

**LEEJAM SPORTS COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE MONTH AND SIX MONTHS PERIODS
ENDED 30 JUNE 2024**

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of Leejam Sports Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2024, and the related interim condensed consolidated statement of profit or loss and comprehensive income for the three month and six month periods ended 30 June 2024, and the related interim condensed consolidated statements of changes in equity and cash flows for the six month period then ended, and explanatory notes. Management 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"), as 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*", as 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 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services



Hesham A. Alatiqi
Certified Public Accountant
License No. (523)



Riyadh: 29 Muharram 1446H
(4 August 2024)

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2024

	Note	For the three months period ended 30 June		For the six months period ended 30 June	
		2024 SR	2023 (Restated – note 25) SR	2024 SR	2023 (Restated – note 25) SR
Revenue	6	343,678,783	301,770,888	687,219,746	578,743,255
Cost of revenue	7	(208,229,391)	(177,301,005)	(412,377,393)	(345,604,432)
GROSS PROFIT		135,449,392	124,469,883	274,842,353	233,138,823
General and administrative expenses		(30,572,526)	(28,826,327)	(61,746,357)	(56,834,317)
Advertising and marketing expenses		(3,592,235)	(3,677,848)	(12,186,956)	(6,744,946)
Allowance for expected credit losses		(932,054)	(445,828)	(1,881,815)	(445,828)
OPERATING PROFIT		100,352,577	91,519,880	199,027,225	169,113,732
Other (expenses) income, net		(8,692,056)	816,667	(3,825,233)	816,667
Gain on lease modification		-	-	8,998,700	-
Gain on lease termination		5,803,430	-	5,803,430	-
Reversal of impairment of non-financial assets		-	-	4,733,842	-
Finance costs		(23,261,768)	(20,575,356)	(45,430,473)	(37,637,450)
Share in net results of investment in an associate	11	(1,926,270)	-	(3,639,837)	-
Profit from short term Murabaha		2,600,352	3,190,661	6,093,913	6,868,219
PROFIT BEFORE ZAKAT		74,876,265	74,951,852	171,761,567	139,161,168
Zakat and income tax	18	(1,961,088)	(2,203,863)	(4,667,905)	(3,785,073)
PROFIT FOR THE PERIOD		72,915,177	72,747,989	167,093,662	135,376,095
NET PROFIT ATTRIBUTABLE TO:					
Equity holders of the parent company		73,202,106	72,747,989	167,422,756	135,376,095
Non- Controlling Interests		(286,929)	-	(329,094)	-
		72,915,177	72,747,989	167,093,662	135,376,095
EARNINGS PER SHARE					
Basic and diluted earnings per share	8	1.39	1.39	3.20	2.58



Assim Al Attas
Chief Financial Officer



Adnan Abdullah Al Khalaf
Chief Executive Officer



Ali Hamad AlSagri
Board Chairman


The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2024

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	2024 SR	2023 <i>(Restated – note 25)</i> SR	2024 SR	2023 <i>(Restated – note 25)</i> SR
Net profit for the period	72,915,177	72,747,989	167,093,662	135,376,095
Other comprehensive income <i>Item that will not be reclassified to statement of profit or loss in subsequent periods:</i>				
Share in net result of financial assets at fair value through OCI	-	-	92,318	-
Re-measurement gain on employees end of service benefits obligation	(530,751)	1,503,295	(530,751)	1,503,295
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	72,384,426	74,251,284	166,655,229	136,879,390
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the parent company	72,671,355	74,251,284	166,984,323	136,879,390
Non- Controlling Interest	(286,929)	-	(329,094)	-
	72,384,426	74,251,284	166,655,229	136,879,390



Assim Al Attas
Chief Financial Officer



Adnan Abdullahi Al Khalaf
Chief Executive Officer



Ali Hamad AlSagri
Board Chairman

The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	30 June 2024 SR (Unaudited)	31 December 2023 SR (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	9	1,897,399,079	1,705,519,606
Right-of-use assets	10	1,194,103,514	1,152,169,605
Investment in an associate	11	4,041,555	1,845,765
Intangible assets		8,823,106	3,935,499
Financial assets at fair value through OCI		92,318	-
Goodwill	5	10,852,347	11,932,513
Advances to suppliers and contractors		112,460,717	100,970,616
TOTAL NON-CURRENT ASSETS		3,227,772,636	2,976,373,604
CURRENT ASSETS			
Inventories		22,336,927	15,011,177
Prepayments and other current assets		95,041,442	103,939,351
Trade receivables	13	26,558,441	29,083,762
Cash and cash equivalents	14	203,413,897	276,810,098
TOTAL CURRENT ASSETS		347,350,707	424,844,388
TOTAL ASSETS		3,575,123,343	3,401,217,992
EQUITY AND LIABILITIES			
EQUITY			
Share capital		523,833,610	523,833,610
Statutory reserve	15	-	135,596,952
Retained earnings		611,809,216	429,801,989
Fair value reserve of financial assets at FVOCI		92,318	-
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY		1,135,735,144	1,089,232,551
Non-controlling interests		6,795,368	2,530,051
TOTAL EQUITY		1,142,530,512	1,091,762,602
NON-CURRENT LIABILITIES			
Borrowings	16	273,855,469	180,207,547
Lease liabilities	10	1,207,261,979	1,178,488,669
Employees' end of service benefits		54,937,802	49,803,255
TOTAL NON-CURRENT LIABILITIES		1,536,055,250	1,408,499,471
CURRENT LIABILITIES			
Borrowings	16	158,359,956	122,601,656
Lease liabilities	10	105,593,258	114,052,331
Accounts payable		119,144,502	104,641,011
Accrued expenses and other current liabilities	17	99,006,067	105,276,723
Deferred revenue		408,736,459	443,623,557
Provision for zakat and income tax	18	5,697,339	10,760,641
TOTAL CURRENT LIABILITIES		896,537,581	900,955,919
TOTAL LIABILITIES		2,432,592,831	2,309,455,390
TOTAL EQUITY AND LIABILITIES		3,575,123,343	3,401,217,992


Assim Al Attas
Chief Financial Officer


Adnan Abdullah Al Khulaf
Chief Executive Officer



Ali Hamad AlSagri
Board Chairman

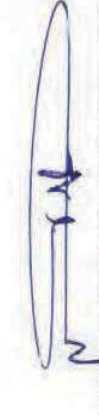
The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.


LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024

	Share Capital SR	Statutory Reserve SR	Retained earnings SR	Fair value reserve of financial assets at F/OCI	Total SR	Non- Controlling Interest ("NCI") SR	Total SR
As at 31 December 2022- as previously reported	523,833,610	102,349,153	312,356,345	-	938,539,108	-	938,539,108
Impact of restatement (note 25)	-	(2,376,614)	(21,389,529)	-	(23,766,143)	-	(23,766,143)
As at 31 December 2022 (Audited)	523,833,610	99,972,539	290,966,816	-	914,772,965	-	914,772,965
Profit for the period	-	-	135,376,095	-	135,376,095	-	135,376,095
Other comprehensive income	-	-	1,503,295	-	1,503,295	-	1,503,295
Total comprehensive income for the period	-	-	136,879,390	-	136,879,390	-	136,879,390
Dividends (note 23)	-	-	(91,670,881)	-	(91,670,881)	-	(91,670,881)
As at 30 June 2023 (Unaudited)	523,833,610	99,972,539	336,175,325	-	959,981,474	-	959,981,474
As at 31 December 2023 (Audited)	523,833,610	135,596,952	429,801,989	-	1,089,232,551	2,530,051	1,091,762,602
Profit for the period	-	-	167,422,756	-	167,422,756	(329,094)	167,093,662
Other comprehensive income	-	-	(530,751)	92,318	(438,433)	-	(438,433)
Total comprehensive income for the period	-	-	166,892,005	92,318	166,984,323	(329,094)	166,655,229
Dividends (note 23)	-	-	(120,481,730)	-	(120,481,730)	-	(120,481,730)
Transfer of statutory reserve to retained earnings (note 15)	-	(135,596,952)	135,596,952	-	-	-	-
Acquisition of Subsidiaries (note 5)	-	-	-	-	-	4,481,266	4,481,266
Additional investment by NCI	-	-	-	-	-	113,145	113,145
As at 30 June 2024 (Unaudited)	523,833,610	-	611,809,216	92,318	1,135,735,144	6,795,368	1,142,530,512


Assam Al Attas
Chief Financial Officer


Adnan Abduallah Al Khalaf
Chief Executive Officer


Ali Hamad AlSagvi
Board Chairman

The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.

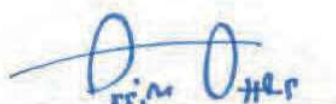
LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 (UNAUDITED)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

	Note	For the six-months period ended 30 June	
		2024 SR	2023 (Restated – note 25) SR
OPERATING ACTIVITIES			
Profit before zakat		171,761,567	139,161,168
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation of property and equipment	9	87,522,358	78,562,446
Depreciation of right-of-use assets	10	54,886,564	42,098,533
Amortization of intangible assets		1,611,416	696,643
Allowance for expected credit losses		1,881,815	445,828
Finance costs		45,430,473	37,637,450
Profit from short term Murabaha		(6,093,913)	(6,868,219)
Reversal of impairment of non-financial assets		(4,733,842)	-
Gain on lease modification		(8,998,700)	-
Gain on lease termination		(5,803,430)	-
Write off of property and equipment		8,746,066	-
Gain on disposal of property and equipment		(476,274)	-
Share in net results of investment in an associate		3,639,837	-
Provision for employees' end of service benefits		4,312,158	4,832,928
		<u>353,686,095</u>	<u>296,566,777</u>
Working capital changes:			
Inventories		(7,325,750)	(3,132,336)
Prepayments and other current assets		12,981,757	(11,733,612)
Trade receivables		1,215,047	(833,156)
Accounts payable		11,391,171	(125,143)
Accrued expenses and other current liabilities		(7,154,850)	(9,169,613)
Deferred revenue		(39,078,455)	(24,382,909)
Cash from operations		<u>325,715,015</u>	<u>247,190,008</u>
Employees' end of service benefits paid		(1,198,461)	(2,420,896)
Zakat paid		(9,731,207)	(7,298,398)
Net cash from operating activities		<u>314,785,347</u>	<u>237,470,714</u>
INVESTING ACTIVITIES			
Addition in property and equipment	9	(268,064,092)	(79,370,468)
Advances to suppliers and contractors		(11,490,101)	2,569,005
Acquisition of subsidiary	5	(9,340,844)	(11,936,435)
Investment in associate	12	(5,835,627)	(50,000)
Proceeds from short term Murabaha profit		5,431,828	5,889,110
Proceeds from sale of property and equipment		2,031,984	-
Addition to intangible assets		(1,542,453)	(959,345)
Net cash used in investing activities		<u>(288,809,305)</u>	<u>(83,858,133)</u>

The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 (UNAUDITED) (continued)
 FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

	<i>For the six-months period ended</i>	
	<i>30 June</i>	
	2024	2023
	SR	SR
FINANCING ACTIVITIES		
Proceeds from borrowings	329,313,074	63,416,328
Repayments of borrowings	(200,170,710)	(59,553,110)
Finance cost paid	(24,938,971)	(17,366,470)
Dividend paid	(120,481,730)	(91,670,881)
Contribution by NCI	113,145	-
Payment of lease liabilities	(83,207,051)	(67,647,001)
Net cash used in financing activities	(99,372,243)	(172,821,134)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(73,396,201)	(19,208,553)
Cash and cash equivalents at the beginning of the period	276,810,098	300,626,898
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	203,413,897	281,418,345
<u>SIGNIFICANT NON-CASH TRANSACTIONS</u>		
Additions to right-of-use assets and corresponding lease liability	102,335,901	202,949,879
Capitalization of borrowing cost	5,925,588	41,865
Interest on lease liabilities capitalized for under construction fitness centers	700,000	384,191
Re-measurement gain on employees end of service benefits obligation	530,751	1,503,295



Assim Al Attas
 Chief Financial Officer



Adnan Abdullah Al Khalaf
 Chief Executive Officer



Ali Hamad AlSagri
 Board Chairman

The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2024

1 CORPORATE INFORMATION

Leejam Sports Company (“the Company”) is a Saudi Joint Stock Company and listed on the Saudi Stock Exchange Market. The Company was established in accordance with the Ministry of Commerce and Industry resolution No. 146/S dated 29 Rabi Al-Thani 1429H (corresponding to 5 May 2008) and registered under Commercial Registration (CR) numbered 4030180323 dated 19 Jumada Al-Akhirah 1429H (corresponding to 23 June 2008). The address of the Company’s registered office is Thumamah Street, P.O. Box 295245, Riyadh 11351, Kingdom of Saudi Arabia. In 2012, The Company’s head office was transferred from Jeddah to Riyadh, the Company obtained amended CR numbered 1010337986 dated 14 Jumada Al-Akhirah 1433H (corresponding to 6 May 2012).

The objectives of the Company and its subsidiaries (“the Group”) are construction, management and operation of sports and entertaining centers and wholesale and retail trading in sports clothes and equipment and owning real estate and constructing buildings necessary to achieve its purposes and advertising, construction, management and owning hotels and furnished apartments and other activities that the Group needs to use. The Group’s operations are located in the Kingdom of Saudi Arabia and United Arab Emirates.

The subsidiaries included in these interim condensed consolidated financial statements are as follows:

Name	Country of incorporation	Ownership percentage			
		30 June 2024		31 December 2023	
		Direct	Indirect	Direct	Indirect
Al Rasn Investment Company	Kingdom of Saudi Arabia	100%	-	100%	-
Altathir Al-Riyadiyah Company	Kingdom of Saudi Arabia	-	100%	-	100%
Padel X Sports Company	Kingdom of Saudi Arabia	-	51%	-	51%
Champs Sports and Fitness Club LLC Company	United Arab Emirates	-	60%	-	-
Sports Hub Sports Company	Kingdom of Saudi Arabia	-	55%	-	-

The Group acquired 95% of the outstanding shares of Fitness Time for Trading Company Limited in order to acquire the trademark “Fitness Time”. The trademark is renewable for a period of 10 years or periods at the option of the Group for a nominal fee. Fitness Time discontinued its operations after the trademark was transferred to the Group. The management believes that Fitness Time is immaterial to the Group; hence, does not consolidate the results of operations of Fitness Time and its financial position in the financial statements of the Group.

The interim condensed consolidated financial statements of the Group for the six months period ended 30 June 2024 were authorized for issuance in accordance with the Board of Directors resolution on 23 Muharram 1446H (corresponding to 29 July 2024).

2 BASIS OF PREPARATION

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

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 financial statements as at and for the year ended 31 December 2023. In addition, the results of the operations for the period ended 30 June 2024 do not necessarily represent an indication for the results of the operations for the year ending 31 December 2024.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider 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 end of the reporting period.

These interim condensed consolidated financial statements are prepared using historical cost convention. These interim condensed consolidated financial statements are presented in Saudi Riyals (“SR”) which is also the functional and presentation currency of the Group.

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2024

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

As at 30 June 2024, management believes that all judgments and sources of estimation uncertainty remain similar to those disclosed in the Company's annual consolidated financial statements for the year ended 31 December 2023.

4 MATERIAL ACCOUNTING POLICY INFORMATION AND NEW AND AMENDED STANDARDS AND INTERPRETATIONS

4.1 *Material accounting policy information*

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended 31 December 2023.

4.2 *New standards, amendments to standards and interpretations applicable from 1 January 2024*

Following are the standards and amendments effective on 1 January 2024 or after (unless otherwise stated) and do not have a material impact on the Group's interim condensed consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS (1): Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the Board issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer settlement must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

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

LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION AND NEW AND AMENDED STANDARDS AND INTERPRETATIONS (continued)

4.2 *New standards, amendments to standards and interpretations applicable from 1 January 2024 (continued)*

Amendments to IFRS (16): Lease Liability in a Sale and Leaseback

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

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

Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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

4.3 *Standards and amendments issued and not yet effective*

The new amended, issued standards and interpretations, which are not effective yet have not been adopted early by the Company and will be adopted on their effective date as applicable. The adoption of these standards and interpretations is not expected to have any material impact on the Company on the effective date.

<i>Standard, Amendment or Interpretation</i>	<i>Effective date</i>
- Amendments to IAS (21): Lack of exchangeability	1 January 2025
- Amendments to IFRS (9) and IFRS (7): Classification and Measurement of Financial Instruments	1 January 2026
- IFRS 18: Presentation and Disclosure in Financial Statements – Replaces IAS (1) Presentation of Financial Statements.	1 January 2027
- IFRS (19) - Subsidiaries without Public Accountability: Disclosures	1 January 2027
- Amendments to IFRS (10) and IAS (28): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date of this amendment is postponed indefinitely.

5 ACQUISITION OF A SUBSIDIARY

- A. On 1 Rajab 1445H (corresponding to 1 February 2024), Al Rasn Investment Company acquired a 60% stake in Champs Sports and Fitness Club LLC, Company and having commercial license numbered 865400 issued by the Dubai Economy Department. Its head office is registered in Dubai, United Arab Emirates. Transaction costs of SR 17,266 were expensed and are included in administrative expenses. It is engaged in the provision of comprehensive fitness and wellness services including but not limited to gym, fitness classes, basketball academy, football academy and facilities rentals.

The acquisition value amounted to SR 8.16 million. The interim condensed consolidated financial statements include the results of Champs Sports and Fitness Club LLC, Company from the acquisition date.

- B. On 24 Duh Al-Qi'dah 1445H (corresponding to 1 June 2024), Al Rasn Investment Company acquired a 55% stake in Sports Hub Sports Company and having commercial register number 1010299768. Its head office is registered in Riyadh, Kingdom of Saudi Arabia. It is engaged in the provision of sports services including organizing sporting events, support services and assistance for sports activities, competitive sports events and recreational sports events.

The acquisition value amounted to SR 2.2 million. The interim condensed consolidated financial statements include the results of Sports Hub Sports Company from the acquisition date.

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2024

5 ACQUISITION OF A SUBSIDIARY (continued)

The following table shows book value of total assets acquired and liabilities assumed at acquisition date:

	Champs Sports and Fitness Club LLC Company (A) 1 February 2024 SR (Unaudited)	Sports Hub Sports Company (B) 1 June 2024 SR (Unaudited)
Assets		
Property and equipment	12,709,745	2,304,182
Right-of-use assets	6,524,955	-
Intangible assets	30,093	-
Prepayments and other current assets	3,096,217	116,975
Trade receivables *	775,730	4,382
Cash and cash equivalents	1,018,228	928
Total assets	24,154,968	2,426,467
Liabilities		
Borrowings	263,858	-
Lease liabilities	6,524,955	-
Employees' end of service benefits	150,125	265,641
Trade and other payables	7,886,767	495,134
Total liabilities	14,825,705	760,775
Total identifiable net assets at book value	9,329,263	1,665,692
Group share in net assets acquired	5,597,558	916,131
Provisional goodwill arising on acquisition	2,562,442	1,283,869
Purchase consideration paid	8,160,000	2,200,000

*The book value and gross amount of the trade receivables amounts to SR 780,112 and it is expected to be fully collected.

Analysis of cash flows on acquisition:

	Champs Sports and Fitness Club LLC Company (A) 1 February 2024 SR (Unaudited)	Sports Hub Sports Company (B) 1 June 2024 SR (Unaudited)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	1,018,228	928
Cash paid	(8,160,000)	(2,200,000)
Net cash outflow on acquisition	(7,141,772)	(2,199,072)
		Goodwill SR
Gross carrying amount of goodwill:		
At 31 December 2023 (audited)		11,932,513
Acquisition of a subsidiaries (note a)		3,846,311
Allocated to intangible assets (note b)		(4,926,477)
At 30 June 2024 (unaudited)		10,852,347

- a) The Group is currently in the process of allocating the purchase consideration to Champs Sports and Fitness Club LLC Company and Sports Hub Sports Company's assets and liabilities. The process is expected to be completed within 12 months from the acquisition date whereby part of the goodwill balance may be reclassified to certain other assets identified during the process.

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

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FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2024

5 ACQUISITION OF A SUBSIDIARY (continued)

- b) During the period, the purchase price allocation for Altathir Al-Riyadiyeh Company was finalized. The assessment was carried out within one year of the acquisition date, which resulted in adjustments to the previously accounted amounts of SAR 4.92 million as goodwill in 2023. These amounts were also adjusted in the interim condensed consolidated financial statements and allocated to intangible assets: trademarks and customer relationships, amounting to SAR 1.66 million and SAR 3.26 million, respectively.

6 REVENUE

	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	2024	2023	2024	2023
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Type of services</i>				
Subscriptions and membership	291,478,647	262,420,491	576,176,600	502,455,714
Personal training	43,467,409	31,896,221	91,836,238	63,204,937
Rental income	5,809,591	4,014,660	10,374,705	7,936,458
Others	2,923,136	3,439,516	8,832,203	5,146,146
	<u>343,678,783</u>	<u>301,770,888</u>	<u>687,219,746</u>	<u>578,743,255</u>

Set out below is the disaggregation of the Group's revenue from contracts with customers, for the six months period ended 30 June, based on male and female centers offerings:

	<i>Subscriptions and membership</i>		<i>Personal training</i>		<i>Rental income</i>	
	<i>For the six months period ended 30 June</i>					
	2024	2023	2024	2023	2024	2023
	SR (Unaudited)					
<i>Types of customers</i>						
Male centers	431,868,965	387,049,236	58,180,529	41,398,432	5,931,376	4,636,015
Female centers	136,431,734	114,919,806	32,500,287	21,806,505	2,566,959	3,300,443
Other business	7,875,901	486,672	1,155,422	-	1,876,370	-
	<u>576,176,600</u>	<u>502,455,714</u>	<u>91,836,238</u>	<u>63,204,937</u>	<u>10,374,705</u>	<u>7,936,458</u>

Set out below is the disaggregation of the Group's revenue from contracts with customers, for the three months period ended 30 June, based on male and female centers offerings:

	<i>Subscriptions and membership</i>		<i>Personal training</i>		<i>Rental income</i>	
	<i>For the three-months period ended 30 June</i>					
	2024	2023	2024	2023	2024	2023
	SR (Unaudited)					
<i>Types of customers</i>						
Male centers	218,960,849	202,830,247	27,272,058	20,922,030	3,407,405	2,381,866
Female centers	67,974,804	59,103,572	15,526,198	10,974,191	1,440,655	1,632,794
Other business	4,542,994	486,672	669,153	-	961,531	-
	<u>291,478,647</u>	<u>262,420,491</u>	<u>43,467,409</u>	<u>31,896,221</u>	<u>5,809,591</u>	<u>4,014,660</u>

In addition, the Group separately presents segment information in accordance with IFRS-8 (note 20).

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2024

7 COST OF REVENUE

	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	<i>2024</i>	<i>2023 (Restated – note 25)</i>	<i>2024</i>	<i>2023 (Restated – note 25)</i>
	<i>SR (Unaudited)</i>	<i>SR (Unaudited)</i>	<i>SR (Unaudited)</i>	<i>SR (Unaudited)</i>
Salaries and related benefits	84,421,506	68,594,338	163,695,199	132,466,375
Depreciation of property and equipment	43,481,003	38,249,190	84,253,596	76,053,275
Depreciation of right-of-use assets	27,415,344	21,581,288	54,529,233	41,180,231
Utilities	18,369,714	17,706,614	36,966,064	35,301,956
Cleaning	14,377,888	14,734,910	30,766,331	28,482,728
Repairs and maintenance	6,267,115	5,893,185	13,806,616	10,626,805
Others	13,896,821	10,541,480	28,360,354	21,493,062
	<u>208,229,391</u>	<u>177,301,005</u>	<u>412,377,393</u>	<u>345,604,432</u>

8 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit for the period ended 30 June 2024 and 30 June 2023, by the weighted average number of shares outstanding at the end of the respective period, which consisted of 52.383 million shares as at 30 June 2024 (30 June 2023: 52.383 million shares).

9 PROPERTY AND EQUIPMENT

During the six-months period ended 30 June 2024, the Group has purchased assets with a cost of SR 274.68 million (six-month period ended 30 June 2023: SR 79.37 million). Depreciation charge for the six months period ended 30 June 2024 amounted SR 87.52 million and for the three months period ended 30 June 2023 amounted SR 45.52 million (six-month period ended 30 June 2023: SR 78.56 million and three month period ended 30 June 2023: SR 39.96 million).

The total borrowing costs capitalized under capital work in progress during the period amounted to SR 0.7 million (six-month period ended 30 June 2023: SR 0.04 million).

As at 30 June 2024 and 31 December 2023, the Group had secured borrowings against mortgages on land (note 16) owned by the Group with a cost of SR 58.5 million.

10 LEASES

Expense recognized in the interim condensed consolidated statement of profit or loss in relation to leases for the six-months period was as follows:

	<i>For the six months period ended 30 June</i>	
	<i>2024</i>	<i>2023 (Restated – note 25)</i>
	<i>SR (Unaudited)</i>	<i>SR (Unaudited)</i>
<i>Depreciation on right-of-use assets:</i>		
Depreciation charge for the period	54,886,564	42,098,533
<i>Interest expense on lease liabilities</i>		
Interest expense for the period	20,311,200	20,697,036
Capitalised for under construction fitness centers	(5,925,588)	(384,191)
	<u>14,385,612</u>	<u>20,312,845</u>
Total amount recognized in profit or loss	<u>69,272,176</u>	<u>62,411,378</u>

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2024

11 INVESTMENT IN AN ASSOCIATE

On 25 Dhu Al-Qi'dah 1444H (corresponding to 14 June 2023), the Group made an arrangement with Burjeel Holding Company to establish an entity named as Integrated Medical Care Services Company ("Investee Company"). According to the laws of the Kingdom of Saudi Arabia, the Parent Company and Burjeel Holding Company, both will hold 50% ownership in the Investee Company. The Group has assessed whether this arrangement is in the nature of joint venture or an associate.

For this purpose, the Group assess whether it has significant influence or control not only on the basis of its ownership percentage but also on the existence of qualitative factors such as representation of the board of directors of the investee, its participation in decision making processes, interchange of managerial personnel and access to technical information. Burjeel Holding Company has higher representation in board of directors of the Investee Company and hence has power over the Investee Company and thus concluded to have control over the Investee Company. Since, the Group does not have control over the entity based on qualitative factors, the Group considers this investment as investment in associate accounted under the equity method.

Integrated Medical Care Services Company is incorporated as per Saudi Regulations and registered in Riyadh under commercial registration number 1010888848 on 25 Dhu Al-Qi'dah 1444H (corresponding to 14 June 2023), with a share capital at an amount of SR 100,000 divided into 100 shares with SR 1,000 each. This partnership aimed to establish and operate a network of physiotherapy, rehabilitation and sports health care clinics within and outside the Company's centers in the Kingdom. It will also include the provision of physiotherapy and related wellness services, with a special focus on sports medicine and advanced rehabilitation therapies.

The following is the carrying amount of the Group's investment in associate:

	<i>Ownership</i>		<i>30 June 2024</i>	<i>31 December 2023</i>
	<i>30 June 2024</i>	<i>31 December 2023</i>		
	<i>%</i>	<i>%</i>	<i>SR</i>	<i>SR</i>
			<i>(Unaudited)</i>	<i>(Audited)</i>
Integrated Medical Care Services Company	50%	50%	4,041,555	1,845,765

Movement in the Group's investment account:

	<i>30 June 2024</i>	<i>31 December 2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
At the beginning of the year	1,845,765	-
Addition during the year	5,835,627	4,792,234
The Group's share of the associate results	(3,639,837)	(2,946,469)
At the end of the year	4,041,555	1,845,765

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FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2024

12 RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties.

The following are the details of the major related party transactions occurred during the three month and six month periods ended 30 June:

<i>Name of Related party</i>	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>For the three months periods ended 30 June</i>		<i>For the six months periods ended 30 June</i>	
			<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
			<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Key management personnel	Key management personnel	Salaries and other benefits	1,650,796	1,426,240	3,109,811	2,782,891
		Post-employment benefits	61,179	54,038	115,217	105,389
Board of Directors Hamad Ali AlSagri	Directors Shareholder	Remuneration	821,337	765,295	1,606,899	1,571,419
		Lease rentals paid to a shareholder	-	-	3,400,000	3,400,000
AlSagri Holding	Shareholder affiliate	Subscriptions sold	113,889	54,134	151,591	115,931
Dhaoq Almanzel Trading Est	Shareholder affiliate	Purchase of furniture	156,473	-	281,273	-
Afaq Al-Anaqah Trading	Shareholder affiliate	Purchase of supplies	-	-	3,497,505	-

Amounts due from a related party - (included in trade receivables) are as follows:

	<i>30 June 2024</i>	<i>31 December 2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
AlSagri Holding	212,936	61,345

Pricing policies and terms of payments of transactions with related parties are approved by the Board of Directors.

Outstanding balances at the period-end are unsecured, interest free and settled in cash.

13 TRADE RECEIVABLES

	<i>30 June 2024</i>	<i>31 December 2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Subscriptions and membership receivables	21,065,784	23,307,565
Rental receivables	14,404,767	12,806,492
	35,470,551	36,114,057
Less: Allowance for expected credit losses		
- Subscriptions and membership receivables	(5,664)	(5,664)
- Rental receivables	(8,906,446)	(7,024,631)
	26,558,441	29,083,762

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(UNAUDITED) (continued)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2024

14 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	<i>30 June 2024 SR (Unaudited)</i>	<i>31 December 2023 SR (Audited)</i>
Cash in hand	425,860	268,049
Cash at bank – current accounts	82,988,037	86,542,049
Short term Murabaha (note a)	120,000,000	190,000,000
	<u>203,413,897</u>	<u>276,810,098</u>

- a) These are placed in Islamic Murabaha accounts with a local bank as profit bearing Murabaha which are based on prevailing market rates and have original maturity of less than three months.

15 STATUTORY RESERVE

On 29 Dhu Al-Qi'dah 1445H (corresponding to 6 June 2024), the Extraordinary General Assembly approved the transfer of the statutory reserve balance as of 31 March 2024, amounting to SAR 135,596,952, to retained earnings, since the statutory reserve is no longer required in light of the new Companies Law and the amended by laws.

16 BORROWINGS

	<i>30 June 2024 SR (Unaudited)</i>	<i>31 December 2023 SR (Audited)</i>
Non-current portion of long-term borrowings	273,855,469	180,207,547
Current portion of long-term borrowings	158,359,956	122,601,656
	<u>432,215,425</u>	<u>302,809,203</u>

As at 30 June 2024, the Group had unutilized bank financing facilities amounting to SR 861.63 million (31 December 2023: SR 1,048 million) to manage its short-term and long-term liquidity requirements and for construction of the fitness centers. The facilities have been secured by promissory note issued by the Group.

All borrowings are denominated in Saudi Riyals and are under Islamic financing mode being Murabaha and Tawaruq loans. The above borrowings and facilities include certain covenants which require the Group to maintain certain levels of current and leverage ratios and also notify the bank of any breach or probable breach immediately. As at 30 June 2024 the Group is in compliance with borrowings covenants.

As at 30 June 2024 and 31 December 2023, the Group had secured borrowings against mortgages on land (note 9) owned by the Group with a cost of SR 58.5 million.

17 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>30 June 2024 SR (Unaudited)</i>	<i>31 December 2023 SR (Audited)</i>
Accrued expenses	87,795,803	91,463,986
Value added tax (VAT) payable	10,477,181	13,192,866
Advances from customers	733,083	619,871
	<u>99,006,067</u>	<u>105,276,723</u>

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18 ZAKAT AND INCOME TAX

18.1 Charge for the period

During the period, a zakat and income tax charge of SR 4.7 million (six-months period ended 30 June 2023: SR 3.8 million) has been recognized in the interim condensed consolidated statement of profit or loss.

18.2 Status of assessments

The Group has submitted its zakat returns for the years up to 2023. The Group has received zakat certificate from the Zakat, Tax and Customs Authority ("ZATCA") which is valid up to 30 April 2025. The Group has received final assessments from ZATCA for the years up to 2014.

However, the Group received notification from ZATCA on 30 April 2021 for the years 2015, 2016, 2017 and 2018 claiming an additional liability regarding the ownership of shares by Target Opportunities for Trading Company, one of the shareholders in the Group, for the said years, that there are certain taxes on the Group. ZATCA's view based on certain assumptions, is that the Group is partially subject to income tax. ZATCA assumed that the aforementioned former shareholder is owned directly or indirectly by investment funds that could be ultimately owned by non-GCC nationals and accordingly, the estimated amount of income tax exposure based on the notification for the years 2015, 2016, 2017 and 2018 is SR 32.7 million excluding late payment penalties. The former shareholder was a shareholder of the Group until and including the year ended 31 December 2018.

The Group filed an objection with ZATCA against this assessment. ZATCA did not respond to the objection. Accordingly, the Group filed a lawsuit against ZATCA before the General Secretariate of Zakat, Tax and Customs Committees "GSTC" and during the year 2022, the GSTC issued its ruling in the favor of ZATCA. During 2022, the Group filed an appeal against this ruling which has been rejected. During 2024 the Group filed a cassation appeal as a final stage in the litigation process which was rejected during the period.

The management position was that the Group as a 100% zakatable Group on the basis of its ownership structure with all direct and indirect shareholders being either GCC nationals, or companies that were established within the GCC and whose shareholders consist wholly of GCC nationals. Further, dividend distribution to the above-mentioned former shareholder, in management view, is not subject to withholding tax as it is a resident Company in the Kingdom of Saudi Arabia (as a Saudi limited liability Company on the basis of the incorporation documents).

However, the Group recorded a liability of SR 32.7 million as a result of rejection of the appeal. The above-mentioned former shareholder has provided to the Group an indemnity undertaking letter to bear any amounts related to the liability that might be imposed on the Group by ZATCA in connection with the above matter. Therefore, based on the management assessment and formal advice received from an independent legal advisor, an equal amount of reimbursable receivable is recorded from the above-mentioned former shareholder as of 30 June 2024.

The Group's zakat assessments for the years from 2019 to 2023 are currently under review by the ZATCA. ZATCA raised some queries related to these years, which were responded. ZATCA has not issued a final assessment to date.

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19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

In the normal course of the business, the Group's certain suppliers and contractors have commenced an action against the Group for claims and additional payments. The Group has consulted its legal advisor and for probable cash out flows, adequate provisions have been recorded. For certain cases where the legal counsel has advised that it is only possible, but not probable, that the action will succeed, no provision for any liability has been made in these interim condensed consolidated financial statements.

The Group's bankers have issued letters of guarantees amounting to SR 11.1 million as at 30 June 2024 (31 December 2023: SR 10.6 million) against land lease and letter of credit amounting to SR 60.1 million as at 30 June 2024 (31 December 2023: SR 104.93 million).

19.2 Capital commitments

The Group has capital commitments on contracts for setting up fitness centers amounting to SR 212.3 million as at 30 June 2024 (31 December 2023: SR 102.7 million).

20 SEGMENTAL INFORMATION

20.1 Geographical segments

For management purposes, the Group is organized into business units based on their geographical distribution and has two reportable operating segments as follows:

- Kingdom of Saudi Arabia
- United Arab Emirates

The following tables present revenue and profit information for the operating segments for six-months period ended 30 June 2024 and 2023, respectively:

	<i>Local Region – KSA</i>		<i>International Region – UAE</i>		<i>Total</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	SR (Unaudited)					
Revenue	660,009,989	564,154,402	27,209,757	14,588,853	687,219,746	578,743,255
Depreciation						
- property & equipment	(80,138,584)	(73,340,170)	(4,115,013)	(2,713,105)	(84,253,597)	(76,053,275)
- right-of-use assets	(52,316,899)	(40,155,952)	(2,212,334)	(1,024,279)	(54,529,233)	(41,180,231)
Other operating costs	(260,369,249)	(221,126,597)	(13,225,314)	(7,244,329)	(273,594,563)	(228,370,926)
Segment profit	267,185,257	229,531,683	7,657,096	3,607,140	274,842,353	233,138,823

The following tables present revenue and profit information for the operating segments for three-months period ended 30 June 2024 and 2023, respectively:

	<i>Local Region – KSA</i>		<i>International Region – UAE</i>		<i>Total</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	SR (Unaudited)					
Revenue	329,394,593	294,311,881	14,284,190	7,459,007	343,678,783	301,770,888
Depreciation						
- property & equipment	(41,334,646)	(36,932,400)	(2,146,357)	(1,316,790)	(43,481,003)	(38,249,190)
- right-of-use assets	(26,507,247)	(21,069,149)	(908,097)	(512,139)	(27,415,344)	(21,581,288)
Other operating costs	(130,657,946)	(113,747,583)	(6,675,098)	(3,722,944)	(137,333,044)	(117,470,527)
Segment profit	130,894,754	122,562,749	4,554,638	1,907,134	135,449,392	124,469,883

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(UNAUDITED) (continued)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2024

20 SEGMENTAL INFORMATION (continued)

20.2 Market segments

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

for six-months period ended 30 June 2024:

	<i>Male</i>	<i>Female</i>	<i>Other Business</i>	<i>Total</i>
	SR (Unaudited)			
Revenues	499,694,834	173,194,906	14,330,006	687,219,746
Depreciation on property and equipment	(56,748,869)	(25,887,081)	(1,617,647)	(84,253,597)
Depreciation of right-of-use assets	(37,394,160)	(16,031,405)	(1,103,668)	(54,529,233)
Other Operating costs	(193,884,523)	(70,677,774)	(9,032,266)	(273,594,563)
Segment profit	211,667,282	60,598,646	2,576,425	274,842,353

for six-months period ended 30 June 2023:

	<i>Male</i>	<i>Female</i>	<i>Other Business</i>	<i>Total</i>
	SR (Unaudited)			
Revenues	436,893,769	141,362,814	486,672	578,743,255
Depreciation on property and equipment	(51,578,050)	(24,438,705)	(36,520)	(76,053,275)
Depreciation of right-of-use assets	(29,723,597)	(11,456,634)	-	(41,180,231)
Other Operating costs	(170,545,544)	(57,705,447)	(119,935)	(228,370,926)
Segment profit	185,046,578	47,762,028	330,217	233,138,823

for three-months period ended 30 June 2024:

	<i>Male</i>	<i>Female</i>	<i>Other Business</i>	<i>Total</i>
	SR (Unaudited)			
Revenues	251,463,293	85,708,516	6,506,974	343,678,783
Depreciation on property and equipment	(29,516,197)	(13,052,413)	(912,393)	(43,481,003)
Depreciation of right-of-use assets	(18,204,185)	(8,703,033)	(508,125)	(27,415,343)
Other Operating costs	(97,084,453)	(35,612,660)	(4,635,932)	(137,333,045)
Segment profit	106,658,458	28,340,410	450,524	135,449,392

for three-months period ended 30 June 2023:

	<i>Male</i>	<i>Female</i>	<i>Other Business</i>	<i>Total</i>
	SR (Unaudited)			
Revenues	228,780,627	72,503,589	486,672	301,770,888
Depreciation on property and equipment	(25,892,370)	(12,320,300)	(36,520)	(38,249,190)
Depreciation of right-of-use assets	(15,518,424)	(6,062,864)	-	(21,581,288)
Other Operating costs	(87,824,645)	(29,525,947)	(119,935)	(117,470,527)
Segment profit	99,545,188	24,594,478	330,217	124,469,883

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(UNAUDITED) (continued)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2024

20 SEGMENTAL INFORMATION (continued)

20.3 Reconciliation of segment results to profit.

Head office expenses and other income are not allocated to individual segments as these are managed on an overall at Group level. Below is the reconciliation

	<i>For the six months period ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Segment profit	274,842,353	233,138,823
Advertising and marketing expenses	(12,186,956)	(6,744,946)
Finance costs	(45,430,473)	(37,637,450)
Profit from short term Murabaha	6,093,913	6,868,219
Other expenses	(51,557,270)	(56,463,478)
Profit before zakat	<u>171,761,567</u>	<u>139,161,168</u>

20.4 Seasonality of the Group's business

The Group's business performance during fourth quarter of the year is generally better than other quarters of the year because of several factors including conducive weather conditions and the Group offers attractive discounts to its customers on Saudi National Day (i.e. 23 September), the revenue against which is primarily recognised in the fourth quarter of the year which ultimately boosts the Group's revenue and profitability and improves the financial performance of the Group during the last quarter of the year.

21 LIQUIDITY RISK AND GOING CONCERN

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. At the interim condensed consolidated statement of financial position date, management assessment of adjusted gearing ratio and adjusted current ratio were as follows:

	<i>30 June</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Equity	1,142,530,512	1,091,762,602
Liabilities (excluding deferred revenue)	<u>2,023,856,372</u>	<u>1,865,831,833</u>
Total capital structure (excluding deferred revenue)	3,166,386,884	2,957,594,435
Gearing ratio	63.92%	63.1%
Current ratio (excluding deferred revenue)	0.71	0.93

The management also analyses the liquidity risk as follows:

	<i>30 June</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Current financial assets	274,197,573	305,893,860
Current financial liabilities excluding deferred revenue	<u>(438,182,164)</u>	<u>(400,047,629)</u>
Adjusted net current financial liability position	<u>(163,984,591)</u>	<u>(94,153,769)</u>

The Group manages its liquidity risk by ensuring sufficient un-availed credit facilities. As of 30 June 2024, unutilized bank credit facilities of SR 861.63 million (31 December 2023: SR 1,048 million) were available from multiple banks for managing the working capital requirements. Moreover, the Group generated SR 314.79 million of cash flows from operating activities.

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21 LIQUIDITY RISK AND GOING CONCERN (continued)

In relation to liquidity risk and going concern assessment of the Group, the management has developed comprehensive cash flow projections ensuring the existence of sufficient funds in order to meet the Group's obligations for a period of at-least next twelve months from the reporting date.

The board of directors is not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as going concern. Therefore, these interim condensed consolidated financial statements have been prepared on a going concern basis.

22 CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

The Group's capital and financial risk management strategies have not changed significantly since the last year end. All financial assets and financial liabilities of the Group are classified and measured at amortized cost except for financial assets at fair value through OCI.

23 DIVIDENDS

In its meeting held on 29 Duh Al-Qi'dah 1445H (corresponding to 6 June 2024), the Extraordinary General Assembly of the Group authorized the Board of Directors to distribute interim dividends on a quarterly or semi-annual basis for the fiscal year 2024.

On 8 Ramadan 1445H (corresponding to 18 March 2024), the Board of Directors, resolved to distribute cash dividend of SR 1.33 per share amounting to SR 69.7 million for the fourth quarter of 2023.

On 26 Shawwal 1445 (corresponding to 5 May 2024), the Board of Directors, resolved to distribute interim cash dividend of SR 0.97 per share amounting to SR 50.81 million for the three-months period ended 31 March 2024.

On 17 Sha'ban 1444H (corresponding to 9 March 2023), the Board of Directors, resolved to distribute interim cash dividends of SR 1.11 per share amounting to SR 58.14 million for the fourth quarter of 2022.

On 26 Shawwal 1444H (corresponding to 16 May 2023), the Board of Directors, resolved to distribute interim cash dividends of SR 0.64 per share amounting to SR 33.52 million for the three-months period ended 31 March 2023.

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group has assessed that fair value of the financial instruments, comprising of trade and other receivables, short-terms deposits, cash and cash equivalents, accounts payables and other current assets and liabilities approximate their carrying values significantly due to the short maturities of these financial instruments.

The fair value of financial assets and liabilities is recognised as the amount for which the instrument can be exchanged in an existing transaction between willing parties, other than a forced sale or liquidation. The Group uses valuation techniques appropriate to current circumstances that provide sufficient data to measure fair value. In addition, for the financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- a- Level "1" inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- b- Level "2" inputs are other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- c- Level "3" inputs are unobservable inputs either directly or indirectly.

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25. RESTATEMENT

The Group, in its normal course of business, obtains lands on leases and constructs buildings on them. Since the adoption of IFRS 16, the Group had been capitalising the depreciation of right-of-use assets related to the lands to the cost of buildings during the time of construction. In November 2023, SOCPA's clarification related to the capitalisation of depreciation of right of use assets, in relation to a leased land, to the cost of building during the construction period surfaced as a result of an enquiry it received. As a consequence, the Group applied the SOCPA's clarification retrospectively by restating prior years. Based on the surfaced clarification, the Group has accounted for the effect of this clarification in these interim condensed consolidated financial statements in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The resultant impact of the above-mentioned restatement on each of the impacted interim condensed consolidated financial statements line items for the prior periods is reflected in the table below:

Effect on the interim condensed consolidated statements of profit or loss and comprehensive income

for the six-months period ended 30 June 2023

	<i>As previously reported SR</i>	<i>Restatement SR</i>	<i>As restated SR</i>
Cost of revenue	(345,846,840)	242,408	(345,604,432)
Profit for the period	135,133,687	242,408	135,376,095
Basic and diluted earnings per share	2.58	-	2.58

Effect on the interim condensed consolidated statements of profit or loss and comprehensive income

for the three-months period ended 30 June 2023

	<i>As previously reported SR</i>	<i>Restatement SR</i>	<i>As restated SR</i>
Cost of revenue	(177,578,079)	277,074	(177,301,005)
Profit for the period	72,470,915	277,074	72,747,989
Basic and diluted earnings per share	1.38	0.01	1.39

Effect on the interim condensed consolidated statement of changes in equity

as of 31 December 2022

	<i>As previously reported SR</i>	<i>Restatement SR</i>	<i>As restated SR</i>
Retained earnings	312,356,345	(21,389,529)	290,966,816
Statutory reserve	102,349,153	(2,376,614)	99,972,539

26 EVENTS AFTER THE REPORTING PERIOD

On 23 Muharram 1446 (corresponding to 29 July 2024), the Board of Directors, resolved to distribute interim cash dividends of SR 0.95 per share amounting to SR 49.76 million for the three months period ended 30 June 2024.

Other than disclosed above, there have been no further significant subsequent events since the period ended 30 June 2024 that would have a material impact on the financial position of the Group as reflected in these interim condensed consolidated financial statements.