

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

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

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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

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UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

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

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Research and Media Group ("the company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2023, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month period ended 31 March 2023, and the related interim condensed statements of changes in equity and cash flows for the three-month period then ended, and other explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review**

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

**Conclusion**

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

**Other matter**

The interim condensed consolidated financial statements of the group for the three-month period ended 31 March 2022 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 21 Shawwal 1443H (corresponding to 22 May 2022G).

for Ernst & Young Professional Services

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

Riyadh: 2 Dhul-Qa'dah 1444H  
(22 May 2023G)



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	As at 31 March 2023 (Unaudited) SR	As at 31 December 2022 (Audited) SR
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	7	1,209,364,010	1,212,374,145
Right-of-use assets	8	122,241,816	122,017,727
Intangible assets and goodwill	9	1,112,366,136	971,046,194
Investment properties	10	25,561,179	25,643,502
Financial assets at fair value through other comprehensive income	11	1,212,089,049	1,137,948,446
Derivative financial instruments	17	8,665,937	8,665,937
Non-current trade receivables		8,640,981	9,356,428
<b>Total non-current assets</b>		<b>3,698,929,108</b>	<b>3,487,052,379</b>
<b>Current assets</b>			
Inventories	13	217,342,877	268,430,085
Trade receivables		878,790,841	898,704,616
Prepayments and other current assets		246,134,845	212,044,185
Financial assets at amortized cost		235,504,461	536,337,732
Short-term investments		585,000,000	1,060,000,000
Cash and cash equivalents	12	487,826,176	273,452,109
<b>Total current assets</b>		<b>2,650,599,200</b>	<b>3,248,968,727</b>
<b>Total assets</b>		<b>6,349,528,308</b>	<b>6,736,021,106</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity attributable to equity holders of the Parent Company		2,831,435,481	2,651,606,096
Non-controlling interests		220,016,922	226,998,743
<b>Total equity</b>		<b>3,051,452,403</b>	<b>2,878,604,839</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings and Murabaha	18	323,489,867	332,302,893
Contract liabilities		184,792,781	309,478,494
Defined employees' benefits liabilities		126,533,335	122,045,219
Non-current trade payables		323,164,221	208,651,500
Other non-current liabilities		22,946,475	22,526,015
Deferred tax liabilities		1,050	1,307
Lease liabilities		89,879,424	88,838,851
<b>Total non-current liabilities</b>		<b>1,070,807,153</b>	<b>1,083,844,279</b>
<b>Current liabilities</b>			
Borrowings and Murabaha – current portion	18	487,689,090	486,469,539
Trade payables		283,825,067	304,139,524
Contract liabilities – current portion		873,911,814	1,387,972,390
Accrued expenses and other current liabilities		323,032,339	358,021,152
Lease liabilities – current portion		29,936,748	30,712,447
Provision for Zakat and income tax	19	228,873,694	206,256,936
<b>Total current liabilities</b>		<b>2,227,268,752</b>	<b>2,773,571,988</b>
<b>Total liabilities</b>		<b>3,298,075,905</b>	<b>3,857,416,267</b>
<b>Total equity and liabilities</b>		<b>6,349,528,308</b>	<b>6,736,021,106</b>

Chairman  
Abdulrahman Al Rówaita

CEO and Board Member  
Jomana AlRashid

CFO  
Mohammed Abdulfatah Nazer

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three-month period ended 31 March 2023

		<i>For the three-month period ended 31 March</i>	
		<b>2023</b>	<b>2022</b>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Notes</i>		<b>SR</b>	<b>SR</b>
Revenues	23	<b>884,637,075</b>	786,339,675
Cost of revenues		<b>(605,460,255)</b>	(524,715,059)
<b>Gross profit</b>		<b>279,176,820</b>	261,624,616
General and administrative expenses		<b>(109,916,507)</b>	(100,345,931)
Selling, marketing and distribution expenses		<b>(25,520,705)</b>	(22,909,851)
Allowance for expected credit losses on trade receivables		<b>(414,229)</b>	(7,218,898)
Other operating income, net		<b>396,236</b>	4,048,832
<b>Income from operations</b>		<b>143,721,615</b>	135,198,768
Finance costs		<b>(20,709,222)</b>	(12,235,757)
Finance income		<b>14,384,232</b>	7,009,783
<b>Finance cost, net</b>		<b>(6,324,990)</b>	(5,225,974)
<b>Income before Zakat and income tax</b>		<b>137,396,625</b>	129,972,794
Zakat and income tax	19	<b>(23,385,605)</b>	(19,539,452)
<b>Net income for the period</b>		<b>114,011,020</b>	110,433,342
<b>Attributable to:</b>			
Equity holders of the Parent Company		<b>120,974,007</b>	112,512,803
Non-controlling interests		<b>(6,962,987)</b>	(2,079,461)
		<b>114,011,020</b>	110,433,342
<b>Basic and diluted earnings per share</b>			
Earnings per share from net income attributable to equity holders of the Parent Company	20	<b>1.51</b>	1.41

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2023

	<i>For the three-month period ended 31 March</i>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>SR</b>	<b>SR</b>
Net income for the period	<b>114,011,020</b>	110,433,342
<b>Other comprehensive income/(loss)</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
- Fair value changes of financial assets at fair value through other comprehensive income	<b>59,457,383</b>	(4,515,703)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
- Foreign currency translation differences – foreign operations	<b>(620,839)</b>	(3,599,626)
<b>Movement of other comprehensive profit/(loss) for the period</b>	<b>58,836,544</b>	(8,115,329)
<b>Total comprehensive income for the period</b>	<b>172,847,564</b>	102,318,013
<b>Attributable to:</b>		
Equity holders of the Parent Company	<b>179,829,385</b>	104,391,201
Non-controlling interests	<b>(6,981,821)</b>	(2,073,188)
	<b>172,847,564</b>	<b>102,318,013</b>

Three handwritten signatures in blue ink are present below the table. The first signature is a large, stylized 'M' with a dot. The second is a smaller, cursive signature. The third is a signature with a horizontal line underneath it.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2023

	Equity attributable to equity holders of the Parent Company						Non-controlling interests SR	Total equity SR	
	Capital SR	Statutory reserve SR	Contractual reserve SR	Translation reserve SR	Fair value of financial assets reserve SR	Retained earnings SR			Total SR
<b>Balance as at 1 January 2022 (audited)</b>	800,000,000	293,701,965	67,547,177	(29,523,376)	32,240,686	902,491,085	2,066,457,537	235,739,033	2,302,196,570
Transactions with non-controlling interests – business unit acquisition transaction	-	-	-	-	-	3,670,758	3,670,758	(3,670,758)	-
Net income/(loss) for the period	-	-	-	-	-	112,512,803	112,512,803	(2,079,461)	110,433,342
Other comprehensive (loss)/income for the period	-	-	-	(3,605,899)	(4,515,703)	-	(8,121,602)	6,273	(8,115,329)
Total comprehensive (loss)/income for the period	-	-	-	(3,605,899)	(4,515,703)	112,512,803	104,391,201	(2,073,188)	102,318,013
<b>Balance as at 31 March 2022 (unaudited)</b>	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	2,404,514,583
<b>Balance as at 1 January 2023 (audited)</b>	800,000,000	293,701,965	67,547,177	(44,705,472)	(34,874,098)	1,569,936,524	2,651,606,096	226,998,743	2,878,604,839
Net income/(loss) for the period	-	-	-	-	-	120,974,007	120,974,007	(6,962,987)	114,011,020
Other comprehensive (loss)/income for the period	-	-	-	(602,005)	59,457,383	-	58,855,378	(18,834)	58,836,544
Total comprehensive (loss)/income for the period	-	-	-	(602,005)	59,457,383	120,974,007	179,829,385	(6,981,821)	172,847,564
<b>Balance as at 31 March 2023 (unaudited)</b>	800,000,000	293,701,965	67,547,177	(45,307,477)	24,583,285	1,690,910,531	2,831,435,481	220,016,922	3,051,452,403

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2023

	Notes	For the three-month period ended 31 March	
		2023 (Unaudited) SR	2022 (Unaudited) SR
<b>Operating activities:</b>			
Income before Zakat and income tax		137,396,625	129,972,794
<i>Adjustments to reconcile income before Zakat and income tax to net cash flow from operating activities:</i>			
Depreciation		41,326,298	34,423,293
Amortization		24,732,483	21,629,166
Fund management fees	11	616,780	595,380
Realised gain from sale of financial assets at fair value through profit or loss (FVTPL)		-	(12,063,649)
Change in fair value of financial assets at FVTPL		-	11,333,719
Loss/(gain) from disposal of property, plant, and equipment		53,618	(17,557)
Finance income		(15,217,503)	(7,908,304)
Finance costs		20,709,222	11,555,071
Allowance for expected credit losses on trade receivables, net		414,229	7,218,898
Provision for slow-moving inventories		-	209,213
Amortization of premium on financial assets at amortized cost		833,271	1,628,451
Loss/(gain) from foreign exchange		1,939,704	(2,660,010)
Defined employees' benefits liabilities provision		6,417,900	4,302,242
		<b>219,222,627</b>	<b>200,218,707</b>
<i>Changes in operating assets and liabilities:</i>			
Inventories		51,092,193	(3,267,474)
Trade receivables		20,214,993	61,993,753
Prepayments and other current assets		(40,003,461)	(36,993,858)
Trade payables		(69,987,403)	(43,034,851)
Contract liabilities		(638,746,289)	4,650,588
Accrued expenses and other current liabilities		(34,988,813)	(48,850,132)
<b>Cash (used in)/from operations</b>		<b>(493,196,153)</b>	<b>134,716,733</b>
Zakat and income tax paid		(781,388)	(250,033)
Finance cost paid		(17,938,896)	(8,682,413)
Finance income received		21,130,307	1,006,221
Defined employees' benefits liabilities paid		(1,926,746)	(2,907,333)
<b>Net cash (used in)/from operating activities</b>		<b>(492,712,876)</b>	<b>123,883,175</b>
<b>Investing activities:</b>			
Proceeds from disposal of property, plant, and equipment		4,033	40,195
Additions of property, plant, and equipment		(28,333,089)	(75,547,195)
Additions of intangible assets		(2,186,071)	(2,187,544)
Proceeds from sale of financial assets at FVTPL		-	199,589,938
Proceeds from financial assets at amortised costs		300,000,000	-
Short-term investments, net		475,000,000	(300,000,000)
Addition of financial assets at FVOCI	11	(15,300,000)	(3,000,000)
<b>Net cash from/(used in) investing activities</b>		<b>729,184,873</b>	<b>(181,104,606)</b>
<b>Financing activities:</b>			
Proceeds from Murabaha and term borrowings	18	372,147,040	277,363,017
Repayment of Murabaha and term borrowings	18	(384,011,856)	(272,011,999)
Lease liabilities paid		(8,140,806)	(4,882,119)
<b>Net cash (used in)/from financing activities</b>		<b>(20,005,622)</b>	<b>468,899</b>
Net change in cash and cash equivalents		216,466,375	(56,752,532)
Effect of movements in exchange rates		(2,092,308)	(2,608,449)
Cash and cash equivalents at the beginning of the period		263,659,257	396,786,676
<b>Cash and cash equivalents at the end of the period</b>	12	<b>478,033,324</b>	<b>337,425,695</b>

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

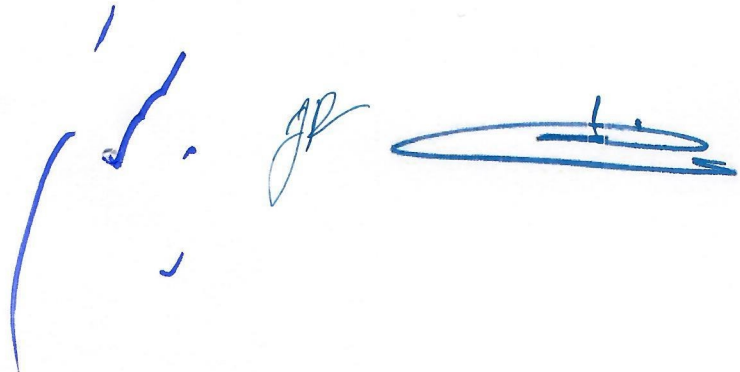


SAUDI RESEARCH AND MEDIA GROUP (SRMG)  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the three-month period ended 31 March 2023

	<i>Notes</i>	<i>For the three-month period ended 31 March</i>	
		<b>2023</b> <i>(Unaudited)</i> SR	<b>2022</b> <i>(Unaudited)</i> SR
<b><u>Significant non-cash transactions:</u></b>			
Additions to right-of-use assets and lease liabilities	8	5,757,086	-
Intangible assets acquired but not yet settled and included under trade payables		163,855,087	-



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023

**1. Corporate information**

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

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

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

**1. Corporate information (continued)**

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

<i>Subsidiaries</i>	<i>Country of incorporation and activities</i>	<i>Principal activity</i>	<i>Direct and indirect ownership %</i>	
			<i>As at 31 March 2023</i>	<i>As at 31 December 2022</i>
Taoq Public Relations Company Limited	KSA	Public relations and communication	100	100
Takanah Public Relations Company Limited (c)	KSA	Finance and business services	100	100
Numu Training and Consulting Company	KSA	Training and consulting	100	100
Education Concept for Educational and Technical Solutions Company	KSA	Import, export, and wholesale trade	100	100
Numu Alelaniah for Advertising	KSA	Visual and readable media and advertising services	100	100
Arab Net Technology Co. Ltd	United Kingdom	Internet services	100	100
Al Khaleejiah Company Ltd	United Kingdom	Advertising	100	100
Book Depot for Publishing and Distribution (Ethra'a)	Jordan	Publishing and Distribution	100	100
Nasheron co (previously Raff Publishing Company) (c)	KSA	Publishing and distribution	100	100
Taoq Media Research Company	KSA	Research and support	100	100
Al Sharq News Services Company Limited	United Arab Emirates	TV broadcasting, radio, and other media platforms	100	100
Content Specialized Media Company	United Arab Emirates	Specialized publishing	100	100
University Book Shop Company	United Arab Emirates	Publishing and distribution	100	100
Smart Super Stores Company	United Arab Emirates	Publishing and distribution	100	100
HH Saudi Research and Marketing Company	United Kingdom	Publishing and distribution	100	100
Media Investment Company Limited	United Kingdom	Rental services	100	100
Al-Majalla Magazine Limited	United Kingdom	Commercial activities	100	100
Asharq Al Awsat Co. Ltd	United Kingdom	Main center activities	100	100
IPM Ltd	Guernsey Islands	Registration, maintenance, and ownership of the Group's intellectual property	100	100
Sayidaty Products Co.	Guernsey Islands	Commercial activities	100	100
Sayidaty Limited Company	United Kingdom	Commercial activities	100	100
Euromena Company (formerly "Satellite Graphics")	United Kingdom	Commercial activities	100	100
Media Arabia Company Limited	Jersey	Commercial activities	100	100
Al Sharq News Services Company Limited	KSA	TV broadcasting, radio, and platforms	100	100
Alsharq TV Company	KSA	Television Broadcasting and Radio and Forums	100	100
The News Hub Limited	United Kingdom	News wire	100	100
The News Hub Limited	KSA	News wire	100	100
Raff Publishing LLC	KSA	Publishing and distribution	100	100
Manga Arabia LLC	KSA	Publishing and distribution	100	100
SRMG Godo Kaisha	Japan	Publishing	100	100

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

**1. Corporate information (continued)**

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

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

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

<i>Subsidiaries</i>	<i>Country of incorporation and activities</i>	<i>Principal activity</i>	<i>The Group percentage of indirect ownership (%)</i>	
			<i>As at 31 March 2023</i>	<i>As at 31 December 2022</i>
Al Madinah Al Mounoura for Printing and Publishing Company	KSA	Printing	70	70
Hala Printing company	KSA	Printing	70	70
Future Industrial Investment Company	KSA	Printing and packaging	70	70
Emirates National Factory for Plastic Industries and its Subsidiaries	United Arab Emirates	Packaging and plastic industries	70	70

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

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

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

**2. Basis of preparation**

The interim condensed consolidated financial statements for the three months ended 31 March 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The Management considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the date of these interim condensed consolidated financial statements.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022.

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**2. Basis of preparation (continued)**

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

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

**Functional and presentation currency**

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

**3. Significant accounting judgements, estimates and assumptions**

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

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

**4. Accounting policies**

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2022 except as disclosed below and in note 6.

**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.

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

***Definition of Accounting Estimates - Amendments to IAS 8***

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

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

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

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them.

The amendments had no impact on the Group's interim condensed consolidated financial statements, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

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

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

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

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

**7. Property, plant, and equipment**

As at 31 March 2023, the cost of property, plant and equipment amounted to SR 2,474.2 million (31 December 2022: SR 2,488.3 million) and the accumulated depreciation as at 31 March 2023 amounted to SR 1,264.8 million (31 December 2022: SR 1,275.9 million).

During the three-month period ended 31 March 2023, the Group purchased assets with a cost of SR 28.3 million (31 March 2022: SR 75.5 million).

Certain property, plant and equipment were placed as collateral against long-term borrowing (note 18).

**Capital commitments**

The capital commitments of the Group pertaining to purchase of property, plant and equipment amounted to SR 204.4 million as at 31 March 2023 (31 December 2022: SR 211.2 million). These are expected to be delivered in 2023.

**8. Right-of-use assets**

During the three-month period ended 31 March 2023, the Group obtained a lease contract for new radio towers, factory and office space which increased the right-of-use assets by SR 5.8 million (31 March 2022: SR Nil).

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**9. Intangible assets and goodwill**

The details of intangible assets and goodwill are as follows:

	As at 31 March 2023 SR	As at 31 December 2022 SR
Goodwill (*)	389,745,066	389,745,066
Visual content project, websites, and copyrights (a)	496,736,902	352,341,978
Mastheads (*)	172,126,350	172,126,350
Computer software	40,486,374	43,237,837
Trade names	8,411,743	8,735,262
Projects in progress	4,859,701	4,859,701
	<u>1,112,366,136</u>	<u>971,046,194</u>

**(\*) Sensitivity to changes in assumptions**

With regard to the assessment of value-in-use, there are no significant changes to the key assumptions, or the sensitivity information disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

**(a) Visual content project, websites, and copyrights**

During the current period, the Group recognised an intangible asset amounting to SR 163.9 million represents a license agreement to publish certain visual content.

**10. Investment properties**

As at 31 March 2023, the group holds investment properties with carrying value of SR 25.6 million (31 December 2022: SR 25.6 million) which has fair value of SR 50.1 million as at 31 December 2022.

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

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

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

The movement of financial assets at FVOCI is as follows:

	For the three-month period ended 31 March 2023 SR	For the year ended 31 December 2022 SR
At 1 January	1,137,948,446	1,155,872,141
Additions	15,300,000	50,463,190
Dividends	-	2,183,395
Management fees	(616,780)	(3,455,496)
Changes in fair value	59,457,383	(67,114,784)
	<u>1,212,089,049</u>	<u>1,137,948,446</u>

In accordance with the terms and conditions of investment funds with fair values of SR 1.21 billion (31 December 2022: SR 1.14 billion), the control of these investment funds rest with the fund manager.

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**12. Cash and cash equivalents**

	As at 31 March 2023 SR	As at 31 December 2022 SR
Cash at banks and on hand	378,033,324	263,659,257
Cash at banks – restricted accounts (*)	9,792,852	9,792,852
Cash at bank – term deposits	100,000,000	-
	<u>487,826,176</u>	<u>273,452,109</u>

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

	As at 31 March 2023 SR	As at 31 December 2022 SR
Total cash and cash equivalents	487,826,176	273,452,109
Less: restricted accounts (*)	<u>(9,792,852)</u>	<u>(9,792,852)</u>
	<u>478,033,324</u>	<u>263,659,257</u>

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

**13. Inventories**

The provision for slow-moving inventories as at 31 March 2023 amounted to SR 27.9 million (31 December 2022: SR 27.9 million) was in line with the policy adopted by the Group.

**14. Share capital**

The Company's share capital amounting to SR 800 million as of 31 March 2023 and 31 December 2022 is divided into 80 million shares of SR 10 each.

**15. Statutory reserve**

In accordance with the Parent Company's by-laws, the Group is required to set aside 10% of its net profit as statutory reserve. The general assembly may cease such transfer when this reserve equals 30% of the share capital. Based on the approval of the Ordinary General Assembly of Shareholders at its meeting on 18 Shawwal 1443H (corresponding to 19 May 2022), the transfer to statutory reserve was ceased. The statutory reserve is not available for distribution.

**16. Contractual reserve**

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

**17. Derivative financial instruments**

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

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

The Group uses derivative financial instruments mainly, profit rate swaps to hedge its profit rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Accordingly, the Group has recognised SR 8.7 million as a financial asset during the year ended 31 December 2022, and no additional asset has been recorded during the period ended 31 March 2023.



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Other details related to the profit rate swap arrangement are as follows:

	As at 31 March 2023 SR	As at 31 December 2022 SR
Change in fair value of the derivative instrument	-	8,665,937
Carrying amount of the derivative instrument	8,665,937	8,665,937
Notional amount of the derivative instrument	157,866,610	163,120,800
Maturity date of the derivative instrument	<b>6 December 2025</b>	6 December 2025

## 18. Borrowings and Murabaha

The Group has signed several financing agreements and banking facilities with a number of local and foreign banks, which include borrowings and Murabaha, credit facilities, letters of credit and letters of guarantee, amounting to SR 1.3 billion at 31 March 2023 (31 December 2022: SR 1.3 billion). Of the facilities available to the Group, as at 31 March 2023, the balance outstanding amounted to SR 811.2 million (31 December 2022: SR 818.8 million).

SPPC and its subsidiaries ("SPPC") have signed several financing agreements and banking facilities with a number of local and foreign banks, which include loans and Murabaha, credit facilities, letters of credit and letter of guarantee, on different periods starting from December 2018 and ending in March 2029, subject to renewal. The credit limit for total facilities was SAR 938.2 million as at 31 March 2023 (31 December 2022: SAR 942.9 million). These agreements are subject to the terms and conditions of banking facilities that apply to all types of facilities provided by banks to their clients. The purpose of these facilities is to finance the activity, working capital, investments and capital expenditures as well as to finance the import of raw materials and equipment related to SPPC's activities and projects. These facilities are subject to interest charges according to the relevant agreements, ranging from 1.65% to 3.5% per annum in addition to SAIBOR or EIBOR as applicable.

Under these agreements, SPPC and its subsidiary provided a number of guarantees to cover the full value of the financing which consist of the following:

- Promissory notes with the total value of the available facilities.
- A plot of land in Abhor district in Jeddah placed as collateral.
- An insurance policy which grants the bank the right to be first beneficiary for the amount equal to the value of the facility.
- Restricted bank accounts amounting to SR 9.8 million (31 December 2022: SR 9.8 million).
- Corporate Guarantee from Flexible Packaging Company Limited, Future Plus Company and Taibah Printing and Packaging Company Limited.
- Legal Mortgage over land and property of AED 105,610,000.
- Mortgage of Machineries worth AED 168,324,000.
- Assignment of all risk Islamic Insurance policy over mortgaged properties, inventory, and purchased machines.
- Pledge of stock/inventories in favor of the bank until full and final repayment of the total facilities.
- Hypothecation over inventories of ENPI amounting to the carrying value of the inventories at any given point in time.
- Hypothecation over ENPI receivable on pari passu basis between the lenders.
- Cross corporate guarantees of ENPI Companies for AED 382 million (31 December 2022: AED 290 million).

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

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

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

This loan has an IRS which has resulted in a derivative financial instrument asset as at 31 March 2023 (note 17).

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**18. Borrowings and Murabaha (continued)**

SRMG also obtained Islamic financing (Tawaruq) amounting to SR 20 million on 1 February 2023 from a local bank which shall be due for repayment on 1 May 2023, this borrowing carries financial charges at prevailing market borrowing costs.

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

	As at 31 March 2023 SR	As at 31 December 2022 SR
Long-term borrowing*	396,770,909	404,911,688
Short-term borrowing	385,708,061	389,382,622
Bank overdrafts	19,987,885	20,037,360
Accrued finance costs	8,712,102	4,440,762
Total borrowings and Murabaha	<u>811,178,957</u>	<u>818,772,432</u>
Less: Current portion	<u>(487,689,090)</u>	<u>(486,469,539)</u>
Non-current portion	<u>323,489,867</u>	<u>332,302,893</u>

\* Including the current portion of long-term loans.

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

	For the three- month period ended 31 March 2023 SR	For the year ended 31 December 2022 SR
At 1 January	818,772,432	858,074,277
Proceeds from borrowings	372,147,040	1,450,844,862
Repayment of borrowings	(384,011,856)	(1,491,405,148)
Finance costs	14,028,696	39,745,342
Paid finance costs	<u>(9,757,355)</u>	<u>(38,486,901)</u>
	<u>811,178,957</u>	<u>818,772,432</u>

**19. Zakat and income tax**

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

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

Zakat returns of the Company and its wholly owned subsidiaries are submitted to 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 2022.

**Status from inception till 2010**

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, the Committee issued a final decision, the Company and its wholly owned subsidiaries paid the amount proposed by the Committee, after which the status of the Company and its wholly owned subsidiaries was finalized and cleared for the aforementioned years.

**Status from 2011 to 2013**

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

**Status from 2014 to 2018**

The Company and its wholly owned subsidiaries have filed zakat returns for the years from 2014 through 2018. The ZATCA has issued the 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.

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**19. Zakat and income tax (continued)**

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

Status from 2014 to 2018 (continued)

The Company and its wholly owned subsidiaries have filed an objection on assessment for year 2014 which amounted to SR 4,605,062, which was partially accepted and the assessment was adjusted to SR 4,178,069. The Company and its wholly owned subsidiaries resorted to General Secretariat of Committees for Resolution of Zakat, Tax and Customs Violations and Disputes and a resolution in favor of the Company and its wholly owned subsidiaries has been issued. Subsequently, ZATCA filed an appeal on this resolution and the Company and its wholly owned subsidiaries have submitted their response to ZATCA appeal and provided all documents that support their position. The Company and its wholly owned subsidiaries believe that their position is strong and that the outcome will be in their favor.

Subsequent to the year ended 31 December 2020, the Company and its wholly owned subsidiaries have filed an appeal to the Zakat Dispute Committee for years 2015 to 2018 and the objection was partially accepted by ZATCA, and 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 the Zakat Dispute Committee's resolution. The objection was partially rejected by General Secretariat of Committees for Resolution of Zakat, Tax and Customs Violations and Disputes, accordingly, the Company and its wholly owned subsidiaries filed an appeal on the rejected items. ZATCA also filed an appeal on the accepted items where the Company and its wholly owned subsidiaries responded to the appeal within the allowed period. The Group believes it is too early to predict the outcome of the dispute and does not believe that additional provision is required.

ZATCA also issued zakat assessment on Numu Al Elmiah Company (a wholly owned subsidiary of the Company) for the years 2016 to 2018 with a value of SR 8,088,037. Numu Al Elmiah filed an objection to the Zakat Disputes Committee, and the objection was not accepted by ZATCA. Subsequently, Numu Al Elmiah resorted to the General Secretariat of Committees for Resolution of Zakat, Tax and Customs Violations and Disputes, and the objection was not accepted by General Secretariat of Committees for Resolution of Zakat, Tax and Customs Violations and Disputes. Numu Al Elmiah resorted to the Appeal Committee for Violations and Disputes and is awaiting the Appeal Committee resolution. Despite the fact that the resolution of General Secretariat of Committees for Resolution of Zakat, Tax and Customs Violations and Disputes was not in favor of Numu Al Elmiah, the company believes that its position is strong based on the documents submitted to the Appeal Committee.

Status from 2019 to 2022

The Company and its wholly owned subsidiaries have submitted their zakat returns for the years 2019 to 2022, 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. ZATCA requested additional information for years 2019 and 2020 in order to issue its assessments for those years.

*Zakat and income tax for "not-wholly-owned subsidiaries"*

**a. SPPC**

Zakat provision is estimated and charged to the interim condensed consolidated statement of comprehensive income. SPPC submitted zakat returns for all years up to 2022, and the Zakat return for the year 2022 and 2021 is still under review by the ZATCA.

SPPC received the consolidated zakat assessment for the years 31 December 2005 to 2008. However, ZATCA issued assessment notice requesting the group to pay an additional amount of SR 9,964,793 for which the company has filed an objection against the assessment. Subsequently, ZATCA partially accepted the appeal and zakat differences were reduced by SR 3,382,159. The group filed additional objection for the remaining amount of SR 6,582,634. The objection was partially approved by the General Secretariate of Zakat, Tax and Custom department "GSTC" and zakat differences were reduced by SR 5,040,535. Both SPPC and ZATCA filled objections to the GSTC, these objections are still being considered by GSTC at the date of preparing these interim condensed consolidated financial statements.

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

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

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**19. Zakat and income tax (continued)**

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

**a. SPPC (continued)**

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

SPPC received the zakat assessment for the years 31 December 2019 and 2020 claiming additional zakat liability of SR 22,428,203. The Group filed objections for these years, and these objections were partially accepted where zakat differences are reduced to SR 21,809,019. SPPC filed an appeal on the revised assessment to the 1st level of the GSTC and settled 25% of the total zakat liability amounting to SR 6,170,214 (according to the ZATCA regulations). The GSTC 1st level has issued a favorable ruling to SPPC whereby the GSTC has upheld the Company's contention in the majority of the appealed items. ZATCA has appealed the Ruling with the GSTC 2nd level. These objections are still being considered by GSTC 2nd level at the date of preparing these consolidated financial statements.

**b. Argaam Investment Trading Company:**

Zakat and income tax returns have been filed to ZATCA till the year 2022. No zakat provisions accrued to Argaam Investment Trading Company for the years from 2019 to 2021 because the zakat base is negative. The Company has not been subject to any zakat examination up to the date of these financial statements.

**c. Thmanyah for Publishing and Distribution Company:**

Zakat returns have been filed to ZATCA up to the year ended 31 December 2022.

**Income tax:**

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

Movement in Zakat and income provision is as follows:

	For the three-month period ended 31			For the year ended 31 December 2022		
	March 2023			SR		
	Zakat	Income tax	Total	Zakat	Income tax	Total
At 1 January	205,939,499	317,437	206,256,936	156,553,256	130,732	156,683,988
Provision during the period/ year	23,114,523	271,082	23,385,605	86,028,195	1,426,009	87,454,204
Foreign currency translation adjustments	(119)	12,660	12,541	2,257	(1,836)	421
Paid during the period / year	(437,303)	(344,085)	(781,388)	(36,644,209)	(1,237,468)	(37,881,677)
	<b>228,616,600</b>	<b>257,094</b>	<b>228,873,694</b>	<b>205,939,499</b>	<b>317,437</b>	<b>206,256,936</b>

**20. Earnings per share**

Basic / diluted earnings per share (EPS) for income attributable to ordinary shares are calculated by the appropriation of the weighted average number of outstanding ordinary shares. Earnings per share for the three-month period ended 31 March 2023 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 2023 (three-month period ended 31 March 2022: 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.

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**21. Financial instruments fair values and risk management**

**21.1 Financial assets**

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

	<i>As at</i> <b>31 March 2023</b> <b>SR</b>	<i>As at</i> <b>31 December 2022</b> <b>SR</b>
<b>Financial assets:</b>		
Financial assets at FVOCI (note 11)	<b>1,212,089,049</b>	1,137,948,446
Financial assets at amortized cost	<b>235,504,461</b>	536,337,732
Trade receivables	<b>887,431,822</b>	908,061,044
Cash and cash equivalents (note 12)	<b>487,826,176</b>	273,452,109
Short-term investments	<b>585,000,000</b>	1,060,000,000
Derivative financial instruments (note 17)	<b>8,665,937</b>	8,665,937
	<b>3,416,517,445</b>	3,924,465,268
Non-current	<b>1,229,395,967</b>	1,155,970,811
Current	<b>2,187,121,478</b>	2,768,494,457
	<b>3,416,517,445</b>	3,924,465,268

**21.2 Financial liabilities**

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

	<i>As at</i> <b>31 March 2023</b> <b>SR</b>	<i>As at</i> <b>31 December 2022</b> <b>SR</b>
<b>Financial liabilities at amortized cost</b>		
Trade payables	<b>606,989,288</b>	512,791,024
Borrowings and Murabaha (note 18)	<b>811,178,957</b>	818,772,432
Lease liabilities	<b>119,816,172</b>	119,551,298
Accrued expenses and other current liabilities	<b>315,341,780</b>	350,193,970
Other non-current liabilities	<b>7,768,558</b>	7,669,815
	<b>1,861,094,755</b>	1,808,978,539
Non-current	<b>744,302,070</b>	637,463,059
Current	<b>1,116,792,685</b>	1,171,515,480
	<b>1,861,094,755</b>	1,808,978,539

**21.3 Financial instruments fair values:**

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

	<b>Carrying value</b> <b>SR</b>	<b>Fair value</b>			<b>Total</b> <b>SR</b>
		<b>Level 1</b> <b>SR</b>	<b>Level 2</b> <b>SR</b>	<b>Level 3*</b> <b>SR</b>	
<b>31 March 2023</b>					
<b>Financial assets measured at fair value</b>					
Financial assets at FVOCI	<b>1,212,089,049</b>	-	<b>1,196,244,358</b>	<b>15,844,691</b>	<b>1,212,089,049</b>
Derivative financial instruments	<b>8,665,937</b>	-	<b>8,665,937</b>	-	<b>8,665,937</b>
	<b>1,220,754,986</b>	-	<b>1,204,910,295</b>	<b>15,844,691</b>	<b>1,220,754,986</b>
<b>31 December 2022</b>					
<b>Financial assets measured at fair value</b>					
Financial assets at FVOCI	1,137,948,446	-	1,122,103,755	15,844,691	1,137,948,446
Derivative financial instruments	8,665,937	-	8,665,937	-	8,665,937
	<b>1,146,614,383</b>	-	<b>1,130,769,692</b>	<b>15,844,691</b>	<b>1,146,614,383</b>

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

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

There were no transfers between levels of the fair value hierarchy during period ended 31 March 2023 (31 December 2022: none).

The fair value of financial instruments represented in trade receivables, financial assets at amortized cost, short-term investments, cash and cash equivalents, borrowings and Murabaha, lease liabilities, trade payables and other non-current liabilities closely approximate their book value. The Group assessed that the fair value of these financial assets and financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

## 22. Commitments and contingencies

### Contingent legal claims

Certain subsidiaries of the Group are involved in litigation matters in their ordinary course of business, which are being defended. The ultimate results of these matters cannot be determined with certainty. However, the management believes that the results of these matters will not have a significant impact on the Group's interim condensed consolidated financial statements as at 31 March 2023.

The Group has the following contingent liabilities and commitments:

	As at 31 March 2023 SR million	As at 31 December 2022 SR million
Uncovered letters of credit	22.6	8.5
Letters of guarantee	9.7	5.2
Trades and marketing liabilities	16.4	14.6
Capital commitments (note 7)	204.4	211.2

## 23. Segment information

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

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

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

- a. **Publishing:** This segment comprises the publishing and specialized publishing segments. These two segments have been aggregated based on the criteria of having similar nature of services and similar type or class of customer for their products.
- b. **All other segments:** This segment is an aggregation of all other business activities and operating segments that do not individually meet the quantitative thresholds required under IFRS 8.

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23. Segment information (continued)

The Chief Executive Officer and the Chief Operating Officer, both monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently with income in the interim condensed consolidated financial statements.

The following table presents revenues and profit information for the Group's operating segments for the three-month period ended 31 March 2023:

	Publishing, visual, and digital content SR	Public relations and advertising SR	Printing and packaging SR	All other segments SR	Total SR	Adjustments and eliminations SR	Total SR
<b>Revenues</b>							
External customers	411,780,772	241,240,460	198,188,574	33,427,269	884,637,075	-	884,637,075
Inter-segment	87,588,258	-	12,737,321	1,144,062	101,469,641	(101,469,641)	-
<b>Total revenues</b>	<b>499,369,030</b>	<b>241,240,460</b>	<b>210,925,895</b>	<b>34,571,331</b>	<b>986,106,716</b>	<b>(101,469,641)</b>	<b>884,637,075</b>
<b>Gross profit</b>	<b>100,303,136</b>	<b>146,258,544</b>	<b>28,596,986</b>	<b>10,888,069</b>	<b>286,046,735</b>	<b>(6,869,915)</b>	<b>279,176,820</b>
<b>Segment profit / (loss) attributable to equity holders of the Parent Company</b>	<b>70,338,158</b>	<b>101,319,679</b>	<b>(10,721,598)</b>	<b>(5,850,494)</b>	<b>155,085,745</b>	<b>(34,111,738)</b>	<b>120,974,007</b>

The following table presents revenues and profit information for the Group's operating segments for the three-month period ended 31 March 2022:

	Publishing, visual, and digital content SR	Public relations and advertising SR	Printing and packaging SR	All other segments SR	Total SR	Adjustments and eliminations SR	Total SR
<b>Revenues</b>							
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)	-
<b>Total revenue</b>	<b>398,217,439</b>	<b>240,456,199</b>	<b>236,422,846</b>	<b>12,197,832</b>	<b>887,294,316</b>	<b>(100,954,641)</b>	<b>786,339,675</b>
<b>Gross profit</b>	<b>94,769,775</b>	<b>131,089,412</b>	<b>34,195,954</b>	<b>8,223,026</b>	<b>268,278,167</b>	<b>(6,653,551)</b>	<b>261,624,616</b>
<b>Segment profit / (loss) attributable to equity holders of the Parent Company</b>	<b>57,735,288</b>	<b>94,996,426</b>	<b>(3,280,041)</b>	<b>(1,726,702)</b>	<b>147,724,971</b>	<b>(35,212,168)</b>	<b>112,512,803</b>

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

At 31 March 2023

**23. Segment information (continued)**

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

	Publishing, visual, and digital content SR	Public relations and advertising SR	Printing and packaging SR	All other segments SR	Total SR	Adjustments and eliminations SR	Total SR
<b>Total assets</b>	4,949,333,132	7,746,244,763	1,645,026,962	715,361,563	15,055,966,420	(8,706,438,112)	6,349,528,308
<b>Total liabilities</b>	5,383,373,413	3,518,417,453	1,022,417,357	330,017,957	10,254,226,180	(6,956,150,275)	3,298,075,905

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

	Publishing, visual, and digital content SR	Public relations and advertising SR	Printing and packaging SR	All other segments SR	Total SR	Adjustments and eliminations SR	Total SR
Total assets	4,843,494,869	7,548,066,935	1,735,291,684	716,825,206	14,843,678,694	(8,107,657,588)	6,736,021,106
Total liabilities	4,747,746,966	4,130,091,677	1,097,351,354	322,862,323	10,298,052,320	(6,440,636,053)	3,857,416,267

Inter-segment revenues and balances at the reporting date 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.



### 23. Segment information (continued)

#### Revenue recognition timing:

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

#### Publishing and visual and digital content

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

#### Public relations and advertising

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

Advertising revenue is billed monthly, 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.

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

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

	<b>For the three-month period ended 31 March 2023 SR</b>	For the three-month period ended 31 March 2022 SR
At a point in time	<b>231,869,604</b>	254,317,390
Over a period of time	<b>652,767,471</b>	532,022,285
	<b>884,637,075</b>	786,339,675

### 24. Related party transactions and balances

Related parties of the Group comprise entities where shareholders and key management personnel have control, joint control, or significant influence. The transactions with related parties are made on terms approved by the Board of the Directors of the Group.

## 24. Related party transactions and balances (continued)

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

	<b>For the three-month period ended 31 March 2023 SR</b>	For the three-month period ended 31 March 2022 SR
BOD expenses, allowances, and respective committees	<u>2,560,000</u>	<u>2,570,000</u>
<i>Benefits of group's key management personnel:</i>		
Short -term employee benefits	<b>3,976,230</b>	3,207,150
Long -term employee benefits	<b>192,508</b>	161,138
	<u><b>4,168,738</b></u>	<u>3,368,288</u>

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

<u>Related parties name</u>	<u>Nature of relationship</u>	<u>Nature of Transaction</u>	<b>For the three- month period ended 31 March 2023 SR</b>	For the three- month period ended 31 March 2022 SR
Al-Fahed law firm	Owned by board of directors' member	Legal consultancy	<b>124,674</b>	132,814

In addition, the Group has an outstanding balance of SR 29.6 million (31 December 2022: SR 23.3 million) and those amounts have been paid for media services to an entity owned by one of the subsidiaries' General Manager. This amount is included in prepayments and other current assets.

## 25. Comparative figures

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

	<i>For the three months period ended 31 March 2022</i>		
	<i>As previously reported</i>	<i>Amount of reclassification</i>	<i>Reclassified amounts</i>
Finance costs	7,138,232	5,097,525	12,235,757
Finance income	(1,912,258)	(5,097,525)	(7,009,783)

## 26. Subsequent events

No matters have occurred up to and including the date of approval of these interim condensed consolidated financial statements by the board of directors which would materially affect the interim condensed consolidated financial statements and the related disclosures for the period ended 31 March 2023.

## 27. Board of directors' approval

The interim condensed consolidated financial statements were approved by the Board of Directors on 28 Shawwal 1444H (corresponding to 18 May 2023).