

ARMAH SPORTS COMPANY
(A Saudi Joint Stock Company)

**Interim Condensed Financial Statements (Unaudited)
and Independent Auditor's Review Report
For the Six-Month Period Ended June 30, 2025**

ARMAH SPORTS COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Financial Statements (Unaudited)
and Independent Auditor's Review Report
For the Six-Month Period Ended June 30, 2025

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Independent Auditor's Review Report on the Interim Condensed Financial Statements

To the Shareholders,
Armah Sports Company
(A Saudi Joint Stock Company)

Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Armah Sports Company (the "Company") as at June 30, 2025 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standards "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 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" as endorsed in the Kingdom of Saudi Arabia. A review of the interim condensed 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 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.

Conclusion

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

Baker Tilly Professional Services



Majid Muneer Al Nemer



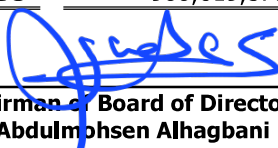
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Riyadh on Muharram 26, 1447H

Corresponding to July 21, 2025G



ARMAH SPORTS COMPANY
(A Saudi Joint Stock Company)
Interim Condensed Statement of Financial Position
As at June 30, 2025
(Saudi Riyals)

	Notes	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS			
Non-current assets			
Property and equipment	5	725,604,302	731,825,405
Right of use assets	6	130,953,248	191,602,795
Net investment in sublease	7	64,762,727	-
Intangible assets		1,544,423	1,586,410
Advances to suppliers and contractors		15,547,514	8,547,000
Total non-current assets		938,412,214	933,561,610
Current assets			
Prepayments and other current assets		8,101,091	6,619,388
Account receivables		169,642	-
Inventories		2,984,775	3,347,460
Cash and cash equivalents		65,489,836	45,090,919
Total current assets		76,745,344	55,057,767
Total assets		1,015,157,558	988,619,377
EQUITY AND LIABILITIES			
Equity			
Share capital		328,591,660	328,591,660
Share premium		68,855,423	68,855,423
Retained earnings / (accumulated losses)		10,866,518	(16,595,663)
Revaluation surplus		97,100,000	97,100,000
Total equity		505,413,601	477,951,420
Liabilities			
Non-current liabilities			
Loans and borrowings	8	159,841,286	176,141,175
Lease liabilities	6	191,759,388	190,725,372
Employees' end of service benefits		3,997,469	3,041,697
Total non-current liabilities		355,598,143	369,908,244
Current liabilities			
Loans and borrowings	8	49,606,770	48,744,217
Lease liabilities	6	14,105,109	9,097,724
Due to related parties		-	23,604
Trade payables		3,325,174	4,074,383
Accrued expenses and other current liabilities		19,465,940	18,206,545
Unearned revenue		66,842,651	59,649,919
Zakat provision	9	800,170	963,321
Total current liabilities		154,145,814	140,759,713
Total liabilities		509,743,957	510,667,957
Total equity and liabilities		1,015,157,558	988,619,377
  			
Chief Financial Officer Ibrahim Gharbieh Chief Executive Officer Fahad Alhagbani Chairman of Board of Directors Abdulmohsen Alhagbani			

The accompanying notes form an integral part of these interim condensed financial statements.

ARMAH SPORTS COMPANY

(A Saudi Joint Stock Company)

Interim Condensed Statement of Profit or Loss and Other Comprehensive Income (Unaudited)**For the Six-Month Period Ended June 30, 2025**

(Saudi Riyals)

	Notes	For the six-month period ended June 30	
		2025	2024
Revenue	10	102,372,030	(Refer Note 15) 73,644,294
Cost of revenue		(54,719,845)	(41,350,881)
Gross profit		47,652,185	32,293,413
General and administrative expenses		(10,075,628)	(8,353,618)
Selling and marketing expenses		(5,682,868)	(3,382,868)
Other expenses, net		(2,600,535)	(2,144,488)
Operating profit		29,293,154	18,412,439
Finance costs		(13,218,842)	(10,563,630)
Finance income		2,723,097	1,656,854
Gain from sublease	7	9,506,244	-
Profit before zakat		28,303,653	9,505,663
Zakat	9	(841,472)	(356,163)
Net profit for the period		27,462,181	9,149,500
Other comprehensive income		-	-
Total comprehensive income for the period		27,462,181	9,149,500
Basic and diluted earnings per share	11	0.84	0.28



Chief Financial Officer
Ibrahim Gharbieh



Chief Executive Officer
Fahad Alhagbani



Chairman of Board of Directors
Abdulmohsen Alhagbani

The accompanying notes form an integral part of these interim condensed financial statements.

ARMAH SPORTS COMPANY

(A Saudi Joint Stock Company)

Interim Condensed Statement of Changes in Equity (Unaudited)**For the Six-Month Period Ended June 30, 2025**

(Saudi Riyals)

	Share capital	Share premium	(Accumulated losses) / retained earnings	Revaluation surplus	Total
Balance as at January 1, 2024	328,591,660	68,855,423	(54,417,931)	34,961,562	377,990,714
Net profit for the period	-	-	9,149,500	-	9,149,500
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	9,149,500	-	9,149,500
Balance as at June 30, 2024	328,591,660	68,855,423	(45,268,431)	34,961,562	387,140,214
Balance as at January 1, 2025	328,591,660	68,855,423	(16,595,663)	97,100,000	477,951,420
Net profit for the period	-	-	27,462,181	-	27,462,181
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	27,462,181	-	27,462,181
Balance as at June 30, 2025	328,591,660	68,855,423	10,866,518	97,100,000	505,413,601



Chief Financial Officer
Ibrahim Gharbieh



Chief Executive Officer
Fahad Alhagbani



Chairman of Board of Directors
Abdulmohsen Alhagbani

The accompanying notes form an integral part of these interim condensed financial statements.

ARMAH SPORTS COMPANY

(A Saudi Joint Stock Company)

Interim Condensed Statement of Cash Flows (Unaudited)**For the Six-Month Period Ended June 30, 2025**

(Saudi Riyals)

	<u>Notes</u>	June 30, 2025	June 30, 2024 (Refer Note 15)
Cash flows from operating activities			
Profit before zakat		28,303,653	9,505,663
Adjustments for non-cash items:			
Depreciation of property and equipment	5	16,816,812	13,767,121
Depreciation of right of use assets	6	4,378,821	2,361,814
Amortization of intangible assets		195,181	187,842
Finance costs		13,218,842	10,563,630
Finance income		(2,723,097)	(1,656,854)
Gain from sublease	7	(9,506,244)	-
Employees' end of service benefits		1,005,054	559,205
		51,689,022	35,288,421
Changes in working capital items:			
Prepayments and other current assets		(1,310,007)	(62,094)
Account receivables		(169,642)	(131,495)
Inventories		362,685	(420,663)
Due from / to related parties		(23,604)	(43,700)
Trade payables		(749,209)	(9,272,623)
Accrued expenses and other current liabilities		1,259,395	5,998,109
Unearned revenue		7,192,732	16,747,737
Long term retentions		-	(1,784,177)
Cash generated from operating activities		58,251,372	46,319,515
Employees' end of service benefits paid		(49,282)	(8,773)
Zakat paid		(1,004,623)	(48,633)
Finance cost paid		(5,286,010)	(13,210,754)
Net cash generated from operating activities		51,911,457	33,051,355
Cash flows from investing activities			
Purchase of property and equipment		(9,343,972)	(29,391,549)
Purchase of intangible assets		(153,194)	(256,480)
Advances to suppliers and contractors		(7,000,514)	6,211,706
Proceeds from sublease	7	2,750,000	-
Finance income received		815,644	1,628,327
Proceeds from maturity of short-term deposits		-	62,800,000
Net cash (used in) / generated from investing activities		(12,932,036)	40,992,004
Cash flows from financing activities			
Principal element of lease liabilities paid		(780,615)	(3,087,599)
Receipt of long-term loans and borrowings		9,700,111	-
Repayment of long-term loans and borrowings		(20,000,000)	(14,000,000)
Net movement on short term loans and borrowings		(7,500,000)	(46,500,000)
Net cash used in financing activities		(18,580,504)	(63,587,599)
Net change in cash and cash equivalents		20,398,917	10,455,760
Cash and cash equivalents at beginning of the period		45,090,919	25,421,413
Cash and cash equivalents at end of the period		65,489,836	35,877,173

ARMAH SPORTS COMPANY

(A Saudi Joint Stock Company)

Interim Condensed Statement of Cash Flows (Unaudited)**For the Six-Month Period Ended June 30, 2025**

(Saudi Riyals)

	Notes	June 30, 2025	June 30, 2024
<u>Non-cash transactions not included in the cash flows</u>			
Derecognition of right of use assets due to sub lease	6	56,270,726	-
Capitalization of interest on lease liabilities	5	1,163,802	2,516,820
Capitalization of finance costs on loans and borrowings	5	87,935	372,415
Addition to right of use assets and lease liabilities		-	35,530,454
Transfer of advances to suppliers and contractors to property and equipment		-	3,551,094



Chief Financial Officer
Ibrahim Gharbieh



Chief Executive Officer
Fahad Alhagbani



Chairman of Board of Directors
Abdulmohsen Alhagbani

The accompanying notes form an integral part of these interim condensed financial statement.

ARMAH SPORTS COMPANY

(A Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements (Unaudited)**For the Six-Month Period Ended June 30, 2025**

(Saudi Riyals)

1. Corporate Information and Principal Activities

Armah Sports Company, (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia, under Commercial Registration Number 1010559940 and Unified National Number 7005955278 dated Jumada Al-Akhirah 14, 1440 H (corresponding to February 19, 2019).

The registered address of the Company is building number 3894, Al Nakheel District, Riyadh, Kingdom of Saudi Arabia.

The Company's primary activities include operating facilities, sport centers, retail sales of sports apparel, and providing food services in sport facilities, salons, and other sports activities.

2. Basis of Preparation**Statement of compliance**

These interim condensed financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS 34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These interim condensed financial statements do not include all the information and disclosures required in a full set of financial statements prepared in accordance with International Financial Reporting Standards. Accordingly, it should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2024. Specific explanatory disclosures have been included in order to explain the significant events and transactions during the period.

The interim period is considered as an integral part of the full fiscal year; however, the results of operations for the interim periods may not be a fair indication of the results for the full-year operations.

Basis of measurement

These interim condensed financial statements have been prepared on the historical cost basis, except for the following:

- Land under property and equipment – measured at revalued amount; and
- Defined benefit plan – measured at the present value of future obligations using the Project Unit Credit Method.

Furthermore, these interim condensed financial statements are prepared using the accrual basis of accounting and the going concern basis.

Presentation and functional currency

The interim condensed financial statements are presented in Saudi Riyal ("SR"), which is the Company's functional currency.

3. Use of Judgments and Estimates

The Company makes certain estimates and assumptions regarding the future. Judgments and estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these judgements and estimates.

The significant estimates made by the Company for managing the Company's accounting policies and the primary sources of estimating the unreliability were the same as those that were applied in the financial statements for the year ended December 31, 2024, except the following.

Discount Rate for Sublease

The Company uses its incremental borrowing rate to measure the net investment in the sublease.

ARMAH SPORTS COMPANY

(A Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements (Unaudited)**For the Six-Month Period Ended June 30, 2025**

(Saudi Riyals)

4. Summary of Material Accounting Policies

The accounting policies and calculation methods applied in preparing the interim condensed financial statements are consistent with those followed in preparing the Company's annual financial statements for the year ended December 31, 2024. The Company did not early adopt any other standard, interpretation or amendment issued but not yet effective.

Leases**Company as a lessor (Note 7)**

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortized cost (i.e. after a deduction of the loss allowance).

New Standards, Amendment to Standards and Interpretations

There are no new standards issued that are effective for these interim condensed financial statements; however, there are number of amendments to standards which are effective from January 1, 2025 and have been explained in Company's annual financial statements, but they do not have a material effect on the Company's interim condensed financial statements.

5. Property and Equipment

	June 30, 2025	December 31, 2024
Beginning balance for the period/ year	731,825,405	653,472,816
Additions during the period/ year	10,595,709	45,926,033
Revaluation gain during the period/ year	-	62,138,438
Depreciation charged during the period/ year	(16,816,812)	(29,711,882)
Ending balance for the period/ year*	725,604,302	731,825,405

*This balance includes capital work in progress amounting to SR 13,282,886 (December 31, 2024: SR 10,084,446).

The borrowing costs capitalized under capital work in progress during the period amounted to SR 1,251,737 (June 30, 2024: SR 2,889,235).

ARMAH SPORTS COMPANY

(A Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements (Unaudited)**For the Six-Month Period Ended June 30, 2025**

(Saudi Riyals)

6. Right of Use Assets and Lease Liabilities

	June 30, 2025		December 31, 2024	
	Right of use assets	Lease liabilities	Right of use assets	Lease liabilities
Beginning balance for the period/ year	191,602,795	199,823,096	70,622,939	72,098,584
Additions during the period/ year	-	-	128,689,833	128,689,833
Derecognition during the period / year (Note 7)	(56,270,726)	-	-	-
Depreciation during the period/ year	(4,378,821)	-	(7,709,977)	-
Accretion of interest during the period/ year	-	7,352,945	-	10,341,521
Payments during the period/ year	-	(1,311,544)	-	(11,306,842)
Ending balance for the period/ year	130,953,248	205,864,497	191,602,795	199,823,096

The following are the lease liabilities as classified in the interim condensed statement of financial position:

	June 30, 2025	December 31, 2024
Non-current	191,759,388	190,725,372
Current	14,105,109	9,097,724
	205,864,497	199,823,096

7. Net Investment in Sublease

	June 30, 2025	December 31, 2024
Additions during the period/ year*	65,776,970	-
Finance income	1,735,757	-
Collection	(2,750,000)	-
Ending balance for the period/ year	64,762,727	-

*The Company signed a sublease contract for Al Wadi Lands for a period of 20 years and 11 months. The total rentals as per the signed sublease contract amount to SR 127.6 million receivable over the period of the sublease. This transaction resulted in derecognition of the right of use asset of SR 56.3 million and recognition of gain amounting to SR 9.5 million.

The table below summarizes the maturity profile of net investment in sublease based on contractual undiscounted receivables:

	Up to 1 year	More than 1 year and up to 5 years	More than 5 years	Total
Net investment in sublease	-	22,000,000	102,877,500	124,877,500

ARMAH SPORTS COMPANY

(A Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements (Unaudited)**For the Six-Month Period Ended June 30, 2025**

(Saudi Riyals)

8. Loans and Borrowings

The carrying amount of the loans and borrowings as of period/ year-end is as follows:

	June 30, 2025	December 31, 2024
Non-current portion of long-term loans	<u>159,841,286</u>	<u>176,141,175</u>
Current portion of long-term loans	46,000,000	40,000,000
Short term borrowings	-	7,500,000
Accrued interest on long and short-term loans	<u>3,606,770</u>	<u>1,244,217</u>
Loans and borrowings – current	<u>49,606,770</u>	<u>48,744,217</u>
Total loans and borrowings	<u>209,448,056</u>	<u>224,885,392</u>

9. Zakat

The Company has filed its Zakat returns up to the year ended December 31, 2024 and has settled the Zakat liabilities as per the returns filed. The Company has received final Zakat assessments from the Zakat, Tax and Customs Authority ("ZATCA") for the years 2020 and 2023, and has duly settled the liabilities assessed. However, the final Zakat assessments for the years 2021, 2022, and 2024 are still under review by ZATCA.

10. Revenue

	For the six-month period ended June 30	
	2025	2024
Over a period of time:		
Subscription and membership	88,575,471	66,238,084
Personal training fees	<u>11,211,135</u>	<u>5,702,855</u>
	99,786,606	71,940,939
At a point in time:		
Other fitness centers' revenue	<u>2,585,424</u>	<u>1,703,355</u>
	2,585,424	1,703,355
Total revenue	<u>102,372,030</u>	<u>73,644,294</u>

Other fitness centers' revenue mainly comprises revenue generated from the sale of food and beverage and other merchandise available at the fitness centers.

11. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the period attributable to the shareholders of the Company over the weighted average number of outstanding ordinary shares during the period.

There were no diluted shares outstanding at any time during the period, therefore, the diluted earnings per share is equal to the basic earnings per share.

	For the six-month period ended June 30	
	2025	2024
Net profit attributable to the shareholders of the Company	27,462,181	9,149,500
Weighted average number of outstanding shares during the period	<u>32,859,166</u>	<u>32,859,166</u>
Basic and diluted earnings per share	<u>0.84</u>	<u>0.28</u>

12. Commitments

The Company has capital commitments on contracts for developing fitness centers amounting to SR 106.4 million (December 31, 2024: Nil).

ARMAH SPORTS COMPANY

(A Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements (Unaudited)**For the Six-Month Period Ended June 30, 2025**

(Saudi Riyals)

13. Segment Information

A segment is a separate and distinct part of the Company that engages in business activities from which it may earn revenues and incur expenses. The operating segments are disclosed on the basis of internal reports that are reviewed by the chief operating decision-maker, who is responsible for allocating resources, assessing performance and making strategic decisions about the operating segments.

For management purposes, the Company is organized into business units based on their geographical distribution.

Geographical segments

The Company has operations in the central region and western region of Saudi Arabia only. The following tables present information for the geographical segments for the period end.

For the six-month period ended June 30, 2025

	Central region	Western region	Total
Revenue	87,332,553	15,039,477	102,372,030
Cost of revenue	(43,114,788)	(11,605,057)	(54,719,845)
Gross profit	44,217,765	3,434,420	47,652,185
Comprehensive income	47,977,210	(1,069,262)	46,907,948
Unallocated head office costs	-	-	(19,445,767)
Total comprehensive income	-	-	27,462,181

Depreciation

- Property and equipment	(13,615,141)	(3,201,671)	(16,816,812)
- Right of use assets	(2,013,048)	(2,365,773)	(4,378,821)

For the six-month period ended June 30, 2024

	Central region	Western region	Total
Revenue	69,455,819	4,188,475	73,644,294
Cost of revenue	(35,417,931)	(5,932,950)	(41,350,881)
Gross profit	34,037,888	(1,744,475)	32,293,413
Comprehensive income	30,678,534	(3,206,869)	27,471,665
Unallocated head office costs	-	-	(18,322,165)
Total comprehensive income	-	-	9,149,500

Depreciation

- Property and equipment	(12,344,638)	(1,422,483)	(13,767,121)
- Right of use assets	(1,060,213)	(1,301,601)	(2,361,814)

14. Financial Risk Management and Fair Value Measurement

The Company's financial risk management strategies have not changed significantly since the last year end. All financial assets and financial liabilities of the Company are classified and measured at amortized cost.

There have been no substantive changes in the judgements and estimates made by the Company in determining the fair values of the financial instruments since the last annual financial statements. Furthermore, the levels of inputs used in determination of the fair values are consistent with that disclosed in the financial statements for the year ended December 31, 2024. The fair value of financial instruments approximates their carrying value.

15. Reclassification

During the period, management reassessed the cost presented under 'General and Administrative' expenses in profit or loss. As a result of this reassessment, certain costs of because of their function have been presented under cost of revenue.

To maintain consistency in presentation, the comparative information has been reclassified. The table below summarized the reclassification impact on the comparative information:

ARMAH SPORTS COMPANY

(A Saudi Joint Stock Company)

Notes to the Interim Condensed Financial Statements (Unaudited)**For the Six-Month Period Ended June 30, 2025**

(Saudi Riyals)

15. Reclassification (Continued)

	Previously reported June 30, 2024 (Un-audited)	Reclassification	Reclassified June 30, 2024 (Un-audited)
Cost of revenue	(39,959,404)	(1,391,477)	(41,350,881)
General and administrative expenses	(9,745,095)	1,391,477	(8,353,618)

These reclassifications had no impact on the prior period's net profit, net equity, or cash flows.

During the period, management has reassessed the cash flows for the comparative period and to maintain the consistency in presentation, the comparative information has been reclassified as follows:

	Previously reported June 30, 2024 (Un-audited)	Reclassification	Reclassified June 30, 2024 (Un-audited)
Net cash generated from operating activities	34,679,682	(1,628,327)	33,051,355
Net cash generated from investing activities	39,363,677	1,628,327	40,992,004

16. Subsequent Events

There are no subsequent events that require disclosure or amendment to the accompanying interim condensed financial statements.

17. Approval of the Interim Condensed Financial Statement

The interim condensed financial statements have been approved by the Board of Directors on Muharram 26, 1447H (corresponding to July 21, 2025G).