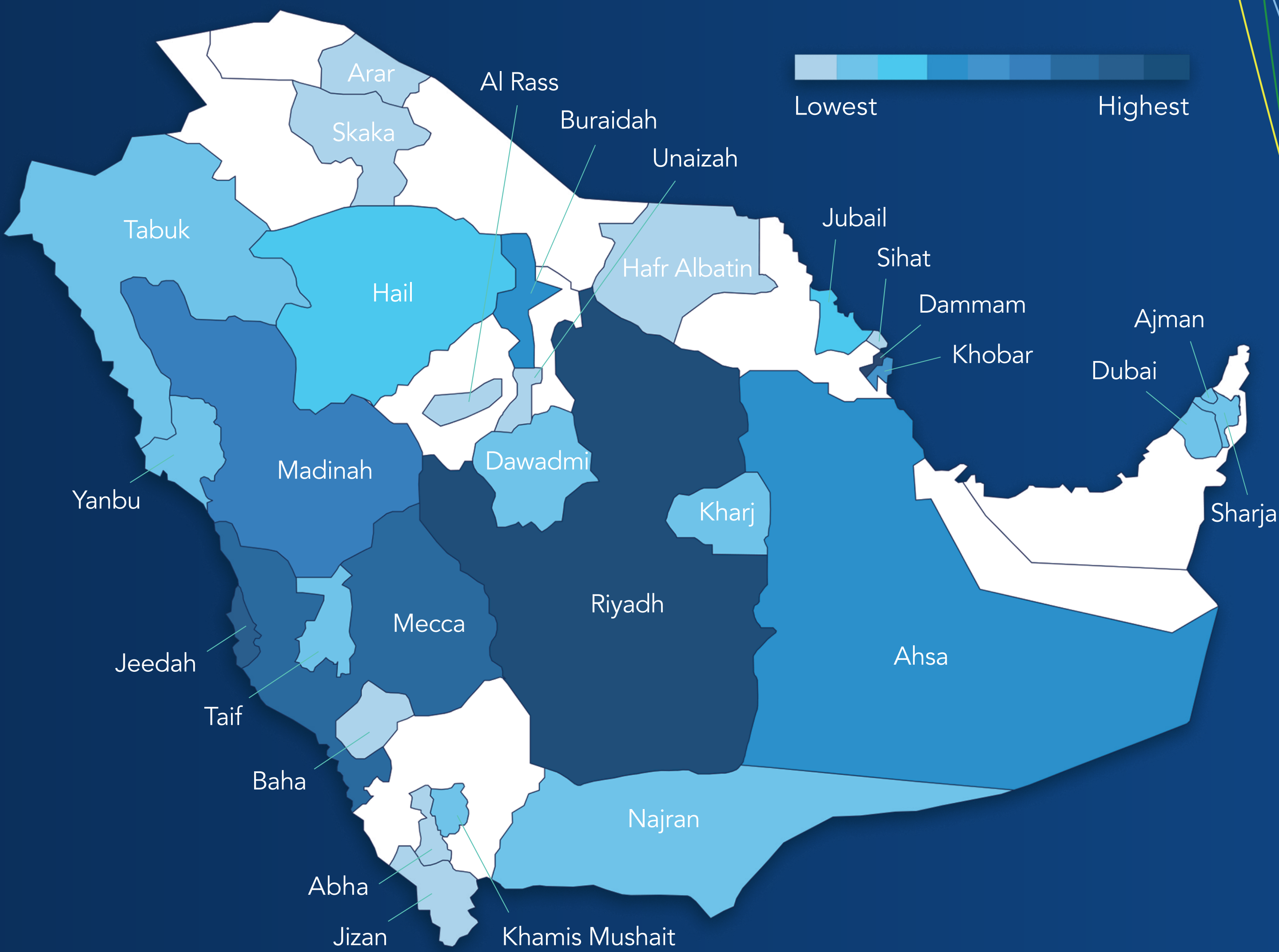
Leading the Sports Industry



2024 Annual Report

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1 Overview

Overview

A sporting champion

A landmark year of investment, diversification, investor engagement and sustained shareholder value.

The core values at the heart of every centre include the most technologically advanced state-of-the-art equipment and providing users with a superior customer experience, all of which are complemented by the company's diverse range of offerings through tactically astute brand differentiation, incorporating choice offerings to suit every budget.

Mission

To steer society toward a healthy lifestyle and encourage people to exercise daily.

Vision

To be the people's favourite and most accessible wellness club.

Values

To create wider access to a healthier way of life.

- Customer service excellence
- Integrity
- Responsibility
- Collaboration
- Innovation

Overview

At a glance

A landmark year of investment, diversification, investor engagement and sustained shareholder value.

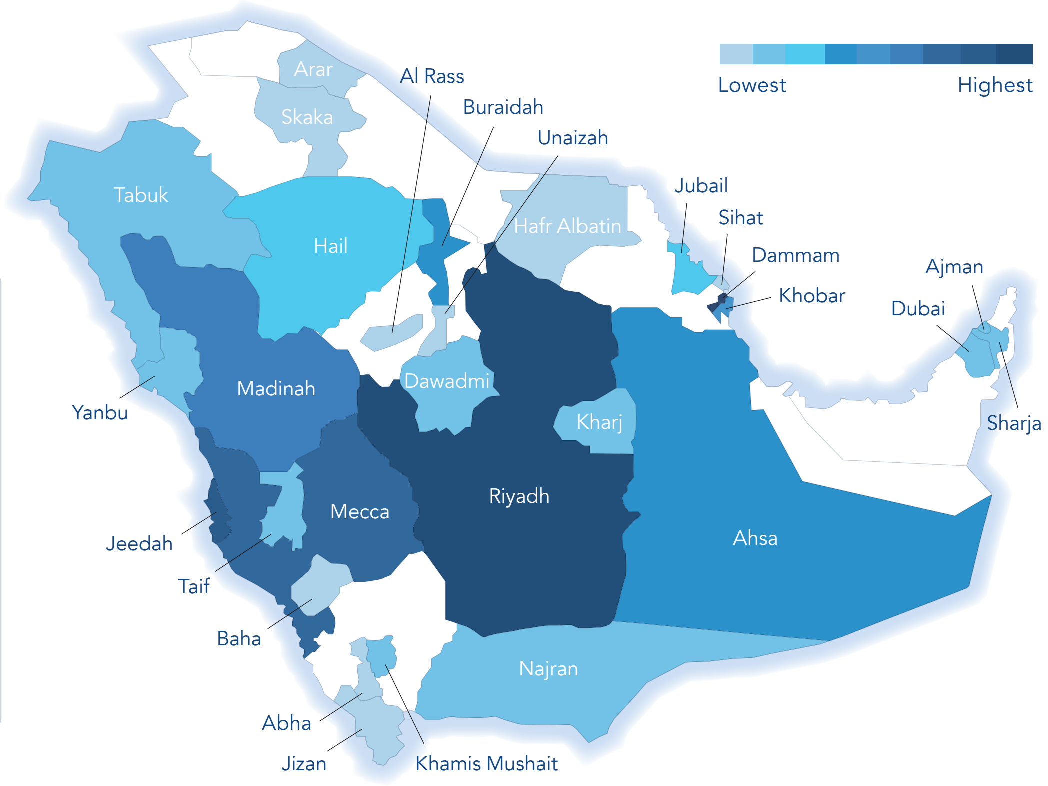
NUMBER OF MEMBERS	NUMBER OF CENTERS
486K +23% (Compared to 2023)	223 +36 (Compared to 2023)

203 Gyms	20 Concept Studios & Academies	162 Swimming Pools
161 Exercise Studios Within Gyms Group	164 Cycling Studios Within Gyms	112 Indoor Running Tracks
51 Basketball Courts	48 Football Pitches	43 Volleyball Courts
15 Squash Courts	10 Padel Courts	83 24hr Clubs

Footprint (FY 2024)

TOTAL
223
Centers & Studios

211	12
KSA	UAE



MSCI ESG RATINGS BBB (CCC | B | BB | BBB | A | AA | AAA)

In 2024, Leejam Sports Company received a rating of BBB (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment.*

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486K Total Members	373K Male Members	113K Female Members	319K Scheduled Classes
909K Conducted PT sessions	3M GX Attendance	70 Total Refurbished Center	39M Total Visits

Leejam currently operates the following fitness brands:

Fitness Time	Males 25+	Males 16+	Males 16+	Males 16+	Females 16+	Females 16+	Females 16+	Total
No. of Centers as of December 2024	4	73	28	39	51	3	5	203

NEW SEGMENTS:

Facility Type	Clinics	Courts	Concept Studios	Academies
No. of Facility as of December 2024	27	16	17	3

Overview

Our journey so far...

Leejam's winning formula stems from the strategically selected locations of its fitness centres, designed to provide a convenience, easy accessibility and fully equipped centres to the fitness community.

2005
1st "Fitness Time" center Opened

2015
Expanded to the UAE

2017
1st Ladies Center Opened

2018
Listed in Tadawul Exchange

2019
Became the largest Ladies Gym Network in KSA

2020
Launched the Low cost - High Value Segment

2021
Fastest Fitness Company to Recover from COVID-19 Pandamic Globaly

2022
Achieved more than SAR 1 Billion Revenue & the highest Net profit ever recorded

2023
Acquired Al-Tatheer Sports Company & Launched the Concept Studios Segment

2024
Reached the 500K active members target 1 year ahead of due date, with network reaching 223 Centres

Our Brands

Best in class operating model

Covering all segments of the Fitness Market

Premium Tier Brands

Luxury & a five-star exclusive experience

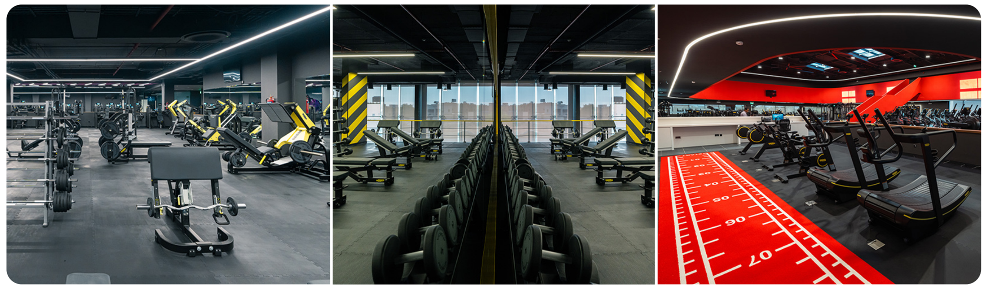
Middle Tier Brands

Business-class full-service facilities

Focused set of features to maximise fitness potential

LCHV Brands

Digitally enabled no-frills experience, with maximum value



Concept Studios

Specialised niche activities and sports

Overview

Key highlights

Financial KPIs

REVENUE
13% (Compared to 2023)
1,501 SAR Million

GROSS PROFIT
7% (Compared to 2023)
623 SAR Million

GROSS PROFIT MARGIN
(3%) (Compared to 2023)
42%

EBITDA
6% (Compared to 2023)
742 SAR Million

EBITDA MARGIN
(4%) (Compared to 2023)
49%

NET INCOME
28% (Compared to 2023)
456 SAR Million

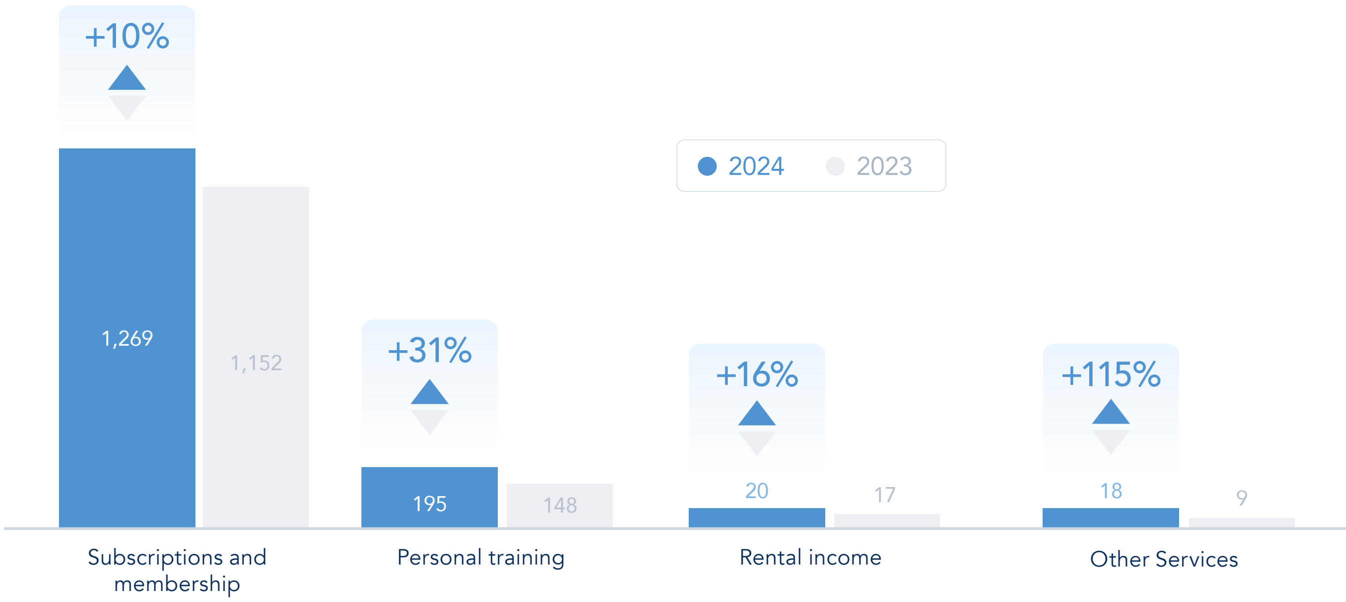
NET INCOME MARGIN
3% (Compared to 2023)
30%

DEFERRED REVENUE
14% (Compared to 2023)
504 SAR Million

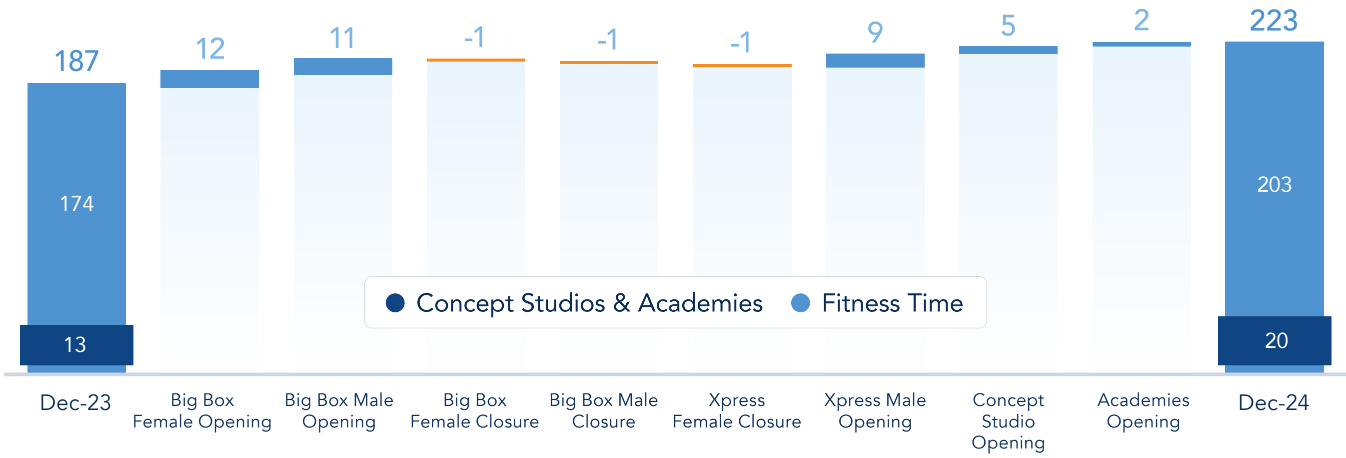
OPERATING CASH FLOWS
14% (Compared to 2023)
781 SAR Million

FREE CASH FLOWS
(48%) (Compared to 2023)
195 SAR Million

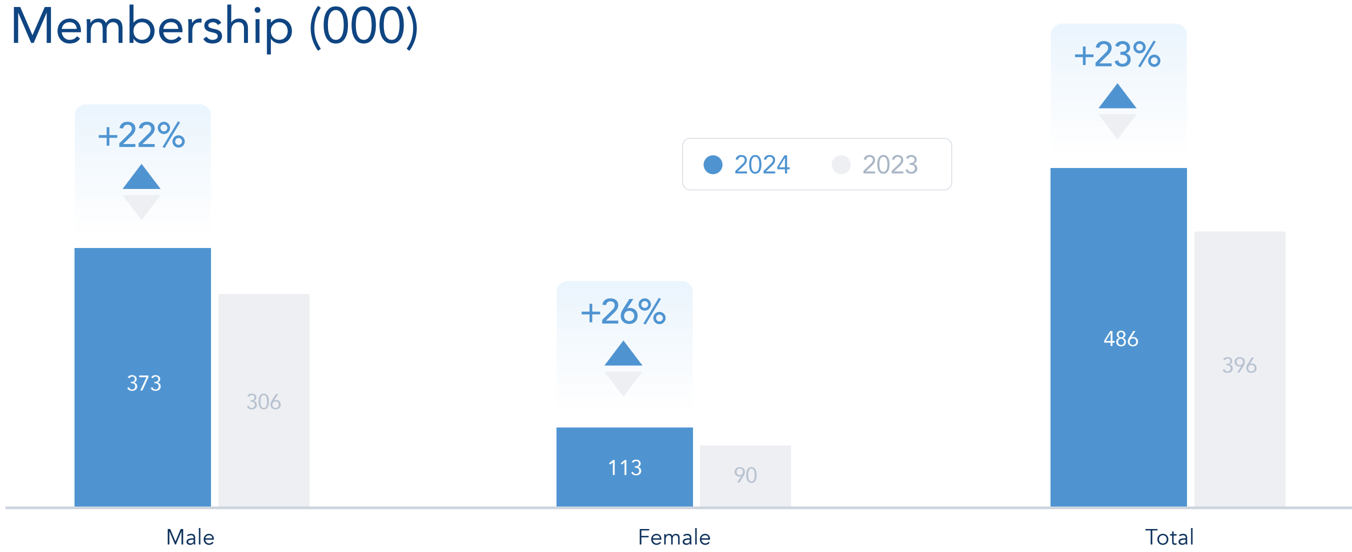
Revenue Sources



Center Movement



Membership (000)



2 Strategic Report

Chairman's statement

Shaping the Future of Sports

Leejam's Strategic Leadership in Saudi Arabia's Health and Wellness Journey.

We are uniquely positioned to capitalise on the unprecedented growth opportunities in Saudi Arabia's fitness sector.

Ali Hamad Al-Sagri

As Saudi Arabia continues its remarkable transformation under Vision 2030, Leejam Sports Company has strengthened its position as the Kingdom's leading wellness enabler. In 2024, we witnessed unprecedented opportunities emerging from the nation's growing focus on health and fitness, with the sector projected to grow exponentially.
This exponential growth reflects the fundamental shifts in our society's approach to health and wellness, creating a robust foundation for sustainable business expansion.

Our strategic vision and societal impact continue to align with the Kingdom's economic diversification goals and its commitment to fostering a healthier society.
The fitness and wellness sector has emerged as a crucial component of Saudi Arabia's quality of life initiatives, with health consciousness reaching new heights among our population.
This transformation is particularly evident in the increase in fitness participation rates across all demographics, driven by innovative government policies and changing social attitudes.

NATIONAL TRANSFORMATION

Leejam's role in this national transformation extends beyond our core fitness offerings. Through strategic acquisitions and our partnership with the Saudi Olympic and Paralympic Committee, we are actively contributing to the development of a comprehensive sports ecosystem.

These initiatives reflect our commitment to nurturing athletic talent and promoting active lifestyles across the Kingdom while simultaneously creating new revenue streams and market opportunities.
The growing middle class, increased health awareness, and government support for the fitness sector have created an unprecedented environment for growth. Our expansion strategy has capitalised on these opportunities, particularly in the rapidly growing ladies' segment, where we've witnessed exceptional growth in membership and revenue. The success of our ladies-only facilities demonstrates the effectiveness of our inclusive approach to fitness and wellness.

YOUNG AND HEALTHY

In response to evolving consumer preferences, we have significantly enhanced our digital capabilities and service offerings. Our investment in technology infrastructure has not only improved operational efficiency but also transformed the member experience through innovative solutions. This digital transformation positions us at the forefront of the fitness industry's technological evolution.

The Kingdom's demographic dividend, with its young and increasingly health-conscious population, presents extraordinary opportunities for sustained growth.
We are strategically expanding our presence across different market segments, from premium clubs to affordable fitness solutions, ensuring accessibility to quality fitness services for all segments of society.

OUTLOOK

Looking ahead, we remain committed to our role as a catalyst for positive change in Saudi society and the UAE, where we look forward to engendering meaningful and lasting changes to how people build healthier lives. Our investments in infrastructure expansion, service diversification, and community engagement initiatives position us strongly to capture the opportunities presented by our region's dynamic transformation. In Saudi Arabia, Leejam will continue to support the national emphasis on preventive healthcare and wellness in national policy frameworks, further reinforcing the strategic importance of our sector.

As we continue our journey, we remain focused on delivering sustainable value to our stakeholders while contributing to the realisation of Vision 2030's objectives. Our robust governance framework, commitment to operational excellence, and strategic foresight ensure that we are well-positioned to lead the fitness sector's evolution in the years ahead. With our upcoming 2030 strategy, currently under development, Leejam will further cement its position as the region's leading integrated sports and wellness provider.

ACKNOWLEDGEMENTS

As we progress through 2025, I extend my deepest appreciation to everyone who has contributed to Leejam's continued success.

The unwavering support of our stakeholders, the trust of our members, and the collaborative spirit of our industry partners have been instrumental in advancing our vision.

May the Almighty continue to shower His blessings upon our beloved Kingdom, granting peace, advancement, and well-being to all its residents. In this dynamic environment of growth and opportunity, we remain committed to our mission of building a world-class sports ecosystem that serves every member of our society and contributes to the Kingdom's flourishing future.

Mr. Ali Al-Sagri
Chairman of the Board of Directors
Leejam Sports Company

CEO Message

A New Sports Ecosystem

Delivering Record Growth and Historic Participation.

Our milestone achievement of surpassing 500,000 members, coupled with the highest dividend payments in our history, validates our vision of creating an inclusive sports ecosystem that delivers exceptional value to our stakeholders.

Adnan Al-Khalaf

Our record financial performance, with 13% revenue growth and highest ever dividend payment, demonstrates the success of our three-year strategy - while maintaining industry-leading member satisfaction and retention rates.

In a transformative year for Leejam Sports Company, we have not only achieved exceptional growth across many performance indicators but have also fundamentally strengthened our position as the region's premier integrated sports and wellness ecosystem developer. Our achievements in 2024 demonstrate our ability to scale initiatives while building trust and credibility among stakeholders through balanced accomplishments across financial, operational, and social dimensions.

HISTORY IN THE MAKING

The milestone achievement of surpassing 500,000 members represents more than just a number – it validates our vision of creating an inclusive sports ecosystem for the nation and its people. Our network expansion reached unprecedented levels in 2024, with our most ambitious development programme to date encompassing 32 new centres launched and 65 new centres under development. Within this expansion, we have enhanced accessibility and diversity through 12 female big box locations while simultaneously completing 7 facility refurbishments. This dual focus on growth and enhancement ensures we maintain our premium service standards while extending our reach to new communities.

FINANCIAL PERFORMANCE

Our robust financial results underscore the success of our strategic initiatives. 2024 delivered 13% revenue growth driven by exceptional performance across all segments, particularly in our female clubs. The achievement of our strong deferred revenue balance, coupled with strong operating cash flows of SAR 781 million, provides a solid foundation for continued investment in our growth initiatives.

INTEGRATION OF TRANSFORMATIVE TECHNOLOGIES

Our digital transformation achieved remarkable breakthroughs in 2024, with the implementation of AI tools driving membership engagement to historic highs.

The successful launch of our FT90 platform has revolutionised member wellbeing management, while the integration of the new Maximo system has elevated our brand standards oversight to unprecedented levels. The introduction of our innovative Clip Card system has further streamlined service testing, creating a seamless experience for our members.

These technological advancements have yielded extraordinary results, with our group exercise programme achieving a record attendance of 3 million participants across 319 thousand scheduled classes. Total member visits surged to 39 million, while our enhanced digital touchpoints drove member satisfaction rates to new heights. This remarkable engagement demonstrates the success of our member-centric approach and validates our substantial investment in digital infrastructure.

CEO Message (continued)

> The expansion of our portfolio beyond traditional fitness into specialised sports academies, wellness services, and innovative concept studios marks our evolution into Saudi Arabia's first integrated sports and wellness group, driving unprecedented participation across all segments.

FORGING A SOPHISTICATED NATIONAL SPORTS ECOSYSTEM

Our ladies' segment has emerged as a powerful growth driver, delivering exceptional performance with 18% revenue growth and a stable gross profit in 2024.

The 12% growth in members per centre reflects the strong market response to our expanded female-focused offerings. Our groundbreaking initiatives, including the first-ever swimming lessons programme for girls in government schools, demonstrate our commitment to advancing female sports participation in the Kingdom.

This success has been underpinned by comprehensive operational innovations, including a sophisticated club tiering system that enables personalised offerings for different market segments. Our enhanced performance-based management structures, supported by advanced data-driven insights, have facilitated real-time monitoring and optimisation across our expanding network.

ESG LEADERSHIP

The comprehensive implementation of our ESG strategy in 2024 marks a defining moment in our corporate evolution. Our recognition as the 'Happiest Working Environment' and 'Best Place to Work' reflects our commitment to nurturing talent and creating value for all stakeholders. Through strengthened governance frameworks and expanded community engagement programmes, we've established new benchmarks for corporate citizenship in the fitness industry.

NEW HORIZONS

As we approach the final phase of our 2023-2025 strategy, we remain focused on growth opportunities in academies, specialised sports, and wellness segments. Despite continued pressure on consumer spending and rising operational costs, our successful cost optimisation and enhanced business practices have maintained our growth trajectory while improving service quality.

I extend my deepest gratitude to our 500,000+ members, investors, board of directors, partners, and employees.

I also wish to thank the governments of Saudi Arabia and the UAE for their continued support in realising our shared vision of healthier, more active societies. Together, we continue to transform lives through the power of fitness and wellness, setting new standards for excellence in our industry.

Mr. Adnan Al-Khalaf
Chief Executive Officer
Leejam Sports Company

Our strategy

Strategy in Action

Leejam's strategy focuses on growth, innovation, and sustainability to enhance the member experience, create shareholder value, and advance a healthier society in alignment with Saudi Vision 2030.

Strategic Milestones Achieved

Leejam has demonstrated exceptional execution of its 2023-2025 strategic plan, achieving remarkable success across all three strategic pillars by the end of 2024. In the core business growth pillar, the company achieved perfect scores in critical areas of member experience, with 100% completion rates in member satisfaction initiatives, acquisition programs, and digital platform enhancements, including the online joining process, website improvements, and member portal upgrades.

The allied business growth initiatives have shown equally impressive results, with flawless execution of major technological transformations. The successful implementation and upgrading of state of the art ERP and other internal systems, and the deployment of new software management solutions were all completed with 100% effectiveness, strengthening the company's operational backbone.

In the performance enhancement pillar, Leejam exceeded expectations by fully achieving its targets in social media engagement, event management, Arabic content localisation, and cybersecurity measures, including comprehensive vulnerability assessments and NCA compliance.

This strategic execution positions Leejam well ahead of its three-year timeline, demonstrating the company's operational excellence and commitment to delivering value across its entire ecosystem.

One stop shop for Fitness

Objectives	Pillars	
Business Growth	Grow the Core Business	Add new clubs & attract more members: Premium segment; Mid-tier segment; Low cost segment; Ladies segment
	Allied Business Growth	Address new segments: New Demographic; New Segments; Wellness offerings Explore partnerships: New Customers; Other sports & academies; Allied fitness services
Sustainable business	Enhance Performance	Focused efforts: Enhance member experience; Employee engagement; Digital transformation; Cost optimization

Our strategy (continued)

Business Growth

Grow the Core Business

Strategic Actions:

- Premium segment expansion
- Mid-tier development
- Low-cost segment growth
- Ladies segment focus

Outcomes by the end of 2024:

- Expanded the core network with 32 new fitness centres
- Enhanced female segment through 12 dedicated centres
- Modernised facilities via 26 club refurbishments
- Diversified offerings with the increased paid training programs

Completed Projects:

- Achieved 100% completion in member acquisition initiatives
- Successfully enhanced the online joining process
- Optimised Fitness Time website functionality
- Upgraded member portal systems
- Met all member satisfaction targets

Allied Business Growth

Strategic Actions:

- New demographic targeting
- Wellness offerings development
- Partnership Expansion

Outcomes by the end of 2024:

- Successfully launched FT90 wellness platform
- Implemented the Ministry of Education swimming partnership
- Broadened sports academy portfolio
- Expanded allied fitness services with 7 new centres

Completed Projects:

- Implemented and upgraded ERP and other internal system
- Deployed a new software management solution

Sustainable Business

Enhanced Performance

Strategic Actions:

- Member experience enhancement
- Employee engagement improvement
- Digital transformation
- Cost optimisation

Outcomes by the end of 2024:

- Launched a new member portal and mobile app
- Strengthened digital platform capabilities
- Implemented structured employee training
- Optimised costs through centralised services
- Enhanced HSE function
- Developed facility assessment comprehensive approach

Completed Projects:

- Delivered five social media growth events
- Successfully executed planned events
- Achieved 100% Arabic content localisation
- Completed HSE testing and assessment
- Met NCA compliance requirements

CFO Statement

Delivering Sustained Shareholder Value

Market Leadership through Financial Discipline.

"Through the prism of a prudent investment strategy and highly targeted operational efficiencies, the Group has delivered a set of financials that keep the Group in an excellent position for sustained growth and value creation.

Assim Al-Attas

While the implementation of the Group's long-term, strategic network expansion has temporarily impacted margins - due to the natural ramp-up period for new centres - the underlying business fundamentals remain exceptionally strong.

195 **SAR million**
Training programs revenue – up by 31% YoY

1,086 **SAR million**
Male centres revenue – up by 10% YoY

386 **SAR million**
Female centres revenue – up by 18% YoY

FINANCIAL PERFORMANCE

Our business model continued to demonstrate its fundamental strength in 2024, with the Group's fixed costs model nature continuing to provide significant operational leverage. While the implementation of the Group's long-term, strategic network expansion has temporarily impacted margins - due to the natural ramp-up period for new centres - the underlying business fundamentals remain exceptionally strong.

Our revenue trajectory saw a consistent upward trend throughout the year, a clear testament to the success of the Group's network expansion in generating revenue from both new and existing locations. This growth, which led to a 7% increase in gross profit, was achieved despite the rise in the cost of revenue due to the expansion of the club network and the associated increase in the number of members. EBITDA also grew by 6% despite the increase in operating expenses.

Due to the higher than-typical CAPEX and the closure of two high-performing centres – mandated due to Riyadh giga projects - the Group's EBITDA margin decreased by 362 bps by the close of the year. Meanwhile, net profit increased by 28% despite the increase in finance costs and zakat expenses.
Net profit margin grew by 355 bps due to the one-time gain from a strategic land sale.

The Group managed to increase its investment and CAPEX, reflecting strategic planning in the design and rollout of new clubs. The Group also achieved its highest point of deferred income in December — SAR 504 million, up from SAR 444 million in 2023, representing an 14% increase due to more clubs and more members. This advanced payment nature of our business fuels the Group's expansion plans.

CFO Statement (continued)

> The business has once again demonstrated its financial resilience, underscored by its strong brand equity, and a well-executed strategy that delivers for its members, communities, and shareholders.

13%
Revenue growth in 2024

585
SAR million
Total CapEx paid in 2024

504
SAR million
Deferred revenues balance at the end of 2024

FINANCIAL HEALTH

Our debt-to-equity ratio continued to improve in 2024, demonstrating our ability to fund expansion while maintaining a strong balance sheet and high dividends payout ratio. This stability, with a total debt to equity of 1.4 by the close of the year, provides reassurance about our financial health. Even with significant investment in widening the network, debt levels continue to trend downwards, a testament to our financial prudence.

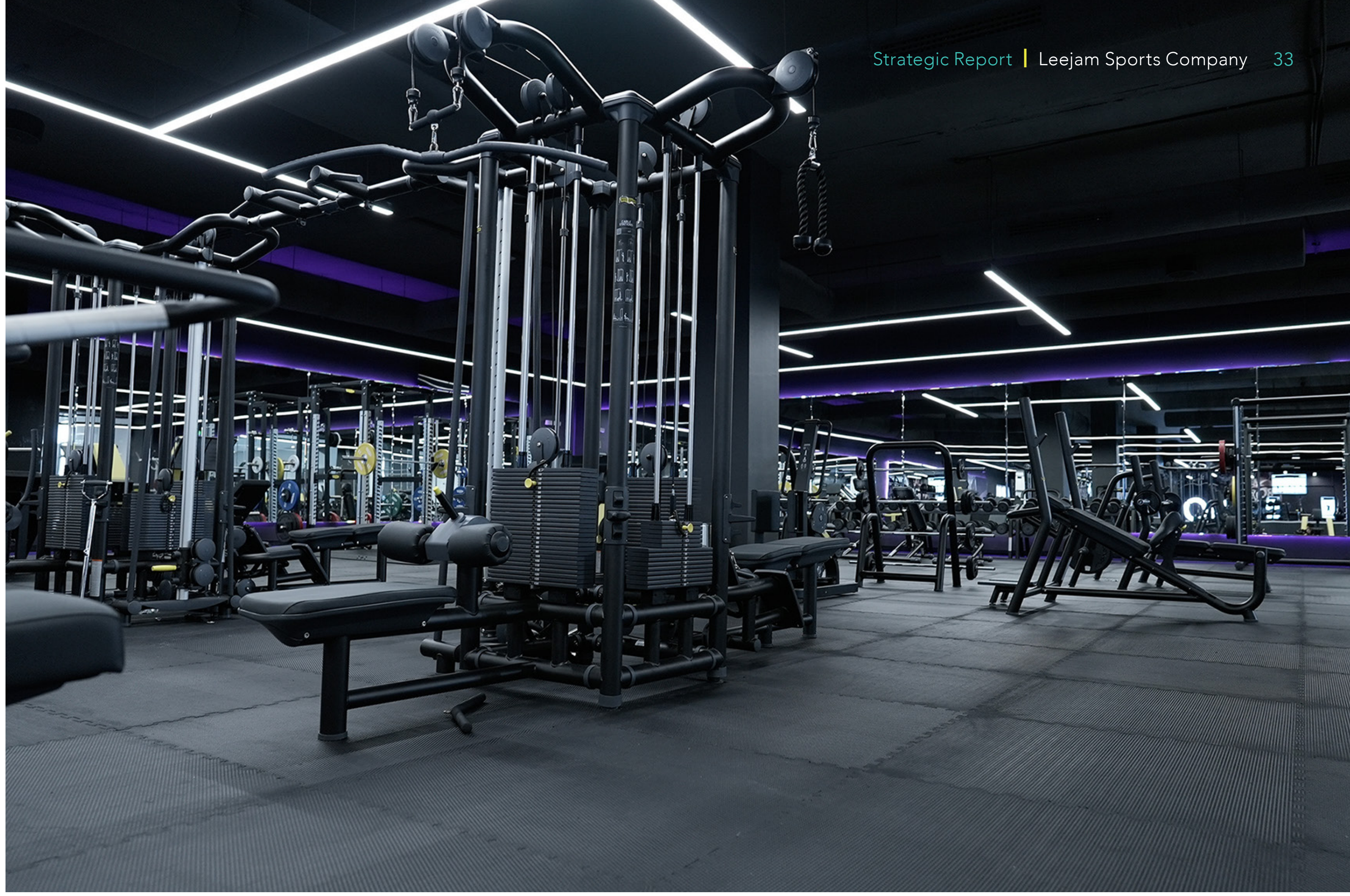
Return on Equity also showed a marked improvement compared to 2023, driven by our operational efficiency and strategic expansion. Cash from operations demonstrated healthy growth, driven by higher membership revenues across our expanded network.

OUR EQUITY STORY

The Leejam Group's equity story and long-term sustainable growth are underpinned by several critical elements that position the company for significant expansion in the Saudi Arabian fitness market. With a low penetration and around 3.4 gyms per 100,000 population compared to 12.5 in the United States, we see considerable potential for expansion by global comparisons. This opportunity is particularly pronounced given Saudi Arabia's young demographic profile and the rising number of financially independent women entering the workforce. This latter socioeconomic dynamic is already filtering through to the Group's business, with exponential growth in female membership numbers.

Furthermore, GCC countries with similarly placed demographics currently have a higher ratio of gyms per capita and higher overall penetration – illustrating that there is a common upwards trend across the Gulf population. For Leejam Group, Saudi Arabia's current low penetration rate and low per capita gym ratio with an ambitious target for penetration to reach 9% by 2027, indicates a vast untapped market potential, allowing Leejam to significantly expand its customer base and revenue streams in a market increasingly focused on health and wellness.

Leejam's equity story is further bolstered by the Group's alignment with Saudi Arabia's Vision 2030 initiative. This alignment, which aggressively promotes the importance of personal health and well-being, is a key part of our focus on building a healthy society. It instils confidence in our strategic direction and growth potential.



- Low member penetration – anticipated to reach 9% by 2027
- Low ratio of gyms per capita
- Vision 2030 drive for a healthy society
- Growing rates of employment
- Increasing participation of women in the workforce with disposable incomes

FINANCIAL RISK MANAGEMENT

While inflationary pressures on consumables and leasing costs require careful management, our high operational leverage and strong brand equity have enabled us to maintain stable pricing structures while growing our market share. The high interest rates environment in 2024 has also negatively impacted the Group's financial position.

Real estate costs – one of the sector's largest expenditures - remain a key focus area as we work to maintain profitability and stability. Looking ahead, we remain focused on balancing growth with profitability and strengthening our market leadership position while delivering sustainable returns to our shareholders.

Finally, The Group's strong brand equity is an additional factor in its ability to grow its membership and invest in growth without heavy discounting. These factors continue to support consistent revenue per centre across a very wide and varied portfolio of club formats and brands, enabling the Group to continue to deliver on its strategy and create value for its shareholders.

FUTURE VALUE CREATION

As we move into 2025, Leejam is strategically positioned to capitalise on the significant market opportunities ahead. Our robust financial foundation, characterised by strong cash flows and prudent debt management, will support our ambitious expansion plans while maintaining healthy returns for shareholders. We anticipate continued growth in deferred revenue and membership numbers, driven by our expanding network and strong brand equity. While mindful of market dynamics and cost pressures, our proven business model and operational efficiency programs position us to deliver sustainable value creation and maintain our market leadership in the evolving Saudi fitness sector.

Mr. Assim Al-Attas
Chief Financial Officer
Leejam Sports Company

Operational Review

Transforming Fitness:

How Leejam Revolutionised Operations to Deliver Unmatched Member Experience in 2024.

Leejam Sports Company achieved significant operational milestones in 2024, driven by a strategic focus on efficiency, innovation, and member experience. The company's efforts to streamline operations, enhance human capital, and integrate advanced technologies have positioned it as a leader in the fitness industry.

39 million

Visits
In 2024

OPERATIONAL EXCELLENCE IN 2024

Leejam Sports Company demonstrated a commitment to building a lean and efficient operation that delivers exceptional service quality to its members. This was achieved through comprehensive back-end changes, including updates to human resources practices, development plans, and training materials. The company also redesigned its operational structures at both corporate and club levels, ensuring alignment with its growth objectives.

STRATEGIC RESTRUCTURING

The rapid expansion of Leejam's fitness centres necessitated a restructuring of its management approach. Area managers were assigned optimised portfolios of approximately 13 clubs each, enabling more focused attention on individual facilities. Specialised management roles were created for Xpress clubs, ladies' facilities, and Plus centres, ensuring dedicated leadership for each segment.

Additionally, the establishment of regional divisions across the north, east, south, and west zones streamlined operational oversight and improved accountability. This restructuring strategy not only enhanced operational efficiency but also ensured that each club received significantly more focused and tailored support based on its unique needs. The segmentation of management roles allowed for better alignment of leadership expertise with the specific requirements of different club types.

PEOPLE DEVELOPMENT

Human capital emerged as the cornerstone of Leejam's operational success in 2024. The company adopted direct referral recruitment strategies to attract leadership talent from the global sports industry. This approach reduced recruitment costs while ensuring cultural alignment with Leejam's values and vision. To further enhance its workforce capabilities, Leejam introduced new training programs focused on customer service excellence, technical fitness expertise, and leadership development. These programs were designed to empower employees with the skills needed to deliver superior member experiences while fostering a culture of continuous improvement.

SERVICE INNOVATION

One of the most notable achievements in 2024 was the transformation of Leejam's personal training (PT) services. A performance-based model encouraged trainers to operate as entrepreneurs within the Leejam ecosystem. This innovative approach led to increased PT session conversions and higher member satisfaction levels. Initially successful in ladies' facilities, this model was expanded to male facilities during the year. By incentivising trainers through performance metrics, Leejam not only improved service delivery but also created a more engaging work environment for its staff. Member services were also enriched by the addition of new sports, wellness and fitness segments in 2024 – which included the opening of two academies (swimming and MMA).

OPERATIONAL EFFICIENCY

With 80% of costs being fixed, Leejam focused on optimising the remaining 20% of variable costs through enhanced KPI monitoring and improved resource utilisation metrics. Detailed analysis of water consumption, towel usage, and other variable expenses resulted in significant reductions. The implementation of new efficiency metrics and performance-linked compensation structures further drove operational improvements. These measures ensured that resources were utilised effectively without compromising service quality.

Operational Review (continued)

By digitizing our operations, we've streamlined processes and empowered our teams to focus on higher-value tasks, while driving the innovation needed to execute them

3 million
GX Attendance In 2024

909K
PT Sessions Conducted in 2024

113K
GX Classes Scheduled in 2024

DIGITAL TRANSFORMATION

Technology integration remained central to Leejam's operational strategy in 2024. Investments in advanced member management systems, digital performance tracking tools, and enhanced data analytics capabilities improved operational visibility across the network. These technologies enabled better decision-making processes and supported the company's growth objectives.

The digitisation of corporate onboarding processes also contributed to revenue growth by making it easier for corporate customers to purchase subscriptions. This initiative played a key role in increasing corporate subscription revenue by XX% compared to 2023.

MEMBER EXPERIENCE ENHANCEMENT

Leejam placed significant emphasis on enhancing the member experience throughout 2024. Expanded class offerings, improved facility maintenance, and upgraded digital interfaces were among the key initiatives undertaken to meet member expectations.

Personal training programs were restructured to provide greater value and flexibility to members. Additionally, facility refurbishments under the "Your Club Has Changed" program continued to drive membership growth and satisfaction. The company's efforts to improve member experience extended beyond fitness services. For example, partnerships with organisations like the Saudi Olympic and Paralympic Committee aimed to promote sports culture and increase access to sports facilities across Saudi Arabia.

OPERATIONAL CHALLENGES

Despite its successes, Leejam faced challenges related to talent acquisition and retention for specialised roles. To address this issue, the company implemented direct recruitment strategies and enhanced training programs. Clear career progression paths were established to attract top talent and retain existing employees. Cultural onboarding processes for international recruits were also strengthened to ensure successful integration into Leejam's workforce. These efforts underscored the company's commitment to building a strong team capable of supporting its ambitious growth plans.

STRATEGIC PARTNERSHIPS

In 2024, Leejam Sports Company signed a Memorandum of Understanding (MoU with the Saudi Olympic and Paralympic Committee to increase the number of practitioners of several targeted sports in this initiative, which are Judo, Karate, Rowing, Wrestling, Boxing, Jiu-Jitsu, Taekwondo, Swimming, Fencing, And Weightlifting (Targeted Sports).

The MoU focuses on enhancing the partnership between Leejam Sports Company and the Saudi Olympic and Paralympic Committee, with the aim of increasing the number of participants in the targeted sports and developing professional athletes in the Kingdom of Saudi Arabia. This is to take advantage of the large geographical spread of Leejam Sports Company's centres, studios and facilities in all regions of the Kingdom and to maximise the benefits of the skills of sports federations' accredited trainers to promote these sports and train its participants.

The MoU also aims to increase the private sector's contribution to sports development in the Kingdom, promote sports culture, and improve the healthy lifestyle in society, with a focus on increasing access to sports facilities.

SUSTAINING OUR GROWTH

Leejam recognises that service quality is the cornerstone of its success. As part of its strategy for 2025, the company will continue to refine and expand its offerings, particularly in key segments such as ladies' facilities and Fitness Time Xpress clubs. The ladies' segment remains a core focus, with plans to open new facilities and tailor services to better meet the needs of female members. Similarly, the Fitness Time Xpress brand will leverage its "high-value, low-cost" (HVLC) model to cater to the growing demand for affordable yet high-quality fitness experiences.

The company is also committed to further enhancing its training (PT) services. Building on the success of performance-based PT models introduced in 2024, Leejam aims to provide even greater value and flexibility to members.

Leejam Sports Company enters 2025 with a clear vision to sustain its growth trajectory and solidify its leadership in the fitness industry. Building on the operational excellence achieved in 2024, the company is committed to advancing its strategic priorities while maintaining a sharp focus on delivering exceptional member experiences and operational efficiency.

Operational Review (continued)

Powering Fitness and Wellness Through Innovation:

Leejam's 2024 Technology-Driven Value Transformation

Our digital transformation extends beyond technology, it focuses on crafting a seamless, secure, and engaging member experience while fostering operational excellence across all departments.

Leejam is committed to enriching the digital member experience by continuously enhancing services through innovation, data-driven insights, and seamless interactions. The company's ongoing investments in technology and improvements reflect its mission to deliver exceptional experiences at every touchpoint, fostering loyalty and satisfaction.

49

New digital projects commenced in 2024

In 2024, 49 digital projects were launched for 2024-2025 under Leejam's digital transformation strategy, with 40% completed by year-end, exceeding the 30% target.

ENHANCING CUSTOMER SATISFACTION AND OPERATIONAL EFFICIENCY

Leejam's digital transformation strategy in 2024 was designed to deliver change across three core pillars: customer satisfaction, departmental efficiency, and Enhancing Cyber Resilience.

Operational Review (continued)

CUSTOMER EXPERIENCE AND SATISFACTION

A total of 22 projects were launched in 2024 to enhance member experience and satisfaction.

These initiatives included:

- **New Payment Methods:** Expanded payment options on web platforms.
- **CRM System:** Implementation of a new Customer Relationship Management system to better serve members.
- **Member Platform and Mobile App:** Launched a feature-rich member platform and mobile app, including wearable device integration to provide members with vital health insights.
- **Internet Speed Upgrades:** Improved connectivity within fitness centers for an enhanced member experience.
- **Data-Driven Personalization:** Adopted a new data processing platform to analyze member data, enabling machine learning solutions tailored to members' specific needs.
- Leveraged generative AI to transform member feedback into actionable insights, enabling a deeper understanding of member sentiments and improving member satisfaction.

These projects have greatly enhanced the member journey, with an ongoing focus on gamification, community-building features, direct and indirect member benefits, and innovative competition experiences.

DEPARTMENTAL EFFICIENCY

Leejam launched 53 projects in 2024 aimed at enhancing departmental efficiency through new modules and automation processes, with a planned completion timeline of two years.

Key achievements for 2024 include:

- **Vendor Sourcing Platform:** Enhanced transparency in procurement processes.
- **Process Digitization:** Digitalized over 34 manual processes, creating a more seamless experience and saving employees' time.
- **Robotic Process Automation (RPA):** Implemented RPA solutions to increase efficiency by automating repetitive and manual tasks across departments.

These initiatives are designed to streamline operations, reduce time spent on routine tasks, and enable teams to focus on higher-value work as implementation progresses.

CYBERSECURITY

In 2024, Leejam significantly strengthened its cybersecurity infrastructure by initiating 18 projects and completing six major initiatives, aligned with industry best practices. Key achievements include implementing Multi-Factor Authentication (MFA) and Single Sign-On (SSO), deploying Endpoint Protection across devices, and enhancing defenses with a Web Application Firewall (WAF). These measures have greatly improved our security posture, ensured business continuity, and safeguarded member data.

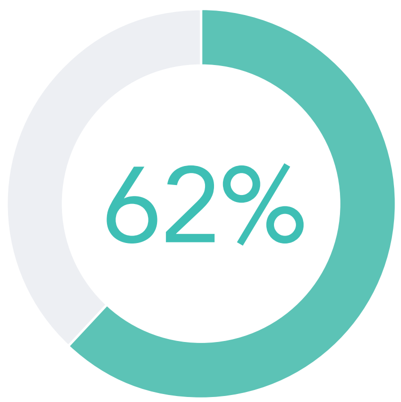
TECHNOLOGICAL ADVANCEMENTS

The adoption of AI solutions at Leejam has been transformative in enhancing both member experience and operational efficiency. AI-driven personalization enables Leejam to understand members' sentiments, allowing for a more tailored experience.

Additionally, AI-powered automation streamlines internal processes, reducing costs and increasing efficiency across departments. These innovations improve service delivery and offer valuable insights into member behaviour, driving smarter business decisions and supporting sustainable growth.

Notable developments in these areas included:

- **Robotic Process Automation (RPA):** Driving efficiencies across departments by automating manual and repetitive tasks.
- **AI Solutions:** Integrating large language model (LLM) solutions into operations to enhance decision-making and member interactions.
- **Machine Learning:** Adopting machine learning technology to accelerate and expand data-driven insights as well as provide future business expectations derived from current data.
- **Social Media Feedback Analysis:** Leveraging AI to analyse member feedback on social media, providing a deeper understanding of member sentiments and preferences.



Improvement in platforms response times

SCALING IT INFRASTRUCTURE FOR GROWTH

In 2024, Leejam significantly enhanced its IT infrastructure to support rapid expansion and a growing member base. Upgrades to cloud infrastructure resulted in a 62% improvement in platform response times compared to 2023, and system availability increased from 99.8% to 99.99%. These enhancements ensure that the company's digital platforms can handle increased traffic, providing a seamless experience for members.

Reflecting on a year of substantial digital innovation, Leejam's 2024 digital transformation has achieved notable advancements in customer satisfaction, operational efficiency, business operations and cybersecurity. With half of the planned projects already completed and more innovations forthcoming, Leejam is well-positioned to continue delivering exceptional member experiences and driving sustainable growth through technology.

Human Capital and Vendor Excellence

Accelerating Excellence Through People and Innovation

In a year marked by unprecedented expansion and transformation, Leejam's Shared Services operating model emerged as a cornerstone of organisational excellence, orchestrating fundamental changes across human capital development, supply chain optimisation, and administrative innovation.

Redefining Human Capital Development

2024 proved to be an extraordinarily dynamic year for talent management at Leejam. The scale of network expansion demanded an aggressive yet strategic approach to recruitment, career development, and succession planning. Recognising the complexity of this challenge, Leejam partnered with specialised consultancies to develop sophisticated frameworks for talent attraction and development, establishing a comprehensive roadmap for human resource management.

The fitness and wellness sector in Saudi Arabia presents unique challenges due to its nascent stage of development, particularly regarding skilled talent availability. Leejam has taken a proactive stance in addressing this gap through a deliberate strategy of knowledge transfer, combining international expertise with local talent development. By recruiting world-class overseas professionals while simultaneously investing in regional workforce development, the company is actively contributing to the sector's advancement.

FOSTERING DIVERSITY AND FEMALE LEADERSHIP

The exponential growth in women's participation in sports and fitness has catalysed transformative changes in Leejam's workforce composition. The company has witnessed a remarkable evolution in female leadership, most notably exemplified by the appointment of a female Chief Operating Officer in 2024. This shift extends beyond symbolic representation, with women now leading operations, branch management, and directorial positions across women's facilities whilst also assuming increasing prominence in corporate leadership roles.

TALENT RETENTION AND DEVELOPMENT

In response to the national challenge of talent retention within Saudi Arabia's rapidly growing economy, Leejam has implemented a holistic approach to career management. Moving beyond traditional compensation packages, the company has developed customised career progression pathways, exemplified by programmes that enable floor trainers to advance to personal trainer roles. This comprehensive strategy encompasses financial incentives, work-life balance considerations, and clear career development opportunities.

Supply Chain Excellence and Vendor Relationships

The year's ambitious agenda of 60 combined new branch openings and refurbishments demanded sophisticated supply chain and procurement processes. Leejam's approach centred on building and maintaining quality through trusted, long-term vendor relationships, enabling cost optimisation without compromising standards. The introduction of a new system-based vendor management platform marked a significant step toward digital transformation in procurement processes, enhancing transparency and automation across the supply chain spectrum.

ADMINISTRATIVE INNOVATION AND COMPLIANCE

Leejam's administrative framework underwent significant enhancements to align with evolving regulatory requirements while maintaining operational efficiency. The Shared Services approach enabled the business to take decisive steps to ensure compliance with localisation mandates and diversity requirements. This delicate balance between meeting Saudisation objectives and maintaining access to global talent pools has been crucial to the company's success.

Future-Ready Operations

Looking ahead, Leejam continues to evolve its shared services capabilities to support its ambitious growth trajectory. The focus remains on developing agile, scalable systems that can adapt to changing market dynamics while maintaining operational excellence. Through continued investment in digital transformation, talent development, and process optimisation, the business is well-positioned to deliver on the next phase of growth.

The integration of advanced technology platforms, combined with strategic workforce development initiatives and streamlined administrative processes, has created a robust foundation for sustainable expansion. As Leejam continues to grow its presence across the region, shared services remain committed to delivering operational excellence while fostering an inclusive, high-performing organisational culture.

Board of Directors’ Report

3

Board of Directors’ Report

Corporate Governance

LEEJAM is committed to maintaining high standards of corporate governance and considers good corporate governance an essential tool for maximizing long term shareholder value. The Company’s Corporate Governance Rules are mandatory for all Directors and staff of LEEJAM and can only be amended by a resolution of the Board of Directors.

Corporate governance is defined as ‘the system by which business corporations are directed and controlled’. The corporate governance structure specifies the distribution of authority and responsibilities among different participants in the Company, such as the Board of Directors, managers, shareholders and others, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the Company’s objectives are set and the means of attaining those objectives and monitoring performance. The Board of Directors is responsible for LEEJAM’s Corporate Governance Rules.

The shareholders’ role in governance is to appoint the Directors, Audit Committee and independent auditors and ensure that an appropriate governance structure is in place. The responsibilities of the Board include setting the Company’s strategic aims, providing leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The Board’s actions are subject to laws, regulations and accountability to the shareholders in the General Assembly Meetings. LEEJAM’s Corporate Governance Rules have been prepared according to local regulatory requirements, particularly the Corporate Governance Regulations issued by the Capital Market Authority. It should be viewed as setting the framework of requirements for corporate governance within the Company.

It should not be seen as a substitute for sound judgment and honorable arms-length dealings by Directors and Officers of the Company and should be viewed within the context of the broader legislative framework of Saudi Arabia. In particular, the stipulations of the following, the requirements of which have not all been incorporated in these Rules, need to be borne in mind when considering corporate governance issues:

- The Companies Law of Saudi Arabia and associated ministerial directives of the Ministry of Commerce
- The Regulations of the Capital Market Authority (CMA) and of The Saudi Stock Exchange (Tadawul)
- LEEJAM’s Bylaws

The Board establishes governance rules for the Company in accordance with the provisions of these regulations, and monitors their implementation, verifies their effectiveness, and amends them as necessary.

Organization Chart

1. Provisions that were not implemented from the Corporate Governance Regulations and reasons for non-implementation

Article	Provision	Article / Provision	Reasons for non-implementation
41	A,B,C,D, E&F	A. The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company. B. The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and parties concerned with the assessment. C. The performance assessment shall entail an assessment of the skills and experiences of the Board, identification of the weaknesses and strengths of the Board and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board. The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general. D. The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities, including attending the Board and its committees meetings and dedicating adequate time thereof. E. The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities, including attending the Board and its committees meetings and dedicating adequate time thereof. F. Non-Executive Directors shall carry out a periodic assessment of the performance of the chairman of the Board after getting the opinions of the Executive Directors, without the presence of the chairman of the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best Interests of the Company.	The Company is developing policies and procedures in line with this guiding article.
93	B	G. The disclosures in this article and in the Board, report shall be pursuant to the appended schedule.	Leejam Sports Company is the only company, in the field of establishing and managing clubs and gyms, listed on the Saudi stock market, Tadawul. Therefore, the company did not disclose in detail the remuneration of senior executives (as in Appendix No. 1 of the Corporate Governance Regulations) to protect the interests of the company and shareholders.

2. Board of Directors Members', Committees Members' and Executive Management' names current & previous positions, qualifications and experiences

A) Board members for the term ended in December 9th 2024:

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Ali Hamad Al-Sagri	• Chairman of the Board of Directors of Leejam Sports Company. • Managing Director & Board Member of Hamad bin Ali AlSagri Holding Company. • Director, Huwaylan UK Ltd, a property investment and management Company in the UK.	Vice President at Walker International LLC.	–	Bachelor's degree in International Business Management – Seneca University, Toronto, Canada – 2006.
Dr. Mohammed bin Faraj Al-Kinani	• Board Member at Leejam Sports Company. • Co-founder and Chief Executive Officer of V Consortium. • Board Member at Dhahran Valley Technology Holding Company. • Board Member at Saudi Real Estate Refinancing Company. • Board Member at Arab National Bank. • Board Chairman at Dhahran Valley Business Services Company. • Board Member at Financial Academy. • Board Member at Business Park Complex Company. • Board Member at Environment Fund.	Dean of Business Management Faculty at King Fahd University.	A seasoned professional with vast experience, Dr. Mohammed oversees the investments of the KFUPM Endowment and sits on the Board of Directors and Risk, Audit and Investment Committees in several listed and unlisted companies.	Master's degree in Finance – University of Colorado, Denver, USA - 2001. Doctorate in Finance – Oklahoma State University, USA – 2006. Chartered Financial Analyst.

A) Board members for the term ended in December 9th 2024 (continued):

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Tareq bin Khalid Al-Angari	• Chief Executive Officer of Etisalat Digital. • Board Member at Leejam Sports Company. • Board Member and Chairman of the Audit Committee at Tabuk Cement Company. • Managing Director of the support center - The operator of - IE Business School- in Saudi Arabia.	Chairman of Mobily Ventures. Executive General Manager for Investor Relations at Etihad Etisalat "Mobily". Advisor to The Board of Commissioners at Capital Market Authority. Several positions at Capital Market Authority.	Mr. Al-Angari possesses more than 20 years of experience in business development, establishment of facilities, corporate governance, strategic planning, operations management and investor relations.	Master of Business Administration - "IE Business School" - Yale School of Management - 2013. Bachelor's degree in and Business – King Fahd University.
Mrs. Hessa bint Hamad Al-Sagri	• Board Member at Leejam Sports Company. • Board Member at Bonam Park SA.	President at Saudi Technology Factory for Oils. President at Bonam Park SA.	–	Bachelor's degree in Applied Linguistics – Prince Sultan University – 2013.
Mr. Hamad bin Ali Al-Sagri	• Vice Chairman of the Board of Directors and Managing Director of Leejam Sports Company. • Chairman of the Board of Directors at Hamad Ali Al-Sagri Holding Company • Partner, Shareholder and Chairman of the Board of Bonam Park SA France.	Chairman of the Board of Directors of Leejam Sports Company.	–	Diploma from the Teachers Institute – 1971.
Mr. Hisham Hussein AlKhaldi	• Bahri Chief Support Officer. • Board Member and NRC Chairman - Saudi Real Estate - Al Akaria Company. • Board Member – Leejam Sport Company. • Member of Human Resources and Labor Market Committee, Riyadh Chamber of Commerce. • Member of the Committee on the Localization of the Maritime Industry, Public Transport Authority. • National Maritime Academy (NMA) Board of Trustees. • Member of Nomination and Remuneration Committee (NRC) Saudi Facility Management – PIF.	Director of Human Resources at Al-Shaya International Trade Company.	Extensive experience spanning excess 20 years in the Management Shared Services including (Human Resources, Administration, Govt Affairs, Procurement, Information Technology & Corporate Communication).	Bachelor's in Business Administration. Holder of a Level-Five Certificate in Leadership from the British Institute of Leadership. Management (ILM). CIPD LEVEL 7 - Chartered Fellow, for HR professional and people development.
Mr. Mishal Ibrahim AlMishari	• Committee Member at Riyadh Chamber of Commerce and Industry. • Deputy Chief Executive Officer at Jahez.	Business Development Director at Alamat International Co. Project Manager at Fedex.	–	Bachelor's degree in Business Administration from King Saud University, Riyadh, KSA - 2007.

B) Board members for the term started in December 10th 2024:

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Ali Hamad Al-Sagri	• Chairman of the Board of Directors of Leejam Sports Company. • Managing Director & Board Member of Hamad bin Ali AlSagri Holding Company. • Director, Huwaylan UK Ltd, a property investment and management Company in the UK.	Vice President at Walker International LLC.	–	Bachelor's degree in International Business Management – Seneca University, Toronto, Canada – 2006.
Dr. Mohammed bin Faraj Al-Kinani	• Board Member at Leejam Sports Company. • Co-founder and Chief Executive Officer of V Consortium. • Board Member at Dhahran Valley Technology Holding Company. • Board Member at Saudi Real Estate Refinancing Company. • Board Member at Arab National Bank. • Board Chairman at Dhahran Valley Business Services Company. • Board Member at Financial Academy. • Board Member at Business Park Complex Company. • Board Member at Environment Fund.	Dean of Business Management Faculty at King Fahd University.	A seasoned professional with vast experience, Dr. Mohammed oversees the investments of the KFUPM Endowment and sits on the Board of Directors and Risk, Audit and Investment Committees in several listed and unlisted companies.	Master's degree in Finance – University of Colorado, Denver, USA - 2001. Doctorate in Finance – Oklahoma State University, USA – 2006. Chartered Financial Analyst.
Mr. Hamad Ali Al-Sagri	• Vice Chairman of the Board of Directors and Managing Director of Leejam Sports Company. • Chairman of the Board of Directors at Hamad Ali Al-Sagri Holding Company • Partner, Shareholder and Chairman of the Board of Bonam Park SA France.	Chairman of the Board of Directors of Leejam Sports Company.	–	Diploma from the Teachers Institute – 1971.

B) Board members for the term started in December 10th 2024 (continued):

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Mishal Ibrahim AlMishari	• Committee Member at Riyadh Chamber of Commerce and Industry. • Deputy Chief Executive Officer at Jahez.	Business Development Director at Alamat International Co. Project Manager at Fedex.	–	Bachelor's degree in Business Administration from King Saud University, Riyadh, KSA - 2007.
Mr. Ameen Fahd Alshiddi	• Group Chief Financial Officer – stc. • Chairman of the Board Telecommunication Tower Company (TAWAL). • Board Member, Executive Committee Member & NRC Chairman - Masar Alnumou Finance. • Board Member & Audit Committee Chairman Specialized by stc.	Vice Chairman of the Board, Audit Committee Chairman and NRC member- stc Kuwait. Board Member & Audit Committee Chairman - Al-Rajhi Bank. Board Member - Oger Telecom Limited. Board Member & Audit Committee Chairman - stc Bahrain. Board Member - Solutions by stc. Board and Executive Committee Member - Channels by stc. Board Member -Sulaiman Abdulaziz Alrajhi Holding Company. Member Advisory Committee - Capital Market Authority (CMA), KSA.	–	Certified Public Accountant (CPA) – USA. Certified Management Accountant (CMA) – USA. Saudi Organization for Certified Public Accountants (SOCPA) – KSA. Master of Accountancy - Southwest Missouri State University, USA. Bachelor in Business Administration - King Saud University, KSA.
Mr. Abdulelah Mohammed AlNemr	• Governing agent at the National Development Fund. • Board member of the Industrial Investment Fund Company.	Providing consultations and building partnerships in investment banking. Developing and financing businesses and projects and working to build partnerships.	Industrial Development Fund. Riyad Capital Technical company. National Development Fund.	Bachelor's degree in Financial Management and Economics from King Fahd University of Petroleum and Minerals.
Mr. Mohammed Hamad Alsagri	• Corporate analyst at Banque Saudi Fransi.	Budget auditor at Leejam Sports Company.	–	Master of Business Administration from the International University of Geneva. Bachelor's degree in Business Administration from the Geneva Institute of Business Administration.

C) Executive Committee Members for the term ended in December 9th 2024:

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Ali Hamad Al-Sagri	• Chairman of the Board of Directors of Leejam Sports Company. • Managing Director & Board Member of Hamad bin Ali AlSagri Holding Company. • Director, Huwaylan UK Ltd, a property investment and management Company in the UK.	Vice President at Walker International LLC.	–	Bachelor's degree in International Business Management – Seneca University, Toronto, Canada – 2006.
Mr. Tareq bin Khalid Al-Angari	• Chief Executive Officer of Etisalat Digital. • Board Member at Leejam Sports Company. • Board Member and Chairman of the Audit Committee at Tabuk Cement Company. • Managing Director of the support center - The operator of - IE Business School- in Saudi Arabia.	Chairman of Mobily Ventures. Executive General Manager for Investor Relations at Etihad Etisalat "Mobily". Advisor to The Board of Commissioners at Capital Market Authority. Several positions at Capital Market Authority.	Mr. Al-Angari possesses more than 20 years of experience in business development, establishment of facilities, corporate governance, strategic planning, operations management and investor relations.	Master of Business Administration - "IE Business School" - Yale School of Management - 2013. Bachelor's degree in and Business – King Fahd University.
Mr. Mishal Ibrahim AlMishari	• Committee Member at Riyadh Chamber of Commerce and Industry. • Deputy Chief Executive Officer at Jahez.	Business Development Director at Alamat International Co. Project Manager at Fedex.	–	Bachelor's degree in Business Administration from King Saud University, Riyadh, KSA - 2007.

C) Executive Committee Members for the term started in December 10th 2024:

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Ali Hamad Al-Sagri	• Chairman of the Board of Directors of Leejam Sports Company. • Managing Director & Board Member of Hamad bin Ali AlSagri Holding Company. • Director, Huwaylan UK Ltd, a property investment and management Company in the UK.	Vice President at Walker International LLC.	–	Bachelor's degree in International Business Management – Seneca University, Toronto, Canada – 2006.
Mr. Ameen Fahd Alshiddi	• Group Chief Financial Officer – stc. • Chairman of the Board - Telecommunication Tower Company (TAWAL). • Board Member, Executive Committee Member & NRC Chairman - Masar Alnumou Finance. • Board Member & Audit Committee Chairman – Specialized by stc.	Vice Chairman of the Board, Audit Committee Chairman and NRC member- stc Kuwait. Board Member & Audit Committee Chairman - Al-Rajhi Bank. Board Member - Oger Telecom Limited. Board Member & Audit Committee Chairman - stc Bahrain. Board Member - Solutions by stc. Board and Executive Committee Member - Channels by stc. Board Member - Sulaiman Abdulaziz Alrajhi Holding Company. Member Advisory Committee - Capital Market Authority (CMA), KSA.	–	Certified Public Accountant (CPA) USA. Certified Management Accountant (CMA) – USA . Saudi Organization for Certified Accountants (SOCPA) – KSA. Master of Accountancy - Southwest Missouri State University, USA. Bachelor in Business Administration King Saud University, KSA.
Mr. Mohammed Hamad Alsagri	• Corporate analyst at Banque Saudi Fransi.	Budget auditor at Leejam Sports Company.	–	Master of Business Administration from the International University of Geneva. Bachelor's degree in Business Administration from the Geneva Institute of Business Administration.

C) Nomination & Remuneration Committee for the term ended in December 9th 2024:

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Mishal Ibrahim AlMishari	• Committee Member at Riyadh Chamber of Commerce and Industry. • Deputy Chief Executive Officer at Jahez.	Business Development Director at Alamat International Co. Project Manager at Fedex.	–	Bachelor's degree in Business Administration from King Saud University, Riyadh, KSA - 2007.
Mr. Ali Hamad Al-Sagri	• Chairman of the Board of Directors of Leejam Sports Company. • Managing Director & Board Member of Hamad bin Ali AlSagri Holding Company. • Director, Huwaylan UK Ltd, a property investment and management Company in the UK.	Vice President at Walker International LLC.	–	Bachelor's degree in International Business Management – Seneca University, Toronto, Canada – 2006.
Mrs. Hessa bint Hamad Al-Sagri	• Board Member at Leejam Sports Company. • Board Member at Bonam Park SA.	President at Saudi Technology Factory for Oils. President at Bonam Park SA.	–	Bachelor's degree in Applied Linguisitics – Prince Sultan University – 2013.

C) Nomination & Remuneration Committee for the term started in December 10th 2024:

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Mishal Ibrahim AlMishari	• Committee Member at Riyadh Chamber of Commerce and Industry. • Deputy Chief Executive Officer at Jahez.	Business Development Director at Alamat International Co. Project Manager at Fedex.	–	Bachelor's degree in Business Administration from King Saud University, Riyadh, KSA - 2007.
Mr. Ali Hamad Al-Sagri	• Chairman of the Board of Directors of Leejam Sports Company. • Managing Director & Board Member of Hamad bin Ali AlSagri Holding Company. • Director, Huwaylan UK Ltd, a property investment and management Company in the UK.	Vice President at Walker International LLC.	–	Bachelor's degree in International Business Management – Seneca University, Toronto, Canada – 2006.
Mr. Mohammed Hamad Alsagri	• Corporate analyst at Banque Saudi Fransi.	Budget auditor at Leejam Sports Company.	–	Master of Business Administration from the International University of Geneva. Bachelor's degree in Business Administration from the Geneva Institute of Business Administration.

C) Audit Committee for the term ended in December 9th 2024:

Director	Current Position	Previous Positions	Experiences	Qualifications
Dr. Mohammed bin Faraj Al-Kinani	• Board Member at Leejam Sports Company. • Co-founder and Chief Executive Officer of V Consortium. • Board Member at Dhahran Valley Technology Holding Company. • Board Member at Saudi Real Estate Refinancing Company. • Board Member at Arab National Bank. • Board Chairman at Dhahran Valley Business Services Company. • Board Member at Financial Academy. • Board Member at Business Park Complex Company. • Board Member at Environment Fund.	Dean of Business Management Faculty at King Fahd University.	A seasoned professional with vast experience, Dr. Mohammed oversees the investments of the KFUPM Endowment and sits on the Board of Directors and Risk, Audit and Investment Committees in several listed and unlisted companies.	Master's degree in Finance – University of Colorado, Denver, USA - 2001. Doctorate in Finance – Oklahoma State University, USA – 2006. Chartered Financial Analyst.
Mr. Abdulaziz Abdullah Alhidery	• Audit Committee member at Leejam Sports Company. • Audit Committee member at Maharah Company. • Audit Committee member at SITE Company. • Audit Committee chairman at MASIC Logistics Company. • Audit Committee member at Theeb Company. • Audit Committee member at Matarat Company. • Audit Committee member at Suliman Alrajhi Company. • Audit Committee member at SADU Capital. • Audit Committee member at Aseer Investment Company. • Head of internal audit at Elm Company.	Director of internal audit in Elm.	–	Saudi Organization for Certified Public Accountants. US Internal Auditors' Certificate. Risk Management Certificate. Bachelor's and Master's degrees in Accounting from King Saud University. Master's degree in Information Technology from the University of California.

C) Audit Committee for the term ended in December 9th 2024 (continued):

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Wisam Hussain Alfreihi	• Audit Committee member at Leejam Sports Company. • Chief Executive Officer & Head of Investment Banking and Capital Markets – Credit Suisse Saudi Arabia.	Head of Investment Banking at Saudi Fransi Capital. Several managerial & leadership positions at the Saudis Central Bank (SAMA) & the Capital Market Authority. Consultant at the International Organization of Securities Commission ("IOSCO").	Mr. Wissam held several positions, including Director of the Offering, Merger and Acquisition Department, Director of the Public Offering Unit, Director of the Private Placement Unit in the Capital Market Authority, and also worked as an advisor to the Emerging and Developing Markets Committee in the International Organization of Securities Commissions.	Bachelor's degree in Management Information Systems – Business Economics. Master's degree in Management Information Systems.

C) Audit Committee for the term started in December 10th 2024:

Director	Current Position	Previous Positions	Experiences	Qualifications
Dr. Mohammed bin Faraj Al-Kinani	• Board Member at Leejam Sports Company. • Co-founder and Chief Executive Officer of V Consortium. • Board Member at Dhahran Valley Technology Holding Company. • Board Member at Saudi Real Estate Refinancing Company. • Board Member at Arab National Bank. • Board Chairman at Dhahran Valley Business Services Company. • Board Member at Financial Academy. • Board Member at Business Park Complex Company. • Board Member at Environment Fund.	Dean of Business Management Faculty at King Fahd University.	A seasoned professional with vast experience, Dr. Mohammed oversees the investments of the KFUPM Endowment and sits on the Board of Directors and Risk, Audit and Investment Committees in several listed and unlisted companies.	Master's degree in Finance – University of Colorado, Denver, USA - 2001. Doctorate in Finance – Oklahoma State University, USA – 2006. Chartered Financial Analyst.

C) Audit Committee for the term started in December 10th 2024 (continued):

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Abdulaziz Abdullah Alhidery	• Audit Committee member at Leejam Sports Company. • Audit Committee member at Maharah Company. • Audit Committee member at SITE Company. • Audit Committee chairman at MASIC Logistics Company. • Audit Committee member at Theeb Company. • Audit Committee member at Matarat Company. • Audit Committee member at Suliman Alrajhi Company. • Audit Committee member at SADU Capital. • Audit Committee member at Aseer Investment Company. • Head of internal audit at Elm Company.	Director of internal audit in Elm.	–	Saudi Organization for Certified Public Accountants. US Internal Auditors' Certificate. Risk Management Certificate. Bachelor's and Master's degrees in Accounting from King Saud University. Master's degree in Information Technology from the University of California.
Mr. Walid Abdullah Alzakri	• CFO of Water Solutions Company (100% owned by the Public Investment Fund). • Member of the Audit Committee of the Eastern Region Development Authority. • Member of the Audit Committee at Al-Ula Sports Club. • Member of the Audit Committee at Uptown Jeddah Company.	Chief Financial Officer of Qudra Air Products. CFO of Pengerang Refining and Pengerang Petrochemical Company. Chief Financial Officer of Vela International Marine Limited.	Multiple positions in financial risk management and financial accounting at Saudi Aramco. General Auditor at Saudi Aramco Refining and Petrochemical Company (SATROP). Multiple positions that end with audit manager in the Internal Audit Department at Saudi Aramco.	Master of Business Administration from King Fahd University of Petroleum and Minerals. Bachelor's degree in Accounting from King Fahd University of Petroleum and Minerals. Certified internal auditor from the Institute of Internal Auditors. Certificate of appreciation and self-evaluation from the Institute of Internal Auditors.

D) Executive Management:

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Adnan Abdullah Al-Khalaf	• Chief Executive Officer.	CEO and Vice President for a number of companies in the medical, services, manufacturing, retail, and distribution sectors, the last of which was with the Saudi Telecom Group (STC).	CEO and Vice President for a number of companies in the medical, services, manufacturing, retail, and distribution sectors, the last of which was with the Saudi Telecom Group (STC).	Executive MBA from Al-Yamamah University (YU) and a Master's degree in International Business Management from INSEEC business school.
Mr. Assim Al-Attas	• Chief Financial Officer.	Seasoned CFO with +19 years of financial executive experience. Assim has international professional work experience as he held senior roles with General Electric and Ernst & Young. He joined Leejam from Almunajem Foods Company where he was the CFO for the last 9 years crowned with successfully leading an oversubscribed public offering in 2021.	Seasoned CFO with +19 years of financial executive experience. Assim has international professional work experience as he held senior roles with General Electric and Ernst & Young. He joined Leejam from Almunajem Foods Company where he was the CFO for the last 9 years crowned with successfully leading an oversubscribed public offering in 2021.	B.S. in Accounting and an Executive MBA from HEC Paris.
Mrs. Shaden Alsagri	• Chief Operations Officer.	Deputy COO at Leejam Sports Company – Fitness Time, KSA & UAE. Head of Business Support at Leejam Sports Company – Fitness Time. General Manager of Ladies Clubs Fitness Time at Leejam Sports Company, KSA & UAE. Deputy General Manager of Ladies Clubs Fitness Time at Leejam Sports Company, KSA & UAE.	Extensive experience spanning multiple departments including Operations, Business Support, General Management, Administration, and Partnership Management. She has accumulated a wealth of experience totaling over 15 years.	MBA (Banking & Finance), Bangor University. Bachelor's Degree in English, Princess Nora Bint Abdulrahman University. Diploma in IT, Newtech S. A.
Mr. Mohammed Alyahya	• Chief Shared Services Officer.	VP HR, GS & HSE, Tasnee (National Industrialization Company). VP Shared Services, Contact Center Company (stc subsidiary). Divisional Human Resources Manager (SD&L), Almarai Co. Riyadh, KSA. Group Learning & Talent Development Head, Almarai Co. Riyadh, KSA. Divisional Human Resources Manager, Almarai Co. Riyadh, KSA.	Over 15 years of experience in HR, talent development, and shared services. in the industrial, telecommunications, and food industries sectors, with a strong background in recruitment and personnel management.	Master of Science (M.S.), Human Resources Design – Claremont Graduate University – Peter F. Drucker and Masatoshi Ito Graduate School of Management. Bachelor, English Language and Its Literature, Al-Imam Muhammad Ibn Saud Islamic University.

D) Executive Management (continued):

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Yasser Almyassar	• Chief Technology Officer.	General Manager of Digital Services at SDAIA.	He led national initiatives like Tawakkalna and spearheaded strategic projects in ITSM, open-source cloud, and infrastructure modernization. He established and led architecture and design teams, contributing to various national initiatives and digital service improvements. He has more than 20 years of experience in the technology field.	Graduated from Riyadh College of Technology with a major in Computer Support and King Abdulaziz University with a major in Business Administration.
Mr. Yasser El Farissi	• Chief Investment Officer.	Director, Business Development at Olayan Group. Group Executive Director at Al Yemni Group. Senior Manager, Financial Planning at GUCCI. CFO Japan & Asia Pacific at Arysta Lifescience Corp. Senior Financial Analyst at KVH/Fidelity Investments.	Extensive experience in strategic M&A, joint ventures, and financial management across KSA, MENA, Japan, and Asia Pacific. Proven track record in managing businesses and driving growth through investment strategies.	Executive Management Program, Harvard Business School. Leadership Program, IMD Business School. CMA Certificate, US Chartered Institute of Management Accountants. Master of Science in Management, Kumamoto Gakuen University. Bachelor of Science in Finance, ISCAE Business School.

3. Names of companies inside or outside the Kingdom in which a member of the company's board of directors is a member of its current and previous boards of directors or one of its managers.

For the term ended in December 9th 2024:

Director	Companies	Inside/Outside KSA	Legal Entity
Mr. Ali Hamad Al-Sagri	• Leejam Sports Company. • Hamad Al-Sagri Holding Co. • Huwaylan (UK) Ltd.	• Inside Saudi Arabia. • Inside Saudi Arabia. • Outside Saudi Arabia.	• Listed. • Unlisted. • Unlisted.
Dr. Mohammed bin Faraj Al-Kinani	• Dhahran Valley Technology Holding Company. • Saudi Real Estate Refinancing Company. • Arab National Bank. • Dhahran Valley Business Services Company. • Financial Academy. • Business Park Complex Company. • Environment Fund.	• Inside Saudi Arabia. • Inside Saudi Arabia. • Inside Saudi Arabia. • Inside Saudi Arabia. • Inside Saudi Arabia. • Inside Saudi Arabia. • Inside Saudi Arabia.	• Unlisted. • Unlisted. • Listed. • Unlisted. • Governmental. • Unlisted. • Governmental.
Mr. Tareq bin Khalid Al-Angari	• Tabuk Cement. • Leejam Sports Company. • BEEHIVE Company	• Inside Saudi Arabia. • Inside Saudi Arabia. • Inside Saudi Arabia.	• Listed. • Listed. • Unlisted.
Mrs. Hessa bint Hamad Al-Sagri	• Hamad Al-Sagri Holding Co. • Bonam Park SA France. • Leejam Sports Company.	• Inside Saudi Arabia. • Outside Saudi Arabia. • Inside Saudi Arabia.	• Unlisted. • Unlisted. • Listed.
Mr. Hamad bin Ali Al-Sagri	• Hamad Al-Sagri Holding Co. • Bonam Park SA France. • Leejam Sports Company.	• Inside Saudi Arabia. • Outside Saudi Arabia. • Inside Saudi Arabia.	• Unlisted. • Unlisted. • Listed.
Mr. Hisham Hussein AlKhaldi	• Saudi Real Estate - Al Akaria Company. • Leejam Sport Company. • National Maritime Academy (NMA).	• Inside Saudi Arabia. • Inside Saudi Arabia. • Inside Saudi Arabia.	• Listed. • Listed. • Training Academy.
Mr. Mishal Ibrahim AlMishari	• Leejam Sports Company	• Inside Saudi Arabia.	• Listed.

For the term started in December 10th 2024:

Director	Companies	Inside/Outside KSA	Legal Entity
Mr. Ali Hamad Al-Sagri	• Leejam Sports Company. • Hamad Al-Sagri Holding Co. • Huwaylan (UK) Ltd.	• Inside Saudi Arabia. • Inside Saudi Arabia. • Outside Saudi Arabia.	• Listed. • Unlisted. • Unlisted.
Dr. Mohammed bin Faraj Al-Kinani	• Dhahran Valley Technology Holding Company. • Saudi Real Estate Refinancing Company. • Arab National Bank. • Dhahran Valley Business Services Company. • Financial Academy. • Business Park Complex Company. • Environment Fund.	• Inside Saudi Arabia. • Inside Saudi Arabia. • Inside Saudi Arabia. • Inside Saudi Arabia. • Inside Saudi Arabia. • Inside Saudi Arabia. • Inside Saudi Arabia.	• Unlisted. • Unlisted. • Listed. • Unlisted. • Governmental. • Unlisted. • Governmental.
Mr. Hamad bin Ali Al-Sagri	• Hamad Al-Sagri Holding Co. • Bonam Park SA France. • Leejam Sports Company.	• Inside Saudi Arabia. • Outside Saudi Arabia. • Inside Saudi Arabia.	• Unlisted. • Unlisted. • Listed.
Mr. Mishal Ibrahim AlMishari	• Leejam Sports Company	• Inside Saudi Arabia.	• Listed.
Mr. Ameen Fahd Alshiddi	• Telecommunications Towers Company Limited (TAWAL). • Masar Alnumou Finance Company. • Faa for Educational Personnel.	• Inside Saudi Arabia. • Inside Saudi Arabia. • Inside Saudi Arabia.	• Unlisted. • Unlisted. • Non-profit.
Mr. Abdulelah Mohammed Al Nemr	• Eastern Region Development Authority. • Al-Ula Sports Club. • Uptown Jeddah Company.	• Inside Saudi Arabia. • Inside Saudi Arabia. • Inside Saudi Arabia.	• Public Institution. • Public Institution. • Unlisted.
Mr. Mohammed Hamad Alsagri	–	–	–

4. Composition of the Board of Directors and classification of its members.

For the term ended in December 9th 2024:

Director	Classification
Mr. Ali Hamad Al-Sagri	Non-Executive
Dr. Mohammed bin Faraj al-Kinani	Independent
Mr. Tareq bin Khalid Al-Angari	Independent
Mrs. Hessa bint Hamad Al-Sagri	Non-Executive
Mr. Hamad bin Ali Al-Sagri	Executive
Mr. Hisham Hussein AlKhaldi	Independent
Mr. Mishal Ibrahim AlMishari	Independent

For the term started in December 10th 2024:

Director	Classification
Mr. Ali Hamad Al-Sagri	Non-Executive
Dr. Mohammed bin Faraj al-Kinani	Independent
Mr. Hamad bin Ali Al-Sagri	Executive
Mr. Mishal Ibrahim AlMishari	Independent
Mr. Ameen Fahd Alshiddi	Independent
Mr. Abdulelah Mohammed Al Nemr	Independent
Mr. Mohammed Hamad Alsagri	Non-Executive

5. Actions taken by the Board of Directors to inform its members - especially non-executives - of the shareholders' proposals and observations regarding the company and its performance.

Leejam's Investor Relations department maintains regular and sustainable communication channels with the Company's Shareholders. If any proposals are received from Shareholders, it will be reviewed and reported to the Board of Directors in full. Shareholders are also given the opportunity to submit proposals and inquiries directly to members of the Board of Directors during the General Assembly meetings, and sufficient time is dedicated to answering these questions.

6 Brief description of the committees' terms of reference and tasks.

LIST OF COMMITTEES:

EXECUTIVE COMMITTEE

The Charter of the Executive Committee, the number and dates of its meetings, and the members' attendance data for each meeting during the year 2024.

- Addressing all authorities assigned by the Board of Directors in terms of management and instructions that regulate the company's business and affairs, excluding:
  - Amendment of the company's main policies
  - Approval or modification of the company's budget, except to the extent allowed by the company's Terms of Reference
  - Effecting material changes in the company's structure, for example, by changing the company's capital, acquisition, merger, sale of the company's assets, joint ventures or any other preparations, liquidation of the company or discontinuing its activities or dissolution
  - Obtaining loans
  - Rejecting, amending or challenging any resolution made by the Board
  - Any other authorities or responsibilities explicitly communicated to the Committee
  - Any other matters that may be authorized by the Board of Directors based on the Company's Articles of Association or key policies
- Reviewing regular reports related to the company's strategy in operating and promoting its branches, as well as expansion in the provision of services and activities and presenting suggestions in this regard.
- Following up on the long-, medium- and short-term strategies of the company and reviewing them from time to time, to submit suggestions to the Board of Directors to renew or modify strategies as need be.
- Acting as a guidance to the Company's Management for investment opportunities and emerging cases.
- Reviewing the existing and emerging legal cases.
- Approving the appointment of advisory committees in cases where the Company's management authorities exceed those granted to the Committees.
- Submitting reports to the Board Members with explanation of decisions or processes taken by the Committee that require the Board's approval.
- Reviewing any proposals for new locations.
- Approving the change of branches assigned for men to become ladies' branches, and vice versa.
- Any other tasks assigned by the Board of Directors.

For the term ending in December 9th 2024:

Executive Committee's Meetings						5 Meetings during 2024
Name	Classification	1st Meeting February 20	2nd Meeting April 30	3rd Meeting July 23	4th Meeting October 22	5th Meeting December 03
Mr. Ali Hamad Al-Sagri	Chairman	Attended	Attended	Attended	Attended	Attended
Mr. Tareq bin Khalid Al-Angari	Member	Attended	Attended	Attended	Attended	Attended
Mr. Mishal Ibrahim AlMishari	Member	Attended	Attended	Attended	Attended	Attended

No meetings were conducted for the term started in December 10th 2024.

NOMINATIONS AND REMUNERATIONS COMMITTEE

The Charter of the Nominations and Remunerations Committee, the number and dates of its meetings, and the members' attendance data for each meeting during the year 2024.

Duties and functions of the Nominations and Remunerations Committee

1. NOMINATIONS:

- Proposing clear nomination and appointment policies and criteria regarding Board Members, Sub-Committees and executive management members, proposing them to the Board of Directors and overseeing their implementation.
- Interviewing all Board member nominees, making necessary and appropriate inquiries about them, reviewing their qualifications before providing a nomination recommendation to the Board of Directors.
- Recommending to the Board of Directors nomination and renomination of Board Members pursuant to applicable regulations, bylaws, policies and criteria, ensuring no one is nominated who lacks requirements stipulated in relevant regulations.
- Preparing a job description for required capabilities for Board membership and executive management positions.
- Specifying the time a member needs to allocate for Board tasks.
- Annually reviewing required skills or appropriate expertise for Board membership and executive management positions.

- Preparing job descriptions for executive members, non-executive members, independent members and senior executives.
- Annually verifying the independence of Independent Board Members pursuant to applicable regulations, bylaws and rules, and absence of any conflict of interest if the member holds board membership of another company.
- Periodically reviewing succession plans for Board Members and senior executives and making recommendations to the Board of Directors in this regard, taking into account the challenges and opportunities facing the Company alongside required capabilities, skills and appropriate expertise for Board membership and executive management positions.
- Evaluating potential candidates for executive management positions in the Company and making recommendations to the Board of Directors about them, especially assisting the Board of Directors in selecting, developing and evaluating potential candidates for the CEO position.
- Developing special procedures in case of vacancy in the position of a Board Member or executive management member, periodically reviewing them, and making recommendations to the Board of Directors regarding selecting and approving candidates to fill those positions.

2. REVIEW AND EVALUATION

- Periodically reviewing the structure, size, composition, strengths and weaknesses (including skills, knowledge and expertise) of the Company's Board of Directors and executive management, and making recommendations and proposing appropriate solutions to the Board of Directors in line with the Company's interests.
- Developing an orientation program for new Board Members, and an ongoing education program for current Board Members, overseeing these programs, reviewing them and updating them periodically as needed.
- Developing an annual self-assessment process for some Board Members and senior company executives, making recommendations to the Board of Directors in this regard, and overseeing this process.

3. REMUNERATION:

- Developing a clear policy for the remuneration of Board Members, Board Sub-Committees and executive management of the Company, elevating it to the Board of Directors ahead of adoption by the General Assembly, disclosing it, and overseeing and verifying its implementation.
- Preparing an annual report on remuneration and other payments (cash or in-kind) granted to Board Members, Board Sub-Committees and executive management, clarifying the relationship between granted remuneration and the remuneration policy (including a statement of any substantive deviation from this policy), for presentation to the Board of Directors for consideration.
- Periodically reviewing the remuneration policy, evaluating its suitability and effectiveness in achieving its intended objectives, and making recommendations to the Board of Directors in this regard.
- Recommending to the Board of Directors the remuneration of Board Members, Board Sub-Committees and executive management (including nature and amount of remuneration) pursuant to the approved remuneration policy.
- Reviewing the Company's incentive plans for Board Members and employees and making recommendations to the Board of Directors regarding them, including with respect to adopting, amending and terminating these plans.
- Preparing required disclosures pursuant to Company policies and any systems, regulations or rules the Company is subject to, including at a minimum, disclosures related to the remuneration policy and annual remuneration report, and remuneration disclosures in the Board of Directors annual report.

4. CORPORATE GOVERNANCE

- Overseeing, reviewing and making recommendations to the Board of Directors regarding corporate governance regulations, policies, rules, practices and procedures of the Company, including identifying best practices and proposing any amendments to the Board of Directors, including the Company Bylaws and Internal Governance Regulations, at least annually.
- Monitoring and verifying the Company's compliance with its Internal Governance Regulations and internal governance policies, and applicable governance requirements pursuant to relevant regulations, bylaws and rules.
- Developing and reviewing the professional conduct rules representing the Company's values, and other internal policies and procedures to meet the Company's needs and comply with regulatory requirements and best practices, and making recommendations to the Board of Directors in this regard.
- Regularly informing Board Members of substantive changes in applicable governance requirements and developments in corporate governance and best practices.

5. OTHER TASKS

- Carrying out other relevant tasks at the Board of Directors' request.

For the term ending in December 9th 2024:

Nominations and Remunerations Committee Meetings						5 Meetings during 2024
Name	Classification	1st Meeting February 18	2nd Meeting April 28	3rd Meeting July 24	4th Meeting October 31	5th Meeting November 27
Mr. Mishal Ibrahim AlMishari	Chairman	Attended	Attended	Attended	Attended	Attended
Mr. Ali Hamad Al-Sagri	Member	Attended	Attended	Attended	Attended	Attended
Mrs. Hessah bint Hamad Al-Sagri	Member	Attended	Attended	Attended	Attended	Attended

For the term started in December 10th 2024:

Nominations and Remunerations Committee Meetings		1 Meeting during 2024
Name	Classification	1st Meeting December 15
Mr. Mishal Ibrahim AlMishari	Chairman	Attended
Mr. Ali Hamad Al-Sagri	Member	Attended
Mr. Mohammed bin Hamad Al-Sagri	Member	Attended

AUDIT COMMITTEE

The Charter of the Audit Committee, the number and dates of its meetings, and the members' attendance data for each meeting during the year 2024.

The Audit Committee shall be specialized in overseeing the Company's operations and verifying the integrity, fairness and transparency of its reports, financial statements and internal control systems, and the Committee's tasks shall include in particular the following:

1. FINANCIAL STATEMENTS AND REPORTS

- Studying the Company's initial and annual financial statements and all announcements related to its financial performance before presenting them to the Board of Directors, expressing its opinion on them and recommending to the Board regarding them, to ensure their integrity, fairness and transparency.
- Expressing a technical opinion—at the Board of Directors request—on whether the Board of Directors report and the Company's financial statements are fair, balanced, understandable and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model and strategy.
- Studying any significant or unusual matters contained in the Company's financial statements and reports.
- Thoroughly examining any matters raised by the Chief Executive Officer (or his delegate), Chief Financial Officer (or his delegate), Compliance Officer, Internal Auditor, or External Auditor.
- Verifying the accounting estimates on substantial matters contained in the Company's financial statements and reports.
- Studying applicable accounting policies and expressing an opinion and recommendation to the Board of Directors regarding them.

2. INTERNAL CONTROL AND AUDIT SYSTEM

- Studying and reviewing the Company's internal control and financial systems and risk management and their effectiveness.
- Studying internal audit reports and following up implementation of corrective procedures for observations stated therein.
- Overseeing and supervising the performance and activities of the Internal Auditor and the Company's internal audit department to ensure availability of necessary resources and their effectiveness in performing the assigned tasks and duties.
- Approving the Company's internal audit regulations.
- Recommending to the Board of Directors on appointing, dismissing and remunerating the Company's Internal Auditor.
- Annually reviewing the performance and activities of the Internal Auditor and recommending to the Board of Directors on his remuneration and any amendments thereto.

3. INDEPENDENT AUDITORS.

- Recommending to the Board of Directors nomination of the External Auditors, their dismissal, determining their fees and evaluating their performance, after verifying their independence and reviewing the scope of their work and terms of contracting with them.
- Reviewing the professional qualifications of the External Auditor and employees who will work for the Company on its behalf.
- Reviewing the External Auditor's performance and overseeing his activities, and making recommendations to the Board of Directors in this regard.
- Verifying the External Auditor's independence, objectivity, fairness, and effectiveness of the audit activities, taking into account relevant rules and standards, and making recommendations to the Board of Directors in this regard.
- Reviewing the proposed scope for the External Auditor's tasks, his proposed methodology and audit plan, and stating its views regarding them.
- Reviewing the External Auditor's plan, work and verifying he does not provide technical or administrative services that fall outside the scope of audit work, and making recommendations to the Board of Directors in this regard.
- Responding to the External Auditor's inquiries.
- Studying the External Auditor's report and notes on the financial statements, and following up the procedures taken in their regard.
- Studying the External Auditor's report, notes and reservations on the Company's financial statements and following up the procedures taken in their regard.

4. COMPLIANCE ASSURANCE:

- Approving the annual compliance plan.
- Reviewing periodic compliance reports.
- Verifying the Company's compliance with relevant regulations, bylaws, policies and instructions, and monitoring the same.
- Initiating and overseeing special investigations when necessary.
- Carrying out other related tasks at the Board of Directors request.
- Reviewing the results of reports and investigations by supervisory and regulatory authorities, and verifying the Company has taken necessary action in their regard.
- Reviewing contracts and transactions the Company proposes to enter into with related parties, and presenting its views and recommendations to the Board of Directors regarding them.
- Ensuring appropriate mechanisms and arrangements are in place which allow company employees to confidentially and anonymously submit their remarks and concerns regarding any breach or default in any financial matters (including financial reports), accounting, audit work or any non-compliance cases.
- Elevating to the Board of Directors any matters or issues that require bringing to the Board of Directors attention and making recommendations to the Board of Directors in this regard.

5. RISK MANAGEMENT

- Perform other relevant tasks at the Board of Directors' request.
- Approve the annual risk management plan:
- Develop a comprehensive strategy and policies for managing risks commensurate with the nature and size of the Company's activities, verify their implementation, review and update them based on internal and external variables of the Company.
- Determine the level of acceptable risks the Company may be exposed to and maintain it, verifying the Company does not exceed it.
- Verify the feasibility of the Company's continuity and continuation of its activity successfully, identifying risks that threaten its continuity over the next twelve months.
- Oversee the Company's risk management system and evaluate the effectiveness of the system and mechanisms for identifying, measuring and monitoring risks the Company may be exposed to, in order to identify shortcomings.
- Re-evaluate the Company's risk tolerance and exposure periodically (by conducting stress tests for example).
- Review reports submitted by the Risk Management Unit on risk exposure and proposed steps to manage these risks, summarize them to the Board of Directors, and make recommendations to the Board on risk management related matters.
- Ensure availability of adequate resources and systems for risk management.
- Review the organizational structure of risk management and make recommendations before adoption by the Board of Directors.
- Verify the independence of risk management personnel from activities that may expose the Company to risks.
- Verify risk management personnel comprehend risks surrounding the Company, and work to increase risk awareness.

6. REPORTS

- Inform the Board of Directors of the Committee's meeting proceedings and the recommendations it makes and decisions it takes after each Committee meeting.
- Prepare an annual written report on its opinion on the adequacy and effectiveness of the Company's internal control and financial systems and risk management, and its recommendations in this regard, in addition to other tasks it has undertaken that fall under its specialization. Sufficient copies of this report shall be deposited at the Company's head office to provide a copy to any shareholder who wishes so, and published on the Company's website and the Saudi Stock Exchange's website (Tadawul) when publishing the notice convening the relevant Annual General Assembly Meeting, provided that is at least ten days prior to the set date of the meeting. The report shall be recited during the meeting.

For the term ending in December 9th 2024:

Audit Committee's Meetings						5 Meetings during 2024
Name	Classification	1st Meeting March 18	2nd Meeting April 29	3rd Meeting July 29	4th Meeting October 28	5th Meeting November 06
Dr. Mohammed Faraj al-Kinani	Chairman	Attended	Attended	Attended	Attended	Attended
Mr. Abdulaziz Abdullah Alhidery	Member	Attended	Attended	Attended	Attended	Attended
Mr. Wisam Hussain Alfreihi	Member	Attended	Attended	Attended	Attended	Attended

For the term started in December 10th 2024:

Nominations and Remunerations Committee Meetings		1 Meeting during 2024
Name	Classification	1st Meeting December 16
Dr. Mohammed Faraj al-Kinani	Chairman	Attended
Mr. Abdulaziz Abdullah Alhidery	Member	Attended
Walid Abdullah Al-Zakri	Member	Attended

7. Remuneration policy, disclosure of the remuneration of the members of the Board of Directors and the executive management and the relationship between the awarded remuneration and the remuneration policy

REMUNERATION POLICY

Article (1): Purpose of the Policy:

This policy aims to set clear criteria for the remuneration of Board Members, Board Sub-Committees and Senior Executives of the Company in line with the provisions of the Bylaws and requirements of the Companies Law and Corporate Governance Regulations for Unlisted Companies issued by the Ministry of Commerce. It also helps attract individuals with sufficient competence, ability and talent to work on the Board of Directors, Sub-Committees and Executive Management, and retain them by adopting incentive remuneration plans and programs linked to performance, which contributes to improving the Company's performance and achieving the interests and aspirations of its shareholders.

Article (2): Scope

Subject to applicable laws and regulations in Saudi Arabia, and the provisions stipulated in the Company's Articles of Association and internal regulations and policies, these rules are supplementary without replacing them. This policy shall apply to:

2.1 Members of the Company's Board of Directors.
2.2 Members of Sub-Committees stemming from the Board of Directors.
2.3 Senior executives of the Company.

Article (3): Objectives and Controls for Determining Remuneration

3.1 REMUNERATION OBJECTIVES

The remuneration of Board Members, Committee Members and Senior Executives shall be determined to achieve the following objectives:

3.1.1 Enabling the Company to retain Board Members, Committee Members and Senior Executives with the required level of expertise and qualifications.
3.1.2 Ensuring the Company's long-term success and development to serve the interests of its shareholders, while attracting the talent needed by the Company to achieve its business objectives, retaining this talent and motivating it.
3.1.3 Supporting the Company in adapting to the competitive pressures of the sectors in which it operates.

3.2 REMUNERATION DETERMINATION CONTROLS

Without prejudice to the provisions of the Companies Law and Capital Market Law and their Implementing Regulations, the following shall be observed in the remuneration policy:

3.2.1 Alignment with the Company's strategy and objectives.
3.2.2 Remuneration shall be provided to motivate Board Members and Executive Management to ensure the Company's long-term success and development, such as linking the variable part of remuneration to long-term performance.
3.2.3 Remuneration shall be determined based on the level of position and assigned tasks and responsibilities, academic qualifications, practical experience, skills, performance level.
3.2.4 Alignment with the size, nature and degree of risks at the Company.
3.2.5 Taking into account the practices of other companies in determining remuneration, while avoiding unjustified increases in remuneration and compensation.
3.2.6 Aiming to attract, retain and motivate professional competencies, without excess.
3.2.7 Preparation shall be coordinated with the Nomination Committee for new appointments.
3.2.8 Cases of suspending or recovering remuneration if it is found to have been decided based on inaccurate information provided by a Board Member or Executive Management member; to prevent abuse of position to obtain undue remuneration.
3.2.9 Organizing the granting of company shares to Board Members and Executive Management, whether a new issuance or shares purchased by the Company.

Article (4) Remuneration of the Board Members:

4.1 REMUNERATION RULES

4.1.1 Board Member remuneration shall be as follows:
4.1.2 Annual remuneration for the Chairman of the Board (350,000).
4.1.3 Annual remuneration for the Vice Chairman of the Board (300,000).
4.1.4 Annual remuneration for a Board Member (250,000).
4.1.5 Meeting attendance allowance shall be (3,000) per meeting attended by the member; not to exceed twelve meetings annually, excluding travel and accommodation expenses.
4.1.6 If the Board assigns any of its members with an official mission outside Riyadh city, the member shall be compensated for the actual cost, according to the Company's policy for travel rules.
4.1.7 Health insurance shall be provided to all Board Members and their families as part of in-kind benefits, in accordance with regulatory controls.
4.1.8 Professional liability insurance shall be provided to all Board Members as part of in-kind benefits, including liability lawsuit risks.
4.1.9 Board Members and one of their family members shall be granted an annual subscription for admission to sports clubs as part of in-kind benefits.
4.1.10 Board Member remuneration may be a fixed amount, in-kind benefits or meeting attendance allowance, or a certain percentage of the Company's annual net profits. Two or more of these benefits may be combined.
4.1.11 Independent Board Members are excluded from the provisions of the previous article, and the remuneration of Independent Board Members may not be a percentage of the profits made by the Company or directly or indirectly based on the Company's profitability.
4.1.12 Board Member remuneration may vary in amount to reflect the member's experience, specializations, assigned tasks, independence, number of meetings attended and other considerations.
4.1.13 Annual remuneration distribution and payment shall be on a quarterly basis (every 3 months). Including the value of remuneration or meeting attendance allowances for Board meetings as per the attendance register allocated to each member.

4.2 ADDITIONAL REMUNERATION

4.2.1 The Chairman of the Board may receive additional remuneration besides the remuneration they are entitled to as a Board Member. The Board of Directors shall determine this additional remuneration (if any) annually based on the Nomination and Remuneration Committee recommendation.
4.2.2 Board Members may receive additional remuneration for their membership in other committees besides the remuneration they are entitled to as Board Members. This additional remuneration (if any) shall be determined according to the specific controls for it in this policy.
4.2.3 Board Members may receive additional remuneration for their positions as senior executives besides the remuneration they are entitled to as Board Members. This additional remuneration (if any) shall be determined according to the specific controls for it in this policy.
4.2.1 If the Board Secretary is a Board Member, they may receive additional remuneration besides the remuneration they are entitled to as a Board Member. The Board of Directors shall determine this additional remuneration (if any) annually based on the Nomination and Remuneration Committee recommendation.

4.3 RESTRICTED BENEFITS

The Company may not provide a loan of any kind to any Board Member or shareholder, or guarantee any loan they contract with others. Excluded are loans and guarantees provided by the Company under employee incentive programs that have been approved pursuant to the Bylaws provisions or by resolution of the Ordinary General Assembly.

4.4 NON-ENTITLEMENT TO REMUNERATION AND OBLIGATION TO REFUND

If the General Assembly decides to terminate the membership of any Board Member absent without legitimate excuse accepted by the Board from attending three consecutive meetings or five separate Board meetings during their membership term, this member shall not be entitled to any remuneration after the last meeting they attended, and must refund all remuneration paid to them for that period.

4.5 REMUNERATION BASED ON INCORRECT OR MISLEADING INFORMATION

If the Audit Committee or the Authority finds that the remuneration paid to any Board Member is based on incorrect or misleading information presented to the General Assembly or included in the Board of Directors annual report, they must refund it to the Company, which has the right to claim its refund.

Article (5): Sub-Committee Member Remuneration

5.1 The annual remuneration shall be: For heads of sub-committees stemming from the Board of Directors: 120,000.
5.2 The annual remuneration shall be: For members of sub-committees stemming from the Board: 100,000.
5.3 Meeting attendance allowance for sub-committee meetings stemming from the Board shall be: 2,500 for each member who attended the relevant meeting as per the member's attendance register.
5.4 If the Board assigns any committee member with an official mission outside Riyadh city, the member shall be compensated for the actual travel cost, according to the Company's approved travel policy and rules.
5.5 Professional liability insurance shall be provided to all Committee Members as part of in-kind benefits.
5.6 Committee Members and one of their family members shall be granted an annual subscription for admission to sports clubs as part of in-kind benefits.
5.7 Annual remuneration distribution and payment shall be on a quarterly basis (every 3 months), including the value of remuneration or meeting attendance allowances for sub-committee meetings stemming from the Board of Directors as per the attendance register allocated to each member.
5.8 The Nomination and Remuneration Committee shall review sub-committee member remuneration and make recommendations to the Board of Directors in this regard.

Article (6) Senior Executive Remuneration

6.1 The Board of Directors shall determine, based on Nomination and Remuneration Committee recommendations, the remuneration of all senior executives pursuant to employment contracts and relevant internal remuneration policies, plans and schemes.
6.2 The Nomination and Remuneration Committee shall review and approve employment contracts with senior executives, including contracts to be concluded with new appointees. It shall also review and approve any contract concluded with an employee for a salary or remuneration equaling those of senior executives.
6.3 Senior executives shall be entitled to benefits provided by the Company, namely pension plans, health insurance services, use of the Company's recreational facilities, housing allowances (or equivalent) and transportation allowances (or equivalent).
6.4 The nature and levels of benefits provided to senior executives shall be subject to periodic review by the Nomination and Remuneration Committee in addition to Board approval.
6.5 The Company may provide variable remuneration for senior executives determined according to market dynamics and subject to achieving predefined objectives related to performance. Variable remuneration plans shall be subject to Nomination and Remuneration Committee recommendation as well as Board approval.
6.6 The Company may provide senior executives and other employees with stock ownership opportunities through employee stock ownership plans. These plans and programs shall be subject to Nomination and Remuneration Committee recommendation as well as Board approval, and shall be in accordance with applicable regulations, laws and instructions.

DEVIATION IN THE AWARDED REMUNERATION FROM THE REMUNERATION POLICY

There is no deviation in the awarded remuneration from the remuneration policy. The following tables show compensation and remuneration details for Board members, Committee members and Senior Executives:

A. Remuneration of the Board members:

Names	Fixed Remuneration (SAR)							Variable Remuneration (SAR)						End-of-service award	Aggregate Amount
	Specific amount	Allowance for attending Board meetings	Allowance for attending committee meetings	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the Chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares	Total		
Independent Directors															
Mr. Hisham Hussien Al-Khaldi*	235,054.35	12,000	0			0	247,054	–	–	–	–	–	–	–	247,054
Dr. Mohammed Faraj. Al-Kinani	250,000.00	12,000	15,000			0	277,000	–	–	–	–	–	–	–	277,000
Mr. Tareq Khalid Al-Angari *	235,054.35	12,000	13,000			0	260,054	–	–	–	–	–	–	–	260,054
Mr. Mishal Ibrahim Al-Mishari	250,000.00	12,000	26,000			0	288,000	–	–	–	–	–	–	–	288,000
Mr. Ameen Fahad Al-Shiddi**	14,945.65	0	0			0	14,946								14,946
Mr. Abdulelah Mohammed Al-Nemr**	14,945.65	0	0			0	14,946								14,946
Non-Executive															
Mr. Ali Hamad Al-Sagri	350,000.00	12,000	26,000			0	388,000	–	–	–	–	–	–	–	388,000
Ms. Hessah Hamad Al-Sagri	235,054.35	12,000	13,000			0	260,054	–	–	–	–	–	–	–	260,054
Mr. Mohammed Hamad Al-Sagri	14,945.65	0	0			0	14,946								14,946
Executive Directors															
Mr. Hamad Ali Al-Sagri	300,000.00	12,000	0			330,845	642,845	–	–	–	–	–	–	–	642,845
Total	1,900,000.00	84,000	93,000	0	0	330,845	2,407,845	0	0	0	0	0	0	0	2,407,845

* Membership Ended on 9 December 2024 ** Membership started on 10 December 2024

B. Remuneration of 5 most senior Executive (including the Chief Executive Officer and the Chief Finance Officer):

Year	Fixed remunerations				Variable remunerations		Variable remunerations				EoSB	Board remuneration	Aggregate Ammount
	Basic salary	Allowances	In-Kind Benefits	Total	Periodic remunerations	Profits	STI	LTI	Granted Shares	Total			
2024	4,733,618.69	2,451,820.14		7,185,439				756,000		756,000	291,103		7,941,439

C. Remuneration of Committees' members:

Committees	Fixed Remuneration (excluding meetings)	Allowance for attending the meetings	Total
Audit Committee Members			
Dr. Mohammed Faraj. Al-Kinani	120,000	15,000	135,000
Mr. Abdulaziz Abdullah Al-Haidari	100,000	15,000	115,000
Mr. Wissam Hussein Al-Fraihi *	94,022	12,500	106,522
Mr. Walid Abdullah Al-Zakri **	5,978	2,500	8,478
Total	320,000	45,000	365,000
Renumeration and Compensation Committee Members			
Mr. Mishal Ibrahim Al-Mishari	120,000	13,000	133,000
Mr. Ali Hamad Al-Sagri	100,000	13,000	113,000
Ms. Hessah Hamad Al-Sagri *	94,022	13,000	107,022
Mr. Mohammed Hamad Al-Sagri **	5,978	0	5,978
Total	320,000	39,000	359,000
Executive Committee Members			
Mr. Ali Hamad Al-Sagri	120,000	13,000	133,000
Mr. Tareq Khalid Al-Angari *	94,022	13,000	107,022
Mr. Mishal Ibrahim Al-Mishari *	94,022	13,000	107,022
Mr. Ameen Fahad Al-Shiddi **	5,978	0	5,978
Mr. Mohammed Hamad Al-Sagri **	5,978	0	5,978
Total	320,000	39,000	359,000

* Membership Ended on 9 December 2024 ** Membership started on 10 December 2024

8. Any penalty, penalty, precautionary measure, or precautionary restriction imposed on the company by the Authority or any supervisory, regulatory, or judicial authority, with an indication of the reasons for the violation, the party that signed it, and ways to treat it and avoid it from happening in the future.

Penalty, fine, cautionary measure or restriction	Amount	Reasons for penalty	Authority who Imposed the penalty	Remedial action and ways to avoid recurrence
• Some Violations to Municipality regulations	96,100.00	• Permit issues. Delay in renewal of license and non-compliance	• Ministry of Municipal Rural Affairs and Housing	• Corrective measures will be taken to comply, proactively follow up with changes in regulations
• Others	11,500.00	• Iqama renewal delays and traffic violations	• Ministry of Human Resources and Ministry of Interior	• Corrective measures will be taken to comply, proactively follow up with changes in regulations

9. The results of the annual review of the effectiveness of the company's internal control procedures, in addition to the audit committee's opinion on the adequacy of the company's internal control system.

The internal control system aims to ensure the effective and efficient achievement of company's objectives and includes the issuance of reliable financial reports; compliance with regulations, policies and procedures; and managing potential risks to reduce the effects of risks on achieving the company's objectives.

The internal control system also plays a key role in preventing and detecting fraud, protecting company assets, and managing the Company's resources. The company is responsible for preparing a comprehensive and effective control system commensurate with the level of risks that the company may be exposed to and at a reasonable cost, in order to give reasonable assurances to avoid fundamental errors and losses that may result from them.

The Audit Committee continuously reviews the periodic reports prepared by the internal and external auditors and based on the Internal Audit reports issued as per approved internal audit plan, the company's control system has achieved considerable improvements during the year. The company will continue under the supervision of the Audit Committee's evaluation and periodic review of its control system in order to ensure the achievement of internal control objectives on improving efficiency and effectiveness of operations, while complying with all relevant laws and regulations.

10. The audit committee's recommendation regarding the need to appoint an internal auditor in the company.

Not applicable. The company has an internal audit department.

11. Recommendations of the Audit Committee that conflict between them and the decisions of the Board of Directors, or which the Board refused to take, regarding the appointment and dismissal of the company's auditor, determining his fees, evaluating his performance, or your complaints and internal complaints.

Not applicable.

12. A statement of the dates of the general assemblies of shareholders held during the last fiscal year and the names of the members of the Board of Directors attending these assemblies.

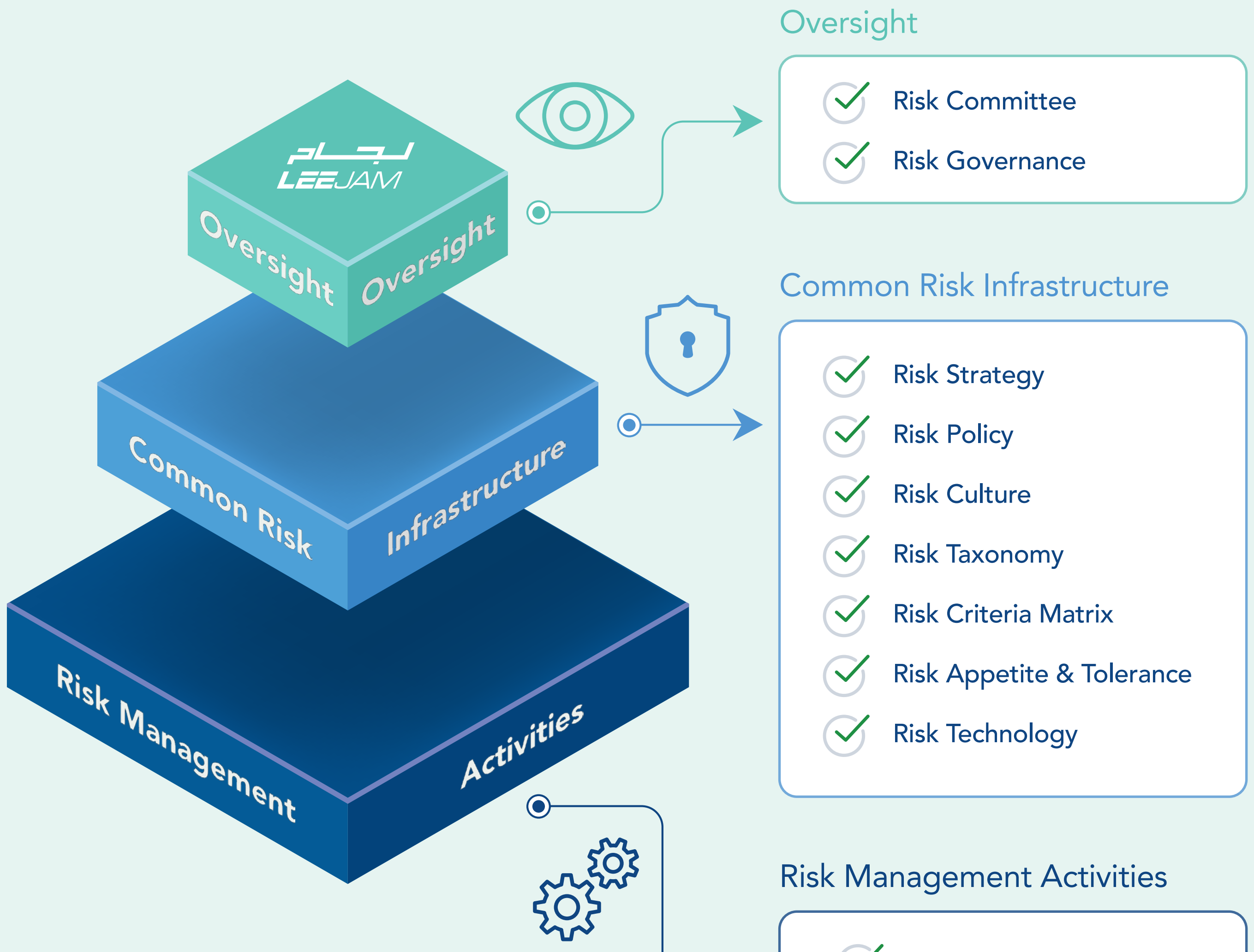
Director	Meeting on June 6th, 2024	Meeting on December 5th 2024
Mr. Ali Hamad Al-Sagri	Attended	Attended
Dr. Mohammed bin Faraj Al-Kinani	Attended	Attended
Mr. Tareq bin Khalid Al-Angari	Attended	Attended
Mrs. Hessa bint Hamad Al-Sagri	Attended	Attended
Mr. Hamad bin Ali Al-Sagri	Attended	Attended
Mr. Hisham Hussein AlKhaldi	Attended	Attended
Mr. Mishal Ibrahim AlMishari	Attended	Attended

13. A description of the main types of activity of the company and its subsidiaries. If two or more types of activity are described, a statement must be attached to each activity and its impact on the company's business volume and its contribution to the results.

Activity	Revenue	Percentage
Subscriptions sold for Male & Female segments	1,268,730,523	85
Personal Training	194,564,140	13
Rental & Others	38,071,593	3
Total	1,501,366,256	100

14. Information related to any risks the company faces (whether operational risks, financing risks, or market risks) and the policy for managing and monitoring these risks.

Leejam's Risk Management Framework



Company Risks

LEEJAM is a risk aware organization focused on optimally managing its risks while pursuing opportunities to enhance the value of the organization. All LEEJAM employees are responsible for managing risk as part of their daily responsibilities and LEEJAM has implemented a formal program to guide the identification, assessment, treatment, monitoring, and reporting of risks across the organization.

Internal control system and risk limits are continuously monitored to ensure risk and its exposures remain within the company's risk appetite. The main company's risks include strategic, operational, financial, technological and compliance. Accordingly, the following table explains such risks LEEJAM may face during the operation of its business and the risk response strategies implemented to manage such risks.

Risks	Response Strategy
Strategic Risks	
1. Lack of corporate and business unit strategies which may negatively impact the identification and attainment of business objectives creating non-alignment with company's vision and long-term goals.	LEEJAM has revised its overall business strategy for 2023-2025 by formalizing its core corporate strategy while it has been cascaded down into business unit strategic initiatives to align with the overall company's vision and long-term objectives.
2. Suboptimal utilization of company's funds and undesirable results from strategic investments due to lack of formal business case and needs analysis before incurring any major expenditures/investments. LEEJAM may not realize some or all the expected benefits of recent or future acquisitions.	The company has a dedicated business function to monitor LEEJAM investments, especially strategic investments (acquisitions, joint ventures etc.) under its investment subsidiary. Periodic performance reporting and evaluation of sound investments are frequently monitored by top management and BOD in alignment with the overall market dynamics.
Operational Risks	
3. Lack of proper customer engagement due to ineffective or inappropriate customer experience strategy leading to negative customer retention, market penetration and company growth.	LEEJAM has effectively improved its customer engagement and retention strategy by mainly focusing on core customer needs and utilizing different channels to interact with customers to obtain customer feedback for timely action. With its 24/7 customer support and robust follow-up with customers, LEEJAM intends to maintain its 'customer-centric' approach while maintaining an industry leader position in the sports domain.
4. Ineffective competitor analysis resulting in missed growth opportunities, inability to maintain its leadership position, and inability to develop sustainable competitive edge with differentiated product/services.	In such a highly competitive fitness and sports domain, Executive management performs periodic market analysis while keeping a steady eye on competitors. With its record of keeping unparallelled facilities, state-of-the-art equipment, and highly trained staff, LEEJAM has reached the highest market share in the fitness domain with over 400K+ active members in the MENA region. LEEJAM also utilizes market research reports to gain information on innovative and different services to keep an edge over their competitors.
5. Failure to attract/retain employees (especially with specific sports industry expertise) resulting in high turnover and loss in productivity.	LEEJAM constantly strives to improve the workplace environment for its employees by offering market competitive remuneration, opportunities for continuous professional development, periodic events for employee engagement and an inclusive culture to its 4500+ employees from 30+ different nationalities. Such nurturing environment provides ground for attracting and retaining promising talent.
Financial Risks	
6. The resurgence of COVID-19 or outbreaks of other infectious diseases and its impact on business and economic conditions may have negative effects on LEEJAM's business, financial position, cash flow and price of its securities.	With the previous pandemic in MENA region (during 2019-20), LEEJAM maintained full compliance with governmental regulations with respect to Health and safety protocols. Moreover, The Management maintains a healthy liquidity ratio to counter such adverse financial circumstances.
7. Fitness centers operating on leased properties may face unfavorable revised contractual terms upon completion of leased tenure affecting the company's financial and operational performance.	LEEJAM maintains healthy relationships with landlords for its leased lands. A dedicated function consisted of experienced real estate professionals ensure that the lease contracts are timely reviewed and renewed. Contract renewal negotiations are initiated three to five years prior to expiry along with market evaluation of rent to ensure favorable price negotiations.

Risks	Response Strategy
Technological Risks	
8. Inability in adaption towards the dynamic changes in the fitness industry by leveraging technological advancements for company infrastructure, products, and services.	LEEJAM thrives to be an industry leader by providing an immersive experience via technological advancements. LEEJAM uses cloud technology while using industry leading solutions (such as EXERP, ORACLE, IBM, ZOHO, etc.) and state of the art hardware to bring a high degree of automation and reliability. Special focus is given to customers by providing cutting-edge sports equipment, wearables and other technology aided services to keep the technological edge in the market. With the recent revision of the IT strategy, LEEJAM aims to further bring more techno-centric solutions for its customers, employees, and other stakeholders.
9. Non-implementation of an Information security management system to manage sensitive company information may lead to unwanted leakage or disclosure, creating legal, reputational, and operational exposure.	LEEJAM has a dedicated Information Security (IS) function which has implemented IS protocols in accordance with global ISO standards (ISO:27001). Moreover, in order to further improve information and cybersecurity elements, periodic cybersecurity reviews are also performed by specialized third parties to ensure proper information security controls are implemented over critical data/assets (such as customer data) as well as compliance with local regulations (such as Personal Data Protection Law).
Compliance Risks	
10. Non-compliance with governmental regulations (Municipality, Civil defense, Ministry of Sports, etc.), especially relating to licenses and permits required for operating business sites.	LEEJAM is maintaining a high compliance with governmental regulations. A dedicated GRC function ensures periodic review and timely renewal of required governmental licenses for its sites to avoid any disruption in business. Additionally, Governance, Risk, and Compliance (GRC) function is actively working on implementing a comprehensive Compliance Framework. All compliance-related matters concerning external applicable regulations will be managed in accordance with the approved compliance plan and LEEJAM Compliance Management framework.

15. A summary in the form of a table or a graph of the company's assets, liabilities, and business results for the last five fiscal years or since incorporation, whichever is shorter.

Summary of income statement (SAR)

Description	2020	2021	2022	2023	2024
Revenues	662,599,232	885,283,139	1,065,788,788.0	1,325,407,138	1,501,366,256
Cost of Revenue	522,708,769	512,960,369	632,168,482	740,858,478	877,973,215
Gross profit	139,890,463	372,322,770	433,620,306	584,548,660	623,393,041
Net profit	(58,723,592)	206,020,219	254,758,323	355,809,251	456,298,760

Summary of statement of income (SAR)

Description	2020	2021	2022	2023	2024
Current Assets	325,206,571	250,195,299	361,830,958	424,844,388	280,555,675
Non-current Assets	2,242,110,666	2,322,357,463	2,312552,883	2,976,373,604	3,440,378,023
Total Assets	2,567,317,237	2,572,552,762	2,674,383,841	3,401,217,992	3,720,933,698
Total Equity	664,484,064	804,569,669	938,539,108	1,091,762,602	1,238,323,590
Current Liabilities	664,162,755	648,203,797	718,523,238	900,955,919	914,917,737
Non-current Liabilities	1,238,670,418	1,141,044,630	1,041,087,638	1,408,499,471	1,567,692,371
Total Liabilities	1,902,833,173	1,789,248,427	1,759,610,876	2,309,455,390	2,482,610,108
Total Equity & Liabilities	2,567,317,237	2,572,552,762	2,674,383,841	3,401,217,992	3,720,933,698

16. Geographical analysis of the Company's total revenues (SAR).

Geographical Analysis	2023	2024
Local Region – KSA	1,292,966,517	1,454,786,720
International Region – UAE	32,440,621	46,579,536
Total revenues	1,325,407,138	1,501,366,256

17. A clarification of any material differences in the operating results from the results of the previous year or any expectations announced by the company.

Statement	2024	2023	Changes	Changes Percentage
Revenue	1,501,366,256	1,325,407,138	175,959,118	13.28%
Cost of Revenue	877,973,215	740,858,478	137,114,737	18.51%
Gross Profit	623,393,041	584,548,660	38,844,381	6.65%
Other Operating Cost	176,180,066	134,052,182	42,127,884	31.43%
Operating Income	447,212,975	450,496,478	-3,283,503	-0.73%

18. A clarification of any difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants.

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia, and other standards and instructions issued by the Saudi Organization for Certified Public Accountants (SOCPA).

19. The name of each subsidiary company, its capital, the percentage of the company's ownership therein, its main activity, the country of its main place of operations, and the country of its incorporation.

Subsidiary name	Capital (SR)	Company's stake	Main activity	Country / operations headquarters	Country / incorporation address
Fitness Time Trading Co. Limited	50,000	95%	Inactive (no activity)	–	Kingdom of Saudi Arabia
Leejam Investment	100,000	100%	Investments	Riyadh	Kingdom of Saudi Arabia

20. Shares and debt instruments of subsidiaries.

Subsidiary name	Capital (SR)	Number of Shares	Share Value (SR)	Debt Instrument
Fitness Time Trading Co. Limited	50,000	5000	10	None
Leejam Investment	100,000	200	500	None

21. A description of the company's dividend policy.

This Dividend Distribution Policy (the "Policy") of Leejam Sports Company (the "Company") sets forth the mechanism for distributing dividends by the Company to its Shareholders and the payment procedures and terms. This Policy is prepared in accordance with the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies, the Capital Market Authority's Corporate Governance Regulations, the Companies Law and in light of the Company's Bylaws. This Policy is intended to implement and supplement the relevant provisions of the Bylaws. In case of conflict between this Policy and the Bylaws, the Bylaws shall prevail.

ANNUAL DIVIDENDS

- Annual dividends are distributed subject to the General Assembly's approval after the Board of Directors' recommendation regarding the Company's net profit, the calculated dividend amount and proposed allotment
- The General Assembly reserves the right to reject paying dividends in any year if it believes that such payment will be harmful to the Company's financial position and its capital requirements
- The Board of Directors shall execute the General Assembly's decision and pay dividends within 15 days from the due date defined in the resolution

DIVIDENDS CALCULATION

- Dividend payments are allotted after deducting general expenses such as Zakat and Income Tax, as follows:
  - Appropriation of 10% of the net annual profits to form the statutory reserve. The General Assembly may decide to stop appropriating this percentage if the reserve reaches 30% of the paid up capital
  - From the remaining net profits, at least 5% of the paid up capital must be paid in dividends to Shareholders
  - Subject to the Board of Directors' recommendation, the General Assembly may appropriate 20% of the net profit to form a consensual reserve allocated to specific purposes
  - Excess annual net profit shall be distributed to Shareholders unless the General Assembly decides otherwise
- Upon allotment of the dividend amount from the net profit, the Ordinary General Assembly may decide to take other reserves as follows:
  - To serve the Company's interests, or
  - To include the distribution of fixed dividends to Shareholders
- Dividends shall be paid to Shareholders in proportion with the number of shares they own in the Company
- Dividends are to be paid in cash or bonus shares or both
- The Annual Report submitted by the Board of Directors to the General Assembly must list the amounts of dividends paid to Shareholders over various periods of the fiscal year, in addition to the recommended dividends to be paid by the end of the fiscal year, and the accumulated dividends' amounts.

INTERIM DIVIDENDS

- The Company may pay interim dividends to Shareholders on a quarterly or bi-annual basis, subject to abidance by the following requirements:
  - General Assembly's delegation to the Board to pay interim dividends by a resolution to be renewed annually
  - The Company's achievement of regular, good profits
  - The availability of reasonable liquidity with the Company, and the ability to forecast its profitability levels
  - The availability of distributable profits according to the last audited financial statements of the Company, which must be sufficient to cover the proposed dividends after deducting distributed and capitalised amounts after the date of those financial statements
- Should the Board of Directors decide to pay interim dividends, the Company must disclose and announce such payment and provide CMA with a copy thereof immediately.

ELIGIBLE SHAREHOLDERS

- The General Assembly's resolution that approves the payment of annual dividends shall define the due date and payment date of dividends.
- Shareholders' eligibility to receive dividends shall be determined according to the relevant rules and regulations, and the Company's announcement on the Tadawul website.

Paid dividend compared to net income:

Year / quarter	Net income	Dividend	% of net profit	Capital	% of capital	Amount per share
2nd & 3rd quarter of 2018	93,524,279	50,225,640	53.7%	523,833,610	9.95%	0.96
4th quarter 2018	53,857,534	28,179,613	52.3%	523,833,610	5.38%	0.5379
1st quarter 2019	39,596,703	21,052,304	53.2%	523,833,610	4.02%	0.4019
2nd quarter 2019	49,590,562	26,448,359	53.3%	523,833,610	5.05%	0.5049
3rd quarter 2019	48,813,216	26,029,222	53.3%	523,833,610	4.97%	0.4969
1st half 2021	43,920,320	23,572,512	53.7%	523,833,610	4.50 %	0.45
3rd quarter 2021	76,194,680	40,859,022	53.6%	523,833,610	7.80 %	0.78
4th quarter 2021	85,905,219	45,573,524	53.1%	523,833,610	8.7%	0.87
1st quarter 2022	46,014,370	24,672,563	53.6%	523,833,610	4.7%	0.471
2nd quarter 2022	36,022,530	19,381,844	53.8%	523,833,610	3.7%	0.37
3rd quarter 2022	68,058,203	36,668,353	53.9%	523,833,610	7.0%	0.7
4th quarter 2022	107,164,021	58,145,531	54.3%	523,833,610	11.10 %	1.11
1st quarter 2023	62,662,772	33,525,351	53.5%	523,833,610	6.4 %	0.64
2nd quarter 2023	72,470,915	39,287,520.75	54.2%	523,833,610	7.5%	0.75
3rd quarter 2023	92,183,019	49,764,192.95	54.0%	523,833,610	9.5%	0.95
4th quarter 2023	128,927,426	69,669,870.13	54.0%	523,833,610	13.3%	1.33
1st quarter 2024	94,220,650	50,811,860.17	53.9%	523,833,610	9.7%	0.97
2nd quarter 2024	73,202,106	49,764,192.95	68.0%	523,833,610	9.5%	0.95
3rd quarter 2024	187,134,560	112,100,392.54	59.9%	523,833,610	21.4%	2.14

Date of dividend payments

Year / quarter	Announcement date	Due date	Distribution date	Dividend per share	Dividend payment method
2nd & 3rd quarter 2018	28th October 2018	1st November 2018	15th November 2018	0.96	Account Transfer
4th quarter 2018	27th February 2019	4th March 2019	20th March 2019	0.5379	Account Transfer
1st quarter 2019	13th May 2019	19th May 2019	12th June 2019	0.4019	Account Transfer
2nd quarter 2019	4th September 2019	9th September 2019	22nd September 2019	0.5049	Account Transfer
3rd quarter 2019	2nd December 2019	8th December 2019	19th December 2019	0.4969	Account Transfer
1st half 2021	8th August 2021	15th August 2021	26th August 2021	0.45	Account Transfer
3rd quarter 2021	7th November 2021	14th November 2021	25th November 2021	0.78	Account Transfer
4th quarter 2021	13th February 2022	20th February 2022	3rd March 2022	0.87	Transfer to account
1st quarter 2022	27th April 2022	10th May 2022	23rd May 2022	0.471	Transfer to account
2nd quarter 2022	7th August 2022	9th August 2022	24th August 2022	0.37	Transfer to account
3rd quarter 2022	31st October 2022	6th November 2022	20th November 2022	0.70	Transfer to account
4th quarter 2022	12th March 2023	14th March 2023	27th March 2023	1.11	Account Transfer
1st quarter 2023	16th May 2023	21st May 2023	31st May 2023	0.64	Account Transfer
2nd quarter 2023	31st July 2023	3rd August 2023	15th August 2023	0.75	Account Transfer
3rd quarter 2023	29th October 2023	31st October 2023	14th November 2023	0.95	Account Transfer
4th quarter 2023	19th March 2024	21st March 2024	3rd April 2024	1.33	Account Transfer
1st quarter 2024	6th May 2024	06th June 2024	25th June 2024	0.97	Account Transfer
2nd quarter 2024	30th July 2024	8th August 2024	22nd August 2024	0.95	Account Transfer
3rd quarter 2024	29th October 2024	7th November 2024	21st November 2024	2.14	Account Transfer

22. A description of any interest in a class of voting shares belonging to persons (other than the members of the company's board of directors, senior executives and their relatives) who have informed the company of those rights under Article 45, on the date of the registration of the rights and any change in the financial rules of the last year.

– Not Applicable

23. A description of any interest, contractual securities and subscription rights belonging to the members of the company's board of directors, senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiaries, and any change in such interest during the latter.

Board members' ownership of Company shares and their relatives:

Name	Beginning of The Year	End of The Year	Change	Change %
Mr. Ali Hamad Al-Sagri	379,696	379,696	-	0.00%
Dr. Mohammed bin Faraj Al-Kinani	-	-	-	-
Mr. Tariq bin Khalid Al-Angari	3,789	3,789	-	0.00%
Ms. Hessa bint Hamad Al-Sagri	-	1	1	-
Mr. Hamad bin Ali Al-Sagri	26,771,950	26,827,130	55,180	0.21%
Mr. Hisham Hussein Al-Khaldi	-	-	-	-
Mr. Mishal bin Ibrahim Almishari	-	531	531	-
Mr. Ameen Fahd Alshiddi	-	5	5	-
Mr. Abdulelah Mohammed Al-Nemr	-	20	20	-
Mr. Mohammed Hamad Alsagri	-	1	1	-

Senior Executives and their relatives' ownership of Company shares:

Name	Beginning of The Year	End of The Year	Change	Change %
Mr. Adnan Al-Khalaf	-	-	-	-
Mr. Assim Al Attas	2,241	-	(2,241)	-100%
Mrs. Shaden Alsagri	322,603	322,603	-	-
Mr. Mohammed Alyahya	-	86	86	-
Mr. Yasser Almyassar	-	-	-	-
Mr. Yasser El Farissi	-	-	-	-

24. Indebtedness and loan information.

#	Bank	Principle Amount	Loan Term	Repaid amount within the year	Remaining Amount	Total debt
1	Social Development Bank	1,200,000	5 years	305,994	894,006	331,210,378
2	Banque Saudi fransi	65,000,000.00	6 years average	40,000,000.00	25,000,000.00	
3	Saudi Awwal Bank	388,004,493	6 years average	82,688,121	305,316,372	

25. A description of the categories and numbers of any convertible debt instruments and any contractual securities or memorandums of subscription rights or similar rights issued or granted by the company during the fiscal year, with an explanation of any compensation obtained by the company for that.

– Not Applicable

26. A description of any transfer or subscription rights under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company.

– Not Applicable

27. A description of any redemption, purchase or cancellation by the company of any redeemable debt instruments, and the value of the remaining securities, with a distinction between the listed securities purchased by the company and those purchased by its subsidiaries.

– Not Applicable

28. The number of Board of Directors meetings held during the last fiscal year, their dates, and the attendance record of each meeting showing the names of attendees.

For the term ending in December 9th 2024

4 Meetings during 2024						
Name	Classification	1st Meeting March 13	2nd Meeting May 08	3rd Meeting August 07	4th Meeting December 07	Total
Mr. Ali Hamad Al-Sagri	Non-Executive	Attended	Attended	Attended	Attended	4
Dr. Mohammed bin Faraj Al-Kinani	Independent	Attended	Attended	Attended	Attended	4
Mr. Tareq bin Khalid Al-Angari	Independent	Attended	Attended	Attended	Attended	4
Mrs. Hessah bint Hamad Al-Sagri	Non-Executive	Attended	Attended	Attended	Attended	4
Mr. Hamad bin Ali Al-Sagri	Executive	Attended	Attended	Attended	Attended	4
Mr. Hisham Hussein AlKhaldi	Independent	Attended	Attended	Attended	Attended	4
Mr. Mishal Ibrahim AlMishari	Independent	Attended	Attended	Attended	Attended	4

There was no meeting conducted for the new term starting December 10th 2024

29. The number of the company's requests for the register of shareholders, and the dates and reasons for those requests.

Requests	Date of Request	Reason of Request
1	14/02/2024	Periodic Reports
2	10/03/2024	Periodic Reports
3	06/06/2024	General Assembly
4	15/07/2024	Periodic Reports
5	01/08/2024	Periodic Reports
6	02/10/2024	Periodic Reports
7	03/11/2024	Periodic Reports
8	20/11/2024	Periodic Reports
9	01/12/2024	Periodic Reports
10	05/12/2024	General Assembly

30. Related party transactions.

Related party	Transaction type	Transaction Value (SAR)	Balance at the end of 2024 (SAR)	Period	Conditions
Al-Sagri Holding Group	Corporate Sales Contract	219,552	78,026	2024 Fiscal Year	The Prevailed commercial terms & without preferential terms
Mr. Hamad Al-Sagri	Land leasing	3,400,000	3,910,000	2024 Fiscal Year	The Prevailed commercial terms & without preferential terms
Afaq Al-Anaqah Trading Company	Supplying Uniforms	4,011,627	576,120	2024 Fiscal Year	The Prevailed commercial terms & without preferential terms
Dhaoq Almanzel Trading Est	Supplying gym furniture	1,463,253	316,400	2024 Fiscal Year	The Prevailed commercial terms & without preferential terms
Saudi Telecom Company (STC)	Subscriptions Sold	99,599	1,054,702	2024 Fiscal Year	The Prevailed commercial terms & without preferential terms
Saudi Telecom Company (STC)	Purchase of Internet Service	118,317	39,468	2024 Fiscal Year	The Prevailed commercial terms & without preferential terms

31. Information related to any business or contracts to which the company is a party, and in which there was an interest of one of the members of the board of directors of the company or its senior executives or any person related to any of them, including the names of those involved in the business or contracts, and the nature and amount of these works or contracts and their terms and conditions.

Related party	Transaction type	Transaction Value (SAR)	Balance at the end of 2024 (SAR)	Period	Conditions
Al-Sagri Holding Group	Corporate Sales Contract	219,552	78,026	2024 Fiscal Year	The Prevailed commercial terms & without preferential terms
Mr. Hamad Al-Sagri	Land leasing	3,400,000	3,910,000	2024 Fiscal Year	The Prevailed commercial terms & without preferential terms
Afaq Al-Anaqah Trading Company	Supplying Uniforms	4,011,627	576,120	2024 Fiscal Year	The Prevailed commercial terms & without preferential terms
Dhaoq Almanzel Trading Est	Supplying gym furniture	1,463,253	316,400	2024 Fiscal Year	The Prevailed commercial terms & without preferential terms
Saudi Telecom Company (STC)	Subscriptions Sold	99,599	1,054,702	2024 Fiscal Year	The Prevailed commercial terms & without preferential terms
Saudi Telecom Company (STC)	Purchase of Internet Service	118,317	39,468	2024 Fiscal Year	The Prevailed commercial terms & without preferential terms

32. A statement of any arrangements or agreement under which a member of the company's board of directors or a senior executive waived any remuneration.

– Not Applicable

33. A statement of any arrangements or agreement under which one of the company's shareholders waived any rights to profits.

– Not Applicable

34. A statement of the value of statutory payments made and due for the payment of any zakat, taxes, fees, or any other dues that were not paid until the end of the annual financial period, with a brief description of them and an indication of their reasons.

Statutory Organization	2024		Description	Reasons
	Paid	Due		
Zakat	9,731,207	10,605,704	Zakat expenses for 2024	Statutory requirement
Tax	123,292,644	13,962,046.63	VAT, WHT and Real Estate Tax paid from Dec.23 till Nov.24. Dec.24 VAT and WHT is due for Dec.24 and corporate tax due for FY 2024	Dec.24 VAT and WHT amounts paid in Jan.25
The General Organization for Social Insurance	19,314,658.06	1,995,622.85	GOSI paid for the period from Dec.23till Nov.24. Dec.24 is due	- Dec.24 amount paid in Jan.25
Visa and passport costs	1,844,500		- Includes New visa fees and Iqama transfer Fees	Statutory requirement
Labor office fees	22,312,260.46		Includes Iqama and work permit charges	Statutory requirement

35. A statement of the value of any investments or reserves established for the benefit of the company's employees.

– Not Applicable

36. The declarations regarding the account records, the internal control system and the company's ability to continue the activity.

- The Board of Directors of Leejam Sports Company (Fitness Time) declare the following:
  - That the account records have been properly prepared.
  - The internal control system was prepared on sound basis and implemented effectively.
  - There is no significant doubt about the company's ability to continue its activities

37. If the auditor's report includes reservations about the annual financial statements, the report of the board of directors must clarify those reservations, their reasons and any information related thereto.

– Not Applicable

38. In the event that the Board of Directors recommends changing the auditors before the end of the period for which they are appointed, the report must contain that, with a statement of the reasons for recommending the change.

– Not Applicable

39. Disclosure of the details of the treasury shares held by the company and details of the uses of these shares.

Number of Treasury Shares	Value as of December 31, 2025	Its Use
110,122	20,438,643.20	Based on the decision of the General Assembly, treasury shares were purchased to be allocated to the employee stock program.

40. Information related to any business that competes with the company, or any of its activities, which any member of the board of directors is engaged in or was previously engaged in, including the names of those involved in the competing business, and the nature and conditions of this business.

– The company declares that there is no business that competes with the company, or any of its activities, which any member of the Board of Directors is engaged in or was previously engaged in.

Financial Statements

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Independent Auditor's Report

TO THE SHAREHOLDERS OF LEEJAM SPORTS COMPANY

(A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Leejam Sports Company (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
The Group reported revenue of SR 1,501 million from subscriptions and membership fees of fitness training centers and related activities for the year ended 31 December 2024. We considered this a key audit matter due to the application of accounting standard for revenue recognition in the fitness training sector requires revenue to be recognized over the term of subscription period. Additionally, there are inherent risks about the accuracy of revenues recorded due to either ineffective manual and / or IT related controls. Refer to note 4.3 for the accounting policy related to revenue recognition and note 7 for the related disclosures.	Our audit procedures included, among others, the following: • Evaluated the appropriateness of revenue recognition policies. • Involved our IT specialists in testing the design, implementation and operating effectiveness of system internal controls related to revenue recognition. • Tested the accuracy of customer invoice generation on a sample basis and tested a sample of the discounts and promotions applied to customer invoice. • Performed analytical procedures by comparing expectations of revenue with actual revenue and analyzing variances. • Assessed the adequacy of the relevant disclosures in the consolidated financial statements.

Other information included in The Group's 2024 Annual Report

Other information consists of the information included in the Group's 2024 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2024 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements

The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance i.e, the Audit Committee is responsible for overseeing the Group's financial reporting process.

Independent Auditor’s Report (continued)

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit, in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services

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

Riyadh: 13 Sha’ban 1446H
12 February 2025

Statement of Profit or Loss

FOR THE YEAR ENDED 31 DECEMBER 2024

Item	Note	2024 SR	2023 SR
Revenue	7	1,501,366,256	1,325,407,138
Cost of revenue	8	(877,973,215)	(740,858,478)
GROSS PROFIT		623,393,041	584,548,660
General and administrative expenses	9	(149,639,549)	(115,739,634)
Advertising and marketing expenses	10	(24,658,701)	(17,363,817)
Provision for expected credit losses	22	(1,881,816)	(948,731)
OPERATING PROFIT		447,212,975	450,496,478
Finance cost	12	(91,477,407)	(83,059,338)
Reversal/(impairment) of non-financial assets, net	14, 15 &18	4,733,842	(2,146,109)
Write-off of non-financial assets	14 & 15	(8,746,066)	(11,422,381)
Gain on disposal of property and equipment	14	92,158,389	-
Gain on lease modification	15	8,998,700	-
Profit from short term Murabaha	23a	8,186,072	13,657,602
Gain on lease termination/write off	15	5,968,957	-
Share in net results of investment in an associate	17	(7,625,434)	(2,946,469)
Other income		4,942,710	1,779,079
PROFIT BEFORE ZAKAT AND INCOME TAX		464,352,738	366,358,862
Zakat and income tax	31	(10,226,407)	(10,549,611)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		454,126,331	355,809,251
DISCONTINUED OPERATIONS			
Profit after tax for the year from discontinued operations	37	2,172,429	-
PROFIT FOR THE YEAR		456,298,760	355,809,251
NET PROFIT ATTRIBUTABLE TO:			
Equity holders of the parent company		456,978,822	356,244,132
Non- Controlling Interests		(680,062)	(434,881)
		456,298,760	355,809,251
EARNINGS PER SHARE			
Basic and diluted, from the profit for the year attributable to shareholders of the parent company	13	8.73	6.80
Basic and diluted, from continuing operations attributable to shareholders of the parent company	13	8.69	6.80

Assim Al Attas Chief Financial Officer	Adnan Abdullah Al Khalaf Chief Executive Officer	Ali Hamad AlSagri Board Chairman

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2024

Item	Note	2024 SR	2023 SR
Net profit for the year		456,298,760	355,809,251
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to statement of profit or loss in subsequent periods:			
Re-measurement of FVOCI		92,318	-
Re-measurement loss on employees end of service benefits obligation		(8,001,390)	(1,061,502))
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	27	448,389,688	354,747,749
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders for the parent company		449,069,750	355,182,630
Non- Controlling Interest		(680,062)	(434,881)
		448,389,688	354,747,749

Assim Al Attas Chief Financial Officer	Adnan Abdullah Al Khalaf Chief Executive Officer	Ali Hamad AlSagri Board Chairman

Statement of Financial Position

AS AT 31 DECEMBER 2024

Item	Note	2024 SR	2023 SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	14	2,057,689,844	1,705,519,606
Right-of-use assets	15	1,253,059,878	1,152,169,605
Intangible assets	16	8,382,827	3,935,499
Investment in an associate	17	8,728,731	1,845,765
Goodwill	18	8,289,905	11,932,513
Advances to suppliers and contractors	19	99,334,520	100,970,616
Investments at fair value through other comprehensive income	11	4,892,318	-
TOTAL NON- CURRENT ASSETS		3,440,378,023	2,976,373,604

Statement of Financial Position (Continued)

AS AT 31 DECEMBER 2024

Item	Note	2024 SR	2023 SR
CURRENT ASSETS			
Inventories		24,321,491	15,011,177
Prepayments and other current assets	20	87,963,593	103,939,351
Trade receivables	22	26,024,581	29,083,762
Cash and cash equivalents	23	106,103,887	276,810,098
TOTAL CURRENT ASSETS		244,413,552	424,844,388
Assets classified as held for sale	37	36,142,123	-
TOTAL ASSETS		3,720,933,698	3,401,217,992
EQUITY AND LIABILITIES			
EQUITY			
Share capital	24	523,833,610	523,833,610
Statutory reserve	25	-	135,596,952
FVOCI reserve		92,318	
Retained earnings		732,030,058	429,801,989
Treasury Shares	24	(22,626,657)	-
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY		1,233,329,329	1,089,232,551
Non-controlling interests	37	4,994,261	2,530,051
TOTAL EQUITY		1,238,323,590	1,091,762,602
NON-CURRENT LIABILITIES			
Borrowings	26	225,957,411	180,207,547
Lease liabilities	15	1,275,789,904	1,178,488,669
Employees' end of service benefits	27	65,945,056	49,803,255
TOTAL NON-CURRENT LIABILITIES		1,567,692,371	1,408,499,471
CURRENT LIABILITIES			
Borrowings	26	105,252,967	122,601,656
Lease liabilities	15	100,611,256	114,052,331
Accounts payable	28	67,975,620	104,641,011
Accrued expenses and other current liabilities	29	113,317,865	105,276,723
Deferred revenue	30	503,721,286	443,623,557
Provision for zakat and tax	31	11,255,841	10,760,641
TOTAL CURRENT LIABILITIES		902,134,835	900,955,919
Liabilities directly associated with the assets held for sale	37	12,782,902	-
TOTAL LIABILITIES		2,482,610,108	2,309,455,390
TOTAL EQUITY AND LIABILITIES		3,720,933,698	3,401,217,992

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2024

Item	Share Capital SR	Statutory Reserve SR	Treasury Shares SR	FVOCI Reserve SR	Retained earnings SR	Total	Non-Controlling Interest (NCI)	Total SR
As at 1 January 2023	523,833,610	99,972,539	-		290,966,816	914,772,965	-	914,772,965
Profit for the year	-	-	-	-	356,244,132	356,244,132	(434,881)	355,809,251
Other comprehensive income	-	-	-	-	(1,061,502)	(1,061,502)		(1,061,502)
Total comprehensive income for the year	-	-	-	-	355,182,630	355,182,630	(434,881)	354,747,749
Transfer to statutory reserve	-	35,624,413	-	-	(35,624,413)	-	-	-
Dividends (note 33)	-	-	-	-	(180,723,044)	(180,723,044)	-	(180,723,044)
Formation of a subsidiary (note 1)	-	25,475,832	-	-	-	-	24,500	24,500
Additional investment by NCI	-	-	-	-	-	-	2,940,432	2,940,432
As at 31 December 2023	523,833,610	135,596,952	-	-	429,801,989	1,089,232,551	2,530,051	1,091,762,602
Profit (loss) for the year	-	-	-	-	456,978,822	456,978,822	(680,062)	456,298,760
Movement in NCI contribution	-	-	-	-	-	-	(1,336,994)	(1,336,994)
Acquisition of subsidiaries (note 6)	-	-	-	-	-	-	4,481,266	4,481,266
Other comprehensive loss	-	-	-	92,318	(8,001,390)	(7,909,072)	-	(7,909,072)
Total comprehensive income for the year	-	-	-	92,318	448,977,432	449,069,750	2,464,210	451,533,960
Transfer of statutory reserve (note 25)	-	(135,596,952)	-	-	135,596,952	-	-	-
Dividends (note 33)	-	-	-	-	(282,346,315)	(282,346,315)	-	(282,346,315)
Treasury Shares (note 24)	-	-	(22,626,657)	-	-	(22,626,657)	-	(22,626,657)
As at 31 December 2024	523,833,610	-	(22,626,657)	92,318	732,030,058	1,233,329,329	4,994,261	1,238,323,590

Statement of Cash Flows

AS AT 31 DECEMBER 2024

Item	Note	2024 SR	2023 SR
OPERATING ACTIVITIES			
Profit before zakat		464,352,738	366,358,862
Profit from discontinued operations		2,172,429	-
Adjustments to reconcile profit before zakat to net cash flows:			
Gain on lease termination	15	(5,968,957)	(2,312,034)
Finance costs	12	91,837,303	83,059,338
Depreciation of property and equipment	14 & 37	179,119,457	156,485,183
Impairment of non-financial assets, net	14 & 18	-	2,146,109
Depreciation of right-of-use assets	15 & 37	112,710,070	94,470,832
Profit from short term Murabaha		(8,186,072)	(13,657,602)
Gain on lease modification	15	(8,998,700)	-
Reversal of impairment	15	(4,733,842)	-
Amortization of intangible assets	16 & 37	2,665,533	1,355,624
Write-off of property and equipment		8,746,066	13,734,415
Allowance for prepayments and other assets		-	1,499,597
Provisions for expected credit losses	22 & 37	1,881,816	948,731
Share in net results of investment in an associate	17	7,625,434	2,946,469
Provision for employees' end of service benefits	27 & 37	10,052,332	8,570,971
Provision for slow moving inventories		-	1,014,110
(Gain)/loss on disposal of property and equipment		(92,158,389)	625,450
		761,117,218	717,246,055
WORKING CAPITAL CHANGES:			
Inventories		(9,310,314)	(8,024,596)
Prepayments and other current assets		14,369,364	(72,728,746)
Trade receivables		280,475	(5,235,812)
Accounts payable		(37,250,502)	(3,284,478)
Accrued expenses and other current liabilities		7,871,913	23,891,243
Deferred revenue		58,152,261	46,608,680
CASH FROM OPERATIONS		795,230,415	698,472,346
Employees' end of service benefits paid	27	(4,337,901)	(5,206,214)
Zakat paid	31	(9,731,207)	(7,300,683)
NET CASH FROM OPERATING ACTIVITIES		781,161,307	685,965,449

Item	Note	2024 SR	2023 SR
INVESTING ACTIVITIES			
Addition in property and equipment		(585,490,562)	(307,067,584)
Advances to suppliers and contractors		1,636,096	(66,032,061)
Proceeds from short term Murabaha profit		9,043,065	12,720,777
Acquisition of a subsidiary, net of cash acquired	6	(9,340,844)	(11,936,435)
Investment in an associate	17	(14,508,400)	(4,792,234)
Proceeds from disposal of property and equipment		151,793,522	440,652
Investment in FVOCI		(4,800,000)	-
Addition to intangible assets	6, 16 & 37	(2,237,154)	(2,013,956)
NET CASH USED IN INVESTING ACTIVITIES		(453,904,277)	(378,680,841)
FINANCING ACTIVITIES			
Proceeds from borrowings	26	411,374,564	255,291,076
Repayments of borrowings	26 & 37	(383,214,870)	(214,149,825)
Finance cost paid		(53,266,868)	(39,621,370)
Transaction with NCI		(1,336,994)	2,964,932
Treasury shares		(22,626,657)	-
Payment of lease liabilities	15	(164,245,110)	(154,863,177)
Dividends paid	33	(282,346,315)	(180,723,044)
NET CASH USED IN FINANCING ACTIVITIES		(495,662,250)	(331,101,408)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(168,405,220)	(23,816,800)
Cash and cash equivalents at the beginning of the year		276,810,098	300,626,898
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	23	108,404,878	276,810,098
SIGNIFICANT NON-CASH TRANSACTIONS			
Additions to right-of-use assets and corresponding lease liability	15	200,520,391	394,780,980
Lease Modification	15	28,170,879	90,345,487
Transfers to property and equipment from capital work-in-progress	14	(176,650,353)	(84,917,511)
Capitalization of borrowing cost	14	5,217,198	934,537
Interest on lease liabilities capitalized for under construction fitness centers	15	13,281,544	4,730,817

Assim Al Attas
Chief Financial Officer

Adnan Abdullah Al Khalaf
Chief Executive Officer

Ali Hamad AlSagri
Board Chairman

Notes to the Consolidated Financial Statements

31 DECEMBER 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 consolidated financial statements are as follows:

		Ownership percentage			
		31 December 2024		31 December 2023	
Name	Country of incorporation	Direct	Indirect	Direct	Indirect
Sports Hive Limited Company (formerly known as Al Rasn Investment Company)	Kingdom of Saudi Arabia	-	100%	100%	-
Altathir Al-Riyadiyeh Company (note 6)	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%	-		
Al-Nemw Al-Murkab Real Estate Company	Kingdom of Saudi Arabia	-	100%	-	-
Leejam Real Estate Company	Kingdom of Saudi Arabia	-	100%	-	-
Tatweer Al-Momaiyez Sports Company	Kingdom of Saudi Arabia	-	100%	-	100%

During 2016, the Group acquired 95% of the outstanding shares of Fitness Time for Trading Company Limited (the "Subsidiary") 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. The Subsidiary discontinued its operations after the trademark was transferred to the Group. The management believes that the Subsidiary is immaterial to the Group; hence, does not consolidate the results of operations of the Subsidiary and its financial position in the consolidated financial statements of the Group.

On 24 Thul-Hijjah 1444H (corresponding to 12 July 2023), the Group established a new Subsidiary "Padel X Sports Company (Limited Liability Company)" with a capital of fifty thousand Saudi Riyals, the Group ownership percentage is 51%, in partnership with World Wide Padel through its Saudi subsidiary (Padelbolaget Sports Company), owns a 49% stake, for the purpose of investing in padel sports in the Kingdom of Saudi Arabia by building and operating padel courts and registered under Commercial Registration ("CR") numbered 1010906234 dated 5 Muharram 1445H (corresponding to 14 August 2023), its head office is registered in Riyadh, Kingdom of Saudi Arabia.

2 BASIS OF PREPARATION AND CONSOLIDATION

The material accounting policies (note 4) applied in preparing these consolidated financial statements are consistent with those applied in comparative periods presented.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS accounting standards as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements as endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to "IFRS as endorsed in KSA").

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, except otherwise indicated.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Saudi Riyal ("SR") which is the Group's functional and presentation currency, and all values are stated in full, except when otherwise indicated.

2.4 Basis of consolidation

The consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries (note 1).

2 BASIS OF PREPARATION AND CONSOLIDATION (CONTINUED)

Subsidiaries are companies controlled by the Group. Control is achieved when the Group has:

- Power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee)
- Exposure to risk, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

In general, there is a presumption that a majority of voting rights result in control. In support of this assumption, when the Group has less than a majority of the voting rights or similar rights in the investee, the Group takes into consideration all relevant facts and circumstances when determining whether it exercises control over the investee, including:

- Arrangement(s) with other voting rights holders in the investee company.
- Rights arising from other contractual arrangements.
- Group's voting rights and potential voting rights.

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired (or disposed) of during the year are included (or derecognized) in the consolidated financial statements from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in the consolidated statement of profit or loss and is calculated as the difference between (1) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (2) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary (i.e. reclassified to the consolidated statement of profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, and when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 New and amended standards and interpretations

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 Company's financial statements. The Company 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 amendment had no impact on the Group's financial statements.

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 amendment had no impact on the Group's 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 amendment had no impact on the Group's financial statements.

3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONTINUED)

3.2 New and amended standards and interpretations 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.

Standard, Amendment or Interpretation	Effective date
- 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
- Volume (11): Annual Improvements to IFRS Accounting Standards.	1 January 2026
- Amendments to IFRS (9) and IFRS (7): Power Purchase Agreements.	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.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information adopted, consistent with those applied in comparative periods presented are as follows:

4.1 Business combinations and goodwill measurement

Business combinations are accounted for using the acquisition method upon transfer of control to the Group.

The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in the consolidated statement of profit or loss as incurred.

When the Group acquires a business, it assesses the identifiable assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value with limited exceptions.

Goodwill is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value at the acquisition-date of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts recognized at the acquisition date.

If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then a gain on bargain purchase at a differential price is recognized in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing for goodwill acquired from the business combination and from the date of acquisition, it will be allocated to cash-generating units ("CGU") that are expected to benefit from the consolidation regardless of whether the other assets or liabilities acquired have been allocated to those units.

If goodwill is not allocated to designated cash-generating units because of an incomplete initial calculation, the initial impairment loss will not be tested unless impairment indicators are available to enable the Group to distribute the carrying amount of the goodwill to the cash generating units or the group of cash generating units expected to benefit from business combination. Where goodwill is allocated to the cash generating unit and part of the operations of that unit are disposed of, goodwill associated with the discontinued operation will be included in the carrying amount when determining the gain or loss on disposal of the operation. The goodwill in such circumstances is measured on the basis of the value of a similar disposed operation and the remaining portion of the cash-generating unit.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another relevant IFRS approved in Kingdom.

Any contingent consideration to be paid (if any) will be recognized at fair value at the acquisition date and classified as equity or a financial liability. Contingent consideration classified as a financial liability is subsequently remeasured at fair value with the changes in fair value recognized in the consolidated statement of profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to the consolidated statement of profit or loss where such treatment would be appropriate if that interest were disposed of.

4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

If the initial accounting for the business combination is not completed by the end of the reporting period which constitutes the period in which the combination occurred, the Group presents the items whose value calculation has not been completed in a temporary manner in the consolidated financial statements. During the measurement period, which is not more than one year from the acquisition date, the temporary value recognized on the acquisition date is retroactively adjusted to reflect the information obtained about the facts and circumstances that existed at the date of acquisition and if it is determined that this will affect the measurement of amounts recognized as of that date.

The Group recognizes additional assets or liabilities during the measurement period if new information becomes available about facts or circumstances that existed at the date of the acquisition and if it will result in recognition of assets or liabilities from that date. The measurement period ends once the group obtains all information that existed at the acquisition date or as soon as it becomes sure of the absence of more information.

4.2 Investments in associates

An associate is an entity over which the Group has significant influence but does not have control or joint control over. Significant influence is the Group's ability to participate in the financial and operating policy decisions of the investee but not to control or jointly control those policies.

Factors to determine significant influence include holding directly or indirectly voting power of the investee, representation on the board of directors or equivalent governing body of the investee, participation in policy-making processes including participation in decisions about dividends or other distributions, material transactions between the entity and the investee, interchange of managerial personnel or provision of essential technical information.

The investment in associates are accounted for in the consolidated financial statements of the Group using the equity method of accounting. The investment in associates in the consolidated statement of financial position are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit and loss and other comprehensive income of the associate adjusted for any impairment in the value of the net investment. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses.

Additional losses are recognized and recorded as liabilities only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealized gain or losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in the consolidated statement of profit or loss in the acquisition year.

The requirements of IFRSs endorsed in Kingdom are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. The carrying amount of the investment in an associate or a joint venture is tested for impairment in accordance with the policy.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to the consolidated statement of profit or loss the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss includes the disposal of the related assets or liabilities.

When any entity within the Group transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

4.3 Revenue

Type of Product	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Subscriptions and membership revenue	Performance obligation is satisfied over time during the subscription period. For individual customers, payment is received in advance. For corporates, consideration is received based on credit terms agreed with the corporate customers.	Subscriptions and membership fee are recognized as revenue systematically over the terms of the subscription period. The subscription fee, received in advance, is initially recognized as deferred revenue and subsequently amortised over the subscription period.
Personal training	Performance obligation is satisfied over time based on personal training ("PT") sessions and payment is received in advance.	Personal training fee are recognized as revenue as and when related services are rendered and performance obligation are satisfied. Fee received in advance is initially recognized as deferred revenue and subsequently recognized when PT sessions are conducted or training period ends whichever is earlier.
Rental income	Performance obligation is satisfied over time during the lease period and payment is received based on contractual terms with the tenants.	Rental income is recognized on a straight- line basis over the terms of the lease agreements.

4.4 Cost of revenue and other expenses

Costs of revenue consists of direct and indirect costs arising in connection with the generation of revenue. Allocations between costs of revenue, advertising and marketing and general and administration expenses, when required, are made on a consistent basis depending upon the nature of the expense.

4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.5 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realized within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

4.6 Property and equipment

(i) Initial recognition and subsequent measurement

Property and equipment except land, are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost less estimated residual value of property and equipment if any, is depreciated on a straight-line basis over the estimated useful lives of the respective assets. Land is stated at cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labor;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalized borrowing costs, during the construction phase.

(ii) Depreciation

The estimated depreciation rates of the principal classes of property and equipment are as follows:

	Lower of the lease period or
Buildings	4% – 12%
Motor vehicles	20%
Sports tools and equipment	10%
Electrical equipment and air conditioners	10%
Computers	20%
Furniture and office equipment	13.3%

Any gain or loss on disposal of an item of property and equipment is recognized in the consolidated statement of profit or loss.

(iii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred.

(iv) Impairment of non-financial assets including intangible assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the consolidated statement of profit or loss for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the consolidated statement of profit or loss.

(v) Derecognition

Property and equipment are de-recognized when they have been disposed or no future economic benefits are expected to arise from their use or disposal. Gains or losses arising from de-recognition of an item of property and equipment is included in the consolidated statement of profit or loss at the time the item is de-recognized.

4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful life are not amortized and carried at cost less accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at each financial year end, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets, which comprise computer software, trademarks and customer relationships are amortized at straight line method with an estimated useful life ranging from 5 to 10 years.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the consolidated statement of profit or loss when the asset is derecognized

Software costs associated with maintaining software programs are recognized as an expense as incurred.

- It is technically feasible to complete the Software so that it will be available for use.
- Management intends to complete the software and use or sell it.
- There is an ability to use or sell the software.
- It can be demonstrated how the software will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use. Research expenditure and development expenditure that do not meet the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

4.8 Financial instruments

Financial instruments — initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.8.1 Financial assets

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivable that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at amortised cost

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

Financial assets at amortized cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include trade receivable, amounts due from related parties, bank balances, and contract assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivable and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group's policy measures ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

4.8.2 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payable, contract liabilities and amounts due to related parties.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognized, as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

This category generally applies to trade payables.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

4.8.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

4.9 Fair value measurement

The Group measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing an asset or a liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

4.10 Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and bank balances comprise cash on hand and deposits held with banks, all of which are available for use by the Group unless otherwise stated and have maturities of three months or less, which are subject to insignificant risk of changes in values.

4.11 Statutory reserve

The Ministry of Commerce of the Kingdom of Saudi Arabia has issued new Regulations for Companies, effective by 19 January 2023 with a grace period of two years for implementation. During the year, the Extraordinary General Assembly Meeting approved the amendment to the Company's Bylaws in accordance with the new Companies Law which does not require to set aside a statutory reserve.

Previously, in accordance with the Company's Bylaws, the Company was required to transfer 10% of the net income to the statutory reserve until this reserve reached 30% of the capital.

4.12 Inventories

Inventories comprises consumables (shampoos, sanitizers, spare parts and towels and other related items) kept at the fitness centers. Inventories are stated at the lower of cost and net realizable value. Cost includes expenditures incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition. Costs are assigned to individual items of inventory on the basis of weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts if any.

4.13 Lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

At the lease commencement date, the Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (leases with a lease term of 12 months or less) and leases of low-value assets, for which the Group recognizes the lease payments as an operating expense (unless they are incurred to produce assets) on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. In general, the Group uses its incremental borrowing rate as the discount rate which has been used to measure all the lease liabilities recognized.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position, classified as current and non-current.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of-use asset whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the economic useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position, unless the right-of-use asset meet the definition of investment property and in such case, it is presented in the consolidated statement of financial position within investment property.

4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset, and the related payments are recognized as an expense (unless they are incurred to produce assets) in the period in which the event or condition that triggers those payments occurs.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. In such case the lease is a finance lease, otherwise it is an operating lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract. The Group applies the derecognition and impairment requirements in IFRS 9 to the finance lease receivables.

Lease payments received under operating leases are recognized as income on a straight-line basis over the lease term as part of other income.

4.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of profit or loss over the period of the Borrowings using the effective interest rate method. Borrowings are recognized within finance charges in the period in which they are incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs that are directly attributable to the construction and / or development of a qualifying asset are capitalized up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed; otherwise, such costs are charged to the consolidated statement of profit or loss.

Borrowings are derecognized from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in consolidated statement of profit or loss as other income or finance costs.

4.15 Employees' end of service benefits

Short-term employee benefits

Short-term employees' benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment obligation

The Group operates a post-employment benefit scheme plans driven by the labor laws of the Kingdom of Saudi Arabia.

The post-employment benefits plans are not funded. Valuations of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately as "Employee costs" in profit or loss while unwinding of the liability at discount rates used are recorded as "Financial charges". Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. Re-measurements are not reclassified to profit or loss in subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

Valuations of the obligations under the plan are carried out using actuarial techniques on the projected unit credit method. The costs relating to such plan primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately in the consolidated statement of profit or loss while unwinding of the liability at discount rates used are recorded as financial cost.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income and transferred to other reserves in the consolidated statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of profit or loss as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of the respective countries in which the Group operates.

4.16 Zakat and taxes

Zakat and taxes are provided in accordance with the local regulations of the place of business on an accruals basis and charged to profit or loss. Differences, if any, resulting from final assessments are adjusted in the year of their finalization.

4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Value-added tax ("VAT")

Revenues, expenses and assets are recognized net of the amount of VAT, except for:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- in case of receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the tax authority is classified as an asset or a liability, respectively, in the consolidated statement of financial position.

4.17 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. If the effect of the time value of money are material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

5 SIGNIFICANT ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRS as endorsed in KSA requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may differ from the related actual results.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

Assumption and estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amount of its non-financial assets to ensure that there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.
The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (cash-generating units). If there is an indication that an asset may be impaired, then the recoverable amount is determined for the CGU to which the asset belongs. An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. Impairment losses are recognized in consolidated profit or loss in the consolidated statement of comprehensive income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

For non-financial assets, except goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

5 SIGNIFICANT ASSUMPTIONS, ESTIMATES AND JUDGEMENTS (CONTINUED)

Impairment of accounts receivable

An estimate of the collectible amount of accounts receivable is made using ECL model which involves evaluation of credit rating and days past due information. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the stand-alone credit rating).

Useful lives of property and equipment

The Group's management determines the estimated useful lives of property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Going concern

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Significant judgment in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Employees end of service benefits

The present value of the employees end of service benefits is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, a DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Discount rate

For selecting the discount rate, we have considered the yield on Government bonds of duration equal to the duration of the liability.

Mortality rate

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes.

Salary and future pension increase

Estimates of future salary increase, takes into account inflation, seniority, promotion and past history.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

6 ACQUISITION OF A SUBSIDIARY

For the Year ended 31 December 2024

A. On 1 Rajab 1445H (corresponding to 1 February 2024), Sports Hive Limited Company (formerly known as Al Rasn Investment Company) acquired a 60% stake in Champs Sports and Fitness Club LLC Company, having commercial license numbered 865400 issued by the Dubai Economy Department. Its head office is registered in Dubai, United Arabic 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. During the year, management decided to dispose off this subsidiary and the disposal is expected to be completed with one year from the reporting date.

B. On 24 Duh Al-Qi'dah 1445H (corresponding to 1 June 2024), Sports Hive Limited Company (formerly known as Al Rasn Investment Company) acquired a 55% stake in Sports Hub Sports Company, 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 consolidated financial statements include the results of Sports Hub Sports Company from the acquisition date.

6 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
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	1,018,228	928
Cash paid	(8,160,000)	(2,200,000)
Net cash outflow on acquisition	(7,141,772)	(2,199,072)

For the Year ended 31 December 2023

On 25 Thul-Qi'dah 1444H (corresponding to 14 June 2023), Al Rasn investment Company acquired a 100% stake in Altathir Al-Riyadiyeh Company, a Limited Liability Company (Owned by One person) and registered under Commercial Registration (CR) numbered 1010458137 dated 23 Thul-Hijjah 1439H (corresponding to 3 September 2018), its head office is registered in Riyadh, Kingdom of Saudi Arabia. Transaction costs of SR 224,000 were expensed and are included in administrative expenses. It is engaged in educational activities of sports academics including trainings related to swimming and martial arts along with other sports clubs activities. The acquisition value amounted to SR 12 million. The consolidated financial statements include the results of Altathir Al-Riyadiyeh Company from the acquisition date.

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

Item	14 June 2023 SR
ASSETS	
Property and equipment	5,882,648
Right-of-use assets	12,223,612
Prepayments and other current assets	1,379,317
Trade receivables *	1,987,372
Cash and cash equivalents	63,565
TOTAL ASSETS	21,536,514
LIABILITIES	
Borrowings	1,440,004
Lease liabilities	12,223,612
Employees' end of service benefits	450,947
Accounts payable	1,108,373
Accrued expenses and other current liabilities	537,895
Deferred revenue	902,553
Provision for zakat	8,020
TOTAL LIABILITIES	16,671,404
Total identifiable net assets at book value	4,865,110
Provisional goodwill arising on acquisition	7,134,890
Purchase consideration paid	12,000,000

* The book value and gross amount of the trade receivables amounts to SR 1,987,372 and it is expected to be fully collected.

6 ACQUISITION OF A SUBSIDIARY (CONTINUED)

Analysis of cash flows on acquisition:

Item	14 June 2023 SR
Net cash acquired with the subsidiary (included in cash flows from investing activities)	63,565
Cash paid	(12,000,000)
Net cash outflow on acquisition	(11,936,435)

Gross carrying amount of goodwill:	Goodwill SR
At 31 December 2023 (audited)	11,932,513
Acquisition of a subsidiaries (note a)	3,846,311
Classified as held for sale (note 37)	(2,562,442)
Allocated to intangible assets (note b)	(4,926,477)
At 31 December 2024	8,289,905

a) During the year, the purchase price allocation for Sports Hub Sports Company was finalized. The assessment was conducted within one year of the acquisition date. The assessment resulted did not result in change in goodwill.

b) During the year, 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 adjusted and allocated to intangible assets: trademarks and customer relationships, amounting to SAR 1.66 million and SAR 3.26 million, respectively.

c) During the year, management decided to classify Champs Sports and Fitness Club LLC as held for sale. The provisional goodwill of SAR 2,562,442 along with the related assets, liabilities, and NCI, is disclosed in the financial statements as separate line items (see note 37).

7 REVENUE

Type of services	2024 SR	2023 SR
Subscriptions and membership	1,268,730,523	1,151,767,714
Personal training	194,564,140	148,070,429
Rental income	19,729,400	17,041,472
Others	18,342,193	8,527,523
	1,501,366,256	1,325,407,138

Set out below is the disaggregation of the Group's revenue from contracts with customers, for the year ended 31 December, based on male and female centers offerings:

	Subscriptions and membership		Personal training		Rental income	
Types of customers	2024 SR	2023 SR	2024 SR	2023 SR	2024 SR	2023 SR
Male centers	948,986,273	873,127,089	123,840,244	96,656,091	12,687,595	10,959,794
Female centers	309,852,546	269,132,006	70,723,896	51,414,338	5,066,487	5,191,412
Other business	9,891,704	9,508,619	-	-	1,975,318	890,266
	1,268,730,523	1,151,767,714	194,564,140	148,070,429	19,729,400	17,041,472

Geographical segregation of revenue has been presented in note 34.

8 COST OF REVENUE

Item	2024 SR	2023 SR
Salaries and related benefits	350,956,013	278,929,958
Depreciation of property and equipment (note 14)	171,584,127	152,409,177
Depreciation of right-of-use assets	111,864,815	93,468,956
Utility	80,773,042	75,723,845
Cleaning and services	66,782,936	59,238,369
Government and recruitment expenses	26,772,737	28,007,133
Maintenance and repair	30,270,038	24,853,678
Security and safety	13,845,930	12,758,701
Consumables	12,039,178	5,168,640
Stationary	21,807	83,446
Others	13,062,592	10,216,575
	877,973,215	740,858,478

9 GENERAL AND ADMINSTRATIVE EXPENSES

Item	2024 SR	2023 SR
Salaries and related benefits	82,966,279	62,718,040
IT Maintenance	17,824,709	12,625,608
Professional fees	11,025,931	5,989,154
Government and recruiting expenses	7,472,201	6,545,008
Depreciation of property and equipment (note 14)	5,768,491	4,076,006
Bank charges and commission	4,607,879	4,314,967
Board of Directors remuneration (note 21)	3,287,086	3,076,000
Amortization of intangible assets	2,647,379	1,355,624
Depreciation- right of use assets	546,199	546,199
Stationary	30,547	75,054
Others	13,462,848	14,417,974
	149,639,549	115,739,634

10 ADVERTISING AND MARKETING EXPENSES

Item	2024 SR	2023 SR
Advertising and marketing	16,148,030	9,776,840
Salary and related benefits	8,510,671	7,586,977
	24,658,701	17,363,817

11 INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Item	2024 SR	2023 SR
Carrying value	4,800,000	-
Unrealised gain	92,318	-
Balance at year end	4,892,318	-

12 FINANCE COST

Item	2024 SR	2023 SR
Finance cost on lease liabilities (note 15)	41,223,942	41,464,006
Finance cost on borrowings	20,699,146	17,955,263
Finance commission	27,311,959	21,927,259
Interest on employees' defined benefit liabilities (note 27)	2,242,360	1,712,810
	91,477,407	83,059,338

13 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. As a result of treasury shares (note 24), the outstanding weighted average number of ordinary shares post the treasury shares have been used for calculation of basic and diluted earnings per ordinary share. The earnings per share calculation is given below:

Basic and diluted earnings per share	2024 SR	2023 SR
Net profit attributable to Equity holders of the parent company	456,978,822	356,244,132
Number of shares	52,352,472	52,383,361
Earnings per share	8.73	6.80

Basic and diluted earnings per share of continuing operations	2024 SR	2023 SR
Net profit attributable to Equity holders of the parent company	454,806,393	356,244,132
Number of shares	52,352,472	52,383,361
Earnings per share	8.69	6.80

14 PROPERTY AND EQUIPMENT

	Land SR	Buildings SR	Motor vehicles SR	Sports tools and equipment SR	Electrical Equipment, and air conditioner SR	Computers SR	Furniture and office equipment SR	Capital work in progress SR	Total SR
COST:									
At 1 January 2024	311,748,789	1,678,957,638	4,564,967	455,385,980	142,525,337	23,368,975	35,533,728	149,789,170	2,801,874,584
Additions	185,898,878	125,066,445	236,265	61,955,689	17,314,021	2,694,783	8,606,547	193,827,245	595,599,873
Transfers	-	106,103,687	-	61,441,153	5,047,654	1,151,475	2,906,384	(176,650,353)	-
Effect of acquisition of new subsidiary (note 6)	-	-	70,000	334,040	1,851,491	182,326	322,558	-	2,760,415
Disposal	(58,577,657)	-	(53,436)	(8,887,864)	(11,243)	(1,842)	(585)	-	(67,532,627)
Reversal of impairment	-	-	-	-	-	-	-	-	-
Write off	-	(13,178,110)	-	-	-	-	-	-	(13,178,110)
At 31 December 2024	439,070,010	1,896,949,660	4,817,796	570,228,998	166,727,260	27,395,717	47,368,632	166,966,062	3,319,524,135
ACCUMULATED DEPRECIATION:									
At 1 January 2024	-	727,406,487	3,700,118	237,646,974	89,746,842	17,269,257	20,585,300	-	1,096,354,978
Charge for the year	-	118,578,136	316,339	40,982,065	10,685,604	2,477,810	4,312,664	-	177,352,618
Effect of acquisition of new subsidiary (note 6)	-	-	13,996	69,592	252,037	62,295	58,313	-	456,233
Disposal	-	-	(22,265)	(7,866,100)	(7,413)	(1,333)	(383)	-	(7,897,494)
Write off	-	(4,432,044)						-	(4,432,044)
At 31 December 2024	-	841,552,579	4,008,188	270,832,531	100,677,070	19,808,029	24,955,894	-	1,261,834,291
NET BOOK VALUE									
At 31 December 2024	439,070,010	1,055,397,081	809,608	299,396,467	66,050,190	7,587,688	22,412,738	166,966,062	2,057,689,844
COST:									
At 1 January 2023	243,994,789	1,575,715,414	4,067,458	399,396,689	127,792,470	21,374,795	32,657,192	57,145,535	2,462,144,342
Additions	67,754,000	64,010,984	179,400	32,643,758	14,195,945	1,720,098	1,657,830	175,059,334	357,221,349
Transfer	-	57,891,559	-	24,855,877	758,234	318,688	1,093,153	(84,917,511)	-
Effect of acquisition of new subsidiary (note 6)	-	5,266,302	318,109	1,503,008	-	9,504	247,044	-	7,343,967
Disposal	-	-	-	(2,987,967)	-	(713)	-	-	(2,988,680)
Reversal of impairment	-	-	-	-	-	-	-	2,501,812	2,501,812
Write off	-	(23,926,621)	-	(25,385)	(221,312)	(53,397)	(121,491)	-	(24,348,206)
At 31 December 2023	311,748,789	1,678,957,638	4,564,967	455,385,980	142,525,337	23,368,975	35,533,728	149,789,170	2,801,874,584
ACCUMULATED DEPRECIATION:									
At 1 January 2023	-	634,214,181	3,319,782	201,390,965	80,163,404	14,818,244	17,038,269	-	950,944,845
Charge for the year	-	102,696,542	267,452	37,762,471	9,695,610	2,491,517	3,571,591	-	156,485,183
Effect of acquisition of new subsidiary (note 6)	-	851,384	112,884	436,622	-	4,541	55,888	-	1,461,319
Disposal	-	-	-	(1,922,316)	-	(262)	-	-	(1,922,578)
Write off	-	(10,355,620)	-	(20,768)	(112,172)	(44,783)	(80,448)	-	(10,613,791)
At 31 December 2023	-	727,406,487	3,700,118	237,646,974	89,746,842	17,269,257	20,585,300	-	1,096,354,978
NET BOOK VALUE									
At 31 December 2023	311,748,789	951,551,151	864,849	217,739,006	52,778,495	6,099,718	14,948,428	149,789,170	1,705,519,606

14 PROPERTY AND EQUIPMENT (CONTINUED)

The depreciation charge for the year is allocated as follows:

Item	2024 SR	2023 SR
Cost of revenue (note 8)	171,584,127	152,409,177
General and administrative expenses (note 9)	5,768,491	4,076,006
	177,352,618	156,485,183

The Capital Work-in-Progress ("CWIP") as of 31 December 2024 represents construction costs and capital equipment amounting to SR 119.8 million and SR 47.17 million (2023: SR 38.77 million and SR 111.02 million), respectively.

The total borrowing cost capitalized under CWIP during the year amounted to SR 5.22 million (2023: SR 0.93 million) and the average capitalization rate was 5.85% (2023: 6.24%). In addition, interest in respect lease liability amounting to SR 13.28 million (2023: SR 4.73 million) was capitalized for under construction fitness centers.

During the prior year, the Group closed two centers covered within the expropriated areas in favor of the Governmental project. The Group had written off an amount of SR 13.73 million for closing these centers.

During the year ended 31 December 2023, the Group reversed impairment amounting to SR 2.5 million in respect of a previously impaired fitness center as the center became operational in 2023.

During the year, the Company has sold a land located in Riyadh with a book value of SR 58.58 million for SR 150.37 million resulting in a gain of SR 91.79 million recognized under gain on disposal of property and equipment.

15 LEASES

The Group holds various properties on leases on which fitness centers where constructed. Rental contract periods vary for different locations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

Item	2024 SR	2023 SR
Opening balance	1,152,169,605	753,692,120
Addition during the year	200,520,391	394,780,980
Effect of acquisition of new subsidiary (note 6)	-	12,223,612
Depreciation charge for the year	(112,411,010)	(94,470,832)
Lease Modification	28,170,879	90,345,487
Lease termination	(20,123,829)	-
Reversal of impairment (note a below)	4,733,842	-
Write off *	-	(4,401,762)
Closing balance	1,253,059,878	1,152,169,605

a) This pertains to reversal of impairment recorded on the center Ras Al-Khaimah in 2022, which has start operating in 2024.

Movement in lease liabilities is as follows:

Item	2024 SR	2023 SR
Opening balance	1,292,541,000	910,573,071
Addition during the year	200,520,391	394,780,980
Effect of acquisition of new subsidiary (Note 6)	-	12,223,612
Lease payments for the year	(164,245,110)	(154,863,177)
Lease Modification	19,172,179	90,345,487
Interest expense for the year (note 12)	41,223,942	41,464,006
Lease termination	(26,092,786)	-
Interest capitalized for under construction fitness centers	13,281,544	4,730,817
Write off *	-	(6,713,796)
Closing balance	1,376,401,160	1,292,541,000

* During the prior year, the Group had written off right-of-use assets and lease liabilities amounting to SR 4.4 million and SR 6.7 million respectively and this resulted in gain of SR 2.3 million, in respect of the closure of two centers as referred in note 14.

Lease liability included in the consolidated statement of financial position:

Item	2024 SR	2023 SR
Non-current	1,275,789,904	1,178,488,669
Current	100,611,256	114,052,331
	1,376,401,160	1,292,541,000

The maturity analysis of lease liabilities is disclosed in note 35.

16 INTANGIBLE ASSETS

	2024 SR	2023 SR
COST:		
At 1 January	16,041,384	14,027,428
Reclassification from goodwill (note 6)	4,926,477	-
Additions	2,168,230	2,013,956
At 31 December	23,136,091	16,041,384
ACCUMULATED AMORTIZATION:		
At 1 January	12,105,885	10,750,261
Charge for the year	2,647,379	1,355,624
At 31 December	14,753,264	12,105,885
	8,382,827	3,935,499

17 INVESTMENT IN 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 Company, its participation in decision making processes, interchange of managerial personnel and access to technical information. Burjeel Holding Company has higher representation on 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:

	Ownership			
Item	2024 %	2024 %	2024 SR	2023 SR
Integrated Medical Care Services Company	50%	50%	8,728,731	1,845,765

Movement in the Group's investment account:	2024 SR	2023 SR
At the beginning of the year	1,845,765	-
Addition during the year	14,508,400	4,792,234
The Group's share of the associate results	(7,625,434)	(2,946,469)
At the end of the year	8,728,731	1,845,765

Summarized statement of financial position of the associate:	2024 SR	2023 SR
Current assets	7,353,847	2,480,360
Non-current assets	22,180,609	9,109,344
Current liabilities	49,991,625	6,062,281
Non-current liabilities	586,640	18,585
Equity	(21,043,809)	5,508,838
Group's share in equity	(10,521,904)	1,845,765

Summarized statement of profit or loss and other comprehensive income of the associate:	2024 SR	2023 SR
Revenue	7,450,053	1,287,817
Net loss for the year	(15,250,870)	(5,892,939)
Total comprehensive loss for the year	(15,250,870)	(5,892,939)
Group's share of loss for the year	(7,625,434)	(2,946,469)

18 GOODWILL

- During 2016, the Group acquired two fitness centers namely Dwadmi and Alkhaleej with goodwill recognised on the acquisition of these fitness centers amounting to SR 4.6 million and 4.8 million respectively. During the year ended 31 December 2023, the management recorded an impairment 4.6m in respect of fitness center Dwadmi. During the year, management carried out impairment assessment for goodwill in respect of Alkhaleej and concluded that the recoverable amount is more than the carrying value.
- During the year, 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 consolidated financial statements and allocated to intangible assets: trademarks and customer relationships, amounting to SAR 1.66 million and SAR 3.26 million, respectively.
- During the year, the purchase price allocation for Sports Hub Sports Company was finalized. The assessment was conducted within one year of the acquisition date. The assessment did not result in change in goodwill recognized by management.

18 GOODWILL (CONTINUED)

A reconciliation of the carrying amount of goodwill at the beginning and end of the reporting year is presented below:

Gross carrying amount	Goodwill SR
At the beginning of the year	11,932,513
Acquisition of a subsidiary (note 6)	3,846,311
Goodwill pertaining to held for sale (note 37)	(2,562,442)
Allocated to intangible assets	(4,926,477)
Closing balance	8,289,905

The Weighted Average Cost of Capital ("WACC") rate applied for the purpose of determining value in use is 12% (2023: 12%). The WACC is calculated based on assumptions that reflect market assessments of the risk specific to the CGU. Cash flow projections are derived from the respective business plan. Based on the analysis, a variation of 100 basis points in the discount rate would result in a variation in the value in use by 2%. With regards to the assessment of value in use, management believes that reasonably possible change in its used assumptions would not cause the carrying value of its goodwill to exceed its recoverable amount.

19 ADVANCES TO SUPPLIERS AND CONTRACTORS

Item	2024 SR	2023 SR
Advances to contractors in respect of construction of fitness centers	57,693,634	99,747,248
Advances to suppliers against purchase of sport equipment	45,867,183	5,449,665
	103,560,817	105,196,913
Less: Allowance for impairment loss	(4,226,297)	(4,226,297)
	99,334,520	100,970,616

20 PREPAYMENT AND OTHER ASSETS

Item	2024 SR	2023 SR
Advances to suppliers	18,461,628	50,405,320
Other receivable	47,328,711	40,724,443
Prepayments	31,579,056	22,215,390
	97,369,395	113,345,153
Less: Allowance against prepayments and other assets	(9,405,802)	(9,405,802)
	87,963,593	103,939,351

Allocation of allowance of prepayments and other assets is as follows:

Item	2024 SR	2023 SR
Advances to suppliers	8,407,128	8,407,128
Other prepayments	998,674	998,674
	9,405,802	9,405,802

Movement in Allowance prepayments and other assets is as follows:

Item	2024 SR	2023 SR
At the beginning of the year	9,405,802	7,906,205
Charge during the year	-	1,499,597
Closing balance	9,405,802	9,405,802

21 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 year:

Related party	Nature of relationship	Nature of transactions	2024 SR	2023 SR
Key management personnel	Key management personnel	Salaries and other benefits	9,615,739	5,704,961
		Post-employment benefits	410,828	216,150
Board of Directors	Directors	Remuneration (note 9)	3,287,086	3,076,000
Hamad Ali AlSagri	Shareholder	Lease rentals	3,400,000	3,400,000
AlSagri Holding	Shareholder affiliate	Subscription sold	219,552	188,656
Dhaoq Almanzel Trading Est	Shareholder affiliate	Purchase of furniture	1,463,253	87,652
Afaq Al-Anaqah Trading	Shareholder affiliate	Purchase of supplies	4,011,627	-
Saudi Telecom Company	Common directorship	Subscription sold	99,599	-
Saudi Telecom Company	Common directorship	Purchase of Internet Service	118,317	-

Amounts due from related party are as follows:

Item	2024 SR	2023 SR
TRADE RECEIVABLES		
AlSagri Holding	78,026	61,345
Saudi Telecom Company	1,054,702	-
PREPAYMENTS AND OTHER CURRENT ASSETS		
Afaq Al-Anaqah Trading	576,120	-
Dhaoq Almanzel Trading Est	316,400	-
ACCOUNTS PAYABLES		
Hamad Ali AlSagri	3,910,000	-
Saudi Telecom Company	39,468	-

22 TRADE RECEIVABLES

Item	2024 SR	2023 SR
Subscriptions and membership receivables	20,098,213	23,307,565
Rental receivables	14,838,479	12,806,492
	34,936,692	36,114,057
LESS: ALLOWANCE FOR EXPECTED CREDIT LOSSES		
- Subscriptions and membership receivables	(5,236)	(5,664)
- Rental receivables	(8,906,875)	(7,024,631)
	26,024,581	29,083,762

Movement in the Provision for expected credit losses of trade receivables is as follows:

Item	2024 SR	2023 SR
At the beginning of the year	7,030,295	6,081,564
Allowance provided during the year	1,881,816	948,731
Closing balance	8,912,111	7,030,295

Information about the credit exposures on trade receivables is disclosed in note 35.

23 CASH AND CASH EQUIVALENTS

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

Item	2024 SR	2023 SR
Cash in hand	122,107	268,049
Cash at bank – current accounts	90,981,780	86,542,049
Short term deposits (note a)	15,000,000	190,000,000
	106,103,887	276,810,098
Held for sale cash	2,300,991	-
	108,404,878	276,810,098

a) These are placed with a local bank and are based on prevailing market rates and have original maturity of less than three months.

24 SHARE CAPITAL

The share capital of the Group is SR 523.8 million (31 December 2023: SR 523.8 million) divided into 52.3 million shares (31 December 2023: 52.3 million shares) with a nominal value of SR 10 each.

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 110,122 of its outstanding shares as treasury shares at an average price of SR 205.47 during year ended 31 December 2024.

25 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 Regulation for Companies and the amended by laws.

26 BORROWINGS

Item	2024 SR	2023 SR
Non-current portion of long-term borrowings	225,957,411	180,207,547
Current portion of long-term borrowings	105,252,967	122,601,656
	331,210,378	302,809,203

26 BORROWINGS (CONTINUED)

The movements in the borrowings during the year was as follows:

Item	2024 SR	2023 SR
At 1 January	302,809,203	260,227,948
Effect of acquisition of new subsidiary (Note 6)	-	1,440,004
Receipts during the year	411,374,564	255,291,076
Repayments during the year	(382,973,389)	(214,149,825)
	331,210,378	302,809,203

As at 31 December 2024, the Group had unutilized bank financing facilities amounting to SR 1,172 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 31 December 2024, the Group is in compliance with borrowings covenants.

27 EMPLOYEES' END OF SERVICE BENEFITS

The management has carried out an exercise to assess the present value of its defined benefit obligations at 31 December 2024 and 31 December 2023 in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements. The following tables summarize the components of net benefits expense recognized in the consolidated statement of profit or loss, comprehensive income and balances reported in the consolidated statement of financial position.

Present value of end of service benefits (consolidated statement of financial position)	2024 SR	2023 SR
Present value of employees' end of service benefits liabilities	65,945,056	49,803,255

Consolidated statement of profit or loss	2024 SR	2023 SR
Current service costs	9,970,311	8,570,971
Finance costs	2,242,360	1,712,810

Reconciliation of present value of liability

Item	2024 SR	2023 SR
As at 1 January	49,803,255	43,213,239
Effect of acquisition of new subsidiary (note 6)	265,641	450,947
Current service cost	9,970,311	8,570,971
Interest cost	2,242,360	1,712,810
Actuarial loss	8,001,390	1,061,502
Payments during the year	(4,337,901)	(5,206,214)
As at 31 December	65,945,056	49,803,255

Item	2024 SR	2023 SR
Discount rate	5.5%	4.7%
Future salary increment rate-long term	5.00%	3.00%
Future salary increment rate -short term	4.5%	3.00%
Retirement age	60 years	60 years

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is as follows:

Item	2024 SR	2023 SR
Increase in discount rate 1%	(5,394,535)	(3,204,918)
Decrease in discount rate 1%	6,315,451	3,665,123
Increase in long term salary increases 1%	6,353,774	3,797,849
Decrease in long term salary increases 1%	(5,514,167)	(3,373,099)

The weighted average duration of the defined benefit obligation is 9.06 years (31 December 2023: 6.89 years). The expected maturity analysis of undiscounted defined benefit obligation is as follows (time in years):

Item	2024 SR	2023 SR
Within the next 12 months (next annual reporting period)	6,663,924	7,157,966
Between 2 and 5 years	20,440,187	20,091,096
Beyond 5 years	90,747,103	45,723,339
Total expected payments	117,851,214	72,972,401

28 ACCOUNTS PAYABLE

Item	2024 SR	2023 SR
Trade suppliers	33,297,841	94,794,045
Contractors in respect of construction of fitness centers	34,677,779	9,846,966
	67,975,620	104,641,011

29 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Item	2024 SR	2023 SR
Accrued expenses	100,469,353	91,463,986
Value added tax (VAT) payable	12,848,512	13,192,866
Advances from tenants	-	619,871
	113,317,865	105,276,723

30 DEFERRED REVENUE

Item	2024 SR	2023 SR
DEFERRED SUBSCRIPTION INCOME FROM:		
Membership fee	469,118,017	412,407,409
Personal training fee	31,418,567	27,324,255
	500,536,584	439,731,664
Deferred rental income	3,184,702	3,891,893
	503,721,286	443,623,557

31 ZAKAT AND INCOME TAX

31.1 Charge for the year

Item	2024 SR	2023 SR
Zakat provision for the year	9,576,270	10,549,611
Income tax provision for the year	650,137	-
	10,226,407	10,549,611

31.2 Movements in zakat and tax provision

Item	2024 SR	2023 SR
At the beginning of the year	10,760,641	7,503,693
Effect of acquisition of new subsidiary (note 6)	-	8,020
Charge during the year	10,226,407	10,549,611
Payments during the year	(9,731,207)	(7,300,683)
At the end of the year	11,255,841	10,760,641

31.3 The principal elements of the Group's Zakat base for the year ending 31 December are as follows:

Item	2024 SR	2023 SR
Share capital	523,833,610	523,833,610
Treasury shares	(22,626,657)	-
Retained earnings	732,030,058	131,633,301
Statutory reserve	-	102,349,153
Adjusted net profit for the year	467,197,214	389,615,724
Book value of non-current assets	3,332,532,528	2,875,402,988

31.4 Adjusted net income

Item	2024 SR	2023 SR
Profit for the year before zakat	464,352,738	366,358,862
Provision for employees end of service benefits	-	10,283,781
Impairment of non-financial assets	-	4,647,921
Merger reserve / FVOCI reserve	-	-
Allowance (reversal) for expected credit losses	-	948,731
Others	2,844,476	7,376,429
At the end of the year	467,197,214	389,615,724

31 ZAKAT AND INCOME TAX (CONTINUED)

31.5 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 and 2019 to 2022.

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 favor of ZATCA. During 2022, the Group filed an appeal against this ruling which was rejected. During 2024, the Group filed a cassation appeal as a final stage in the litigation process which was rejected during the year.

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 31 December 2024.

The Group's zakat assessment for the year 2023 is currently under review by the ZATCA. ZATCA raised some queries, which were responded. ZATCA has not issued a final assessment to date.

32 CONTINGENCIES AND COMMITMENTS

32.1 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 consolidated financial statements.

The Group's bankers have issued letters of guarantees amounting to SR 14.11 million as at 31 December 2024 (31 December 2023: SR 10.6 million) and letter of credit amounting to SR 53.42 million for the purpose of the business as at 31 December 2024 (2023: SR 104.93 million).

32.2 Commitments

The Group has capital commitments on contracts for setting up fitness centers amounting to SR 188.7 million as at 31 December 2024 (31 December 2023: SR 102.7 million).

33 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 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 112.11 million for the third quarter of 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 second quarter of 2024
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 first quarter of 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 69.67 million for the fourth quarter of 2023

On 11 Rabi Al-Thani 1445H (corresponding to 26 October 2023), the Board of Directors, resolved to distribute interim cash dividend of SR 0.95 per share amounting to SR 49.77 million for the third quarter of 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.

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 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.

34 SEGMENTAL INFORMATION

The Group carries out its activities in the Kingdom of Saudi Arabia and UAE. The Group has determined its business segments on the basis of location and market services rendered by the Group's business segments and reported to the Group's Chief Operation Decision Maker for the purposes of resource allocation and assessment of segment performance.

For executive management purposes, the Group is organized in the following business segments:

34.1 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 geographical segments for year end.

	Local Region – KSA		International Region – UAE		Total	
	2024 SR	2023 SR	2024 SR	2023 SR	2024 SR	2023 SR
Revenue	1,454,786,720	1,292,966,517	46,579,536	32,440,621	1,501,366,256	1,325,407,138
Depreciation						
- property & equipment	(164,630,025)	(146,913,343)	(6,954,102)	(5,495,834)	(171,584,127)	(152,409,177)
- right-of-use assets	(108,532,284)	(91,398,258)	(3,332,531)	(2,070,698)	(111,864,815)	(93,468,956)
Other operating costs	(572,022,563)	(480,418,946)	(22,501,710)	(14,561,399)	(594,524,273)	(494,980,345)
Segment profit	609,601,848	574,235,970	13,791,193	10,312,690	623,393,041	584,548,660

34.2 Market segments

The following tables present revenue and profit information for the Market segments

For year ended 31 December 2024

	Male	Female	Other Business	Total
	All amounts in SR			
Revenues	1,092,790,630	389,124,514	19,451,112	1,501,366,256
Depreciation on property and equipment	(116,789,232)	(52,967,621)	(1,827,274)	(171,584,127)
Depreciation of right-of-use assets	(76,362,634)	(32,809,815)	(2,692,366)	(111,864,815)
Other operating costs	(425,452,994)	(155,029,032)	(14,042,247)	(594,524,273)
Segment profit	474,185,770	148,318,046	889,225	623,393,041

For year ended 31 December 2023

	Male	Female	Other Business	Total
	All amounts in SR			
Revenues	986,706,524	328,301,729	10,398,885	1,325,407,138
Depreciation on property and equipment	(103,204,350)	(48,602,351)	(602,476)	(152,409,177)
Depreciation of right-of-use assets	(67,331,060)	(25,031,716)	(1,106,180)	(93,468,956)
Other operating costs	(363,127,801)	(125,240,985)	(6,611,559)	(494,980,345)
Segment profit	453,043,313	129,426,677	2,078,670	584,548,660

34.3 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.

Item	2024 SR	2023 SR
Segment profit	623,393,041	584,548,660
Advertising and marketing expenses	(24,658,701)	(17,363,817)
Finance costs	(91,477,407)	(83,059,338)
Profit from short term Murabaha	8,186,072	13,657,602
General and administration expenses and others	(51,090,267)	(131,424,245)
Profit before zakat	464,352,738	366,358,862

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Group's principal financial liabilities comprise of non-conventional short-term loans, long term loans, lease liabilities and accounts payable. The main purpose of these financial liabilities is to raise funds for the Group's operations and capital expenditure. The Group has a certain portion of prepayments and other current assets, trade receivable, investments at fair value through other comprehensive income and bank balances that arise directly from its operations.

The Group is exposed to credit risk, market risk and liquidity risk. The Group risk governance oversees the management of these risks. The Group risk governance manifested in a set of established policies, procedures and controls which uses the existing organizational structure to meet strategic targets. The Group's philosophy revolves on willing and knowledgeable risk acceptance commensurate with the risk appetite and strategic plan approved by the Board.

Risk management structure

A cohesive organizational structure is established within the Group in order to identify, assess, monitor and control risks.

Board of Directors/ Audit Committee

The apex of risk governance is the centralised oversight of the Board of Directors and Audit Committee providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior management

Senior management is responsible for the day-to-day operations towards achieving the strategic goals within the Group's pre-defined risk appetite.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its trade receivables, amounts due from related parties and bank balances.

Expected credit loss assessment for trade receivables

Trade receivables are generally exposed to significant credit risk, therefore, the Group has established a number of procedures to manage credit risk exposure including limiting transactions with specific counter-parties, evaluation of the customers' credit worthiness, formal credit approvals.

The Group follows a credit classification mechanism, primarily driven by the day's delinquency as a tool to manage the quality of credit risk of trade receivables. Further, the Group has categorized its trade receivables into sub-categorized on the basis of similar credit risk characteristic. Exposures within each credit risk category by services provided classification and an ECL is calculated for each service provided based on the delinquency status and actual credit loss experience over the past years. These rates are multiplied by scaler factors to reflect differences between economic conditions, current conditions and the Group 's view of economic conditions over the expected lives of trade receivables.

Cash and cash equivalents

The Group held balances with banks and short-term deposit of SR 93.28 million and 15 million as at 31 December 2024 respectively, which represents their maximum exposure on these assets. These balances are held with banks having strong credit ratings. While cash and cash equivalents are also subject to the expected credit loss "(ECL)" requirements of IFRS 9, the identified ECL was immaterial.

Trade receivables are amount due from customers for membership sold or other services rendered in the ordinary course of business. The average credit period is less than one year and therefore are all classified as current. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measure them subsequently at amortized cost using effective interest method.

Due to the shorter nature of the current receivables, they are carrying amount is considered to be the same as they are fair value.

The Group has applied IFRS9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowances for all trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for average historical recovery rates. To measure the expected credit losses, trade receivables have been grouped based on share credit risk characteristics and is based on the ageing of the days the receivables are past due and the rates as calculated in the provision matrix. On that basis, the allowance as 31 December 2024 and 2023 was determined as follows:

Membership receivables

31 December 2024	Within Credit period SR	1-180 days Past Due SR	181-365 days past due SR	Total SR
Gross carrying amount	13,546,356	6,551,857	-	20,098,213
Expected credit loss range (%)	0.01%	0.06%	-	-
Loss allowance	1,258	3,978	-	5,236

31 December 2023	Within Credit period SR	1-180 days Past Due SR	181-365 days past due SR	Total SR
Gross carrying amount	14,229,060	7,374,007	1,704,498	23,307,565
Expected credit loss range (%)	0.009%	0.06%	-	-
Loss allowance	1,258	4,406	-	5,664

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Rent receivables

31 December 2024	Within Credit period SR	1-180 days Past Due SR	181-365 days past due SR	More than 1 year past Due SR	Total SR
Gross carrying amount	1,128,159	2,522,698	1,341,121	9,846,501	14,838,479
Expected credit loss range (%)	9%	15%	39%	80%	
Loss allowance	103,837	374,292	520,739	7,908,007	8,906,875

31 December 2023	Within Credit period SR	1-180 days Past Due SR	181-365 days past due SR	More than 1 year past Due SR	Total SR
Gross carrying amount	848,054	2,016,403	2,102,774	7,839,261	12,806,492
Expected credit loss range (%)	12%	16%	46%	72%	
Loss allowance	102,238	317,019	969,767	5,635,607	7,024,631

The Group is not significantly exposed to credit risk on its other current asset as the employee loans are secured against end of service balance and the remaining balance is not significant.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commission rate risk, currency risk and commodity risk. Financial instruments affected by market risk include short-term loans. The sensitivity analyses in the following sections relate to the position as at 31 December 2024 and 2023.

Interest rate risk

The interest rate profile of the Group's interest – bearing financial instruments are as follows:

Borrowings	2024 SR	2023 SR
Variable rate instruments	316,210,378	112,809,203

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased)profit or loss for the year by amounts shown below. This analysis assumes that all other variable remain constant.

Variable rate instruments	2024 SR	2023 SR
100 bp Increase	(3,162,104)	(1,128,092)
100 bp Decrease	3,162,104	1,128,092

Liquidity risk

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 realize financial assets quickly at an amount close to its fair value. The Group manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis. The Group manages its liquidity risk by ensuring that bank facilities are available.

The table below summarizes the maturity profile of the Group's financial liabilities, excluding lease liability, based on contractual undiscounted payments.

31 December 2024	Within 3 Months SR	3 to 12 months SR	2 to 5 years SR	More than 5 years SR	Total SR
Borrowings	26,192,798	85,326,729	255,535,958	-	367,055,485
Accounts payable	67,975,620	-	-	-	67,975,620
Accrued expenses	67,757,998	-	-	-	67,757,998
Lease liabilities	45,065,987	116,267,609	588,884,798	839,365,050	1,589,583,444
	206,992,403	201,594,338	844,420,756	839,365,050	2,092,372,547

31 December 2023	Within 3 Months SR	3 to 12 months SR	2 to 5 years SR	More than 5 years SR	Total SR
Borrowings	60,503,595	79,737,627	198,377,754	1,183,779	339,802,755
Accounts payable	104,641,011	-	-	-	104,641,011
Accrued expenses	58,752,665	-	-	-	58,752,665
Lease liabilities	40,968,340	122,905,020	655,493,437	962,325,146	1,781,691,943
	264,865,611	202,642,647	853,871,191	963,508,925	2,284,888,374

At the consolidated statement of financial position date, gearing ratio and current ratio were as follows:

Item	2024 SR	2023 SR
Equity	1,238,323,590	1,091,762,602
Debt (Borrowings and lease liabilities)	1,707,611,538	1,595,350,203

Item	2024 SR	2023 SR
Gearing ratio	1.38	1.46
Current ratio (excluding deferred revenue)	0.61	0.93

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

As of 31 December, the management also analyses the liquidity risk as follows:

Item	2024 SR	2023 SR
Current financial assets	164,577,919	338,605,215
Current financial liabilities excluding deferred revenue	(341,597,841)	(400,047,629)
Net current financial liability position	(177,019,922)	(61,442,414)

The Group manages liquidity risk by ensuring sufficient un-availed borrowing facilities. As at 31 December 2024, unutilized bank borrowing facilities of SR 1,172 million were available from multiple banks for managing the working capital requirements. Moreover, the Group generated cash flow from operating activities amounting to SR 781.16 million for the year 2024.

In relation to the liquidity risk of the Group, the management monitors the Group's cash flow to ensure 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 management is not aware of any material uncertainty that name cast significant doubt up on the Group's ability to continue as going concern there for these consolidated financial statements have been prepared on a going concern basis.

36 CAPITAL MANAGEMENT

The primary objective of the Group capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2024 and the year ended 31 December 2023. Capital comprises share capital, statutory reserve, retained earnings and non-controlling interests and is measured at SR 1,238.32 million as at 31 December 2024 (2023: SR 1,091.76 million).

37 DISCONTINUED OPERATIONS

On 1 Rajab 1445H (corresponding to 1 February 2024), Sport Hive (formerly known as Al Rasn Investment Company) acquired a 60% stake in Champs Sports and Fitness Club LLC Company, having commercial license numbered 865400 issued by the Dubai Economy Department. Its head office is registered in Dubai, United Arabic 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 which resulted in provisional goodwill recognition amounting to SR 2.56 million which is part of assets held for sale.

The sale of Champs Sports and Fitness Club LLC Company is expected to be completed within a year from the reporting date. At 31 December 2024, Champs Sports and Fitness Club LLC Company was classified as a disposal group held for sale and as a discontinued operation. The net assets and results of Champs Sports and Fitness Club LLC Company for the year are presented below:

Item	2024 SR
ASSETS	
Property and equipment	19,332,337
Goodwill	2,562,442
Right-of-use assets	6,225,895
Intangible	80,863
Prepayments and other current assets	4,171,164
Trade receivables	1,468,431
Cash and cash equivalents	2,300,991
	36,142,123
LIABILITIES	
Borrowing	22,377
Lease liabilities	6,874,856
Provision end of service benefits	232,146
Accounts payable	2,527,210
Accrued expenses and other current liabilities	880,424
Deferred revenue	2,245,889
	12,782,902
NET ASSETS	23,359,221

37 DISCONTINUED OPERATIONS (CONTINUED)

Item	2024 SR
Revenue	18,409,083
Cost of revenues*	(11,247,821)
GROSS PROFIT	7,161,262
General and administrative expenses**	(4,628,937)
OPERATING PROFIT	2,532,325
Finance cost	(359,896)
PROFIT FOR THE YEAR	2,172,429
Basic and diluted earnings per share from discontinued operations	0.04

* The cost of revenue includes depreciation associated with property and equipment, depreciation for the right-of-use assets, and amortization of intangible assets amounting to SR 1,766,839, SR 299,060, and SR 18,154, respectively.

** This includes provision for employees' end of service benefits of amount SR 82,021

The net cash flows incurred by Champs Sports and Fitness Club LLC Company are, as follows:

Item	2024 SR
Operating activities	697,508
Investing activities	(8,458,355)
Financing activities	9,043,611

38 EVENTS AFTER THE REPORTING PERIOD

On 10 Sha'ban 1446H (corresponding to 9 February 2025), the Board of Directors, resolved to distribute cash dividend of SR 1.18 per share amounting to SR 61.68 million for the three months period ended 31 December 2024.

Other than mentioned above no events have arisen subsequent to 31 December 2024 and before the date of issuing the consolidated financial statements that could have a significant effect on the consolidated financial statements as at 31 December 2024.

39 BRANCHES OF THE GROUP

The Group has the following branches, which are operating under separate Commercial Registration ("CR").

Location	CR	Issuance Date
Riyadh	1010439237	11/02/1437H
Riyadh	1010439239	11/02/1437H
Riyadh	1010612788	13/02/1439H
Riyadh	1010738515	22/1/1443H
Riyadh	1010739641	29/01/1443H
Riyadh	1010905657	24/12/1444H
Riyadh	1010934125	25/05/1439H
Buraidah	1131308370	14/02/1442H
Dammam	2050108503	15/05/1437H
Jubail	2055025936	07/08/1438H
Hail	3350147653	22/06/1441H
Skaka	3400120275	02/03/1442H
Arar	3450181275	04/06/1444H
Tabuk	3550145682	22/11/1443H
Jeddah	4030180323	19/06/1429H
Jeddah	4030248720	23/07/1434H
Jeddah	4030358958	22/10/1440H
Makkah	4031228724	22/10/1440 H
Makkah	4031228725	22/10/1440H
Taif	4032050910	29/01/1438H
Al Madina	4650211820	22/10/1440H
Al Madina	4650211821	22/10/1440H
Al Bahah	5800111542	11/10/1445H
Khamis	5855346933	22/06/1441H
Jaizan	5900035652	21/03/1438H
Najran	5950032239	02/03/1437H
UAE TRADE LICENSES		
Dubai Branch	724509	11/1/2015
Ras Al-Khaimah Branch	41352	3/3/2015
Rashidya Branch (Ajman)	78538	24/08/2016
Hazana (Sharjah)	786703	26/10/2021

40 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved for issuance by the Group's Board of Directors on 10 Sha'ban 1446H (corresponding to 9 February 2025).

About Leejam Sports Company

Listed on the Saudi Stock Exchange (Tadawul), Leejam Sports Company SJSC owns and operates Fitness Time chains in Saudi Arabia and the United Arab Emirates.

Leejam's facilities provide a modern, clean, and welcoming environment for the community, filled with the latest in fitness technology, highly trained professional staff, and an operating philosophy that exceeds international standards.

Disclaimer

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