

SAUDI RESEARCH AND MEDIA GROUP
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2022
Together with the
INDEPENDENT AUDITOR'S REVIEW REPORT

SAUDI RESEARCH AND MEDIA GROUP
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
For the three-month period ended 31 March 2022

INDEX	PAGE
Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Statements	1-2
Condensed Consolidated Interim Statement of Financial Position as at 31 March 2022	3
Condensed Consolidated Interim Statement of Profit or Loss for the three-month period ended 31 March 2022	4
Condensed Consolidated Interim Statement of Comprehensive Income for the three-month period ended 31 March 2022	5
Condensed Consolidated Interim Statement of Changes in Equity for the three-month period ended 31 March 2022	6
Condensed Consolidated Interim Statement of Cash Flows for the three-month period ended 31 March 2022	7
Notes to the Condensed Consolidated Interim Financial Statements	8-27



KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤
المركز الرئيسي في الرياض

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

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

Introduction

We have reviewed the accompanying 31 March 2022 condensed consolidated interim financial statements of **Saudi Research and Media Group** (the Company) and its subsidiaries (the Group), which comprises:

- the condensed consolidated interim statement of financial position as at 31 March 2022;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2022;
- the condensed consolidated interim statement of comprehensive income for the three-month period ended 31 March 2022;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2022;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2022; 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 (Continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2022 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: 21 Shawwal 1443H
Corresponding to: 22 May 2022

SAUDI RESEARCH AND MEDIA GROUP

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As of 31 March 2022

(Expressed in Saudi Riyal)

	Notes	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	7	1,160,218,109	1,113,694,086
Intangible assets and goodwill	8	820,490,084	839,945,533
Investment properties		25,961,075	25,961,117
Financial assets at fair value through other comprehensive income (FVOCI)			
Financial assets at amortized cost	9	1,153,761,058	1,155,872,141
Right-of-use assets		305,523,549	307,152,000
Non-current trade receivables		79,244,400	87,343,732
Derivative financial instruments		13,056,470	-
Total non-current assets	14	5,097,610	-
		3,563,352,355	3,529,968,609
Current assets			
Inventories			
Financial assets at fair value through profit or loss (FVTPL)	10	219,314,893	216,256,632
Trade receivables	9	150,442,889	349,302,897
Prepayments and other current assets		946,280,440	1,028,549,561
Short-term investments		186,073,279	147,274,863
Cash and cash equivalents		1,000,000,000	700,000,000
Total current assets		337,425,695	396,786,676
		2,839,537,196	2,838,170,629
Total assets		6,402,889,551	6,368,139,238
Equity			
Share capital	11	800,000,000	800,000,000
Statutory reserve	12	293,701,965	293,701,965
Contractual reserve	13	67,547,177	67,547,177
Retained earnings		1,018,674,646	902,491,085
Other reserves		(5,404,292)	2,717,310
Equity attributable to shareholders of the Parent Company		2,174,519,496	2,066,457,537
Non-controlling interests		229,995,087	235,739,033
Total equity		2,404,514,583	2,302,196,570
Liabilities			
Non-current liabilities			
Borrowings and Murabaha	15	413,184,420	418,680,482
Defined employees' benefits liabilities		130,787,666	129,392,757
Trade payables		71,696,668	80,379,078
Contract liabilities		577,057,752	830,011,706
Other non-current liabilities		15,562,227	15,478,746
Deferred tax liabilities		60,308	60,301
Lease liabilities		65,848,876	70,383,979
Total non-current liabilities		1,274,197,917	1,544,387,049
Current liabilities			
Borrowings and Murabaha	15	453,030,533	439,393,795
Trade payables		292,681,462	329,667,273
Contract liabilities		1,521,413,684	1,263,809,142
Accrued expenses and other current liabilities		256,775,221	305,625,353
Lease liabilities		24,305,292	26,376,068
Provision for Zakat and income tax		175,970,859	156,683,988
Total current liabilities	16	2,724,177,051	2,521,555,619
Total liabilities		3,998,374,968	4,065,942,668
Total equity and liabilities		6,402,889,551	6,368,139,238

Chairman

Abdulrahman Al Rowaita
The accompanying notes from 1 to 24 form an integral part of these condensed consolidated interim financial statements.

CEO and Board Member
Jomana AlRashid

CFO

Mohammed Abdulfatah Nazer

SAUDI RESEARCH AND MEDIA GROUP
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
For the three-month period ended 31 March 2022
(Expressed in Saudi Riyal)

		For the three-month period ended 31 March 2022 (Unaudited)	For the three-month period ended 31 March 2021 (Unaudited)
	<i>Notes</i>		
Revenues	20	786,339,675	596,814,265
Cost of revenues		(524,715,059)	(388,408,980)
Gross profit		261,624,616	208,405,285
Other income / (other expenses), net		4,048,832	(921,964)
Selling, marketing and distribution expenses		(22,909,851)	(14,927,274)
General and administrative expenses		(100,345,931)	(76,782,529)
Impairment loss on trade receivables		(7,218,898)	(1,089,417)
Operating profit		135,198,768	114,684,101
Finance costs		(7,138,232)	(15,067,393)
Finance income		1,912,258	384,516
Net finance costs		(5,225,974)	(14,682,877)
Profit before Zakat and income tax		129,972,794	100,001,224
Zakat and income tax expense		(19,539,452)	(13,810,724)
Profit for the period		110,433,342	86,190,500
Profit / (loss) for the period attributable to:			
Shareholders of the parent Company		112,512,803	91,530,966
Non-controlling interests		(2,079,461)	(5,340,466)
		110,433,342	86,190,500
Earnings per share			
Earnings per share attributable to the shareholders of the parent Company (basic and diluted)		1.41	1.14

The accompanying notes from 1 to 24 form an integral part of these condensed consolidated interim financial statements.

SAUDI RESEARCH AND MEDIA GROUP

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**For the three-month period ended 31 March 2022****(Expressed in Saudi Riyal)**


	For the three-month period ended 31 March 2022 (Unaudited)	For the three-month period ended 31 March 2021 (Unaudited)
Profit for the period	110,433,342	86,190,500
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss		
Financial assets at fair value through other comprehensive income – net change in fair value	<u>(4,515,703)</u>	<u>28,094,411</u>
	<u>(4,515,703)</u>	<u>28,094,411</u>
Items that are or may be reclassified subsequently to profit or loss:		
Foreign operations - foreign currency translation differences	<u>(3,599,626)</u>	<u>(184,874)</u>
	<u>(3,599,626)</u>	<u>(184,874)</u>
Total other comprehensive (loss)/ income for the period	<u>(8,115,329)</u>	<u>27,909,537</u>
Total comprehensive income/(loss) for the period	<u>102,318,013</u>	<u>114,100,037</u>
Total comprehensive income/(loss) for the period attributable to:		
Shareholders of the parent Company	<u>104,391,201</u>	<u>119,490,221</u>
Non-controlling interests	<u>(2,073,188)</u>	<u>(5,390,184)</u>
	<u>102,318,013</u>	<u>114,100,037</u>

The accompanying notes from 1 to 24 form an integral part of these condensed consolidated interim financial statements.

SAUDI RESEARCH AND MEDIA GROUP
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the three-month period ended 31 March 2022
(Expressed in Saudi Riyal)

	Equity attributable to shareholders of the Parent Company						Non-controlling interests	Total equity
	Share capital	Statutory reserve	Contractual reserve	Translation reserve	Fair value of financial assets reserve	Retained earnings		
As at 1 January 2021 (Audited)	800,000,000	240,000,000	67,547,177	(22,245,409)	24,092,729	418,084,308	1,527,478,805	241,803,062
Net change in non-controlling interests (Unaudited)	--	--	--	--	--	--	--	2,205,000
Total comprehensive income / (loss) for the period (Unaudited)	--	--	--	--	--	--	--	2,205,000
Profit/(loss) for the period (Unaudited)	--	--	--	--	--	91,530,966	91,530,966	(5,340,466)
Other comprehensive income / (loss) for the period (Unaudited)	--	--	--	(135,156)	28,094,411	--	27,959,255	(49,718)
Total comprehensive income/ (loss) for the period (Unaudited)	--	--	--	(135,156)	28,094,411	91,530,966	119,490,221	(5,390,184)
As at 31 March 2021 (Unaudited)	800,000,000	240,000,000	67,547,177	(22,380,565)	52,187,140	509,615,274	1,646,969,026	238,617,878
As at 1 January 2022 (Audited)	800,000,000	293,701,965	67,547,177	(29,523,376)	32,240,686	902,491,085	2,066,457,537	235,739,033
Net change in non-controlling interests (Unaudited)	--	--	--	--	--	--	--	--
Total comprehensive income/ (loss) for the period (Unaudited)	--	--	--	--	--	3,670,758	3,670,758	(3,670,758)
Profit/(loss) for the period (Unaudited)	--	--	--	--	--	112,512,803	112,512,803	(2,079,461)
Other comprehensive income / (loss) for the period (Unaudited)	--	--	--	(3,605,899)	(4,515,703)	--	(8,121,602)	6,273
Total comprehensive income/ (loss) for the period (Unaudited)	--	--	--	(3,605,899)	(4,515,703)	112,512,803	104,391,201	(2,073,188)
As at 31 March 2022 (Unaudited)	800,000,000	293,701,965	67,547,177	(33,129,275)	27,724,983	1,018,674,646	2,174,519,496	229,995,087

The accompanying notes from 1 to 24 form an integral part of these condensed consolidated interim financial statements.

SAUDI RESEARCH AND MEDIA GROUP
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the three-month period ended 31 March 2022
(Expressed in Saudi Riyal)

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
Profit for the period before Zakat and income tax		129,972,794	100,001,224
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		27,702,951	23,772,574
Amortization of intangible assets		21,629,166	21,335,623
Depreciation of right-of-use assets		6,720,342	6,964,774
Fund management fees	9a	595,380	658,324
Realized gain from sale of financial assets at fair value through profit or loss (FVTPL)	9b	(12,063,649)	(2,261,150)
Unrealized gain from financial assets at fair value through profit or loss (FVTPL)	9b	11,333,719	2,039,896
Gains from sale of property, plant, and equipment		(17,557)	-
Finance costs		6,457,546	15,067,391
Impairment loss on trade receivables		7,218,898	1,089,417
Provision for slow-moving inventories		209,213	129,440
Amortization of financial assets at amortized cost		1,628,451	-
Defined employees' benefits liabilities provision		4,302,242	3,631,611
		205,689,496	172,429,124
Changes in:			
Inventories		(3,267,474)	7,538,350
Trade receivables		61,993,753	51,683,039
Prepayments and other current assets		(38,798,416)	(2,215,397)
Trade payables		(45,694,861)	(25,680,394)
Contract liabilities		4,650,588	(82,179,673)
Accrued expenses and other current liabilities		(48,850,132)	(22,416,784)
		135,722,954	99,158,265
Finance cost paid		(8,682,413)	(12,244,409)
Zakat and income tax paid		(250,033)	-
Defined employees' benefits liabilities paid		(2,907,333)	(2,730,818)
Net cash from operating activities		123,883,175	84,183,038
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		40,195	-
Addition of property, plant and equipment		(75,547,195)	(13,191,205)
Addition of intangible assets		(2,187,544)	(2,366,442)
Short-term investments, net		(300,000,000)	-
Proceeds from sale of financial assets fair value through profit or loss (FVTPL)	9b	199,589,938	43,000,000
Addition of financial assets at fair value through other comprehensive income (FVOCI)	9a	(3,000,000)	(3,240,000)
Net cash (used in) / from investing activities		(181,104,606)	24,202,353
Cash flows from financing activities			
Proceeds from Murabaha and term borrowings	15	277,363,017	557,808,506
Repayment of Murabaha and term borrowings	15	(272,011,999)	(555,477,655)
Lease liabilities paid		(4,882,119)	(8,195,830)
Change in non-controlling interests		-	2,205,000
Net cash from / (used in) financing activities		468,899	(3,659,979)
Net change in cash and cash equivalents		(56,752,532)	104,725,412
Cash and cash equivalents at the beginning of the period		396,786,676	387,700,102
Effect of movements in exchange rates		(2,608,449)	(904,395)
Cash and cash equivalents at the end of the period		337,425,695	491,521,119
Significant non-cash transactions:			
Additions to right-of-use assets and lease liabilities		-	1,517,575

The accompanying notes from 1 to 24 form an integral part of these condensed consolidated interim financial statements.

SAUDI RESEARCH AND MEDIA GROUP

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**For the three-month period ended 31 March 2022****1- REPORTING ENTITY**

Saudi Research and Media Group (the “Company” or the “Parent Company”) is a Saudi joint stock company registered in Riyadh, Kingdom of Saudi Arabia and operates under commercial registration number 1010087772 dated 29 Rabi Al-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 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 condensed consolidated interim financial statements include the financial position and results of operations of the Company and its domestic and foreign subsidiaries in the schedule below.

Following is the list of the subsidiaries incorporated within these condensed consolidated financial statements:

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

SAUDI RESEARCH AND MEDIA GROUP
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

1- REPORTING ENTITY (CONTINUED)

Following is the list of the subsidiaries incorporated within these condensed consolidated financial statements (continued):

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

SAUDI RESEARCH AND MEDIA GROUP

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2022

1- REPORTING ENTITY (CONTINUED)

Following is the list of the subsidiaries incorporated within these condensed consolidated financial statements (continued):

Subsidiaries	Country of incorporation and activities	Principal activity	Direct and indirect ownership %	
			<u>31</u> <u>March</u> <u>2022</u>	<u>31</u> <u>December</u> <u>2021</u>
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
		Registration, maintenance, and ownership of the Group's intellectual property	100	100
IPM Ltd	Guernsey Islands	Commercial activities	100	100
Sayidaty Products Co.	United Kingdom	Commercial activities	100	100
Sayidaty Limited Company	United Kingdom	Commercial activities	100	100
Euomena Company (formerly "Satellite Graphics")	United Kingdom	Commercial activities	100	100
Media Arabia Company Limited	Jersey	Commercial activities	100	100
Asharq News Services Company Limited	Kingdom of Saudi Arabia	TV broadcasting, radio, and platforms	100	100
	Kingdom of Saudi Arabia	Television Broadcasting and Radio and Forums	100	100
Asharq TV Company	United Kingdom		100	100
The News Hub Limited	Kingdom of Saudi Arabia	Printing, packaging, and plastic industries	70	70
Saudi Printing and Packaging Company (a)	Kingdom of Saudi Arabia	Publishing and electronic content	51	51
Argaam Investment and trading Company (b)	Kingdom of Saudi Arabia		51	51
Thmanyah Co. for Publishing and distribution (d)	Kingdom of Saudi Arabia	Provide visual content	51	51

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

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

SAUDI RESEARCH AND MEDIA GROUP
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

1- REPORTING ENTITY (CONTINUED)

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

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

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

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

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

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

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

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

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

SAUDI RESEARCH AND MEDIA GROUP
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

1- REPORTING ENTITY (CONTINUED)

Goodwill:

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

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

2- BASIS OF PREPARATION

These condensed consolidated interim financial statements for the three-month period ended 31 March 2022 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) and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2021 ('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 31 December 2021.

a) Basis of preparation

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;
- Derivative financial instruments are measured at fair value; and
- 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 Company's functional currency and the Group's presentation currency. All amounts are shown in full unless otherwise indicated.

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.

SAUDI RESEARCH AND MEDIA GROUP
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

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 2021. 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 2021, except for the adoption of new standards effective as at 1 January 2022.

In the current period, the Group has accounted for a derivative financial instrument which was not material within the condensed consolidated interim financial statements and annual consolidated financial statements for the year ended 31 December 2021. The policy for the derivative financial instruments is summarized below:

Derivative financial instruments

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

5- FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

6- NEW STANDARDS OR AMENDMENTS FOR 2022 AND FORTHCOMING REQUIREMENT

The following are a number of standards, amendments and interpretations of standards that were issued by the IASB as at 20 March 2022.

New and currently effective requirements:

Effective Date	New standards and amendments
1 April 2021	COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (amendments to IAS 37).
	Annual Improvements to IFRS Standards (2018 - 2020).
	Property, Plant and Equipment: Proceeds Before Intended Use (amendments to IAS 16).
	Reference to conceptual framework (amendments to IFRS)

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 31 March 2022.

SAUDI RESEARCH AND MEDIA GROUP
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

6- NEW STANDARDS OR AMENDMENTS FOR 2022 AND FORTHCOMING REQUIREMENT (CONTINUED)

Forthcoming Requirement:

Effective Date	New standards and amendments
1 January 2023	Classification of liabilities as current/non-current-Amendments to IAS 1.
	IFRS 17 - Insurance Contracts.
	Definition of accounting estimate -amendments to IAS 8
	Disclosure of accounting policies -amendments to IAS 1 and IFRS practice statement 2.
	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
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).

7- PROPERTY, PLANT AND EQUIPMENT

As at 31 March 2022, the cost of property, plant and equipment amounted to SR 2,308 million (31 December 2021: SR 2,236 million) and the accumulated depreciation as at 31 March 2022 amounted to SR 1,148 million (31 December 2021: SR 1,123 million).

Assets with net book value amounting to SR 746 million as at 31 March 2022 (31 December 2021: SR 755 million) were placed as collateral against long-term borrowing (note 15).

The capital commitments of the Group pertaining to purchase of property, plant and equipment amounted to SR 72.3 million as at 31 March 2022 (31 December 2021: SR 140.4 million). These are expected to be delivered in 2022.

8- INTANGIBLE ASSETS AND GOODWILL

The details of intangible assets are as follows:

	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Goodwill	389,745,066	389,745,066
Visual content project, websites, and copyrights	200,896,442	219,300,110
Mastheads	172,126,350	172,126,350
Computer software	47,278,031	48,303,153
Trade names	9,705,750	10,029,275
Projects in progress	738,445	441,579
	<u>820,490,084</u>	<u>839,945,533</u>

SAUDI RESEARCH AND MEDIA GROUP

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022**9- FINANCIAL ASSETS AT FVOCI & FVTPL**

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

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

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

The movement of financial assets during the three-month period ended 31 March 2022 and year ended 31 December 2021 is as follows:

	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
At 1 January	1,155,872,141	1,139,499,770
Additions	3,000,000	5,390,000
Dividends	-	5,316,057
Management fees	(595,380)	(2,481,643)
Changes in fair value	(4,515,703)	8,147,957
At end of period / year	1,153,761,058	1,155,872,141

SAUDI RESEARCH AND MEDIA GROUP
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

9- FINANCIAL ASSETS AT FVOCI & FVTPL (CONTINUED)

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

The movement of financial assets at FVTPL is as follows:

	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
At 1 January	349,302,897	241,211,454
Additions during the year	-	150,000,000
Disposals during the period / year	(199,589,938)	(43,000,000)
Realized gain on disposal during the period / year	12,063,649	2,261,151
Changes in fair value during the period / year	(11,333,719)	(1,169,708)
At end of period / year	<u>150,442,889</u>	<u>349,302,897</u>

10- INVENTORY

The provision for slow-moving inventories as at 31 March 2022 amounted to SR 26.5 million (31 December 2021: SR 26.3 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 31 March 2022 and 31 December 2021 is divided into 80 million shares of SR 10 each.

12- STATUTORY RESERVE

In accordance with the Parent Company's by-laws, the Group is required to set aside 10% of its net profit as statutory reserve. The general assembly may cease such transfer when this reserve equals 30% of the share capital. The statutory reserve is not available for distribution.

13- CONTRACTUAL RESERVE

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

14- DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 March 2022, the Group held an IRS of a notional value of SR 178.9 million (2021: SAR 191.2 million) in order to hedge its exposure to interest rate risks related to long term financing (note 15). The notional amounts indicate the volume of transactions outstanding at the end of the period and are neither indicative of market or credit risk.

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate underlying a derivative contract may have a significant impact on statement of profit or loss of the Group.

As at 31 March 2022 a derivative financial instrument asset has been recognised in the condensed consolidated interim statement of financial position amounting to SAR 5.1 million and decreased in finance cost of the same amount.

SAUDI RESEARCH AND MEDIA GROUP

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS For the three-month period ended 31 March 2022

15- 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 1.2 billion (31 December 2021: SR 1.2 billion). The purpose of these facilities is to finance the working capital, investments, import of raw materials, and equipment relating to the Group's activities. These facilities bear financial charges as per the relevant agreements.

The subsidiary company of the Group, Saudi Printing and Packaging Company, signed several financing agreements and banking facilities with a number of local and foreign banks, which include loans and Murabaha, credit facilities, letters of credit and letters of guarantee, on different periods starting from December 2018 and ending in March 2029, which are subject to renewal. The credit limit for total facilities was SR 952.4 million as at 31 March 2022 (31 December 2021: SR 884.6 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 customers. The purpose of these facilities is to finance the activity, working capital, investments, capital expenditures import of raw materials, and equipment related to SPPC's activities and projects.

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

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

This loan has an attached IRS which has resulted in a derivative financial instrument asset as at 31 March 2022 (note 14). These facilities are subject to interest charges according to the relevant agreements, ranging from 2% to 3.5% + SIBOR and EIBOR. Under these agreements, SPPC and its subsidiary provided a number of guarantees to cover the full value of the financing which consist of the following:

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

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 31 March 2022, the balance outstanding amounted to SR 866.2 million (31 December 2021: SR 858.1 million). The following is an analysis of the loans and Murabaha transactions:

SAUDI RESEARCH AND MEDIA GROUP

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**For the three-month period ended 31 March 2022****15- MURABAHA AND BORROWINGS (CONTINUED)**

	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Short-term borrowing	272,762,800	280,852,010
Long-term borrowing	570,389,323	554,867,305
Bank overdrafts	17,309,578	19,172,640
Accrued finance costs	5,753,253	3,182,322
Total borrowings and Murabaha	866,214,954	858,074,277
Less: Current portion	(453,030,534)	(439,393,795)
Non-current portion	413,184,420	418,680,482

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

	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
At 1 January	858,074,277	943,554,857
Proceeds from borrowings	277,363,017	1,446,343,578
Repayment of borrowings	(272,011,998)	(1,530,432,225)
Finance costs	8,278,490	38,601,249
Paid finance costs	(5,488,832)	(39,993,182)
At end of period / year	866,214,954	858,074,277

SAUDI RESEARCH AND MEDIA GROUP

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS **For the three-month period ended 31 March 2022**

16- ZAKAT AND INCOME TAX

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

Provision for zakat and income tax is recognized and provided within the condensed consolidated interim statement of profit or loss. The differences arising on calculating the zakat related to the final assessment are settled in the period in which they are completed.

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

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

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

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

The Company and its wholly owned subsidiaries have filed Zakat returns for the years 2014 through 2018. The ZATCA has issued the final assessment for the years from 2014 to 2018 and accordingly the Company and its wholly owned subsidiaries has made a provision to cover the potential claims as at 31 December 2020 amounting to SR 57,259,524. Subsequent to the year ended 31 December 2020, the Company and its wholly owned subsidiaries have filed an appeal to the Zakat Dispute Committee and the objection was partially accepted by ZATCA and the assessment was adjusted to be SR 27,318,553. Accordingly, the Company and its wholly owned subsidiaries have resorted to General Secretariat of Committees for Resolution of Zakat, Tax and Customs Violations and Disputes to file an objection on Zakat Dispute Committee’s resolution.

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

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

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

a. Saudi Printing and Packaging Company:

Zakat provision is estimated and charged to the consolidated statement of profit or loss. The differences arising on 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 certificate for these years.

ZATCA issued assessment notices for the years 31 December 2005 to 2008 and requested SPPC to pay additional Zakat amounting to SR 6,582,634. SPPC filed an objection against the said assessment, and during 2016 the objection was not accepted by ZATCA from both an objective and form aspect with the exception of some deferred gains which amounted to SR 2,004,578 for which the objection was accepted and was mentioned in the original objection amount. Furthermore, ZATCA also requested payment of zakat differences due from the unauthorized profit difference for the years 2005 and 2006 amounted to SR 143,203, which were paid by the SPPC during 2018 and mentioned within the original objection amount. The assessment discussions for the years ended 31 December 2005 to 2008 between ZATCA and SPPC are ongoing as at 31 March 2022.

SAUDI RESEARCH AND MEDIA GROUP
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

16- ZAKAT AND INCOME TAX (CONTINUED)

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

a. Saudi Printing and Packaging Company: (continued)

SPPC filed consolidated zakat returns to ZATCA for the years ended 31 December 2009 until 2013 and received Zakat certificate for these years. The assessment notices for the mentioned years up to 31 December 2021 have not yet issued by ZATCA. ZATCA issued assessment for the year ended 31 December 2014 without additional amounts.

SPPC filed consolidated Zakat returns to General Authority of Zakat and Income Tax for the years ended 31 December 2015, 2016, and 2018 and received a restricted Zakat certificate for these years. ZATCA issued assessment for these years and requested SPPC to pay amount of SR 16,314,362. SPPC has filed an objection against the said assessment which are ongoing as at 31 March 2022.

ZATCA issued an assessment on the 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 requested SPPC to pay the difference amounting to SR 9,122,853. However, SPPC objected to the assessment and the objection was partially accepted; 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 a restricted zakat certificate for these years. ZATCA issued an assessment for these years during 2021 and requested the SPPC to pay additional amount of SR 22,428,204. SPPC has paid 25% of the variances according to the ZATCA regulations and filed an objection against the said assessment.

b. Argaam Investment Trading Company:

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

c. Thmanyah for Publishing and Distribution Company:

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

Income tax:

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

17- EARNINGS PER SHARE

Basic / diluted earnings per share (EPS) for income attributable to ordinary shares are calculated by the appropriation of the weighted average number of outstanding ordinary shares. Earnings per share for the three-month period ended 31 March 2022 has been computed based on the weighted average number of shares outstanding during the period which amounted to 80,000,000 shares for the three-month period ended 31 March 2022 (three-month period ended 31 March 2021: 80,000,000 shares). There are no contingent ordinary diluted shares. Diluted earnings per share is the same as the basic earnings per share as the Group does not have any convertible securities nor diluted instruments to exercise.

SAUDI RESEARCH AND MEDIA GROUP
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

18- FINANCIAL INSTRUMENTS FAIR VALUES AND RISK MANAGEMENT

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

	Carrying value			Fair value		
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Amortized cost	Other financial liabilities	Total	Total
31 March 2022 (Unaudited)						
Financial assets measured at fair value						
Financial assets at fair value through profit or loss	150,442,889	-	-	-	150,442,889	150,442,889
Financial assets at fair value through other comprehensive income (OCI)	-	1,153,761,058	-	-	1,153,761,058	1,153,761,058
Derivative financial instruments	5,097,610	-	-	-	5,097,610	5,097,610
	155,540,499	1,153,761,058	-	-	1,309,301,557	1,309,301,557
Financial assets not measured at fair value						
Trade receivables-current	-	-	946,280,440	-	946,280,440	-
Trade receivables-non-current	-	-	13,056,470	-	13,056,470	-
Financial assets at amortized cost	-	-	305,523,549	-	305,523,549	-
Short-term investments	-	-	1,000,000,000	-	1,000,000,000	-
Cash and cash equivalents	-	-	337,425,695	-	337,425,695	-
	-	-	2,602,286,154	-	2,602,286,154	-
Financial liabilities not measured at fair value						
Loans and Murabaha - current	-	-	-	453,030,533	453,030,533	-
Loans and Murabaha - non-current	-	-	-	413,184,420	413,184,420	-
Trade payable - current	-	-	-	292,681,462	292,681,462	-
Trade payable - non-current	-	-	-	71,696,668	71,696,668	-
Accrued expenses and other current liabilities	-	-	-	256,775,221	256,775,221	-
Non-current liabilities - others	-	-	-	15,562,227	15,562,227	-
Lease liabilities - current	-	-	-	24,305,292	24,305,292	-
Lease liabilities - non-current	-	-	-	65,848,876	65,848,876	-
	-	-	-	1,593,084,699	1,593,084,699	-

SAUDI RESEARCH AND MEDIA GROUP
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

18- 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
31 December 2021 (Audited)								
Financial assets measured at fair value								
Financial assets at fair value through profit or loss	349,302,897	-	-	-	349,302,897	-	349,302,897	-
Financial assets at fair value through other comprehensive income (OCI)	-	1,155,872,141	-	-	1,155,872,141	-	1,155,872,141	-
	<u>349,302,897</u>	<u>1,155,872,141</u>	<u>-</u>	<u>-</u>	<u>1,505,175,038</u>	<u>-</u>	<u>1,505,175,038</u>	<u>-</u>
Financial assets not measured at fair value								
Trade receivables	-	-	1,028,549,561	-	1,028,549,561	-	-	-
Financial assets at amortized cost	-	-	307,152,000	-	307,152,000	-	-	-
Short-term investments	-	-	700,000,000	-	700,000,000	-	-	-
Cash and cash equivalents	-	-	396,786,676	-	396,786,676	-	-	-
	<u>-</u>	<u>-</u>	<u>2,432,488,237</u>	<u>-</u>	<u>2,432,488,237</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
Loans and Murabaha - current	-	-	-	439,393,795	439,393,795	-	-	-
Loans and Murabaha - non-current	-	-	-	418,680,482	418,680,482	-	-	-
Trade payable - current	-	-	-	329,667,273	329,667,273	-	-	-
Trade payable - non-current	-	-	-	80,379,078	80,379,078	-	-	-
Accrued expenses and other current liabilities	-	-	-	305,625,353	305,625,353	-	-	-
Non-current liabilities - others	-	-	-	7,287,235	7,287,235	-	-	-
Lease liabilities - current	-	-	-	26,376,068	26,376,068	-	-	-
Lease liabilities - non-current	-	-	-	70,383,979	70,383,979	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,677,793,263</u>	<u>1,677,793,263</u>	<u>-</u>	<u>-</u>	<u>-</u>

SAUDI RESEARCH AND MEDIA GROUP

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022**19- 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 31 March 2022.

The Group has the following contingent liabilities and commitments:

	31 March 2022 (in million) (Unaudited) SR	31 December 2021 (in million) (Audited) SR
Letters of credits	98.4	22.1
Letters of guarantee	17.4	5.3
Trades and marketing commitments	15.0	16.0
Capital commitments (note 7)	72.3	140.4

20- SEGMENT INFORMATION

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

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

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

The Chief Executive Officer and the Chief Operating Officer both monitor the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently with income in the 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.

SAUDI RESEARCH AND MEDIA GROUP
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

20- SEGMENT INFORMATION (CONTINUED)

The following table presents revenues and profit information for the Group's operating segments for the three-month period ended 31 March 2022 (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	310,573,109	240,456,199	223,764,604	11,545,763	786,339,675	-	786,339,675
Inter-segment	87,644,330	-	12,658,242	652,069	100,954,641	(100,954,641)	-
Total revenues	398,217,439	240,456,199	236,422,846	12,197,832	887,294,316	(100,954,641)	786,339,675
Gross profit	94,769,775	131,089,412	34,195,954	8,223,026	268,278,167	(6,653,551)	261,624,616
Segment profit (loss)	57,735,288	94,996,426	(3,280,041)	(1,726,702)	147,724,971	(35,212,168)	112,512,803

The following table presents revenues and profit information for the Group's operating segments for the three-month period ended 31 March 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	224,611,507	186,072,285	170,305,820	15,824,653	596,814,265	-	596,814,265
Inter-segment	86,749,999	13,906,847	3,134,520	693,551	104,484,917	(104,484,917)	-
Total revenue	311,361,506	199,979,132	173,440,340	16,518,204	701,299,182	(104,484,917)	596,814,265
Gross profit	78,622,221	101,973,960	22,872,740	10,426,156	213,895,077	(5,489,792)	208,405,285
Segment profit (loss)	42,446,406	76,864,407	(13,556,737)	1,544,370	107,298,446	(15,767,480)	91,530,966

SAUDI RESEARCH AND MEDIA GROUP
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022

20- SEGMENT INFORMATION (CONTINUED)

The following table presents total assets and total liabilities information for the Group's operating segments as of 31 March 2022 (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	3,233,247,562		7,175,485,653		1,727,164,255		643,343,754		12,779,241,224		(6,376,351,673)		6,402,889,551	
Total liabilities	3,527,190,058		4,468,183,081		1,088,702,447		297,787,333		9,381,862,919		(5,383,487,951)		3,998,374,968	

The following table presents total assets and total liabilities information for the Group's operating segments as of 31 December 2021 (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	3,182,723,271		6,493,755,361		1,702,052,042		788,351,341		12,166,882,015		(5,798,742,777)		6,368,139,238	
Total liabilities	3,404,600,250		4,437,059,163		1,060,305,829		328,712,391		9,230,677,633		(5,164,734,965)		4,065,942,668	

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

Adjustments and eliminations

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

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

SAUDI RESEARCH AND MEDIA GROUP

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022**20- 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.

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

Printing and packaging

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

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

Other segments:

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

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

	31 March 2022 (Unaudited) SR	31 March 2021 (Unaudited) SR
At a point of time	254,317,390	203,741,980
Over a period of time	532,022,285	393,072,285
	786,339,675	596,814,265

21- 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:

	31 March 2022 (Unaudited) SR	31 March 2021 (Unaudited) SR
BOD expenses, allowances, and respective committees	2,570,000	1,691,861
Benefits of Group's key management personnel	3,368,288	2,510,963

SAUDI RESEARCH AND MEDIA GROUP

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three-month period ended 31 March 2022**21- 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>	31 March	31 March
			2022	2021
			(Unaudited)	(Unaudited)
			SR	SR
Al Madarat Company for advertising and its subsidiaries for advertising services	Owned by board of directors' member	Media service, programs, and films production	-	7,763,444
Al-Fahed law firm	Owned by board of directors' member	Legal consultancy	132,814	1,540,500

In addition, the Group has an outstanding balance of SR 27.8 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.

22- COMPARATIVE FIGURES

Certain prior period figures have been reclassified to conform for better presentation of the condensed consolidated interim statement of financial position, statement of profit or loss and consolidated statement of cash flows. The reclassification did not affect the profits and equity of the previous periods / years.

23- 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 condensed consolidated financial statements.

24- BOARD OF DIRECTORS APPROVAL

The condensed consolidated interim financial statements were approved by the Board of Directors on 17 Shawwal 1443 H corresponding to 18 May 2022.