

SPORT CLUBS COMPANY
(A CLOSED JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD
ENDED 31 MARCH 2025 AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

SPORT CLUBS COMPANY
(A CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2025

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

**To the Shareholders of
Sport Clubs Company
"A Saudi Joint Stock Company"
Riyadh - Kingdom of Saudi Arabia**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Sport Clubs Company** (the "Company") and its subsidiary (Together referred to as "the Group"), as of 31 March 2025, the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the three-months period then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - ("IAS 34") "*Interim Financial Reporting*" 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*", that is endorsed in the Kingdom of Saudi Arabia. A review of 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 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) "*Interim Financial Reporting*" that is endorsed in the Kingdom of Saudi Arabia

For Dr. Mohamed Al-Amri & Co.



**Gihad Mohamed Al-Amri
Certified Public Accountant
License Number (362)**



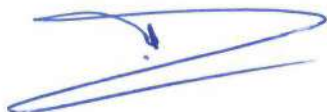
**Riyadh on: 28 May 2025 (G)
Corresponding to: 1 Dhu al-Hijjah 1446 (H)**

SPORT CLUBS COMPANY
(A CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025 (UNAUDITED)
(In Saudi Riyals ﷻ)

	<u>Note</u>	<u>31 March 2025</u> <u>(Unaudited)</u>	<u>31 December 2024</u> <u>(Audited)</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	(4)	473,203,222	465,149,962
Right of use assets	(5.1)	272,448,691	252,668,719
Intangible assets		5,692,411	5,385,723
TOTAL NON-CURRENT ASSETS		751,344,324	723,204,404
CURRENT ASSETS			
Inventory		10,617,638	9,927,245
Trade receivables	(6)	22,732,900	28,769,607
Prepayments and other receivables	(7)	29,787,392	31,478,944
Cash and cash equivalents		3,548,881	5,026,406
TOTAL CURRENT ASSETS		66,686,811	75,202,202
TOTAL ASSETS		818,031,135	798,406,606
EQUITY AND LIABILITIES			
EQUITY			
Share capital	(8)	104,000,000	104,000,000
Share issuance reserve	(20)	(1,158,790)	(1,026,540)
Retained earnings		68,255,783	65,835,410
TOTAL EQUITY		171,096,993	168,808,870
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current portion of lease liabilities	(5.2)	297,503,326	279,672,885
Non-current portion of long-term loans	(9)	94,188,585	84,031,227
Employees' benefits	(10)	25,440,970	24,676,110
Non-current portion of contract liabilities	(11)	1,414,721	731,953
TOTAL NON-CURRENT LIABILITIES		418,547,602	389,112,175
CURRENT LIABILITIES			
Current portion of lease liabilities	(5.2)	42,241,772	42,249,645
Current portion of long-term loans	(9)	70,138,897	58,942,123
Trade payables		17,694,067	26,096,223
Accrued expenses and other payables	(12)	19,227,754	18,532,482
Provision for Zakat	(13)	1,122,652	1,008,151
Current portion of contract liabilities	(11)	77,961,398	93,656,937
TOTAL CURRENT LIABILITIES		228,386,540	240,485,561
TOTAL LIABILITIES		646,934,142	629,597,736
TOTAL EQUITY AND LIABILITIES		818,031,135	798,406,606

The accompanying notes from (1) to (22) form an integral part of these interim condensed consolidated financial statements.

Finance Director
Abdullah Altahan



Chief Executive Officer
Wael El Merhabi



Chairman of the board
Ammar Al khudairy

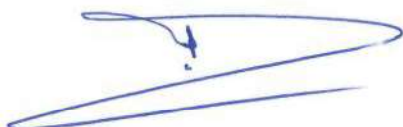


SPORT CLUBS COMPANY
(A CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2025 (UNAUDITED)
(In Saudi Riyals ﷲ)

		For the three-months period ended 31 March	
	<u>Note</u>	2025 (Unaudited)	2024 (Unaudited)
Revenue	(14)	82,439,685	69,634,210
Costs of revenue		(65,228,607)	(52,278,914)
GROSS PROFIT		17,211,078	17,355,296
Listing and Initial Public Offering Expenses	(20)	(140,000)	-
Selling and marketing expenses		(2,461,803)	(2,643,104)
General and administrative expenses		(4,446,317)	(4,820,492)
OPERATING PROFIT		10,162,958	9,891,700
Other income , net		889,533	692,843
Finance costs		(7,532,179)	(6,476,134)
PROFIT FOR THE PERIOD BEFORE ZAKAT		3,520,312	4,108,409
Zakat expense	(13)	(114,501)	(107,151)
PROFIT FOR THE PERIOD		3,405,811	4,001,258
OTHER COMPREHENSIVE INCOME:			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Loss on remeasurement of employees' defined benefit liabilities	(10)	(985,438)	(789,747)
Other comprehensive income for the period		(985,438)	(789,747)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,420,373	3,211,511
BASIC AND DILUTED EARNINGS PER SHARE (ﷲ)	(19)	0.033	0.038

The accompanying notes from (1) to (22) form an integral part of these interim condensed consolidated financial statements.

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Abdullah Altahan



Chief Executive Officer
Wael El Merhabi



Chairman of the board
Ammar Al khudairy



SPORT CLUBS COMPANY
(A CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2025 (UNAUDITED)
(In Saudi Riyals ﷲ)

	Share Capital	Statutory reserve	Share issuance reserve	Retained earnings	Total equity
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2025					
Balance as at 1 January 2025 (Audited)	104,000,000	-	(1,026,540)	65,835,410	168,808,870
Profit for the period	-	-	-	3,405,811	3,405,811
Other comprehensive loss items for the period	-	-	-	(985,438)	(985,438)
Total comprehensive income for the period	-	-	-	2,420,373	2,420,373
Share issuance reserve (Note 20)	-	-	(132,250)	-	(132,250)
Balance as at 31 March 2025 (Unaudited)	104,000,000	-	(1,158,790)	68,255,783	171,096,993
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024					
Balance as at 1 January 2024 (Audited)	104,000,000	15,904,683	-	23,505,781	143,410,464
Profit for the period	-	-	-	4,001,258	4,001,258
Other comprehensive loss for the period	-	-	-	(789,747)	(789,747)
Total comprehensive income for the period	-	-	-	3,211,511	3,211,511
Balance as at 31 March 2024 (Unaudited)	104,000,000	15,904,683	-	26,717,292	146,621,975

The accompanying notes from (1) to (22) form an integral part of these interim condensed consolidated financial statements.

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Abdullah Altahan



Chief Executive Officer
Wael El Merhabbi



Chairman of the board
Ammar Al khudairy



SPORT CLUBS COMPANY
(A CLOSED JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2025 (UNAUDITED)
(In Saudi Riyals ﷲ)

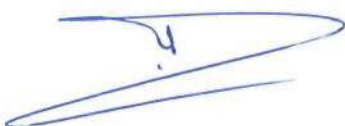
		For the three-months period ended 31 March	
		2025	2024
		(Unaudited)	(Unaudited)
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before Zakat		3,520,312	4,108,409
Adjustments:			
Depreciation of property, plant, and equipment, and amortization of right-of-use assets	(4, 5.1)	17,701,544	16,557,493
Gain on disposal of property, plant, and equipment		(112,788)	(7,168)
Amortization of intangible assets		210,250	95,141
Provision for employee benefits	(10)	1,353,000	1,382,000
Finance costs		7,532,179	6,476,134
Termination of leases contracts during the period		-	(229,121)
Reduction in rent expense		(449,450)	(9,882)
		29,755,047	28,373,006
CHANGES IN OPERATING ASSETS AND LIABILITIES			
Trade receivables		6,036,707	(3,416,756)
Inventories		(690,393)	(584,775)
Advance payments and other current assets		1,691,552	(5,209,428)
Trade payables		(8,402,156)	(20,877,260)
Accrued expenses and other payables		745,882	(37,140)
Contract liabilities, net		(15,012,771)	(254,873)
Employee defined benefit liabilities paid	(10)	(1,756,438)	(1,470,747)
Net cash generated from (used in) operating activities		12,367,430	(3,477,973)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment to purchase property, plant, and equipment	(4)	(17,810,577)	(17,857,618)
Payment to purchase intangible assets		(516,938)	(197,571)
Proceeds from sale of property, plant, and equipment		249,731	180,322
Net cash used in investing activities		(18,077,784)	(17,874,867)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of loans	(9)	(28,645,868)	(19,377,928)
Proceeds from loans	(9)	50,000,000	47,615,509
Payments of lease liabilities, net	(5.2)	(13,464,827)	(10,272,897)
Payment of finance costs		(3,656,476)	(2,886,864)
Net cash generated from financing activities		4,232,829	15,077,820
Net change in cash and cash equivalents during the period		(1,477,525)	(6,275,020)
Cash and cash equivalents at the beginning of the period		5,026,406	8,641,035
Cash and cash equivalents at the end of the period		3,548,881	2,366,015
Non-cash transactions from investing activities			
Capitalized during the year of finance costs on lease liabilities		(852,702)	(2,092,096)
Capitalized during the year of finance costs on loans		(842,198)	(610,043)
Additions of right-of-use assets	(5.1)	(27,823,788)	(41,878,806)
Loss on remeasurement of defined benefit obligations for employees	(10)	(985,438)	(789,747)
Share issuance reserve	(20)	(132,250)	-

The accompanying notes from (1) to (22) form an integral part of these interim condensed consolidated financial statements.

Finance Director
Abdullah Altahan

Chief Executive Officer
Wael El Merhabi

Chairman of the board
Ammar Al khudairy





SPORT CLUBS COMPANY

(A CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2025 (UNAUDITED)**

(In Saudi Riyals ﷻ)

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Sport Clubs Company was established as a limited liability company in accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, operating under Commercial Registration No. 1010167892 dated 26 Rabi-Al-Thani 1422 H (corresponding to 18 July 2001 G) in Riyadh.

The principle activities of the Group are wholesale and retail trade in sports equipment, tools, and clothing, purchase of lands for the construction of buildings and investing in them by sale or lease for the benefit of the Group, the establishment, management and maintenance of gymnasiums, general contracting for buildings, and electrical, mechanical and electronic works.

On 1 Rabi' Al-Awwal 1444 H, corresponding to (26 September 2022 G), the shareholders unanimously agreed to convert the legal status of the Company from a limited liability company to a Saudi closed joint stock company while retaining the number, name and date of the commercial registration of the Company and its branches. On 2 Rabi' Al-Awwal 1444 G corresponding to (27 September 2022 G), the legal procedures to amend the Company's Articles of Association have been completed.

The head office of the Group is as follows:

P.O. Box 270079 - Riyadh 11352 - Kingdom of Saudi Arabia

The following are the details of the Subsidiary included in these consolidated financial statements:

<u>Name of Subsidiary</u>	<u>Commercial Registration</u>	<u>Country of Incorporation</u>	<u>Direct ownership percentage as at</u>		<u>Activity</u>
			<u>31 March 2025</u>	<u>31 December 2024</u>	
Third Amaken Sports Company	1010334139	Kingdom of Saudi Arabia	100%	100%	Building cleaning and maintenance

The Group also exercises its activities through branches of sports clubs that operate under the following commercial registrations for regions or for each individually as follows:

<u>N</u>	<u>City / Region</u>	<u>Commercial Registration Number</u>	<u>Commercial Registration Date</u>
1	Riyadh	1010167892	26/4/1422
2	Al-Qassim	1131028467	27/3/1430
3	Dammam	2050069185	15/3/1431
4	Khamis Mushait	5855346579	26/4/1422
5	Hail	3350147174	18/5/1441
6	Al Ahsa	2250064353	18/3/1437
7	Jeddah	4030295107	4/9/1438
8	Najran	5950032854	15/3/1438
9	Hafar Al Batin	2511108063	4/6/1439
10	Tabuk	3550122370	4/6/1439
11	Al Badi'ah " females"	1010460120	1/9/1440
12	Madinah	4650209419	2/8/1440
13	Makkah	4031235157	18/5/1441

The Group's financial year starts from 1 January and ends on 31 December of each Gregorian calendar year.

SPORT CLUBS COMPANY

(A CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2025 (UNAUDITED)**

(In Saudi Riyals ﷲ)

2. BASIS OF PREPARATION**2.1 Statement of compliance**

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

The interim condensed consolidated financial statements do not contain all the information and disclosures required to prepare a complete set of annual consolidated financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024.

In addition, the results of the interim period ended 31 March 2025 may not be a fair indication of the results that can be expected for the fiscal year ended 31 December 2025.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2024.

The significant accounting assumptions, estimates and judgments used in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2024.

2.2 Basis of measurement

These interim condensed consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, except for employee benefit liabilities which are measured at present value for future liabilities using the projected credit unit method.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals ("ﷲ"), which is also the functional and presentation currency of the Group.

2.4 Basis of consolidation of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements include the financial statements of the Company and its subsidiary as at the reporting date. Control is achieved when the Company has:

- Power over the investee;
- Rights to variable returns from its involvement with the investee;
- The ability to use its influence over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of the investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to unilaterally direct the relevant activities of the investee. The Company considers all relevant facts and circumstances when assessing whether the voting rights it has in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of the voting rights of other owners;
- Potential voting rights held by the Company, other voting rights holders or third parties;
- Rights arising from other contractual arrangements; and
- Any other facts and circumstances indicating that the Company has or does not have the current ability to direct the relevant activities at the time the decisions are made, including voting patterns at previous shareholder meetings.

SPORT CLUBS COMPANY

(A CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2025 (UNAUDITED)**

(In Saudi Riyals ﷻ)

2. BASIS OF PREPARATION (CONTINUED)**2.4 Basis of consolidation of the interim condensed consolidated financial statements (continued)**

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

A change in the subsidiary's ownership interest, without loss of control, is recorded in the interim condensed consolidated statement of changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company. Total comprehensive income of subsidiaries is distributed to the shareholders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of its subsidiary, it derecognizes the related assets (including goodwill), liabilities, and other components of equity, while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the accounting policies of the Group.

All assets, liabilities, equity, revenues, expenses and cash flows relating to operations between members of the Group are eliminated in their entirety on consolidation.

The subsidiary company, Third Amaken Sports Company, which is hereinafter referred to with the Company as the Group, has been consolidated from the date of the parent company's control of the subsidiary and until such control ceases. The interim condensed consolidated financial statements were prepared on the basis of the financial statements of the parent company and its subsidiary, Third Amaken Sports Company. The Company owns 100% (2024: 100%) of the company's shares. The subsidiary's activity is in the cleaning and maintenance of buildings.

3- MATERIAL ACCOUNTING POLICY INFORMATION**3.1 New standards, amendments to standards, and interpretations**

A number of new standards and amendments to standards have been issued that are effective as at 1 January 2025, which are set out in the Group's annual consolidated financial statements, but they do not have a material impact on the Group's interim condensed consolidated financial statements as at 31 March 2025. The Group was not required to change its accounting policies or make retrospective adjustments as a result of the application of these amended standards.

SPORT CLUBS COMPANY

(A CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2025 (UNAUDITED)**

(In Saudi Riyals ﷲ)

4. PROPERTY, PLANT AND EQUIPMENT

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
<u>Cost</u>		
As at the beginning of the period / year	735,957,916	679,221,430
Additions during the period / year	19,505,477	99,720,328
Disposals during the period / year	(1,091,793)	(42,983,842)
As at the end of the period / year	754,371,600	735,957,916
<u>Accumulated depreciation</u>		
As at the beginning of the period / year	(270,807,954)	(271,147,910)
Depreciation charged during the period / year	(11,315,274)	(40,419,697)
Disposals during the period / year	954,850	40,759,653
As at the end of the period / year	(281,168,378)	(270,807,954)
<u>Net book value</u>	473,203,222	465,149,962

Lands are mortgaged to banks as security for the loans obtained by the Company. The balances of these lands, as at 31 March 2025, amount to ﷲ 38,527,800 (31 December 2024: ﷲ 38,527,800).

5. LEASES**5.1 Right of use assets**

The Group leases sports clubs on lease contracts ranging from five to twenty years, with an option to renew the leases after that date.

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
<u>Cost</u>		
As at the beginning of the period / year	367,358,465	399,168,623
Additions during the period / year	27,823,788	2,036,848
Termination of leases during the period / year	-	(33,847,006)
Modification of leases during the period / year	(1,657,546)	-
As at the end of the period / year	393,524,707	367,358,465
<u>Accumulated depreciation</u>		
As at the beginning of the period / year	(114,689,746)	(89,987,827)
Depreciation during the period / year	(6,386,270)	(23,609,347)
Capitalized depreciation on projects in progress during the period / year	-	(1,092,572)
As at the end of the period / year	(121,076,016)	(114,689,746)
<u>Net book value</u>	272,448,691	252,668,719

Right-of-use depreciation expenses are charged in full to cost of revenue.

SPORT CLUBS COMPANY
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2025 (UNAUDITED)

(In Saudi Riyals ﷻ)

5. LEASES (CONTINUED)

5.2 Lease liabilities

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
As at the beginning of the period / year	321,922,530	369,449,916
Additions during the period / year	27,823,788	2,036,848
Termination of leases during the period / year	-	(36,490,544)
Modification of leases during the period / year	(1,657,546)	-
Finance costs during the period / year	5,570,603	22,274,606
Payment during the period / year	(13,914,277)	(35,348,296)
As at the end of the period / year	339,745,098	321,922,530

Lease liabilities are presented in the statement of financial position as follows:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Lease liabilities - current portion	42,241,772	42,249,645
Lease liabilities - non-current portion	297,503,326	279,672,885
Total lease liabilities	339,745,098	321,922,530

6. TRADE RECEIVABLES

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Trade receivables	24,698,072	30,734,779
Less: Expected credit loss	(1,965,172)	(1,965,172)
	22,732,900	28,769,607

The following is an analysis of the aging of trade receivables and credit risks:

	Total	Less than 30 days	31 – 90 days	91 – 180 days	181 – 270 days	271 – 365 days	More than 365
31 March 2025	24,698,072	14,233,408	8,499,492	-	-	-	1,965,172
31 December 2024	30,734,779	28,464,616	279,994	24,997	-	-	1,965,172

7. PREPAYMENTS AND OTHER RECEIVABLES

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Prepaid expenses	16,654,120	19,386,954
Letters of guarantee	5,067,941	5,443,191
Due from related parties (shareholders) (note 17)	2,367,333	2,053,079
Advances to suppliers	2,308,462	1,456,215
Staff advance	1,971,568	1,865,537
Accrued revenue	591,473	451,473
Refundable deposits	826,495	822,495
	29,787,392	31,478,944

SPORT CLUBS COMPANY
(A CLOSED JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2025 (UNAUDITED)
(In Saudi Riyals ﷲ)

8. SHARE CAPITAL

The Company's capital as of 31 March 2025 amounted to 104 million ﷲ, divided into 104 million shares of equal value, each share valued at 1 Saudi riyal, distributed among shareholders as follows:

	31 March 2025 (Unaudited)			31 December 2024 (Audited)			Total share capital	
	No. of shares	Value per share	Shareholding %	No. of shares	Value per share	Shareholding %	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Private Opportunities Investment Company	41,600,000	1	40%	41,600,000	1	40%	41,600,000	41,600,000
Diamond Opportunities Sports Company	35,879,000	1	34.50%	35,879,000	1	34.499%	35,879,000	35,879,000
Elaf Gulf Commercial Investment Company	5,691,018	1	5.47%	8,527,030	1	8.199%	5,691,018	8,527,030
Other Shareholders	6,919,198	1	6.65%	5,189,630	1	4.989%	6,919,198	5,189,630
Abdul Qader Al-Muhaidib & Sons Company	4,742,510	1	4.56%	4,742,510	1	4.56%	4,742,510	4,742,510
Al-Fawzan Holding Company	4,742,510	1	4.56%	4,742,510	1	4.56%	4,742,510	4,742,510
Ammar Abdul Wahid Faleh Al-Khudairi	4,425,764	1	4.26%	3,319,320	1	3.192%	4,425,764	3,319,320
	104,000,000	1	100%	104,000,000	1	100%	104,000,000	104,000,000

The ownership of these shares has been recorded in the shareholders register prepared in accordance with the Company's Bylaw and the Saudi Arabian Regulations for Companies.

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9. LONG-TERM LOANS

On 26 March 2023 (corresponding to 04 Ramadan 1444), the Group signed a renewal of a credit facilities contract with a local bank to update the data of the facilities previously withdrawn by the Group over the past years at variable rates, at a value of ﷲ 57 million. These loans are repaid in quarterly installments for a period of five years with a grace period of one year. The loan balance as at 31 March 2025 amounted to ﷲ 11,967,375 (31 December 2024: ﷲ 15,541,147).

The aforementioned loan is secured against a mortgage on lands (note 4), with shareholders also providing a guarantee by pledging their share of ownership in the Group. The following details pertain to the mortgage on the titles of the mortgaged land (note 4):

<u>Date</u>	<u>Title deed number</u>
22-3-1441	814006005053
17-6-1441	314006005791
17-6-1441	914006005790

On 15 February 2025 (corresponding to 16 Shaban 1446), the Group signed a credit facility contract with another local bank to obtain facilities in the amount of ﷲ 175 million. Commission is charged on these facilities at variable rates. The loan balance at 31 March 2025 amounted to ﷲ 128,614,277 million (31 December 2024: ﷲ 103,686,370).

The loan is secured against a land mortgage (note 4), with shareholders providing a guarantee by pledging their share of ownership in the Group. The following are the details of the mortgaged land title deed (note 4):

<u>Date</u>	<u>Title deed number</u>
5-8-1445	718507000568

As at 21 December 2020 (corresponding to 06 Jamada Al-Awwal 1442), the Group signed a credit facility contract with a government bank to obtain facilities in the amount of ﷲ 10 million, for an annual administrative service fee of ﷲ 400,000. These loans are repaid in semi-annual installments for a period of five years from the date of receipt of the first instalment with a grace period of one year. The loan balance as at 31 March 2025 amounted to ﷲ 3,750,000 (31 December 2024: ﷲ 3,750,000). These facilities are guaranteed by a promissory note and an individual and collective guarantee from the shareholders, each in proportion to his shareholding.

On 8 January 2024 (corresponding to 26 Jumada al-Akhirah 1445), the Group signed a credit facilities contract with another local bank to obtain facilities in the amount of ﷲ 20 million. These loans are to be repaid in quarterly installments for a period of seven years starting from the date of the first withdrawal of each installment, with a grace period of two years. The loan balance as at 31 March 2025 amounted to ﷲ 19,995,830 (31 December 2024: ﷲ 19,995,830). These facilities are guaranteed by a promissory note and an individual and collective guarantee from the shareholders, each in proportion to his shareholding.

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9. LONG-TERM LOANS (CONTINUED)

The movement in loans is as follows:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
As at the beginning of period / year	142,973,350	102,625,982
Loans obtained during the period / year	50,000,000	149,736,016
Payments made during the period / year	(28,645,868)	(109,388,648)
As at the end of the period / year	164,327,482	142,973,350

Loans are presented in the statement of financial position as follows:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Current portion	70,138,897	58,942,123
Non-current portion	94,188,585	84,031,227
	164,327,482	142,973,350

10. EMPLOYEES' BENEFITS

Employees' defined benefit liabilities include end-of-service benefits and leave allowance. The Group grants end-of-service benefits to employees in accordance with the Saudi Labor Law and the Social Insurance Law enforced in the Kingdom of Saudi Arabia. Movement in employees' defined benefit liabilities is as follows:

Movement in employee benefits:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
As at the beginning of the period / year	27,183,000	25,352,000
Current service cost	966,000	2,792,000
Interest cost	387,000	1,135,000
Benefits paid	(1,756,438)	(7,740,795)
Remeasurement of defined benefit obligations	985,438	5,644,795
As at the end of the period / year	27,765,000	27,183,000

Employee benefits are presented in the statement of financial position as follows:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Long term benefits	25,440,970	24,676,110
Short term benefits (note 12)	2,324,030	2,506,890
	27,765,000	27,183,000

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11. CONTRACT LIABILITIES

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
As at the beginning of the period / year	94,388,890	76,328,694
Additions during the period / year	67,159,581	306,421,909
Recognized during the period / year as subscription revenue (note 14)	(64,927,289)	(260,071,893)
Recognized during the period / year as revenue from Operation and sale of sports equipment and projects related to the sports solutions sector (note 14)	(16,917,768)	(26,930,888)
Recognized during the period / year as other income	(327,295)	(1,358,932)
As at the end of the period / year	79,376,119	94,388,890

Contract liabilities are presented in the statement of financial position as follows:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Current portion of contracts liabilities	77,961,398	93,656,937
Non - current portion of contracts liabilities	1,414,721	731,953
As at the end of the period / year	79,376,119	94,388,890

12. ACCRUED EXPENSES AND OTHER PAYABLES

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Employee's accruals (*)	10,391,675	12,387,389
Accrued expenses	7,383,246	4,829,105
Value added tax	1,452,833	1,315,988
	19,227,754	18,532,482

* The above balance of employee accruals includes a balance of employees accrued leaves with the amount of ﷻ 2,324,030 as at 31 March 2025 (31 December 2024: ﷻ 2,506,890). A policy was developed to carry over the balances of these leaves, and this policy was approved during the year ended 31 December 2023. Accordingly, the leave allowance has been calculated by a qualified actuary using the projected credit unit method and using the same assumptions used to provide employee end-of-service benefits (note 10).

13. ZAKAT

The following is a summary of the movement in Zakat

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
As at the beginning of the period / year	1,008,151	802,549
Payment made during the period / year	-	(728,530)
Provided during the period / year	114,501	934,132
As at the end of the period / year	1,122,652	1,008,151

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14. REVENUE

Revenue from the operation classified as below:

	For the three-months period ended 31 March	
	2025	2024
	(Unaudited)	(Unaudited)
Sport clubs subscriptions	60,543,318	59,240,166
Health Club Services subscriptions	4,383,971	9,120,484
Operational sales, sales of sports equipment and projects related to the sports solutions segment	17,512,396	1,273,560
	82,439,685	69,634,210

15. FINANCIAL ASSETS AND LIABILITIES

15.1 Financial assets:

	31 March 2025	31 December 2024
	(Unaudited)	(Audited)
Financial assets at amortized cost		
Trade receivables	22,732,900	28,769,607
Cash and cash equivalents	3,548,881	5,026,406
Financial assets at amortized cost	26,281,781	33,796,013

15.2 Financial liabilities

	31 March 2025	31 December 2024
	(Unreviewed)	(Audited)
Financial liabilities at amortized cost		
Loans	164,327,482	142,973,350
Lease liabilities	339,745,098	321,922,530
Trade payables	17,694,067	26,096,223
Financial liabilities at amortized cost	521,766,647	490,992,103
Non-current portion of financial liabilities	391,691,911	363,704,112
Current portion of financial liabilities	130,074,736	127,287,991
Total financial liabilities	521,766,647	490,992,103

The fair values of financial assets and financial liabilities measured at amortized cost are not materially different from their carrying values.

16. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2025, the Group has capital commitments amounting to ﷲ 11,728,086 (31 December 2024: ﷲ 23,144,496) for contracts for the establishment of new sports clubs included in capital work in progress.

17. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties generally consist of payments on behalf of shareholders to cover expenses related to the initial public offering and key management benefits. These transactions were carried out in accordance with the terms specified in the agreements concluded with the related parties and approved by the management. The following is a statement of the balances and transactions with related parties:

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17. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

17.1 Due from related parties:

Related Party Name	Nature of transaction	For the three-months period ended 31 March		Balances as at	
		2025	2024	31 March 2025	31 December 2024
Shareholders (note 7)	IPO expense paid on behalf of company (note 20)	314,254	-	2,367,333	2,053,079

17.2 Key management benefits:

	31 March 2025 (Unaudited)	31 March 2024 (Unaudited)
Salaries and other short-term benefits	2,311,546	2,313,563
Long-term benefits	135,712	168,896
	2,447,258	2,482,459

18 SEGMENT INFORMATION

18.1 Geographical segments

For management purposes, the Group consists of business units based on geographical distribution, and it has five operating segments about which it reports as follows:

- Central Region
- Eastern Region
- Northern Region
- Southern Region
- Western Region

The following tables present information on revenue and profit for the geographical segments:

For the three-months period ended 31 March 2025 (unaudited):

	Central Region	Eastern Region	Northern Region	Southern Region	Western Region	Total
Revenue	56,376,304	7,907,959	5,108,360	2,253,979	10,793,083	82,439,685
Cost of revenue	(41,330,860)	(8,131,460)	(3,702,937)	(2,201,258)	(9,862,092)	(65,228,607)
Gross profit	15,045,444	(223,501)	1,405,423	52,721	930,991	17,211,078

For the three-months period ended 31 March 2024 (unaudited):

	Central Region	Eastern Region	Northern Region	Southern Region	Western Region	Total
Revenue	44,931,734	8,824,606	4,325,435	2,487,909	9,064,526	69,634,210
Cost of revenue	(32,207,288)	(8,027,328)	(2,972,840)	(1,530,701)	(7,540,757)	(52,278,914)
Gross profit	12,724,446	797,278	1,352,595	957,208	1,523,769	17,355,296

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18. SEGMENT INFORMATION (CONTINUED)

18.2 Market segments

The following tables present information on revenue and profit/(loss) for the market segments:

For the three-months period ended 31 March (Unaudited):

	Men's fitness centers		Women's fitness centers		Sports solutions		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenue	46,082,993	47,278,726	19,438,924	20,812,028	16,917,768	1,543,456	82,439,685	69,634,210
Cost of revenue	(38,243,897)	(35,576,225)	(16,726,240)	(15,878,985)	(10,258,470)	(823,704)	(65,228,607)	(52,278,914)
Gross profit	7,839,096	11,702,501	2,712,684	4,933,043	6,659,298	719,752	17,211,078	17,355,296

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19. EARNINGS PER SHARE**Basic and diluted earnings per share**

Basic earnings per share is calculated by dividing profit for the year attributable to the Group's ordinary shareholders by the number of ordinary shares outstanding during the year.

	For the three-months period ended 31 March (Unaudited)	
	2025	2024
Profit for the period	3,405,811	4,001,258
<u>Number of shares</u>		
Number of shares issued (note 8)	104,000,000	104,000,000
Basic and diluted earnings per share (ﷲ)*	0.033	0.038

*The diluted earnings per share are the same as the basic earnings per share as the Group has no diluted instruments

20. LISTING AND INITIAL PUBLIC OFFERING EXPENSES

The General Assembly of Shareholders, in its meeting held on August 22, 2024, approved the offering of 30% of the Group's shares in an Initial Public Offering (IPO). Of this, 20% of the existing shares will be sold by current shareholder on a pro-rata basis according to their ownership ratios, in addition to the issuance of 10% of new shares at a nominal value of one Saudi Riyal per share, fully paid. This will result in an increase in the Group's share capital by 10 million Saudi Riyals, bringing it to 114 million Saudi Riyals instead of 104 million Saudi Riyals. This will be carried out through the submission of a registration and offering request to the Saudi Capital Market Authority, as well as a request for listing on the Saudi Stock Exchange (Tadawul). The Board of Directors have been authorized to take all necessary legal actions to complete the application.

The Group has contracted legal and financial advisors to conduct studies and prepare the necessary requirements for the registration and offering process. Under the Assembly's decision, shareholders agreed to bear these expenses. Since the start of the registration and offering process till the three-months period ended 31 March 2025, the Group has paid an cumulative amount of ﷲ 6.5 million (31 December 2024: ﷲ 5.9 million) related to this process.

The costs have been classified and treated according to the nature of the transaction to which each of these costs is related, according to a clarification from the Saudi Organization for Chartered and Professional Accountants (SOCPA) on how to account for the costs of listing in the capital market when the listing with a sale of part of the founders' share to the public on 23 March 2023.

These costs were classified into;

- Costs related to selling and initial public offering, and were borne by the existing shareholders outside the company's accounts.
- Costs related to the listing process, which were charged to the consolidated statement of profit or loss and other comprehensive income.
- Costs related to the listing transaction that are difficult to attribute directly to both the sale process and the listing process have been allocated using the guidance of paragraph 38 of International Accounting Standard No. 32 "Financial Instruments: Presentations" between the company and the old shareholders pro-rata to the basis of the number of shares sold to the shares held, and the Group's share was charged to the consolidated statement of profit or loss and other comprehensive income.

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20. LISTING AND INITIAL PUBLIC OFFERING EXPENSES (CONTINUED)

	Basis of allocation	Amounts recognized	
		31 March 2025 (Unaudited)	31 December 2024 (Audited)
Allocated to the existing shareholders (related party account)	20%	2,367,333	2,053,079
Allocated to the new shares (equity)	10%	1,158,790	1,026,540
Allocated to listing the existing shareholders (expenses in the consolidated statement of profit or loss and other comprehensive income)	70%	2,991,617	2,851,617
	100%	6,517,740	5,931,236

The financial impact of the amounts borne by the old shareholders for the listing and initial public offering costs has been charged to equity in accordance with the requirements of IAS 32.

Impact on consolidated financial statements is as follows:

	Amount recognized	
	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Receivable from related parties (Note 7)	2,367,333	2,053,079
Share issuance reserve	1,158,790	1,026,540
Initial Public Offering cost (expenses in the consolidated statement of profit or loss and other comprehensive income)*	2,991,617	2,851,617
	6,517,740	5,931,236

21. SUBSEQUENT EVENTS

In the opinion of management, there have been no significant subsequent events after the three-months period ended 31 March 2025, that would have a material impact on the Group's interim condensed consolidated statement of financial position or its results of operations.

22. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial statements of the Group for the three-months period ended 31 March 2025 were approved by the Board of Directors on 28 May 2025 G (Corresponding to: 1 Dhu al-Hijjah 1446 H).