

**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 AND NINE MONTHS PERIOD
ENDED 30 SEPTEMBER 2024**

LEEJAM SPORTS COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 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 September 2024, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three month and nine month periods ended 30 September 2024, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine 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 statement 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: 1 Jumada Al-Ula 1446H
(3 November 2024)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2024

	Note	For the three months period ended 30 September		For the nine months period ended 30 September	
		2024 SR	2023 SR	2024 SR	2023 SR
Revenue	6	405,740,047	348,214,831	1,092,959,793	926,958,086
Cost of revenue	7	(232,403,191)	(188,274,074)	(643,923,610)	(534,120,914)
GROSS PROFIT		173,336,856	159,940,757	449,036,183	392,837,172
General and administrative expenses		(40,372,325)	(29,364,670)	(102,975,656)	(85,316,928)
Advertising and marketing expenses		(3,787,563)	(3,589,887)	(15,974,519)	(10,334,833)
Allowance for expected credit losses		-	(502,901)	(1,881,815)	(948,729)
OPERATING PROFIT		129,176,968	126,483,299	328,204,193	296,236,682
Gain on disposal of property and equipment	9	92,387,241	-	92,387,241	-
Other (expense) / income, net		(517,173)	731,429	4,403,660	1,548,096
Gain on lease modification		-	-	8,998,700	-
(Loss)/gain on lease termination		(1,792,198)	2,312,034	4,011,232	2,312,034
Reversal of impairment of non-financial assets		-	-	4,733,842	-
Write-off of non-financial assets, net		-	(13,734,415)	(8,746,066)	(13,734,415)
Finance costs		(26,272,825)	(24,129,160)	(71,703,298)	(62,648,669)
Share in net results of investment in an associate	11	(2,121,009)	-	(5,760,846)	-
Profit from short term Murabaha		952,929	3,180,164	7,046,842	10,048,383
PROFIT BEFORE ZAKAT		191,813,933	94,843,351	363,575,500	233,762,111
Zakat and income tax	19	(5,016,993)	(2,660,332)	(9,684,898)	(6,445,405)
PROFIT FOR THE PERIOD		186,796,940	92,183,019	353,890,602	227,316,706
NET PROFIT ATTRIBUTABLE TO:					
Equity holders of the parent company		187,134,560	92,183,019	354,557,316	227,316,706
Non- Controlling Interests		(337,620)	-	(666,714)	-
		186,796,940	92,183,019	353,890,602	227,316,706
EARNINGS PER SHARE					
Basic and diluted earnings per share	8	3.57	1.76	6.77	4.34



Assim Al Attas
Chief Financial Officer



Adnan Abdullah Al Khalaf
Chief Executive Officer



Ali Hamad AlSagri
Board Chairman

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2024

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	2024	2023	2024	2023
	SR	SR	SR	SR
Net profit for the period	186,796,940	92,183,019	353,890,602	227,316,706
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 (loss) gain on employees' end of service benefits obligation	(265,375)	751,648	(796,126)	2,254,943
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	186,531,565	92,934,667	353,186,794	229,571,649
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the parent company	186,869,185	92,934,667	353,853,508	229,571,649
Non- Controlling Interest	(337,620)	-	(666,714)	-
	186,531,565	92,934,667	353,186,794	229,571,649

Assim Al Attas
Chief Financial Officer

Adnan Abdullah Al Khalaf
Chief Executive Officer

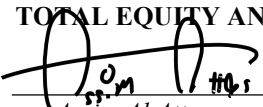
Ali Hamad AlSagri
Board Chairman

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

	Note	30 September 2024 SR (Unaudited)	31 December 2023 SR (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	9	1,927,617,518	1,705,519,606
Right-of-use assets	10	1,174,577,248	1,152,169,605
Investment in an associate	11	6,396,152	1,845,765
Intangible assets		8,827,524	3,935,499
Financial assets at fair value through other comprehensive income		4,892,318	-
Goodwill	5	10,852,347	11,932,513
Advances to suppliers and contractors		132,370,116	100,970,616
TOTAL NON- CURRENT ASSETS		3,265,533,223	2,976,373,604
CURRENT ASSETS			
Inventories		25,286,825	15,011,177
Prepayments and other current assets		100,704,206	103,939,351
Trade receivables	13	28,793,309	29,083,762
Cash and cash equivalents	14	385,399,011	276,810,098
TOTAL CURRENT ASSETS		540,183,351	424,844,388
TOTAL ASSETS		3,805,716,574	3,401,217,992
EQUITY AND LIABILITIES			
EQUITY			
Share capital		523,833,610	523,833,610
Statutory reserve	15	-	135,596,952
Treasury shares	16	(16,954,905)	-
Retained earnings		748,914,208	429,801,989
Fair value reserve of financial assets at FVOCI		92,318	-
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY		1,255,885,231	1,089,232,551
Non-controlling interests		6,601,570	2,530,051
TOTAL EQUITY		1,262,486,801	1,091,762,602
NON-CURRENT LIABILITIES			
Borrowings	17	210,572,109	180,207,547
Lease liabilities	10	1,141,180,172	1,178,488,669
Employees' end of service benefits		58,545,457	49,803,255
TOTAL NON-CURRENT LIABILITIES		1,410,297,738	1,408,499,471
CURRENT LIABILITIES			
Borrowings	17	146,152,660	122,601,656
Lease liabilities	10	164,773,517	114,052,331
Accounts payable		116,704,041	104,641,011
Accrued expenses and other current liabilities	18	131,646,456	105,276,723
Deferred revenue		562,949,049	443,623,557
Provision for zakat and income tax	19	10,706,312	10,760,641
TOTAL CURRENT LIABILITIES		1,132,932,035	900,955,919
TOTAL LIABILITIES		2,543,229,773	2,309,455,390
TOTAL EQUITY AND LIABILITIES		3,805,716,574	3,401,217,992


Assim Al Attas
Chief Financial Officer


Adnan Abdullah Al Khalaf
Chief Executive Officer


Ali Hamad AlSagri
Board Chairman

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

LEEJAM SPORTS COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

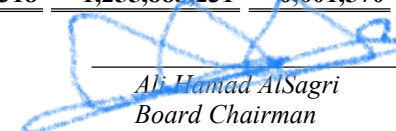
	Share Capital SR	Statutory Reserve SR	Treasury shares SR	Retained earnings SR	Fair value reserve of financial assets at FVOCI SR	Total SR	Non- Controlling Interest ("NCI") SR	Total
As at 1 January 2023	523,833,610	102,349,153	-	312,356,345	-	938,539,108	-	938,539,108
Impact of restatement (note 26)	-	(2,376,614)	-	(21,389,529)	-	(23,766,143)	-	(23,766,143)
As at 1 January 2023 – as restated	523,833,610	99,972,539	-	290,966,816	-	914,772,965	-	914,772,965
Profit for the period	-	-	-	227,316,706	-	227,316,706	-	227,316,706
Other comprehensive income	-	-	-	2,254,943	-	2,254,943	-	2,254,943
Total comprehensive income for the period	-	-	-	229,571,649	-	229,571,649	-	229,571,649
Dividends (note 24)	-	-	-	(130,958,401)	-	(130,958,401)	-	(130,958,401)
As at 30 September 2023 (Unaudited)	523,833,610	99,972,539	-	389,580,064	-	1,013,386,213	-	1,013,386,213
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	-	-	-	354,557,316	-	354,557,316	(666,714)	353,890,602
Other comprehensive (loss) income	-	-	-	(796,126)	92,318	(703,808)	-	(703,808)
Total comprehensive income for the period	-	-	-	353,761,190	92,318	353,853,508	(666,714)	353,186,794
Dividends (note 24)	-	-	-	(170,245,923)	-	(170,245,923)	-	(170,245,923)
Transfer of statutory reserve to retained earnings (note 15)	-	(135,596,952)	-	135,596,952	-	-	-	-
Treasury shares (note 16)	-	-	(16,954,905)	-	-	(16,954,905)	-	(16,954,905)
Acquisition of Subsidiaries (note 5)	-	-	-	-	-	-	4,481,266	4,481,266
Additional investment by NCI	-	-	-	-	-	-	256,967	256,967
As at 30 September 2024 (Unaudited)	523,833,610	-	(16,954,905)	748,914,208	92,318	1,255,885,231	6,601,570	1,262,486,801

Assim Al Attas
Chief Financial Officer

Adnan Abdullah Al Khalaf
Chief Executive Officer

Abi Hamad AlSagri
Board Chairman





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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

	<i>For the nine-months period ended</i>	
	<i>30 September</i>	
	2024	2023
	SR	SR
OPERATING ACTIVITIES		
Profit before zakat	363,575,500	233,762,111
Adjustments to reconcile profit before zakat to net cash flows:		
Depreciation of property and equipment	132,053,439	119,623,228
Depreciation of right-of-use assets	82,853,827	63,811,748
Amortization of intangible assets	2,132,034	1,023,649
Allowance for expected credit losses	1,881,815	948,729
Finance costs	71,703,298	62,648,669
Profit from short term Murabaha	(7,046,842)	(10,048,383)
Reversal of impairment of non-financial assets	(4,733,842)	-
Gain on lease modification	(8,998,700)	-
Gain on lease termination	(4,011,232)	(2,312,034)
Write off of property and equipment	8,746,066	13,734,415
Gain on disposal of property and equipment	(92,387,241)	-
Share in net results of investment in an associate	5,760,846	-
Provision for employees' end of service benefits	7,668,476	5,977,003
	559,197,444	489,169,135
Working capital changes:		
Inventories	(10,275,648)	(6,397,249)
Prepayments and other current assets	6,082,173	(9,438,206)
Trade receivables	(1,019,821)	(3,154,473)
Accounts payable	8,950,709	(4,079,527)
Accrued expenses and other current liabilities	24,320,341	6,139,852
Deferred revenue	115,134,135	93,281,534
Cash from operations	702,389,333	565,521,066
Employees' end of service benefits paid	(1,749,665)	(3,495,286)
Zakat paid	(9,739,227)	(7,298,398)
Net cash from operating activities	690,900,441	554,727,382
INVESTING ACTIVITIES		
Addition in property and equipment	(397,650,541)	(133,020,848)
Advances to suppliers and contractors	(31,399,500)	(54,927,181)
Acquisition of subsidiary	(9,340,844)	(11,936,435)
Investment in associate	(10,311,233)	(1,220,781)
Proceeds from short term Murabaha profit	7,621,577	9,180,985
Investment in financial assets at FVOCI	(4,800,000)	-
Proceeds from sale of property and equipment	152,520,608	-
Addition to intangible assets	(2,067,489)	(1,201,027)
Net cash used in investing activities	(295,427,422)	(193,125,287)

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED) (continued)
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

	<i>For the nine-months period ended</i>	
	30 September	
	2024	2023
	SR	SR
FINANCING ACTIVITIES		
Proceeds from borrowings	276,374,574	136,617,991
Repayments of borrowings	(222,722,866)	(146,107,778)
Finance cost paid	(40,102,035)	(29,270,335)
Dividend paid	(170,245,923)	(130,958,401)
Contribution by NCI	256,968	-
Payment of lease liabilities	(113,489,919)	(102,912,697)
Treasury shares	(16,954,905)	-
Net cash used in financing activities	(286,884,106)	(272,631,220)
NET INCREASE IN CASH AND CASH EQUIVALENTS	108,588,913	88,970,875
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	385,399,011	389,597,773

SIGNIFICANT NON-CASH TRANSACTIONS

Additions to right-of-use assets and corresponding lease liability	111,911,406	260,474,527
Capitalization of borrowing cost	1,050,000	245,635
Interest on lease liabilities capitalized for under construction fitness centers	9,316,316	732,176
Re-measurement (loss) gain on employees end of service benefits obligation	(796,126)	2,254,943

Assim Al Attas
Chief Financial Officer

Adnan Abdullah Al Khalaf
Chief Executive Officer

Ali Hamad AlSagri
Board Chairman

LEEJAM SPORTS COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 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-Alkhirah 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-Alkhirah 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:

<i>Name</i>	<i>Country of incorporation</i>	<i>Ownership percentage</i>			
		30 September 2024		31 December 2023	
		<i>Direct</i>	<i>Indirect</i>	<i>Direct</i>	<i>Indirect</i>
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%	-	-
Leejam Investments Company	Kingdom of Saudi Arabia	-	100%	-	-

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 nine months period ended 30 September 2024 were authorized for issuance in accordance with the Board of Directors resolution on 25 Rabi Al-Thani 1446H (corresponding to 28 October 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 September 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.

LEEJAM SPORTS COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

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

2 BASIS OF PREPARATION (continued)

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.

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 September 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 AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

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

FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 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 ACQUISITIONS OF SUBSIDIARIES

- 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.

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5 ACQUISITIONS OF SUBSIDIARIES (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)
		<i>Goodwill</i> 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 September 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.

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5 ACQUISITIONS OF SUBSIDIARIES (continued)

- b) During the period, the purchase price allocation for Altathir Al-Riyadiyah 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 September</i>		<i>For the nine month period ended 30 September</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>
<i>Type of services</i>				
Subscriptions and membership	342,419,707	305,323,912	918,596,307	807,779,626
Personal training	53,191,735	37,114,284	145,027,973	100,319,221
Rental income	5,637,637	4,033,902	16,012,341	12,222,699
Others	4,490,968	1,742,733	13,323,172	6,636,540
	<u>405,740,047</u>	<u>348,214,831</u>	<u>1,092,959,793</u>	<u>926,958,086</u>

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

	<i>Subscriptions and membership</i>		<i>Personal training</i>		<i>Rental income</i>	
	<i>For the nine months period ended 30 September</i>					
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>SR (Unaudited)</i>					
<i>Types of customers</i>						
Male centers	688,879,785	619,636,940	91,483,198	66,036,829	9,340,269	8,235,919
Female centers	216,791,811	185,342,739	51,696,101	34,282,392	3,855,311	3,986,780
Other business	12,924,711	2,799,947	1,848,674	-	2,816,761	-
	<u>918,596,307</u>	<u>807,779,626</u>	<u>145,027,973</u>	<u>100,319,221</u>	<u>16,012,341</u>	<u>12,222,699</u>

Set out below is the disaggregation of the Group's revenue from contracts with customers, for the three months period ended 30 September, 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 September</i>					
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>SR (Unaudited)</i>					
<i>Types of customers</i>						
Male centers	257,010,820	232,587,704	33,302,669	24,638,397	3,408,893	3,347,565
Female centers	80,360,077	70,422,933	19,195,814	12,475,887	1,288,352	686,337
Other business	5,048,810	2,313,275	693,252	-	940,392	-
	<u>342,419,707</u>	<u>305,323,912</u>	<u>53,191,735</u>	<u>37,114,284</u>	<u>5,637,637</u>	<u>4,033,902</u>

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

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7 COST OF REVENUE

	<i>For the three month period ended 30 September</i>		<i>For the nine month period ended 30 September</i>	
	2024	2023	2024	2023
	SR	SR	SR	SR
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Salaries and related benefits	97,289,616	68,917,070	260,984,815	201,383,445
Depreciation of property and equipment	42,546,775	39,091,271	126,800,371	116,012,641
Depreciation of right-of-use assets	27,958,652	21,972,268	82,487,885	62,526,812
Utilities	22,501,807	21,066,884	59,467,871	56,368,840
Cleaning	16,763,636	14,444,056	47,529,967	42,926,784
Repairs and maintenance	7,067,105	7,467,883	20,873,721	18,094,688
Others	18,275,600	15,314,642	45,778,980	36,807,704
	<u>232,403,191</u>	<u>188,274,074</u>	<u>643,923,610</u>	<u>534,120,914</u>

8 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit attributable to the equity holders of the parent company for the nine month and three month periods ended 30 September 2024 and 30 September 2023, by the weighted average number of shares outstanding during respective period, which consisted of 52.376 million weighted average shares for the nine month period ended 30 September 2024 (2023: 52.383 million shares) and 52.361 million weighted average number of shares for the three month period ended 30 September 2024 (2023: 52.383 million shares).

9 PROPERTY AND EQUIPMENT

During the nine-months period ended 30 September 2024, the Group has purchased assets with a cost of SR 407.91 million (nine-month period ended 30 September 2023: SR 135.16 million). Depreciation charge for the nine months period ended 30 September 2024 amounted SR 132.05 million and for the three months period ended 30 September 2024 amounted SR 44.53 million (nine-month period ended 30 September 2023: SR 87.52 million and three month period ended 30 September 2023: SR 45.52 million).

The total borrowing costs capitalized under capital work in progress during the period amounted to SR 1.05 million (nine-month period ended 30 September 2023: SR 0.24 million).

During the period, the Company has sold a land located in Riyadh resulting in a gain of SR 91.79 million recognized under gain on disposal of property and equipment.

10 LEASES

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

	<i>For the nine months period ended 30 September</i>	
	2024	2023
	SR	SR
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Depreciation on right-of-use assets:</i>		
Depreciation charge for the period	82,853,827	63,811,748
<i>Interest expense on lease liabilities</i>		
Interest expense for the period	39,384,912	32,616,908
Capitalised for under construction fitness centers	(9,316,316)	(732,176)
	<u>30,068,596</u>	<u>31,884,732</u>
Total amount recognized in profit or loss	<u>112,922,423</u>	<u>95,696,480</u>

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11 INVESTMENT IN AN ASSOCIATE

On 25 Dhu Al-Qi'dah 1444H (corresponding to 14 September 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 September 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 September</i> 2024 %	<i>31 December</i> 2023 %	<i>30 September</i> 2024 SR <i>(Unaudited)</i>	<i>31 December</i> 2023 SR <i>(Audited)</i>
	<i>30 September</i> 2024 %	<i>31 December</i> 2023 %				
Integrated Medical Care Services Company	50%	50%	6,396,152	1,845,765		

Movement in the Group's investment account:

	<i>30 September</i> 2024 SR <i>(Unaudited)</i>	<i>31 December</i> 2023 SR <i>(Audited)</i>
At the beginning of the year	1,845,765	-
Additional paid in capital during the period	10,311,233	4,792,234
The Group's share of the associate results	(5,760,846)	(2,946,469)
At the end of the year	6,396,152	1,845,765

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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 nine month periods ended 30 September:

<u>Name of Related party</u>	<u>Nature of relationship</u>	<u>Nature of transactions</u>	<u>For the three months periods ended 30 September</u>		<u>For the nine months periods ended 30 September</u>	
			<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
			<u>SR</u>	<u>SR</u>	<u>SR</u>	<u>SR</u>
			<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Key management personnel	Key management personnel	Salaries and other benefits	2,749,760	1,426,240	5,859,571	4,278,721
		Post-employment benefits	139,925	54,038	255,142	162,112
Board of Directors Hamad Ali AlSagri	Directors Shareholder	Remuneration	818,801	766,000	2,423,050	2,337,419
		Lease rentals paid to a shareholder	-	-	3,400,000	3,400,000
AlSagri Holding	Shareholder affiliate	Subscriptions sold	55,565	41,743	207,156	157,674
Dhaoq Almanzel Trading Est	Shareholder affiliate	Purchase of furniture	672,253	-	953,526	-
Afaq Al-Anaqah Trading	Shareholder affiliate	Purchase of supplies	103,326	-	3,600,831	-

Amounts due from and (due to) related parties - (included in trade receivables and payables) are as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
	<u>SR</u>	<u>SR</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
AlSagri Holding	32,697	61,345
Afaq Al-Anaqah Trading	(14,250)	-
Dhaoq Almanzel Trading Est	275,130	-

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

	<u>30 September 2024</u>	<u>31 December 2023</u>
	<u>SR</u>	<u>SR</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Subscriptions and membership receivables	23,091,752	23,307,565
Rental receivables	14,613,667	12,806,492
	37,705,419	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)
	28,793,309	29,083,762

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14 CASH AND CASH EQUIVALENTS

The balance represents cash in hand, at bank and short term deposits with maturity of 3 months. The breakdown of those are as follows:

	<i>30 September 2024 SR (Unaudited)</i>	<i>31 December 2023 SR (Audited)</i>
Cash in hand	431,732	268,049
Cash at bank – current accounts	229,967,279	86,542,049
Short term Murabaha (note a)	155,000,000	190,000,000
	<u>385,399,011</u>	<u>276,810,098</u>

- a) These are placed 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 bylaws.

16 TREASURY SHARES

On 29 Dhu Al-Qi'dah 1445H (corresponding to 6 June 2024), the Extraordinary General Assembly approved the repurchase of shares up to 200,000 shares to allocate to the employees' long term incentive plan.

The Company has bought-back 80,122 of its outstanding shares as treasury shares at an average price of SR 211.61 during period ended 30 September 2024.

17 BORROWINGS

	<i>30 September 2024 SR (Unaudited)</i>	<i>31 December 2023 SR (Audited)</i>
Non-current portion of long-term borrowings	210,572,109	180,207,547
Current portion of long-term borrowings	146,152,660	122,601,656
	<u>356,724,769</u>	<u>302,809,203</u>

As at 30 September 2024, the Group had unutilized bank financing facilities amounting to SR 871.5 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 September 2024 the Group is in compliance with borrowings covenants.

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18 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>30 September 2024 SR (Unaudited)</i>	<i>31 December 2023 SR (Audited)</i>
Accrued expenses	97,541,523	91,463,986
Value added tax (VAT) payable	33,363,550	13,192,866
Advances from customers	741,383	619,871
	<u>131,646,456</u>	<u>105,276,723</u>

19 ZAKAT AND INCOME TAX

19.1 Charge for the period

During the period, a zakat and income tax charge of SR 9.7 million (nine-months period ended 30 September 2023: SR 6.45 million) has been recognized in the interim condensed consolidated statement of profit or loss.

19.2 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 September 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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20 CONTINGENCIES AND COMMITMENTS

20.1 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 13.4 million as at 30 September 2024 (31 December 2023: SR 10.6 million) against land lease and letter of credit amounting to SR 53.4 million as at 30 September 2024 (31 December 2023: SR 104.93 million).

20.2 Capital commitments

The Group has capital commitments on contracts for setting up fitness centers amounting to SR 234.99 million as at 30 September 2024 (31 December 2023: SR 102.7 million).

21 SEGMENTAL INFORMATION

21.1 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 nine-months period ended 30 September 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	1,047,977,133	902,870,285	44,982,660	24,087,801	1,092,959,793	926,958,086
Depreciation						
- property & equipment	(120,453,842)	(111,983,238)	(6,346,529)	(4,029,403)	(126,800,371)	(116,012,641)
- right-of-use assets	(79,396,455)	(60,990,394)	(3,091,430)	(1,536,418)	(82,487,885)	(62,526,812)
Other operating costs	(413,499,392)	(344,940,840)	(21,135,962)	(10,640,621)	(434,635,354)	(355,581,461)
Segment profit	434,627,444	384,955,813	14,408,739	7,881,359	449,036,183	392,837,172

The following tables present revenue and profit information for the operating segments for three-months period ended 30 September 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	387,967,144	338,715,883	17,772,903	9,498,948	405,740,047	348,214,831
Depreciation						
- property & equipment	(40,315,259)	(37,802,066)	(2,231,516)	(1,289,205)	(42,546,775)	(39,091,271)
- right-of-use assets	(27,079,555)	(21,460,129)	(879,097)	(512,139)	(27,958,652)	(21,972,268)
Other operating costs	(153,987,116)	(123,814,243)	(7,910,648)	(3,396,292)	(161,897,764)	(127,210,535)
Segment profit	166,585,214	155,639,445	6,751,642	4,301,312	173,336,856	159,940,757

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21 SEGMENTAL INFORMATION (continued)

21.2 Market segments

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

for nine-months period ended 30 September 2024:

	<i>Male</i>	<i>Female</i>	<i>Other Business</i>	<i>Total</i>
	SR (Unaudited)			
Revenues	795,210,637	274,755,454	22,993,702	1,092,959,793
Depreciation on property and equipment	(85,120,768)	(39,154,521)	(2,525,082)	(126,800,371)
Depreciation of right-of-use assets	(56,421,940)	(24,144,124)	(1,921,821)	(82,487,885)
Other Operating costs	(309,706,128)	(112,221,017)	(12,708,209)	(434,635,354)
Segment profit	343,961,801	99,235,792	5,838,590	449,036,183

for nine-months period ended 30 September 2023:

	<i>Male</i>	<i>Female</i>	<i>Other Business</i>	<i>Total</i>
	SR (Unaudited)			
Revenues	698,654,250	225,503,889	2,799,947	926,958,086
Depreciation on property and equipment	(78,196,211)	(37,559,282)	(257,148)	(116,012,641)
Depreciation of right-of-use assets	(45,165,417)	(17,361,395)	-	(62,526,812)
Other operating costs	(265,216,845)	(90,032,067)	(332,549)	(355,581,461)
Segment profit	310,075,777	80,551,145	2,210,250	392,837,172

for three-months period ended 30 September 2024:

	<i>Male</i>	<i>Female</i>	<i>Other Business</i>	<i>Total</i>
	SR (Unaudited)			
Revenues	295,515,803	101,560,547	8,663,696	405,740,046
Depreciation on property and equipment	(28,371,900)	(13,267,440)	(907,435)	(42,546,775)
Depreciation of right-of-use assets	(19,027,780)	(8,112,719)	(818,153)	(27,958,652)
Other operating costs	(116,678,577)	(41,543,244)	(3,675,942)	(161,897,763)
Segment profit	131,437,546	38,637,144	3,262,166	173,336,856

for three-months period ended 30 September 2023:

	<i>Male</i>	<i>Female</i>	<i>Other Business</i>	<i>Total</i>
	SR (Unaudited)			
Revenues	261,760,481	84,141,075	2,313,275	348,214,831
Depreciation on property and equipment	(26,073,486)	(12,797,157)	(220,628)	(39,091,271)
Depreciation of right-of-use assets	(16,001,939)	(5,970,329)	-	(21,972,268)
Other Operating costs	(94,671,301)	(32,326,620)	(212,614)	(127,210,535)
Segment profit	125,013,755	33,046,969	1,880,033	159,940,757

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21 SEGMENTAL INFORMATION (continued)

21.3 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 nine months period ended 30 September</i>	
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Segment profit	449,836,183	392,837,172
Advertising and marketing expenses	(15,974,519)	(10,334,833)
Finance costs	(71,703,298)	(62,648,669)
Profit from short term Murabaha	7,046,842	10,048,383
Other expenses, net	(5,629,708)	(96,139,942)
Profit before zakat	<u>363,575,500</u>	<u>233,762,111</u>

21.4 Seasonality of the Group's business

The Group's business performance during second half of the year is generally better than first half 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 second half of the year.

22 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 September</i>	<i>31 December</i>
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Equity	1,262,486,801	1,091,762,602
Debt (borrowings and lease liabilities)	<u>1,662,678,458</u>	<u>1,595,350,203</u>
Total capital structure	2,925,165,259	2,687,112,805
Gearing ratio	56.84%	59.37%
Current ratio (excluding deferred revenue)	0.95	0.93

The management also analyses the liquidity risk as follows:

	<i>30 September</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	446,903,642	338,605,182
Current financial liabilities excluding deferred revenue	<u>(492,140,428)</u>	<u>(390,047,662)</u>
Adjusted net current financial liability position	<u>(45,236,786)</u>	<u>(51,442,480)</u>

The Group manages its liquidity risk by ensuring sufficient un-availed credit facilities. As of 30 September 2024, unutilized bank credit facilities of SR 871.5 million (31 December 2023: SR 1,048 million) were available from multiple banks for managing the working capital requirements. Moreover, the Group generated SR 690.90 million of cash flows from operating activities.

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22 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.

23 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.

24 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 23 Muharram 1446 (corresponding to 29 July 2024), the Board of Directors, resolved to distribute interim cash dividend of SR 0.95 per share amounting to SR 49.76 million for the six-months period ended 30 June 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.

On 24 Muharram 1444H (corresponding to 30 July 2023), the Board of Directors, resolved to distribute interim cash dividends of SR 0.95 per share amounting to SR 39.29 million for the second quarter of 2023.

25 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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26 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 for the nine month and three month periods ended 30 September 2023 is not material and accordingly, comparative interim condensed consolidated statement of profit or loss has not been restated.

**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

27 EVENTS AFTER THE REPORTING PERIOD

On 25 Rabi Al-Thani 1446H (corresponding to 28 October 2024), the Board of Directors, resolved to distribute interim cash dividends of SR 2.14 per share amounting to SR 112.1 million for the three months period ended 30 September 2024.

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