000,000 shares). There are no contingent ordinary diluted shares. Diluted earnings per share are the same as the basic earnings per share as the Group does not have any convertible securities nor diluted instruments to exercise.

35. Financial instruments – fair values and risk management

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair value, 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 input and adjustments used in the valuation. 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.

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35. Financial instruments – fair values and risk management (continued)

When measuring the fair value of assets or liabilities, the Group uses market observable data to the extent possible. Fair values are categorized 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 financial markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liabilities, either directly (prices) or indirectly (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 liability might be categorized in different levels of the fair value hierarchy, then fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values relevant to investment properties are included in (note 10).

35.1 Financial assets

Set out below is an overview of financial assets, held by the Group.

	<i>As at</i> 31 December 2023 SR	<i>As at</i> 31 December 2022 SR
Financial assets:		
Financial assets at FVOCI (note 11)	1,214,442,526	1,137,948,446
Financial assets at amortized cost (note 12)	-	536,337,732
Trade receivables (note 14)	948,262,001	908,061,044
Cash and cash equivalents (note 18)	607,417,788	273,452,109
Short-term investments (note 17)	-	1,060,000,000
Derivative financial instruments (note 13)	7,646,415	8,665,937
	2,777,768,730	3,924,465,268
Non-current	1,227,747,477	1,155,970,811
Current	1,550,021,253	2,768,494,457
	2,777,768,730	3,924,465,268

35.2 Financial liabilities

Set out below is an overview of financial liabilities, held by the Group.

	<i>As at</i> 31 December 2023 SR	<i>As at</i> 31 December 2022 SR
Financial liabilities at amortized cost		
Trade payables (note 25)	600,253,933	512,791,024
Borrowings and Murabaha (note 22)	773,413,292	818,772,432
Lease liabilities (note 8)	165,399,800	119,551,298
Accrued expenses and other current liabilities	328,554,127	350,193,970
Other non-current liabilities	-	7,669,815
	1,867,621,152	1,808,978,539
Non-current	572,327,413	637,463,059
Current	1,295,293,739	1,171,515,480
	1,867,621,152	1,808,978,539

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

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35. Financial instruments – fair values and risk management (continued)

35.3 Financial instruments fair values:

The table below shows the carrying amount and fair values of financial assets and financial liabilities, including their levels and the fair value hierarchy as at 31 December 2023 and 31 December 2022:

	<i>Carrying value</i> <i>SR</i>	<i>Fair value</i>			<i>Total</i> <i>SR</i>
		<i>Level 1</i> <i>SR</i>	<i>Level 2</i> <i>SR</i>	<i>Level 3**</i> <i>SR</i>	
31 December 2023					
<i>Financial assets measured at fair value</i>					
Financial assets at FVOCI	1,214,442,526	8,014,500	1,192,171,686	14,256,340	1,214,442,526
Derivative financial instruments	7,646,415	-	7,646,415	-	7,646,415
	<u>1,222,088,941</u>	<u>8,014,500</u>	<u>1,199,818,101</u>	<u>14,256,340</u>	<u>1,222,088,941</u>
31 December 2022					
<i>Financial assets measured at fair value</i>					
Financial assets at FVOCI	1,137,948,446	-	1,122,103,755	15,844,691	1,137,948,446
Derivative financial instruments	8,665,937	-	8,665,937	-	8,665,937
	<u>1,146,614,383</u>	<u>-</u>	<u>1,130,769,692</u>	<u>15,844,691</u>	<u>1,146,614,383</u>

*Financial assets at fair value through comprehensive income excludes SR nil (2022: SR nil) of unquoted investments.

**The fair value of the Group's investments in private equity fund is obtained from the net assets value report ("NAV") from the fund manager.

There were no transfers between levels of the fair value hierarchy during year ended 31 December 2023.

The fair value of financial instruments represented in trade receivables, financial assets at amortized cost, short-term investments, cash and cash equivalents, borrowings and Murabaha, lease liabilities, trade payables and other non-current liabilities closely approximate their book value.

35.4 Risk management:

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Commission rate risk
- Currency risk
- Capital management

This note shows information about the Group's exposure to each of the above risks, Group objectives, policies, methods of measuring and managing risks, and Group's capital management.

Risk management framework

The Board of Directors of the Group has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has assigned the audit committee to oversee the risk management team, which is responsible for developing and monitoring the Group's risk management policies and submitting regular reports to the Board of Directors on its activities.

The Group risk management team was established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee monitors how management monitors the compliance with the Group's risk management procedures and policies. It also reviews the adequacy of the overall risk management framework in relation to the risks faced by the Group. The internal audit department supports the Group audit committee in performing its supervisory role. The internal audit team conducts periodic reviews, in particular, procedures and controls for risk management. It also sends reports on the results of these reviews to the Audit Committee.

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35. Financial instruments – fair values and risk management (continued)

35.4 Risk management (continued):

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's policy states that all customers who want to deal on a forward basis are subject to credit check. Financial instruments that are subject to concentration of credit risk consist mainly of customers' receivables. The Group places bank balances and deposits with a number of financial institutions with a good credit rating and has a policy of setting limits on its balances placed with each financial institution. The Group does not believe that there are significant risks of the inefficiency of these institutions. The Group believes that credit risks associated with financial assets at amortized cost are low, as they represent Saudi government sukuk, which have a very good credit rating from globally recognized credit rating agencies. The Group has a diverse customer base operating in various activities in different regions.

The carrying amount of financial assets represents the maximum value that financial assets may be exposed to credit risk as of the consolidated statement of financial position date as follows:

	<i>As at</i> 31 December 2023	<i>As at</i> 31 December 2022
	SR	SR
Financial assets at FVOCI (note 11)	1,214,442,526	1,137,948,446
Short-term investments (note 17)	-	1,060,000,000
Trade receivables, net (note 14)	948,262,001	908,061,044
Financial assets at amortized cost (note 12)	-	536,337,732
Cash and cash equivalents (note 18)	607,417,788	273,452,109
Derivative financial instruments (note 13)	7,646,415	8,665,937
	2,777,768,730	3,924,465,268

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The management has established a credit policy according to which the creditworthiness of each new customer is analyzed before the Group presents its terms and conditions for payment and supply. The Group audit includes external ratings, where appropriate, and sometimes includes bank references. The Group limits its exposure to credit risk from trade receivables by setting maximum collection limits and credit limits for its customers. Given the nature of the sector in which the Group operates, there is a certain concentration of risks. The average payment terms are within 30 – 90 days.

The following table provides information about the exposure to credit risk and ECL for receivables as at 31 December 2023:

Aging of trade receivables	Weighted-average loss rate (%)	Gross carrying amount SR	Allowance for ECL SR
Less than 3 months	0.8	390,027,108	3,253,106
From 3 to 12 months	2.6	78,733,213	2,076,179
More than 12 months	31.6	708,740,499	223,909,534
Total		1,177,500,820	229,238,819

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35. Financial instruments – fair values and risk management (continued)

35.4 Risk management (continued):

Credit risk

The following table provides information about the exposure to credit risk and ECL for receivables as at 31 December 2022:

<i>Aging of trade receivables</i>	<i>Weighted-average loss rate (%)</i>	<i>Gross carrying amount SR</i>	<i>Allowance for ECL SR</i>
Less than 3 months	1.18	272,506,387	3,205,373
From 3 to 12 months	1.74	170,036,862	2,959,927
More than 12 months	32.59	699,765,862	228,082,767
Total		1,142,309,111	234,248,067

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity risk is the difficulty that the Group will encounter in raising funds to meet commitments related to financial instruments. Liquidity risk may result from the inability to sell financial assets quickly at an amount close to its fair value.

The Group manages liquidity risk by maintaining the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 90 days. The Group also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade and other payables and ensuring that bank facilities are available. The terms and conditions of these facilities are disclosed in (note 22). The Group's terms of sale stipulate that payment are made in cash upon supply of the goods or on a forward basis.

Following are the contractual maturities of non-derivative financial liabilities:

<i>31 December 2023</i>	<i>Carrying amount SR</i>	<i>Contractual cash flows SR</i>	<i>Less than one year SR</i>	<i>More than one year SR</i>
Borrowings and Murabaha	773,413,292	773,413,292	595,760,604	177,652,688
Trade payables	600,253,933	639,119,763	352,966,825	286,152,938
Accrued expenses and other current liabilities	328,554,127	328,807,667	328,807,667	-
	1,702,221,352	1,741,340,722	1,277,535,096	463,805,626

<i>31 December 2022</i>	<i>Carrying amount SR</i>	<i>Contractual cash flows SR</i>	<i>Less than one year SR</i>	<i>More than one year SR</i>
Borrowings and Murabaha	818,772,432	818,772,432	486,469,539	332,302,893
Trade payables	512,791,024	550,573,581	316,724,704	233,848,877
Other long-term liabilities	7,669,815	8,000,000	-	8,000,000
Accrued expenses and other current liabilities	350,193,970	350,193,970	350,193,970	-
	1,689,427,241	1,727,539,983	1,153,388,213	574,151,770

Liquidity risk is managed by monitoring on a regular basis and ensuring that sufficient funds and banking facilities are available to meet the Group's future liabilities.

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35. Financial instruments – fair values and risk management (continued)

35.4 Risk management (continued):

Liquidity risk (continued)

Lease liabilities

Commitments for minimum lease payments to which the requirements of the IFRS (16) have been applied to it as of 31 December are as follows:

	<i>As at</i> <i>31 December 2023</i> <i>SR</i>	<i>As at</i> <i>31 December 2022</i> <i>SR</i>
Within one year	44,622,879	36,955,663
More than a year and less than five years	117,979,366	78,212,914
More than five years	32,230,296	28,030,147
	194,832,541	143,198,724

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group is subject to commission rate risk on short- and long-term commission bearing banking facilities.

The table below reflects the commission rate risk to income as a result of reasonably possible changes in commission rates while all other changes remain constant. Price risk has no effect on equity.

The income effect represents the effect of the assumed changes in commission rates on the profit (losses) of the Group for one year on the basis of floating commission financial liabilities as at December 31:

	<i>The impact on the year income (SR)</i>	
	<i>2023</i>	<i>2022</i>
Increase (decrease) in base points		
+5	(386,707)	(409,386)
+10	(773,414)	(818,772)
-5	386,707	412,877
-10	773,414	825,755

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The management monitors fluctuations in foreign exchange rates and believes that the Group is not exposed to significant currency risk, as it does not undertake any significant transactions in currencies other than the SR, USD, AED, and GBP. The SR exchange rate is pegged against the USD, and therefore, balances and transactions dominated in USD do not represent significant risks. Regarding the AED and GBP, the Group's management believes that its exposure to currency risk is limited.

Capital management

The Group's capital management policy is to maintain a strong capital base to maintain shareholders, creditors, and market confidence as well as the continued development of the Group's future activities. The capital consists of ordinary shares, and the Group's retained earnings.

The management monitors the return on capital, which is determined by dividing net operating profit on equity attributable to equity holders of the Parent Company.

The Group seeks to maintain the balance between the highest return possible in case of maximum level of borrowing and the preference and security arising from a strong capital position.

	<i>As at</i> <i>31 December 2023</i> <i>SR</i>	<i>As at</i> <i>31 December 2022</i> <i>SR</i>
Total Debt	2,469,728,889	3,863,586,481
Less: Cash and cash equivalents (<i>note 18</i>)	(607,417,788)	(273,452,109)
Net Debts	1,862,311,101	3,590,134,372
Equity attributable to equity holders of the Parent Company	3,082,891,434	2,651,606,096
Adjusted capital	3,082,891,434	2,651,606,096
Debt to capital ratio	0.60	1.35

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36. Contingent liabilities and commitments

Contingent legal claims

Certain subsidiaries of the Group are involved in litigation matters in the normal 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 consolidated financial statements as of 31 December 2023.

The Group has the following contingent liabilities and capital commitments:

	<i>As at</i> 31 December 2023 <i>(SR millions)</i>	<i>As at</i> 31 December 2022 <i>(SR millions)</i>
Uncovered letters of credit	21.0	8.5
Letters of guarantee	4.2	5.2
Trades and marketing liabilities	17.6	14.6
Capital commitments	251.3	211.2

37. 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:

- 1. Publishing, visual and digital content:** Comprise the publishing works locally and internationally, media activities, research and marketing 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.(note a)
- 2. Public relations and advertising:** Comprise the local and international public relation services, studies, research, marketing, media events, international advertising, production, representation and marketing, audio visual and readable advertising media, and advertising panels.
- 3. Printing and packaging:** Comprise printing works on paper and plastic, commercial posters, in addition to manufacturing of plastic products for the Group and others.
- 4. All other segments:** Comprises of providing technical, training and educational courses, services, distribution of newspapers, magazines, publications, books and the publications of the Group, research, events management and other related activities. The wholesale and retail trading of school supplies, office furniture, installation, and maintenance of laboratories (note b).

The following segments have been aggregated in these consolidated financial statements:

- a. 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 customer for their products.
- b. 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 its 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 consolidated financial statements.

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37. Segment information (continued)

The following table presents revenues and profit information for the Group's operating segments for the year ended 31 December 2023:

	<i>Publishing, visual and digital content SR</i>	<i>Public relations and advertising SR</i>	<i>Printing and packaging SR</i>	<i>All other segments SR</i>	<i>Total SR</i>	<i>Adjustments and eliminations SR</i>	<i>Total SR</i>
Revenues							
External customers	1,655,282,951	1,177,495,351	730,801,553	182,650,074	3,746,229,929	-	3,746,229,929
Inter-segment	681,035,079	16,593,916	48,356,524	5,047,950	751,033,469	(751,033,469)	-
Gross revenue	2,336,318,030	1,194,089,267	779,158,077	187,698,024	4,497,263,398	(751,033,469)	3,746,229,929
Gross profit	627,335,752	474,914,486	82,442,254	10,099,315	1,194,791,807	(32,185,113)	1,162,606,694
Segment profit/(loss) attributable to equity holders of the Parent Company	394,115,255	354,121,509	(92,612,838)	(12,286,239)	643,337,687	(83,717,134)	559,620,553

The following table presents revenues and profit information for the Group's operating segments for the year ended 31 December 2022:

	<i>Publishing, visual and digital content SR</i>	<i>Public relations and advertising SR</i>	<i>Printing and packaging SR</i>	<i>All other segments SR</i>	<i>Total SR</i>	<i>Adjustments and eliminations SR</i>	<i>Total SR</i>
Revenues							
External customers	1,419,747,910	1,238,133,303	948,456,665	103,500,804	3,709,838,682	-	3,709,838,682
Inter-segment	517,303,396	20,412,131	51,637,267	4,910,848	594,263,642	(594,263,642)	-
Gross revenue	1,937,051,306	1,258,545,434	1,000,093,932	108,411,652	4,304,102,324	(594,263,642)	3,709,838,682
Gross profit	401,527,542	696,535,837	142,393,325	35,811,618	1,276,268,322	(23,494,380)	1,252,773,942
Segment profit/(loss) attributable to equity holders of the Parent Company	264,336,645	532,176,276	(6,453,653)	(12,803,440)	777,255,828	(128,464,278)	648,791,550

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37. Segment information (continued)

The following table presents total assets and total liabilities information for the Group's operating segments as of 31 December 2023:

	<i>Publishing, visual and digital content</i> SR	<i>Public relations and advertising</i> SR	<i>Printing and packaging</i> SR	<i>All other segments</i> SR	<i>Total</i> SR	<i>Adjustments and eliminations</i> SR	<i>Total</i> SR
Total assets	7,686,243,598	8,068,957,458	1,524,145,783	828,150,668	18,107,497,507	(12,377,172,067)	5,730,325,440
Total liabilities	6,907,520,158	3,319,158,136	1,022,701,289	385,054,292	11,634,433,875	(9,164,704,986)	2,469,728,889

The following table presents total assets and total liabilities information for the Group's operating segments as of 31 December 2022:

	<i>Publishing, visual and digital content</i> SR	<i>Public relations and advertising</i> SR	<i>Printing and packaging</i> SR	<i>All other segments</i> SR	<i>Total</i> SR	<i>Adjustments and eliminations</i> SR	<i>Total</i> SR
Total assets	4,843,494,869	7,548,066,935	1,741,461,898	716,825,206	14,849,848,908	(8,107,657,588)	6,742,191,320
Total liabilities	4,747,746,966	4,130,091,677	1,103,521,568	322,862,323	10,304,222,534	(6,440,636,053)	3,863,586,481

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

Adjustments and eliminations

Finance cost 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.

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For the year ended 31 December 2023

37. Segment information (continued)

Reconciliation of profit:

	<i>For the year ended 31 December 2023 SR</i>	<i>For the year ended 31 December 2022 SR</i>
Segments profits	643,337,687	777,255,828
Disposals	(83,717,134)	(128,464,278)
Net income attributable to equity holders of the Parent Company	559,620,553	648,791,550

Reconciliation of assets:

	<i>As at 31 December 2023 SR</i>	<i>As at 31 December 2022 SR</i>
Segment operating assets	18,107,497,507	14,849,848,908
Inter-company accounts eliminations	(14,392,245,251)	(11,089,110,139)
Property, plant and equipment	107,186,493	24,073,454
Intangible assets	199,388,057	202,589,784
Prepayments and other current assets	66,747,530	70,479,118
Financial assets	998,413,416	1,907,714,348
Share in results	643,337,688	776,595,847
Total assets	5,730,325,440	6,742,191,320

Reconciliation of liabilities:

	<i>As at 31 December 2023 SR</i>	<i>As at 31 December 2022 SR</i>
Segment operating liabilities	11,634,433,875	10,304,222,534
Inter-company balances elimination	(9,432,992,595)	(6,665,944,214)
Accrued expenses and other current liabilities	268,287,609	225,308,161
Total liabilities	2,469,728,889	3,863,586,481

Geographical information:

	<i>For the year ended 31 December 2023 SR</i>	<i>For the year ended 31 December 2022 SR</i>
<i>Revenues from external customers</i>		
KSA	3,237,730,472	3,065,150,888
United Arab Emirates	285,744,141	330,575,641
Other countries	222,755,316	314,112,153
Total revenues as per consolidated statement of profit or loss	3,746,229,929	3,709,838,682

The revenue information above is based on the location of the customers.

	<i>As at 31 December 2023 SR</i>	<i>As at 31 December 2022 SR</i>
<i>Non-current assets:</i>		
KSA	2,703,583,637	2,422,311,982
United Arab Emirates	854,723,321	888,344,471
Other countries	221,201,778	176,395,926
Total	3,779,508,736	3,487,052,379

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37. Segment information (continued)

For this purpose, non-current assets consist of property, plant and equipment, investment properties, intangible assets, right-of-use assets and financial assets at FVOCI, derivative financial instruments and non-current trade receivables.

Timing of revenue recognition:

	<i>For the year ended 31 December 2023 SR</i>	<i>For the year ended 31 December 2022 SR</i>
At a point in time	937,677,662	1,078,900,697
Over a period of time	2,808,552,267	2,630,937,985
	3,746,229,929	3,709,838,682

38. Related party disclosures

Related parties of the Group comprise companies where shareholders and key management personnel have control, joint control, or significant influence.

The remuneration and compensation of board members and senior executives during the year ended 31 December were as follows:

	<i>For the year ended 31 December 2023 SR</i>	<i>For the year ended 31 December 2022 SR</i>
BOD expenses, allowances, and respective committees	10,599,000	10,107,000
<i>Benefits of Group's key management personnel:</i>		
Short-term employee benefits	36,930,400	30,413,900
Post-employment benefits	770,030	903,417
	37,700,430	31,317,317

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>	<i>For the year ended 31 December 2023 SR</i>	<i>For the year ended 31 December 2022 SR</i>
Sela Company	Sela key management personnel is a close family member of a key management personnel	Sponsorship and media services as barter deal	25,000,000	-
Red Sea Film Foundation	Chairwoman of the foundation is a key management personnel and board of directors' member	Sponsorship and media services as barter deal	3,000,000	-
Al-Fahed law firm	Owned by board of directors' member	Legal consultancy	287,649	364,166

As at 31 December 2023, the outstanding balances as a result of transactions with above-mentioned related parties amounted to SR Nil (2022: SR Nil).

In addition, the Group has an outstanding balance of SR 40.6 million (31 December 2022: SR 23.3 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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39. Comparative figures

Certain prior year figures have been reclassified to conform for better presentation of the consolidated statement of financial position and consolidated statement of cash flows. The reclassification did not affect the profits and equity of the previous years.

Comparative figures reclassifications are mainly as follows:

	For the year ended 31 December 2022		
	As previously reported <i>Debit/(Credit)</i>	Amount of reclassification <i>Debit/(Credit)</i>	After reclassification <i>Debit/(Credit)</i>
Zakat provision – 1 January 2022	(156,553,256)	(6,170,214)	(162,723,470)
Prepayment and other current assets – 1 January 2022	142,742,315	6,170,214	148,912,529
Zakat provision – 31 December 2022	(205,939,499)	(6,170,214)	(212,109,713)
Prepayment and other current assets – 31 December 2022	212,044,185	6,170,214	218,214,399

40. Subsequent events

The management believes that there are no significant subsequent events since the end of the year, which may require disclosure or adjustment in these consolidated financial statements.

41. Board of directors' approval

The consolidated financial statements were approved by the Board of Directors on 21 Ramadhan 1445H (corresponding to 31 March 2024).