

SAUDI RESEARCH AND MEDIA GROUP
(PREVIOUSLY SAUDI RESEARCH AND MARKETING GROUP)
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and nine-month periods ended 30 September 2021
Together with the
INDEPENDENT AUDITOR'S REVIEW REPORT

**SAUDI RESEARCH AND MEDIA GROUP (PREVIOUSLY SAUDI RESEARCH AND
MARKETING GROUP)**
(A Saudi Joint Stock Company)
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT**
For the three-month and nine-month periods ended 30 September 2021

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Commercial Registration No. 10104245494

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Statements

To the Shareholders of Saudi Research and Media Group (Previously Saudi Research and Marketing Group)
(Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying 30 September 2021 condensed consolidated interim financial statements of **Saudi Research and Media Group (Previously Saudi Research and Marketing Group)** and its subsidiaries (the Group), which comprises:

- the condensed consolidated interim statement of financial position as at 30 September 2021;
- the condensed consolidated interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2021;
- the condensed consolidated interim statement of comprehensive income for the three-month and nine-month periods ended 30 September 2021;
- the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2021;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2021; and
- the notes to the condensed consolidated Interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated Interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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



Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Statements (continued)

To the Shareholders of Saudi Research and Media Group (Previously Saudi Research and Marketing Group) (Saudi Joint Stock Company) (Continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2021 condensed consolidated interim financial statements of Saudi Research and Media Group and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services


Fahad Mubark Al Dossari
License No.: 469

Date: 6 Rabi' II 1443H
Corresponding to: 11 November 2021



**SAUDI RESEARCH AND MEDIA GROUP (PREVIOUSLY SAUDI RESEARCH AND
MARKETING GROUP)**
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As of 30 September 2021
(Expressed in Saudi Riyal)

		30 September <u>2021</u> (Unaudited)	31 December <u>2020</u> (Audited)
	<i>Notes</i>		
Assets			
Non-current assets			
Property, plant and equipment	7	1,022,559,264	1,060,345,123
Intangible assets and goodwill	8	831,226,685	887,572,726
Investment properties		25,996,012	26,110,491
Financial assets at fair value through other comprehensive income (FVOCI)	9	1,146,235,567	1,139,499,770
Right-of-use assets		90,211,003	105,152,316
Total non-current assets		<u>3,116,228,531</u>	<u>3,218,680,426</u>
Current assets			
Financial assets at fair value through profit or loss (FVTPL)	9	198,999,104	241,211,454
Inventories	10	207,611,198	175,117,734
Trade receivables		1,167,798,748	1,208,784,432
Prepayments and other current assets		273,548,053	189,908,007
Cash and cash equivalents		1,038,922,383	387,700,102
Total current assets		<u>2,886,879,486</u>	<u>2,202,721,729</u>
Total assets		<u>6,003,108,017</u>	<u>5,421,402,155</u>
Equity			
Share capital	11	800,000,000	800,000,000
Statutory reserve	12	240,000,000	240,000,000
General reserve	13	67,547,177	67,547,177
Retained earnings		849,044,662	418,084,308
Other reserves		1,799,415	1,847,320
Equity attributable to shareholders of the Parent Company		<u>1,958,391,254</u>	<u>1,527,478,805</u>
Non-controlling interests		229,058,833	241,803,062
Total equity		<u>2,187,450,087</u>	<u>1,769,281,867</u>
Liabilities			
Non-current liabilities			
Murabaha and borrowings	14	428,768,660	387,023,410
Employees' defined benefits obligations		122,235,172	121,523,760
Trade payables		95,201,793	142,651,173
Contract liabilities		591,396,009	1,047,252,865
Lease liability		82,968,811	95,487,995
Total non-current liabilities		<u>1,320,570,445</u>	<u>1,793,939,203</u>
Current liabilities			
Murabaha and borrowings	14	553,555,959	556,531,447
Trade payables		268,412,575	279,064,177
Contract liabilities		1,308,315,087	711,852,136
Accrued expenses and other current liabilities		194,384,437	174,595,588
Lease liability		22,872,123	26,177,350
Zakat and income tax provision	15	147,547,304	109,960,387
Total current liabilities		<u>2,495,087,485</u>	<u>1,858,181,085</u>
Total liabilities		<u>3,815,657,930</u>	<u>3,652,120,288</u>
Total equity and liabilities		<u>6,003,108,017</u>	<u>5,421,402,155</u>


CFO
Mohammed Abdulfatah Nazer


CEO and Board Member
Jomana al-Rashid


Chairman
Abdulrahman Al Rowaita

The accompanying notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

SAUDI RESEARCH AND MEDIA GROUP (PREVIOUSLY SAUDI RESEARCH AND MARKETING GROUP)
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS (Unaudited)
For the three-month and nine-month periods ended 30 September 2021
(Expressed in Saudi Riyal)

	<i>Notes</i>	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue	19	813,932,031	577,090,359	2,113,482,457	1,628,835,772
Cost of revenue		(454,630,719)	(377,680,491)	(1,257,453,084)	(1,074,717,532)
Gross profit		359,301,312	199,409,868	856,029,373	554,118,240
Other income, net		9,180,184	3,261,560	6,292,890	27,155,483
Selling, marketing and distribution expenses		(18,656,846)	(15,075,447)	(49,140,031)	(46,022,090)
General and administrative expenses		(108,418,878)	(71,249,321)	(295,605,050)	(224,348,272)
Impairment of trade receivables		(9,316,773)	(1,549,214)	(10,974,862)	(4,646,098)
Operating profit		232,088,999	114,797,446	506,602,320	306,257,263
Finance costs		(14,085,080)	(16,691,691)	(42,761,601)	(50,978,561)
Finance income		684,300	549,250	1,645,681	2,827,759
Net finance costs		(13,400,780)	(16,142,441)	(41,115,920)	(48,150,802)
Income before Zakat and income tax		218,688,219	98,655,005	465,486,400	258,106,461
Zakat and income tax expense		(19,654,978)	(22,982,222)	(51,319,640)	(49,504,485)
Net profit for the period		199,033,241	75,672,783	414,166,760	208,601,976
Attributable to:					
Shareholders of the parent Company		204,876,845	76,474,832	430,960,354	216,451,390
Non-controlling interest		(5,843,604)	(802,049)	(16,793,594)	(7,849,414)
		<u>199,033,241</u>	<u>75,672,783</u>	<u>414,166,760</u>	<u>208,601,976</u>
Earnings per share					
Basic and diluted earnings per share related to the net profit for the period attributable to the owners of the parent Company		2.56	0.96	5.39	2.71

The accompanying notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

**SAUDI RESEARCH AND MEDIA GROUP (PREVIOUSLY SAUDI RESEARCH AND
MARKETING GROUP)**
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)
For the three-month and nine-month periods ended 30 September 2021
(Expressed in Saudi Riyal)

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021	2020	2021	2020
<i>Net profit for the period</i>	199,033,241	75,672,783	414,166,760	208,601,976
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Financial assets at FVOCI – net change in fair value	<u>(6,510,051)</u>	<u>80,533,255</u>	<u>5,354,200</u>	<u>29,530,186</u>
	<u>(6,510,051)</u>	<u>80,533,255</u>	<u>5,354,200</u>	<u>29,530,186</u>
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences - foreign operations	<u>328,923</u>	<u>10,132,948</u>	<u>(5,571,640)</u>	<u>(172,896)</u>
	<u>328,923</u>	<u>10,132,948</u>	<u>(5,571,640)</u>	<u>(172,896)</u>
Total other comprehensive (loss)/ income for the period	<u>(6,181,128)</u>	<u>90,666,203</u>	<u>(217,440)</u>	<u>29,357,290</u>
Total comprehensive income for the period	<u>192,852,113</u>	<u>166,338,986</u>	<u>413,949,320</u>	<u>237,959,266</u>
Income attributable to:				
Shareholders of the parent Company	<u>198,694,817</u>	<u>167,119,434</u>	<u>430,912,449</u>	<u>245,820,248</u>
Non-controlling interest	<u>(5,842,704)</u>	<u>(780,448)</u>	<u>(16,963,129)</u>	<u>(7,860,982)</u>
	<u>192,852,113</u>	<u>166,338,986</u>	<u>413,949,320</u>	<u>237,959,266</u>

The accompanying notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

SAUDI RESEARCH AND MEDIA GROUP (PREVIOUSLY SAUDI RESEARCH AND MARKETING GROUP)
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the nine-month period ended 30 September 2021
(Expressed in Saudi Riyal)

	Equity attributable to shareholders of the Parent Company						Total SR	Non- controlling interests SR	Total equity SR
	Share capital SR	Statutory reserve SR	General reserve SR	Translation reserve SR	Other reserves fair value of financial assets SR	Retained earnings SR			
Balance at 1 January 2020 (Audited)	800,000,000	224,830,534	67,547,177	(23,131,287)	(21,335,671)	189,476,330	1,237,387,083	249,730,461	1,487,117,544
Net change in non-controlling interests (unaudited)	--	--	--	--	--	--	--	7,840,000	7,840,000
Total comprehensive income for the period (unaudited)									
Profit/(loss) for the period (unaudited)	--	--	--	--	--	216,451,390	216,451,390	(7,849,414)	208,601,976
Other comprehensive income for the period (unaudited)	--	--	--	(161,328)	29,530,186	--	29,368,858	(11,568)	29,357,290
Total comprehensive income/ (loss) for the period (unaudited)	--	--	--	(161,328)	29,530,186	216,451,390	245,820,248	(7,860,982)	237,959,266
As of 30 September 2020 (unaudited)	800,000,000	224,830,534	67,547,177	(23,292,615)	8,194,515	405,927,720	1,483,207,331	249,709,479	1,732,916,810
Balance at 1 January 2021 (Audited)	800,000,000	240,000,000	67,547,177	(22,245,409)	24,092,729	418,084,308	1,527,478,805	241,803,062	1,769,281,867
Net change in non-controlling interests (unaudited)	--	--	--	--	--	--	--	4,218,900	4,218,900
Total comprehensive income for the period (unaudited)									
Profit for the period (unaudited)	--	--	--	--	--	430,960,354	430,960,354	(16,793,594)	414,166,760
Other comprehensive income / (loss) for the period (unaudited)	--	--	--	(5,402,105)	5,354,200	--	(47,905)	(169,535)	(217,440)
Total comprehensive income/ (loss) for the period (unaudited)	--	--	--	(5,402,105)	5,354,200	430,960,354	430,912,449	(16,963,129)	413,949,320
As of 30 September 2021 (unaudited)	800,000,000	240,000,000	67,547,177	(27,647,514)	29,446,929	849,044,662	1,958,391,254	229,058,833	2,187,450,087

The accompanying notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

SAUDI RESEARCH AND MEDIA GROUP (PREVIOUSLY SAUDI RESEARCH AND MARKETING GROUP)

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2021

(Expressed in Saudi Riyal)

	30 September 2021	30 September 2020
	<i>Notes</i> (Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before Zakat and income tax	465,486,400	258,106,461
Adjustments for:		
Depreciation	73,483,244	71,966,489
Amortization	63,624,748	60,801,384
Depreciation of right-of-use assets	20,013,841	13,561,548
Management fees	9a 1,858,403	3,132,895
Realized gain from sale of Financial assets at fair value through profit or loss (FVTPL)	9b (2,261,150)	(1,961,829)
Change in fair value of Financial assets at fair value through profit or loss (FVTPL)	9b 1,473,500	(865,929)
Gains from sale of property, plant, and equipment	(35,073)	(302,323)
Finance costs	42,761,601	50,978,561
Impairment loss on trade receivables	10,974,862	4,646,098
Provision for slow-moving inventories	902,066	431,407
Employees' defined benefits liability provision	12,488,651	13,701,407
	<u>690,771,093</u>	<u>474,196,169</u>
Changes in:		
Inventories	(33,382,171)	(9,889,921)
Trade receivables	30,059,379	196,045,243
Prepayments and other current assets	(83,640,046)	(31,724,085)
Trade payables	(69,149,953)	(106,803,031)
Contract liabilities	140,606,095	(406,436,780)
Accrued expenses and other current liabilities	19,788,849	(45,964,229)
Cash generated from operating activities	<u>695,053,246</u>	<u>69,423,366</u>
Finance cost paid	14 (26,627,108)	(33,785,350)
Zakat and income tax paid	(13,595,371)	(43,936,897)
Employees' defined benefits liability paid	(11,747,351)	(13,998,439)
Net cash from / (used in) operating activities	<u>643,083,416</u>	<u>(22,297,320)</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	79,599	1,281,637
Addition of property, plant and equipment	(36,235,162)	(38,208,687)
Addition of intangible assets	(7,277,155)	(7,584,260)
Additions of financial assets at FVTPL	-	(3,160,000)
Proceeds from sale of financial assets at FVTPL	9b 43,000,000	43,100,000
Addition of financial assets at FVTOCI	9a (3,240,000)	(19,600,000)
Net cash used in investing activities	<u>(3,672,718)</u>	<u>(24,171,310)</u>
Cash flows from financing activities		
Proceeds from Murabaha and term borrowings	14 1,208,093,267	794,476,588
Repayment of Murabaha and term borrowings	14 (1,171,807,288)	(793,536,774)
Lease liabilities paid	(24,420,070)	(12,379,501)
Change in non-controlling interests	4,218,900	7,840,000
Net cash from / (used in) financing activities	<u>16,084,809</u>	<u>(3,599,687)</u>
Net change in cash and cash equivalents	<u>655,495,507</u>	<u>(50,068,317)</u>
Cash and cash equivalents at the beginning of the period	<u>387,700,102</u>	<u>547,861,036</u>
Effect of movements in exchange rates	<u>(4,273,226)</u>	<u>33,512</u>
Cash and cash equivalents at the end of the period	<u>1,038,922,383</u>	<u>497,826,231</u>
Significant non-cash transactions:		
Additions to right-of-use assets and lease liabilities	5,200,444	5,978,935
Additions to intangible assets	-	65,877,512
Transferred from PPE to Intangible assets	-	32,441,936
Transferred from PPE to Prepayments and other current assets	-	10,427,783
Transferred from PPE to Inventory	-	2,760,952
Disposal of government grant (land)	-	8,361,425

The accompanying notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

SAUDI RESEARCH AND MEDIA GROUP (PREVIOUSLY SAUDI RESEARCH AND MARKETING GROUP)
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the nine-month period ended 30 September 2021

1 REPORTING ENTITY

Saudi Research and Media Group (“the Company” or “the Group”) is a Saudi joint stock company registered in Riyadh, Kingdom of Saudi Arabia 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 1010087772/001. The Group’s head office address is Al-Moutamarat District, Makkah Road, P.O. Box 53108, Riyadh 11583 - Kingdom of Saudi Arabia.

The Group and its subsidiaries are engaged in trading, marketing, advertising, promotions, distribution, printing and publishing, and public relations, and operate mainly in the Middle East, Europe and North Africa.

On 17 May 2021, the Company announced to shareholders 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 bylaws regarding changing the Company name from Saudi Research and Marketing Group to Saudi Research and Media Group, after completion of all legal requirements to change the Company commercial register with concerned departments.

These condensed consolidated interim financial statements include the condensed consolidated financial position and consolidated financial performance of the Group and its subsidiaries as listed in the schedule below. Following is the list of the subsidiaries incorporated within these condensed consolidated interim financial statements:

Consolidated Subsidiaries:

Subsidiary	Country of incorporation	Direct and indirect ownership (%)	
		2021	2020
Intellectual Holding Company for Advertisement and Publicity- LLC ^(a)	Kingdom of Saudi Arabia	100	100
Scientific Works Holding company- LLC ^(a)	Kingdom of Saudi Arabia	100	100
Numu Media Holding Company and its subsidiaries	Kingdom of Saudi Arabia	100	100
Saudi Printing and Packaging Company and its subsidiaries ^{(c), (g)}	Kingdom of Saudi Arabia	70	70
Al Sharq News Services (LTD) and its subsidiary	Kingdom of Saudi Arabia	100	100

- (a) The below listed subsidiaries are wholly owned by Intellectual Holding Company for Advertisement and Publicity and Scientific Works Holding Company:

Companies owned by subsidiaries:

Subsidiary	Country of incorporation
Saudi Research and Publishing Company (SRPC) and its subsidiaries ^(b)	Kingdom of Saudi Arabia
Saudi Distribution Company (SDC) and its subsidiaries ^(d)	Kingdom of Saudi Arabia
Arab Media Company (AMC) ^(f)	Kingdom of Saudi Arabia
Al-Khaleejiah Advertisement and Public Relations Company	Kingdom of Saudi Arabia
Al-Ofoq Management Information System and Communication Company	Kingdom of Saudi Arabia
Seen Visual Media Company (formerly known as “Numu Multimedia Company”)	Kingdom of Saudi Arabia
Taoq Research Company (formerly known as “Numu Research Company”)	Kingdom of Saudi Arabia
International Publishers Company (formerly known as “Numu Publishing Company”)	Kingdom of Saudi Arabia
Taoq Public Relations Company Limited ^(e)	Kingdom of Saudi Arabia
Tekanah Public Relations Company Limited ^(e)	Kingdom of Saudi Arabia
Characters Company Limited ^(e)	Kingdom of Saudi Arabia

- (b) Saudi Research and Publishing Company (SRPC) owns 100% of the shares of foreign subsidiaries headquartered in the United Kingdom (UK) and Morocco.

SAUDI RESEARCH AND MEDIA GROUP (PREVIOUSLY SAUDI RESEARCH AND MARKETING GROUP)

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2021

1- REPORTING ENTITY (CONTINUED)

- (c) Saudi Printing and Packaging Company (SPPC) owns Hala Printing Company, Al-Madina Al-Munawarah Printing and Publishing Company, Future Industrial Investment Company and Emirates National Factory for Plastic Industries (ENPI) and their subsidiaries.
- (d) Saudi Distribution Company (SDC) owns 99% of the share capital of Emirates Printing and Publishing Company Limited, a company registered in the United Arab Emirates.
- (e) Intellectual Holding Company for Advertisement and Publicity and Scientific Works Holding Company have established Taoq Public Relations Company Limited, Tekanah Public Relations Company Limited and Characters Company Limited equally. These entities are primarily engaged in providing international and local public relations services, studies, research and marketing. During 2018, Tekanah Company and Moutamrat Company acquired 100 % of shares of Global Media Company and its subsidiaries located in the United Kingdom with net assets value equal to SR 363 thousand.
- (f) Arab Media Company owns 51% of the shares in Argaam Investment Trading Company (Argaam (h)), a Limited Liability Company.
- (g) Saudi Printing and Packaging company (SPPC) is a Saudi Joint Stock company registered in the Kingdom of Saudi Arabia under commercial registration number 1010219709 issued in Riyadh on Jumada Al-Ula 1, 1427H (corresponding to 28 May 2006), pursuant to the Ministry of Commerce and Investment resolution number 104/Q dated Rabi Al-Thani 20, 1428H (corresponding to 7 May 2007). The principal activity of SPPC according to the license number 21050 issued by the Ministry of Culture and Information dated Dhul-Hijjah 24, 1412H (corresponding to 25 September 1992) 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.
- (h) 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, mobile and fixed communications devices, IT services, telecommunications and IT services, and designing and hosting of internet websites.

2- BASIS OF PREPARATION

These condensed consolidated interim financial statements for the three-month and nine-month periods ended 30 September 2021 are prepared in accordance with IAS 34 Interim Financial Reporting as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

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

a) Basis of measurement

The condensed consolidated interim 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;
- Defined benefit obligation is recognized at the present value of future obligations using the Projected Unit Credit Method.

The condensed consolidated interim financial statements have been prepared using accrual basis of accounting and going concern concept.

b) Functional and presentation currency

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

SAUDI RESEARCH AND MEDIA GROUP (PREVIOUSLY SAUDI RESEARCH AND MARKETING GROUP)
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the nine-month period ended 30 September 2021

3- USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated interim financial statements, management has made judgements and estimates that affect the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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

4- ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020. Accounting policies and key judgment areas adopted in preparation of these condensed consolidated interim financial statements are described in note 4 of the Group's consolidated financial statements for the year ended 31 December 2020, except for the adopting of new standards effective as at 1 January 2021.

5- FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

6- STANDARDS ISSUED BUT NOT YET EFFECTIVE

The below pronouncements are effective for subsequent annual periods and earlier application is permitted. The Group has not early adopted the new or revised standards in the preparation of these condensed consolidated interim financial statements. The impact of these standards on the Group is not expected to be material when the below standards and amendments are applied.

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6. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Effective for annual periods beginning on or after	New standards and amendments
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (amendments to IAS 37).
	Annual Amendments to IFRSs (2018 - 2020 Cycle).
	Property, Plant and Equipment: Proceeds Before Intended Use (amendments to IAS 16).
	Reference to conceptual framework (amendments to IFRS 3).
1 January 2023	Amendments to IAS 1 ‘Presentation of Financial Statements’ related to classification of liabilities as current/non-current.
Available for optional adoption/ effective date deferred indefinitely	Sale or contribution of assets between the investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

Management assessed that the application of the new standards and amendments have no significant impact on the Group’s condensed consolidated interim financial statements as at 30 September 2021.

7. PROPERTY, PLANT AND EQUIPMENT

As at 30 September 2021, the cost of property, plant and equipment amounted to SR 2,113 million (31 December 2020: SR 2,081 million) and the accumulated depreciation as at 30 September 2021 amounted to SR 1,091 million (31 December 2020: SR 1,021 million).

Assets with net book value amounting to SR 102 million as at 30 September 2021 (31 December 2020: SR 132 million) were placed as collateral against long-term borrowing (*Note 14*).

The capital commitments of the Group pertaining to purchase of property, plant and equipment amounted to SR 7.5 million as at 30 September 2021 (31 December 2020: SR 12.1 million). These are expected to be delivered in 2022.

8. INTANGIBLE ASSETS AND GOODWILL

The details of intangible assets are as follows:

	30 September 2021 (Unaudited) SR	31 December 2020 (Audited) SR
Goodwill	369,924,436	369,924,436
Visual content project, websites and copyrights	230,338,661	281,435,738
Mastheads	172,126,350	172,126,350
Computer software	56,767,014	62,360,953
Others	2,070,224	1,725,249
	<u>831,226,685</u>	<u>887,572,726</u>

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9. FINANCIAL ASSETS AT FVOCI & FVTPL

This include two funds in the Kingdom of Saudi Arabia, which are regulated by the Saudi Capital Market Law and its executive regulations, in addition to shares in unquoted Company.

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

Financial assets at FVOCI represents the investments which the Group has the intention to hold for the 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 during the nine-month period 30 September 2021 and year ended 31 December 2020 is as follows:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
	SR	SR
At 1 January	1,139,499,770	1,067,217,505
Additions	3,240,000	27,300,000
Management fees	(1,858,403)	(446,135)
Changes in fair value	5,354,200	45,428,400
At end of the period / year	<u>1,146,235,567</u>	<u>1,139,499,770</u>

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

The movement of financial assets at FVTPL is as follows:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
	SR	SR
At 1 January	241,211,454	277,958,112
Additions during the period / year	-	3,160,000
Disposals during the period / year	(43,000,000)	(43,100,000)
Realized gain on disposal during the period / year	2,261,150	1,961,829
Changes in fair value during the period / year	(1,473,500)	1,231,513
At end of the period / year	<u>198,999,104</u>	<u>241,211,454</u>

10. INVENTORY

The provision for slow moving inventories as at 30 September 2021 amounted to SR 22.4 million (31 December 2020: SR 22.6 million) was in line with the policy adopted by the Group.

11. SHARE CAPITAL

The Company's share capital amounting to SR 800 million as of 30 September 2021 and 31 December 2020 is divided into 80 million shares of SR 10 each.

12. STATUTORY RESERVE

In accordance with the Company's by-law, the Company shall transfer 10% of its net profits for the year to the statutory reserve. The general assembly may cease such transfer when this reserve equals 30% of share capital. The statutory reserve is not available for distribution.

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13. GENERAL RESERVE

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

14. MURABAHA AND BORROWINGS

The Group has signed several financing agreements and banking facilities with a number of local and foreign banks, which include borrowings and Murabaha, credit facilities, letters of credit and letters of guarantee, amounting to SR 1.29 billion (31 December 2020: SR 1.2 billion). The purpose of these facilities is to finance the working capital, the investments and import of raw materials and equipment relating to the Group's activities. These facilities bear financial charges as per the relevant agreements.

SPPC, a Group subsidiary, 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 starting from December 2018 and ending in March 2029, subject to renewal. The credit limit for total facilities was SR 961.8 million as at 30 September 2021 (31 December 2020: SR 890 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 SPPC's activities and projects. In January 2021, Emirates National Factory for Plastic Industries (a wholly owned subsidiary in the United Arab Emirates) signed a banking facility agreement (in compliance with the provisions of Islamic Sharia) with a local bank in the United Arab Emirates for a total amount of AED 475 million (equivalent to SR 484.5 million) representing the following:

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

These facilities are subject to interest charges according to the relevant agreements, ranging from 2% to 3.5% + SIBOR and IBOR. Under these agreements, SPPC and its subsidiary provided a number of guarantees to cover the full value of the financing which consist of the following:

- Promissory notes with the total value of the available facilities;
- A plot of land in Abhor district in Jeddah placed as collateral;
- An insurance policy which grants the bank the right to be the first beneficiary for the amount equal to the value of the facility;
- A corporate guarantee provided by a subsidiary of SR 16.6 million;
- Restricted bank accounts amounting to SR 9.7 million (31 December 2020: SR 4 million).

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

Of the facilities available to the Group and its subsidiaries, as at 30 September 2021, the balance outstanding amounted to SR 982.3 million (31 December 2020: SR 943.6 million). The following is an analysis of the loans and Murabaha transactions:

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14 MURABAHA AND BORROWINGS (CONTINUED)

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
	SR	SR
Short-term borrowing	447,891,215	418,372,473
Long-term borrowing	249,863,284	265,561,720
Bank overdrafts	950,156	5,080,128
Syndicated loan	276,561,926	249,966,281
Accrued finance costs	7,058,038	4,574,255
Total Murabaha and borrowings	<u>982,324,619</u>	<u>943,554,857</u>
<i>Less: Current portion</i>	<u>(553,555,959)</u>	<u>(556,531,447)</u>
<i>Non-current portion</i>	<u>428,768,660</u>	<u>387,023,410</u>

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

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
	SR	SR
At 1 January	943,554,857	1,004,278,643
Proceeds from borrowings	1,208,093,267	724,515,044
Repayment of borrowings	(1,171,807,288)	(782,592,319)
Finance costs	29,110,891	41,996,970
Paid finance costs	<u>(26,627,108)</u>	<u>(44,643,481)</u>
At end of the period / year	<u>982,324,619</u>	<u>943,554,857</u>

15. ZAKAT AND INCOME TAX

Zakat and income tax assessments

Provision for zakat and income tax is recognized and provided within the condensed consolidated interim statement of profit or loss. The differences arising from the computation of zakat associated with final assessments for the year in which they are finalized are recorded in the current period provision.

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

During the year 2007, the Group obtained ZATCA approval on filing a consolidated zakat return for the Group. The Group has filed its zakat returns to ZATCA for the years from 2007 to 2020.

During the year 2020, a session was held with the Committee for the settlement of the zakat and tax disputes for the years from 2007 to 2010. The Committee issued a final decision. The Group and wholly owned subsidiaries paid the amount proposed by the Committee, and the status of the Group and wholly owned subsidiaries was cleared for the years mentioned.

The Group and wholly owned subsidiaries have filed its zakat returns to ZATCA for the years from 2011 through 2013. The final assessments for these years have not been raised yet by ZATCA.

The Group and wholly owned subsidiaries have filed its zakat returns to ZATCA for the years from 2014 through 2018. The ZATCA has issued the final assessment for the years from 2014 to 2018 and accordingly the Group and wholly owned subsidiaries have recorded a provision of SR 57,259,524 to cover the potential exposure as at 31 December 2020. Subsequent to the year ended 31 December 2020, the Group and wholly owned subsidiaries have filed and submitted an appeal to the Zakat Dispute Committee and the objection was partially accepted by ZATCA and assessment was adjusted to be SR 27,318,553. Accordingly, the Group and wholly owned subsidiaries have resorted to General Secretariat of Tax Committees for Resolutions of tax violations and disputes.

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15. ZAKAT AND INCOME TAX (CONTINUED)

Further, the ZATCA has issued the assessment of SR 8,088,037 for Numu Al Elmiah Company for the years from 2016 to 2018. The Group and wholly owned subsidiaries have filed and submitted an appeal to the Zakat Dispute Committee and the objection was not accepted by ZATCA and Numu Al Elmiah Company has resorted to General Secretariat of Tax Committees for Resolutions of tax violations and disputes.

The Group and wholly owned subsidiaries have filed its zakat returns to ZATCA for the years from 2019 through 2020 which are under assessment of ZATCA, hence there may be an amendment to them that may lead to an adjustment of the zakat due for these years.

In respect of the audit of Printing and Packaging company (SPPC):

Zakat provision is estimated and charged to the condensed consolidated statement of profit or loss. The differences arising from calculating the zakat related to the final assessment are settled in the year in which they are completed.

SPPC filed consolidated zakat returns to ZATCA for the years ended 31 December 2005 until 2008 and received zakat certificates for these years.

ZATCA issued assessment notices for the years 31 December 2005 to 2008 and claimed SPPC to pay additional zakat amounting to SR 6,582,634. SPPC has filed an objection against the said assessment. During 2016 the objection was not accepted by ZATCA from both objective and form aspects except for some deferred gains amounting to SR 2,004,578 (mentioned within the original objection amount) for which the objection was accepted from this aspect. Furthermore, ZATCA also requested payment of zakat differences due from the unauthorized profit difference for the years 2005 and 2006 amounting to SR 143,203 (mentioned within the original objection amount), which were paid by SPPC within the year 2018. The assessment discussions for years ended 31 December 2005 to 2008 between ZATCA and SPPC are ongoing as at 30 September 2021.

SPPC filed consolidated zakat returns to ZATCA for the years ended 31 December 2009 until 2013 and received zakat certificate for these years. The ZATCA didn't issue the assessment notices for the mentioned years up to 30 September 2021. ZATCA issued assessment for the year ended 31 December 2014 without additional amounts.

SPPC filed consolidated zakat returns to ZATCA for the years ended 31 December 2015, 2016, and 2018 and received restricted zakat certificates for these years. ZATCA issued assessment for these years and requested SPPC to pay an amount of SR 16,314,362. SPPC has filed an objection against the said assessment which is ongoing as at 30 September 2021.

ZATCA issued an assessment on SPPC zakat return accounts for the year ended 31 December 2017 with a total difference of SR 12,180,465 of which an amount of SR 3,057,612 was paid based on the return submitted and ZATCA claimed SPPC to pay the difference amounting to SR 9,122,853. However, SPPC objected to the assessment and the objection has been partially accepted and the differences were adjusted to be SR 2,253,606 which was paid within the year 2019.

SPPC filed consolidated zakat returns to ZATCA for the years ended 31 December 2019 and 2020 and received restricted zakat certificates for these years. The ZATCA didn't issue the assessment notices for the mentioned years up to 30 September 2021.

16. EARNINGS PER SHARE

Basic / diluted earnings per share (EPS) for income attributable to ordinary shares are calculated by the appropriation of the weighted average number of outstanding ordinary shares. Earnings per share for the nine-month period ended 30 September 2021 has been computed based on the weighted average number of shares outstanding during the period which amounted to 80,000,000 shares for the nine-month period ended 30 September 2021 (nine-month period ended 30 September 2020: 80,000,000 shares). There are no contingent ordinary diluted shares. Diluted earnings per share is the same as the basic earnings per share as the Group does not have any convertible securities nor diluted instruments to exercise.

17. FINANCIAL INSTRUMENTS FAIR VALUES AND RISK MANAGEMENT

The table below shows the carrying and fair values of financial assets and liabilities as at 30 September 2021 and 31 December 2020:

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17 FINANCIAL INSTRUMENTS FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

	Carrying value				Fair value				
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 September 2021 (Unaudited)									
Financial assets measured at fair value									
Financial assets at fair value through profit or loss	198,999,104	-	-	-	198,999,104	-	198,999,104	-	198,999,104
Financial assets at fair value through OCI	-	1,146,235,567	-	-	1,146,235,567	-	1,146,235,567	-	1,146,235,567
	<u>198,999,104</u>	<u>1,146,235,567</u>	<u>-</u>	<u>-</u>	<u>1,345,234,671</u>	<u>-</u>	<u>1,345,234,671</u>	<u>-</u>	<u>1,345,234,671</u>
Financial assets not measured at fair value									
Trade receivables	-	-	1,167,798,748	-	1,167,798,748	-	-	-	-
Cash and cash equivalents	-	-	1,038,922,383	-	1,038,922,383	-	-	-	-
	<u>-</u>	<u>-</u>	<u>2,206,721,131</u>	<u>-</u>	<u>2,206,721,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Murabaha and borrowings / current	-	-	-	553,555,959	553,555,959	-	-	-	-
Murabaha and borrowings / non-current	-	-	-	428,768,660	428,768,660	-	-	-	-
Trade payables / current	-	-	-	268,412,575	268,412,575	-	-	-	-
Trade payables / non-current	-	-	-	95,201,793	95,201,793	-	-	-	-
Accrued expenses and other current liabilities	-	-	-	194,384,437	194,384,437	-	-	-	-
Lease liability / current	-	-	-	22,872,123	22,872,123	-	-	-	-
Lease liability / non-current	-	-	-	82,968,811	82,968,811	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,646,164,358</u>	<u>1,646,164,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	Carrying value					Fair value			
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2020 (Audited)									
Financial assets measured at fair value									
Financial assets at fair value through profit or loss	241,211,454	-	-	-	241,211,454	-	241,211,454	-	241,211,454
Financial assets at fair value through OCI	-	1,139,499,770	-	-	1,139,499,770	-	1,139,499,770	-	1,139,499,770
	<u>241,211,454</u>	<u>1,139,499,770</u>	<u>-</u>	<u>-</u>	<u>1,380,711,224</u>	<u>-</u>	<u>1,380,711,224</u>	<u>-</u>	<u>1,380,711,224</u>
Financial assets not measured at fair value									
Trade receivables	-	-	1,208,784,432	-	1,208,784,432	-	-	-	-
Cash and cash equivalents	-	-	387,700,102	-	387,700,102	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1,596,484,534</u>	<u>-</u>	<u>1,596,484,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value									
Murabaha and borrowings / current	-	-	-	556,531,447	556,531,447	-	-	-	-
Murabaha and borrowings / non-current	-	-	-	387,023,410	387,023,410	-	-	-	-
Trade payables / current	-	-	-	279,064,177	279,064,177	-	-	-	-
Trade payables / non-current	-	-	-	142,651,173	142,651,173	-	-	-	-
Accrued expenses and other current liabilities	-	-	-	174,595,588	174,595,588	-	-	-	-
Lease liability / current	-	-	-	26,177,350	26,177,350	-	-	-	-
Lease liability / non-current	-	-	-	95,487,995	95,487,995	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,661,531,140</u>	<u>1,661,531,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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18. COMMITMENTS AND CONTINGENCIES

Contingent legal claims

Certain subsidiaries of the Group are involved in litigation matters in their ordinary course of business, which are being defended. The ultimate results of these matters cannot be determined with certainty. However, the management believes that the results of these matters will not have a significant impact on the Group's condensed consolidated interim financial statements as of 30 September 2021.

The Group has the following contingent liabilities:

	30 September 2021 (in million) (Unaudited)	31 December 2020 (in million) (Audited)
	SR	SR
Letters of credits	91.2	36.6
Letters of guarantee	6.5	6.2
Trades and marketing commitments	16.3	16.0
Capital commitments (note 7)	7.5	12.1

19. 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 local and international publishing works, 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, translation services and selling electronic and visual content.
- 2. Public relations and advertising:** Comprise the local and international public relations 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.
- 4. All other segments:** Comprise the wholesale and retail trading of school supplies, office furniture, installation and maintenance of laboratories, and providing technical, training and educational courses, services, international distribution of newspapers, magazines, publications, books and the publications of the Group and other related activities.

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

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

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

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

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19 SEGMENT INFORMATION (CONTINUED)

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

	Publishing, visual, and digital content	Public relations and advertising	Printing and packaging	All other segments	Total	Adjustments and eliminations	Total
	SR	SR	SR	SR	SR	SR	SR
Revenues							
External customers	679,038,598	843,494,550	559,355,982	31,593,327	2,113,482,457	-	2,113,482,457
Inter-segment	260,249,997	48,193,799	11,899,229	4,539,169	324,882,194	(324,882,194)	-
Total revenues	939,288,595	891,688,349	571,255,211	36,132,496	2,438,364,651	(324,882,194)	2,113,482,457
Gross profit	218,009,718	595,048,292	63,351,799	19,365,236	895,775,045	(39,745,672)	856,029,373
Segment profit (loss)	75,944,804	498,223,381	(46,660,393)	(7,296,618)	520,211,174	(89,250,820)	430,960,354

The following table presents revenues and profit information for the Group's operating segments for the nine-month period ended 30 September 2020 (Unaudited):

	Publishing, visual, and digital content	Public relations and advertising	Printing and packaging	All other segments	Total	Adjustments and eliminations	Total
	SR	SR	SR	SR	SR	SR	SR
Revenues							
External customers	292,325,995	718,251,610	584,081,747	34,176,420	1,628,835,772	-	1,628,835,772
Inter-segment	260,249,997	54,239,598	14,263,734	8,568,309	337,321,638	(337,321,638)	-
Total revenue	552,575,992	772,491,208	598,345,481	42,744,729	1,966,157,410	(337,321,638)	1,628,835,772
Gross profit	(13,128,005)	450,318,048	104,071,400	14,938,067	556,199,510	(2,081,270)	554,118,240
Segment profit (loss)	(152,988,585)	402,536,507	(11,595,774)	(29,350,179)	208,601,969	7,849,421	216,451,390

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**For the nine-month period ended 30 September 2021****19 SEGMENT INFORMATION (CONTINUED)**

The following table presents total assets and total liabilities information for the Group's operating segments as of 30 September 2021 (Unaudited):

	Publishing, visual, and digital content	Public relations and advertising	Printing and packaging	All other segments	Total	Adjustments and eliminations	Total
	SR	SR	SR	SR	SR	SR	SR
Total assets	2,621,435,404	5,254,878,242	1,713,459,047	754,101,005	10,343,873,698	(4,340,765,681)	6,003,108,017
Total liabilities	3,108,423,677	3,567,472,258	1,057,943,798	825,498,605	8,559,338,338	(4,743,680,408)	3,815,657,930

The following table presents total assets and total liabilities information for the Group's operating segments as of 31 December 2020 (Audited):

	Publishing, visual, and digital content	Public relations and advertising	Printing and packaging	All other segments	Total	Adjustments and eliminations	Total
	SR	SR	SR	SR	SR	SR	SR
Total assets	2,179,019,921	4,828,111,756	1,671,989,886	771,009,377	9,450,130,940	(4,028,728,785)	5,421,402,155
Total liabilities	2,374,665,333	3,102,300,924	969,249,126	822,732,832	7,268,948,215	(3,616,827,927)	3,652,120,288

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

Adjustments and eliminations

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

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

SAUDI RESEARCH AND MEDIA GROUP (PREVIOUSLY SAUDI RESEARCH AND MARKETING GROUP)

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2021

19 SEGMENT INFORMATION (CONTINUED)

Revenue recognition time:

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

Public relations and advertising

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

Printing and packaging

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

Some contracts allow customers to return goods and replace them with other new goods, and no refunds are permitted. Revenue is recognized when the goods are delivered and have been accepted by customers. With respect to contracts that allow customers to return goods, revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur in the amount of the accumulated revenue.

Other segments:

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

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

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

	30 September 2021 (Unaudited) SR	30 September 2020 (Unaudited) SR
At a point in time	647,474,601	673,871,505
Over a period of time	1,466,007,856	954,964,267
	<u>2,113,482,457</u>	<u>1,628,835,772</u>

20. RELATED PARTY TRANSACTIONS AND BALANCES

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

The transactions with related parties are made on terms approved by the Board of the Directors of the Group. The Group and its related parties transact with each other in the normal course of business:

	30 September 2021 (Unaudited) SR	30 September 2020 (Unaudited) SR
BOD expenses, allowances and respective committees	4,723,861	4,596,000
Compensation of Group key management personnel	5,735,733	2,357,046

SAUDI RESEARCH AND MEDIA GROUP (PREVIOUSLY SAUDI RESEARCH AND MARKETING GROUP)

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2021

20 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

<u>Related parties name</u>	<u>Nature of relationship</u>	<u>Nature of Transaction</u>	30 September 2021	30 September 2020
			(Unaudited) SR	(Unaudited) SR
Al Madarat Company for advertising and its subsidiaries for advertising services	Owned by board of directors' member	Media service, programs, and films production	21,060,057	20,276,152
Al-Fahed law firm	Owned by board of directors' member	Legal consultancy	1,129,025	1,118,825

Balances resulted from the above transactions for the Group and its related parties are as follows:

	30 September 2021	31 December 2020
	(unaudited) SR	(Audited) SR
Al Madarat Company for advertising and its subsidiaries for advertising services	5,654,189	11,399,851

In addition, during the period the Group paid SR 20 million for media services to an entity owned by one of the subsidiaries' General Manager. This amount, along with the balance for Al Madarat Company are included in prepayments and other current assets and trade payables, respectively.

21. COVID 19 UPDATE

The impact of the Corona virus (Covid 19) continues to cause turmoil in global markets, despite the fact that many geographical regions have begun to implement precautionary measures by receiving vaccines. The Government of the Kingdom of Saudi Arabia (Government) has successfully controlled the outbreak to date. The Group will continue to re-evaluate its position and the associated impact on a regular basis.

22. SUBSEQUENT EVENTS

In October 2021, SPPC, a Group subsidiary, signed a loan and Murabaha rescheduling agreement, whereby SR 20 million of Murabaha and loan due for repayment in October 2021 is rescheduled to November 2025.

In November 2021, SPPC, a Group subsidiary, signed a loan and Murabaha rescheduling agreement, whereby SR 20 million of Murabaha and loan due for repayment in November 2021 is rescheduled to May 2026.

On 14 July 2021, the Group announced that the Arab Media Company, a subsidiary, signed an interest purchase agreement dated 13 July 2021 with Abdulrahman Ali Abumalih, Aseel Salah Baabdullah and Meem Company for Research and Studies to acquire 51% of the ownership interest of Thmanyah Company for Publishing and Distribution LLC (Thmanyah) for a total transaction price of SR 33,306,120. Subsequently, on 11 October 2021 the Group satisfied all the conditions of the transaction, obtained all required approvals and completed all required regulatory formalities and agreed terms for transferring the Sale Shares in Thmanyah to Arab Media Company including obtaining the no objection letter in respect of the transaction issued by the General Authority for Competition and amendment of Thmanyah's articles of association to reflect the transaction.

23. BOARD OF DIRECTORS APPROVAL

The condensed consolidated interim financial statements were approved by the Board of Directors on 4 Rabi II 1443H corresponding to 9 November 2021.