

לכבוד LEEJA'M

2025 Annual Report

Path to Strength
Delivering Growth

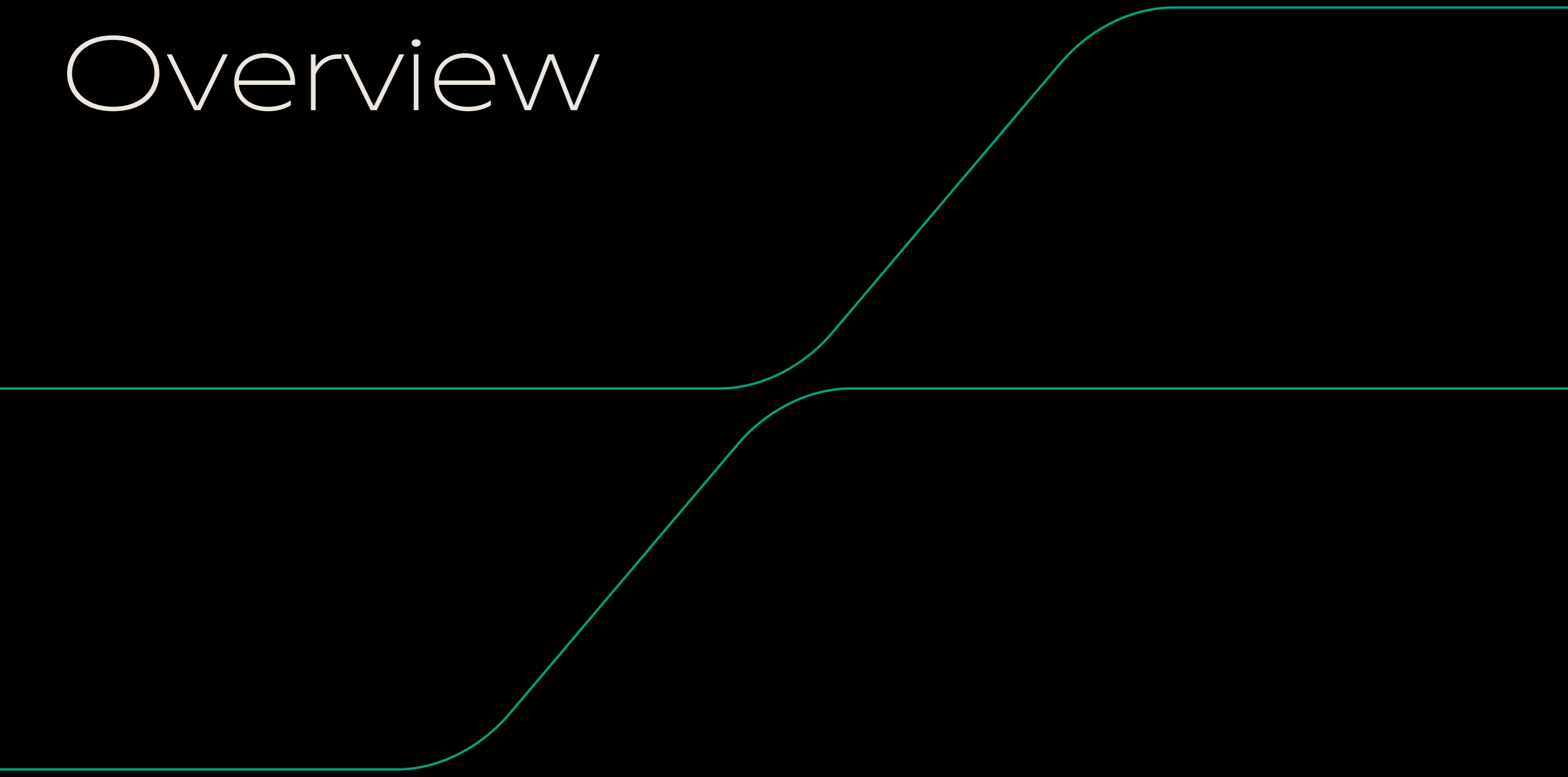


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Overview



Overview

Leagues Ahead

Closing our three-year journey with targets surpassed, while laying the foundation for the next phase of growth as the kingdom's leading sports, fitness, and wellbeing operator.

2025 marked the conclusion of the Group's three-year strategy and the transition into a **wellness-focused growth phase**, underpinned by disciplined capital deployment and digital enablement.

2025 was a pivotal year for Leejam Sports, as the Group concluded its three-year strategy while preparing a new multi-year plan centered on health and wellbeing.

Across the year, the business sustained revenue and stable membership, supported by network expansion, disciplined cost management, improved retention, a more balanced product mix and pricing choices, and continued optimization of club performance.

The Group deepened its presence across the kingdom, expanding access to high-quality fitness and wellness facilities and reinforcing its role in supporting national health objectives. Additionally, 2025 saw further progress in laying the foundation for the shift from a purely sports-focused operator towards a broader wellbeing platform. Progress continued in broadening the offering beyond traditional fitness, with member-centric programs, data capabilities and complementary services increasingly shaping how the Group designs, delivers, and monetizes its services.

Operationally, the Group managed the impact of a larger, younger estate while maintaining solid profitability, with margins reflecting expansion-related pressure, normalization following prior outperforming years partially offset by optimized product mix management across memberships, personal training and group exercise.



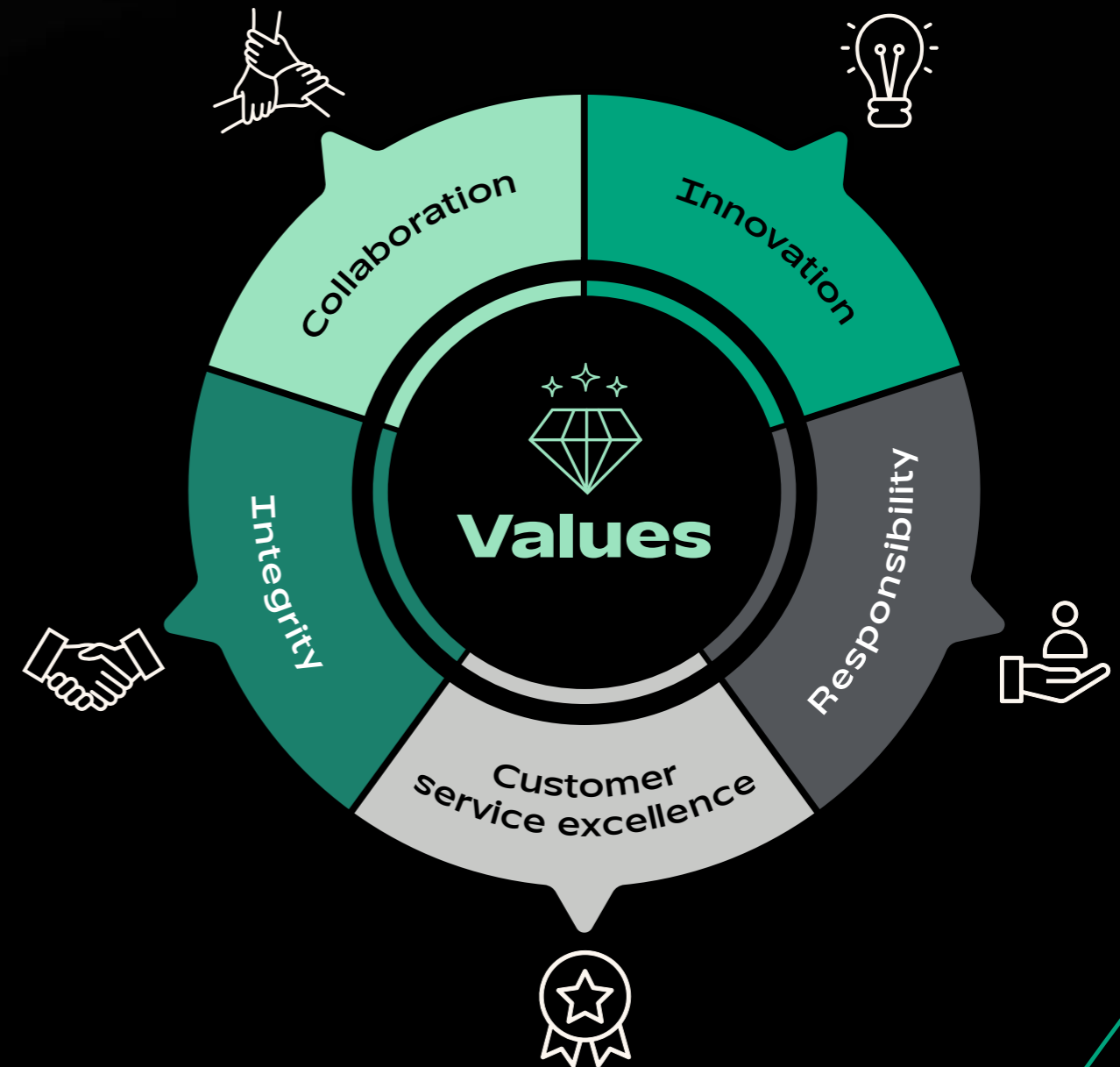
Mission

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



Vision

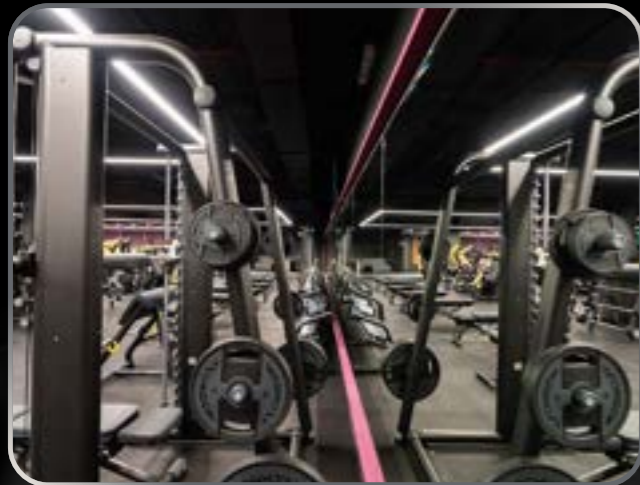
To be the people's favorite and most accessible wellness club.



Overview

About Leejam

A leading integrated fitness and wellbeing platform for Saudi Arabia with a growing regional footprint.



Leejam is a diversified fitness and wellbeing group that develops, operates, and manages health clubs and related services for men, women and youth across the Kingdom and the wider region.

Through its core fitness brand and complementary offerings, the Group delivers a broad range of facilities and services that encourage regular exercise and healthier lifestyles for members of different ages and income segments.

Through its core fitness brand and complementary offerings, Leejam continued in 2025 to evolve from a pure gym operator into a broader health and wellbeing platform.

Supported by dedicated real estate, sports and wellness verticals, and digital capabilities, the model enables scalable and disciplined growth while preserving a strong focus on profitability, accessibility, and consistent service quality across the network, with the core membership business remaining central to value creation for members, communities, and shareholders.

Leejam Group provides accessible, high-quality fitness and wellness services that support **healthier lifestyles** and contribute to **national transformation** and quality-of-life objectives.

Overview

At a Glance

A scaled national network, growing membership base, and increasingly diversified revenue streams.

Number of Members

468k

[**-4%** Compared to 2024]



Number of Centers

239

[**+16** Compared to 2024]



Facility Breakdown

219

Gyms

20

Concept Studios & Academies

170

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

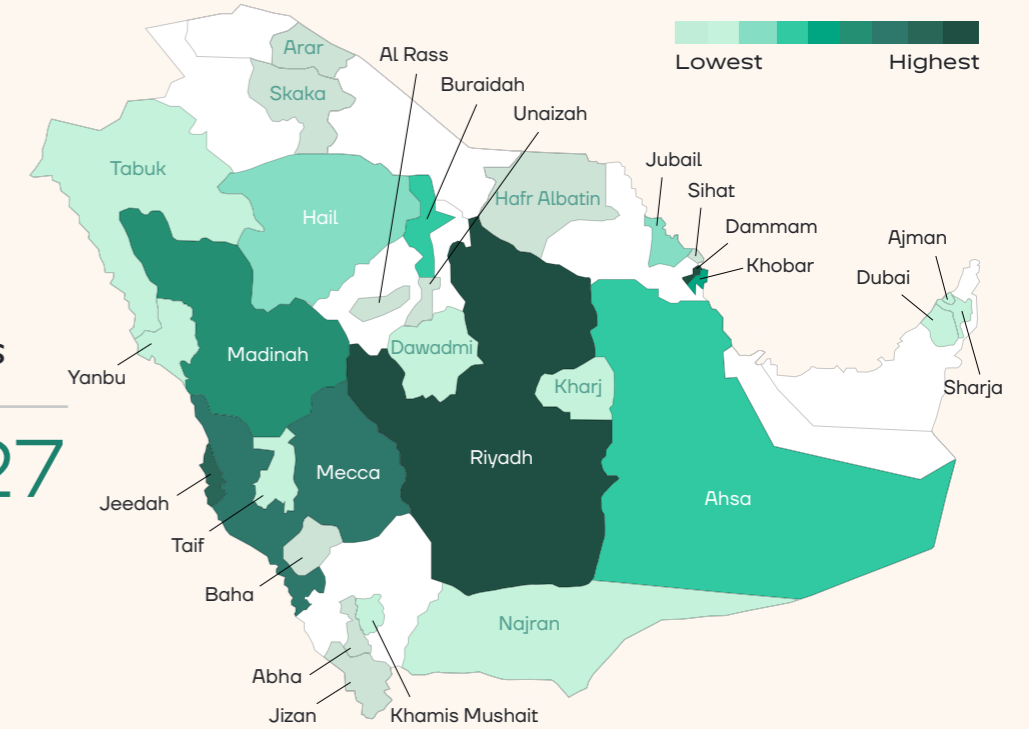
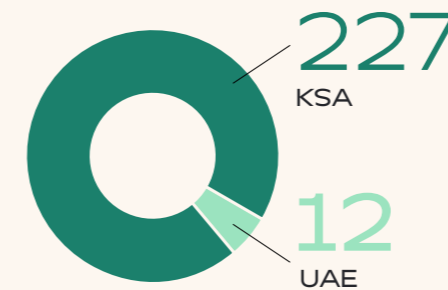
70

24hr Clubs

Footprint

Expanding nationwide access through a broader, more inclusive network.

Total
239
Centers & Studios



468k
Total Members

354k
Male Members

114k
Female Members

403k
Scheduled Classes

1.1M
Conducted PT sessions

3M
GX Attendance

95
Total Refurbished Center

40M
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 2025	4	90	17	39	61	3	5	219

New Segments:

Facility Type	Clinics	Courts	Concept Studios	Academies
No. of Facility as of December 2025	27	38	17	3



In 2025, Leejam Sports Company received a rating of BBB (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment.*
* THE USE BY LEEJAM SPORTS COMPANY OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF LEEJAM SPORTS COMPANY BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

Overview

Timeline

A history of disciplined growth and continuous evolution.

From a single club to a regional wellbeing platform, key milestones reflect **strategic expansion and diversification**.

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 Pandemic Globally

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

2025

Largest Sports Facilities Operation in KSA & MENA



Overview

Key Highlights

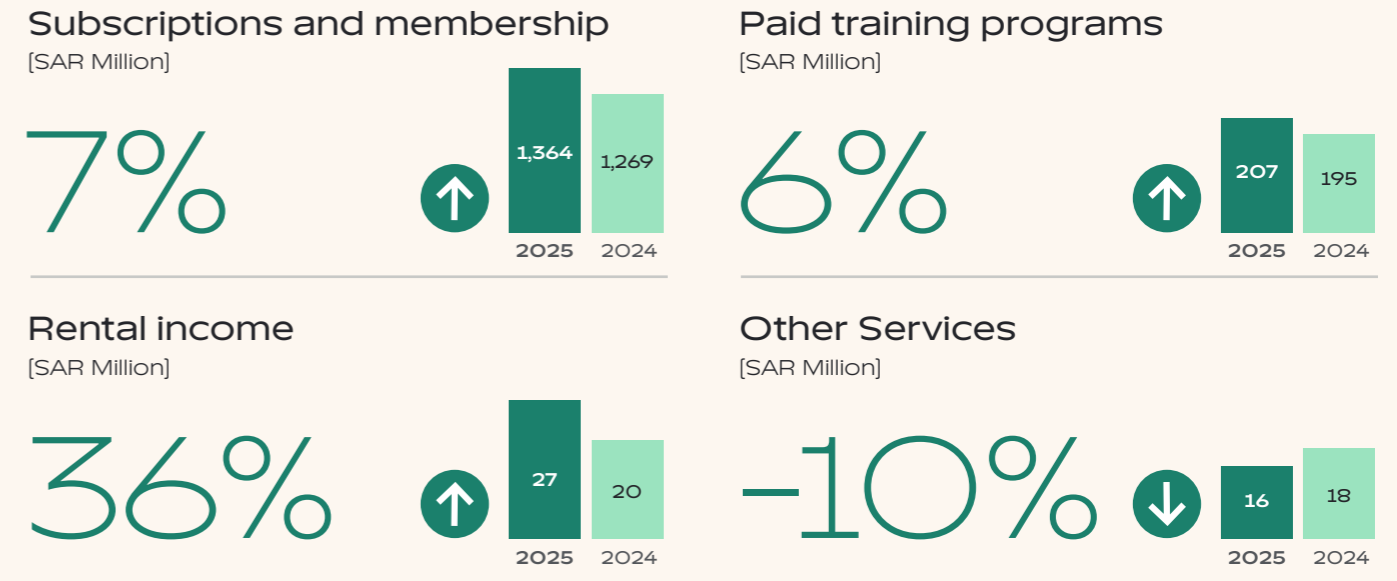
Solid growth, disciplined execution, and completion of the three-year strategy.

Financial KPIs

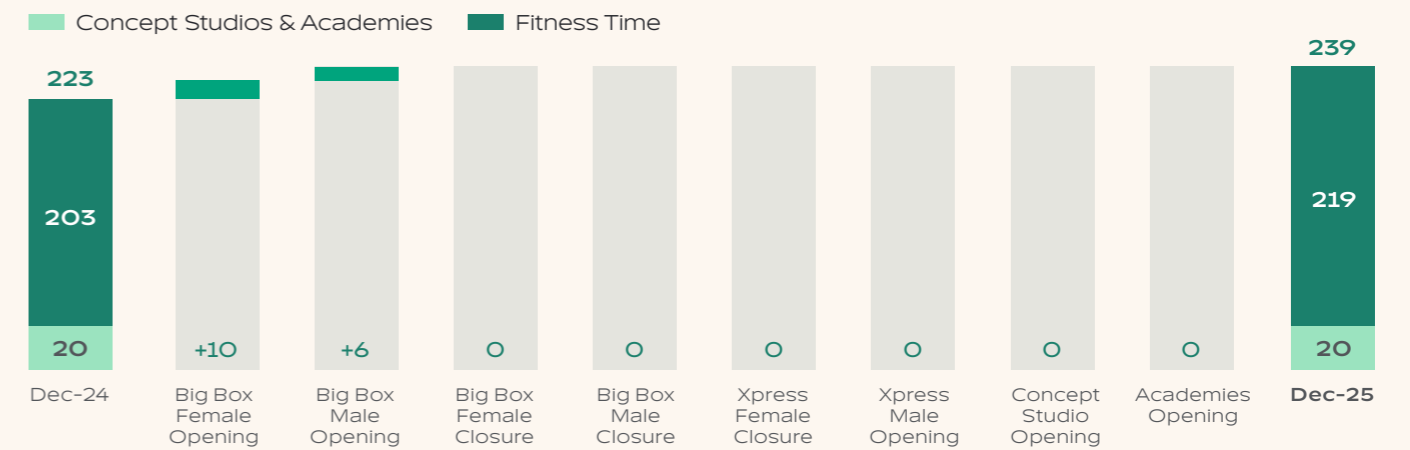


2025 delivered **further expansion, resilient earnings, and clear progress** toward a wellness-led model.

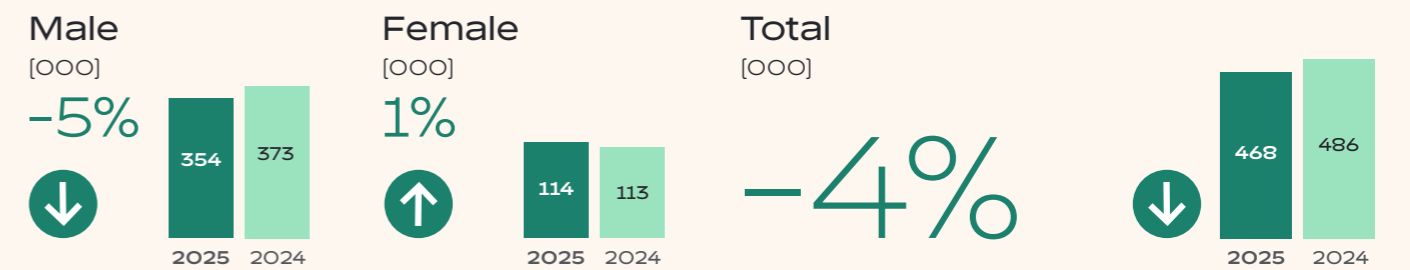
Revenue Sources



Center Movement



Membership



Overview

Operating Model

An integrated Group structure focused on the provision of world-class health, fitness and well-being facilities and services.



A key priority has been the evolution from a pure sports offering to a well-being model, using AI and data to create more personalised journeys that consider **exercise, nutrition, recovery, and lifestyle.**

With an operating model underpinned by advanced digital and shared services, Leejam Group is structurally and strategically geared to enable **scalability, efficiency, and continual innovation.**

Leejam operates as a Group, overseeing health and well-being businesses built around the core fitness brand and complementary services.

Under this structure, a dedicated real estate arm supports all verticals, while fitness operations, wellness services and future business lines share common platforms and standards. This model supports the Group's future-focused approach to member satisfaction, product diversification, and digital enablement.

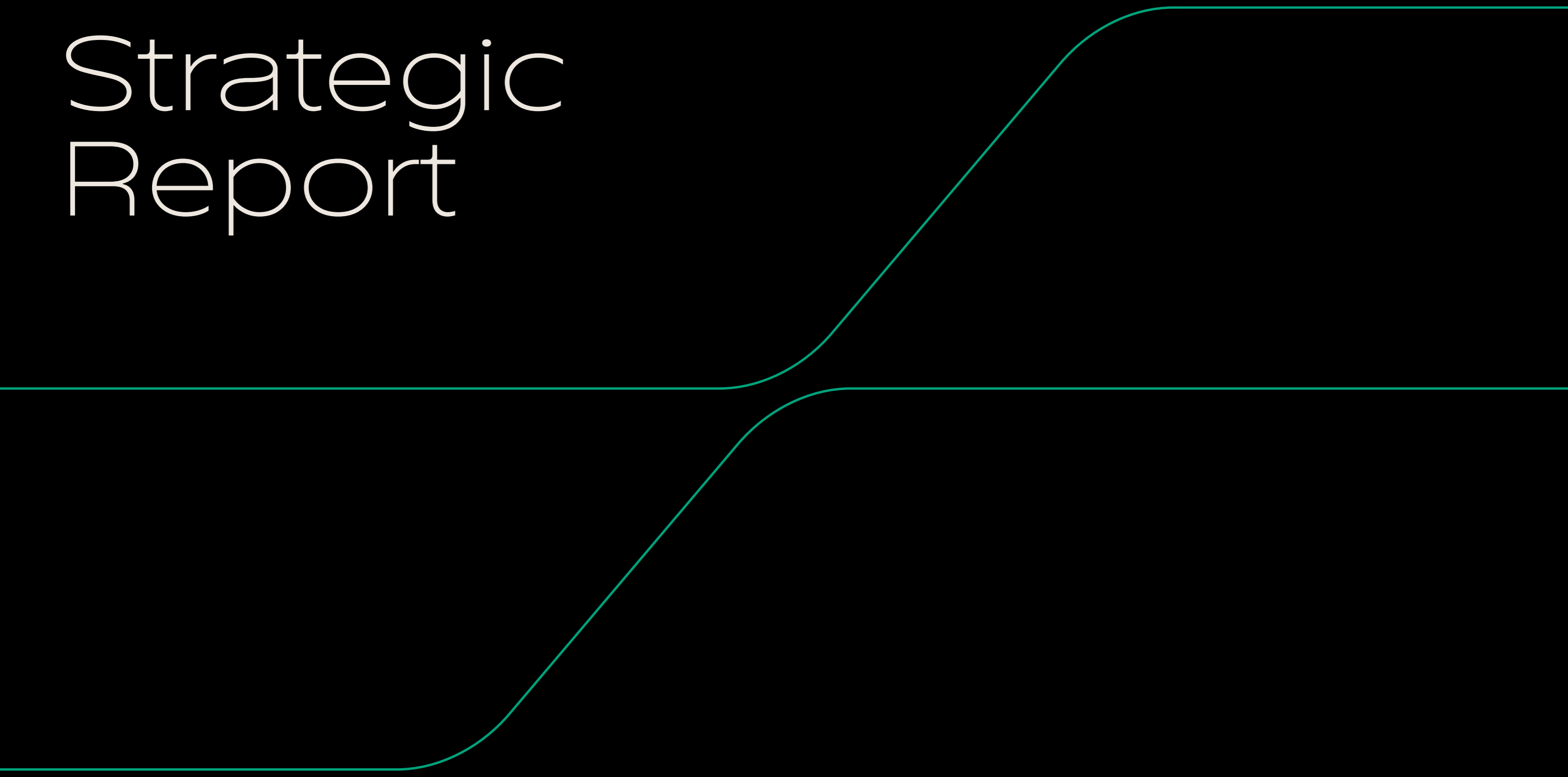
Digital capabilities are embedded across the Group's operations, decision-making, and member journeys. The Group's shared services functions, including administration, human resources, supply chain, risk management and sustainability, provide centralized and highly efficient support to the Group's operating businesses.

Human capital, vendor management, and governance frameworks are also coordinated at the Group level, while club teams focus on service quality, sales performance, and local community engagement. This integrated operating model enables scale, consistency, and agility, supporting the Group's evolution from a single-format fitness operator to a diversified fitness, health, and well-being platform.





Strategic Report



Strategic Report

Chairman's Statement

Guiding sustainable and responsible growth in support of national health ambitions.



Leejam's contribution to the Kingdom now extends well beyond the gym floor – we are shaping national health outcomes and playing our part in building a more active, resilient society under Vision 2030.

Ali Hamad Al-Sagri



The Board continued to support regular dividend distributions, reflecting confidence in the business fundamentals while balancing **growth, investment, and capital discipline.**

In 2025, the Board steered the Group through the final year of its three-year strategy, ensuring that expansion, digital transformation, and operational improvements were executed in a disciplined manner. Despite a more competitive fitness landscape and ongoing macroeconomic considerations, the Group maintained its leadership position and delivered further growth in revenues and strong membership levels.

The Board also focused on long-term positioning, forming a new multi-year strategy centered on wellness, sustainability and the continued evolution of the business model into an Optimal business model. This reflects the Group's ambition to play a broader role in health outcomes, moving beyond fitness to a more holistic approach to well-being that aligns with national quality-of-life and Vision 2030 objectives. Sustainable initiatives continued to advance during the year, with focus areas including female participation, Saudi workforce development, and governance enhancement.

Looking ahead, the Group will focus on ensuring that the next strategic cycle delivers sustainable value for shareholders, while reinforcing the Group's contribution to healthier, more active society in the Kingdom and the wider region. On behalf of the Board, I extend the Group's appreciation to shareholders, members, employees, partners and regulators for their continued trust and collaboration during this important phase of the Group's evolution.

May the Almighty continue to shower His blessings upon our beloved Kingdom, granting peace, advancement, and well-being to all its residents. In this exciting period of national growth, and as we strive to encourage a healthy and active way of life for people across the Kingdom, we remain committed to our mission of building a world-class ecosystem that serves every member of our society and contributes to Saudi Arabia's future.

Mr. Ali Al-Sagri
Chairman
Leejam Sports Company



Strategic Report

CEO Statement

Wellness Evolution: Strategy Success and Future Vision.



In three years, we have transformed from a fitness operator into a data-powered wellness platform – with over two million people now within our ecosystem and a super-app vision that will redefine how Saudis engage with their health.

Abdulelah Al-Nemr



Capping our three-year strategy with 51% from 2022 to 2025 revenue growth and doubled membership, we now pivot to a holistic wellness model, enhancing shareholder value and national health through innovative, AI-driven programs and a full suite of brands, products, and services.

2025 marked a pivotal year for Leejam Sports Company, concluding our three-year strategy while laying the foundation for an ambitious five-year plan centred on wellness and sustainability. Our achievements reflect not only financial resilience but also our commitment to evolving into Saudi Arabia's leading integrated health and wellbeing ecosystem. With strong revenue growth of 8% to SAR 1,614 million and net profit of SAR 302 million, we have demonstrated our ability to expand while maintaining operational excellence amid market pressures.

Three-Year Retrospective

Over the past three years, we have invested heavily in expansion, increasing our locations by 83 and entering new segments. Membership over the three years has grown by 42% from 329 thousand to 468 thousand, granting us access to an audience of over two million people through data-driven engagement.

This growth stems from our digital shift, leveraging AI to personalise experiences and sustain momentum. We have also extended our footprint into tier 2 and tier 3 cities, delivering high-quality facilities to underserved communities and aligning with nationwide demand for premium sports and health services.

2025 Performance Highlights

By the close of the year, we opened 16 new centres across key regions, contributing to revenue growth of 8% year-on-year [YoY], driven by membership expansion and enhanced offerings. Despite expansion-related margin pressures, our EBITDA grew 3% to SAR 760 million, reflecting efficient cost management and a resilient business model. Double-digit Good renewal rates persisted amid rising competition, underscoring our brand equity, superior service, and facility quality.

We also worked to refine our partnerships for greater efficacy and amplified our marketing efforts to educate members on the value of Fitness Time membership, emphasising personalised journeys.

Our FT and You program exemplifies this, using digital tools for bespoke plans through granular trainer-member interactions. The new app enables progress tracking and equipment syncing, providing insights into usage patterns to optimise experiences and inform development. GX training remains integral to our strategy, boosting engagement and retention.

Strategic Transition to Wellness

As we evolve from sports to holistic wellness, the Group's operational structure will feature distinct arms for Real Estate, Sports, and Wellness, with digital as a cross-cutting enabler. Real Estate supports leasing across verticals, starting with Fitness Time and extending to future wellness segments. By the close of the year, we had developed nearly 70 tailored programs, powered by AI algorithms that create member personas based on personal inputs for nutrition, sleep, recovery, and longevity.

Our vision culminates in a super-app for personalised wellness, aligning with government priorities to foster a healthier nation and reduce societal health burdens.

CEO Statement [continued]



Looking Ahead

Entering our five-year strategy in 2026, we anticipate further centre openings and accelerated digital innovations. These will build on 2025's foundations, driving growth in specialised segments and enhancing stakeholder value. Furthermore, we look forward to seeing a continued increase in revenues from the Group's significantly expanded network of clubs, services and joint venture operations.

I extend sincere thanks to our 468 thousand members, valued shareholders, board, partners, and dedicated team. We also appreciate the support from the government of Saudi Arabia in advancing healthier societies. Together, we are shaping a future of excellence in wellness.

Abdulelah Al-Nemr
Chief Executive Officer
Leejam Sports Company



Strategic Report

CFO Statement

Successful Completion of Our Three-Year Strategy.



We closed the three-year strategy having met every financial target we set – consecutive revenue growth, improved margins, and a balance sheet that positions us to invest confidently in the next phase of expansion.

Assim Al-Attas



As we approached the end of the final year of the Group's three-year strategy, our business model continued to demonstrate its fundamental strength with the Group's fixed costs nature providing 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. Within the context of a fast-growing market, the Group's brand equity and solid financial position leave it well-placed for continued national growth and the delivery of shareholder value.

Financial Performance

CAPEX fluctuated across the three years, dependent upon the level of investment in new land and leasing for new clubs. CAPEX reached SAR 371 million in 2025 to support the addition of 16 new centers, compared to SAR 584 million in 2024 for the rollout of 24 new centers.

In terms of operating expenses, the Group has remained lean, with the adoption of new cost-effective construction strategies and efficiencies per square meter [in respect of new clubs] — this has helped us to mitigate the impact of the high interest rate and real estate price environment.

General and administrative expenses rose in line with the budget to SAR 158 million for the year, up 5% YoY, to support investments in IT infrastructure and a growing network, including growth in personnel across the Group's corporate headquarters, sales and marketing functions, and the clubs themselves.

Marketing expenses, at SAR 34 million, covered areas such as the 2025 branding exercise and billboard campaigns, contributing to double-digit renewal rates despite competition. Operating profit for the year reached SAR 423 million, down 5% YoY, reflecting margin pressures from expansion but supported by efficiency gains.

EBITDA grew by 3% to SAR 760 million; however, the margin declined to 47% compared to 2024, reflecting expansion-related pressures and mix effects. Despite this, the Group's operating model remains resilient and positioned for long-term sustainability.

Looking at financing, the Group's strategic commitment to investing in a diversity of service offerings, land acquisition and joint ventures has slightly increased loan utilisation, leaving finance costs at SAR 109 million by year-end 2025. The interest rate remained stable in 2025 following various fluctuations in previous years, helping to contain financing costs during a period of higher loan utilisation.

Male centres' revenue increased by 7% year-on-year [YoY] to SAR 1,163 million, while female centres' revenue grew by 9% YoY to SAR 420 million. The Group's deferred income reached SAR 548 million in 2025, up from SAR 504 million in 2024, representing a 9% increase. This was achieved despite a 4% decline in member numbers year-on-year, supported by pricing, product mix optimisation, and the continued expansion of the club network.



CFO Statement [continued]

2025 marked the end of a transformative period with significant achievements in network expansion, membership growth, and financial resilience, **paving the way for our sports, fitness and wellness-focused future.**

The Culmination of Our Three-Year Strategy

As the year drew to a close, we were pleased to see that all of the Group's key KPIs had been met, including the number of total gyms, which reached 239 centres by year-end.

We surpassed the 500,000 member target in September 2024, reaching 509,000 members — more than a year ahead of plan.

1.61
SAR billion

Revenue
up 8% YoY

760
SAR million

EBITDA
margin 47%

Financial targets across the three years were also met, with absolute targeted revenues having grown consecutively every year, reaching SAR 1,614 million in 2025. Revenues at the start of 2022 were SAR 1,066 million, illustrating a total revenue increase of SAR 549 million — a 51% uptake. Additionally, net profit margins declined from 24% in 2022 to 19% by year-end 2025, reflecting expansion-related pressures despite continued revenue growth.

The nature of the 'ramping up' strategy for network expansion means that around a third of all the Group's centres were developed and opened in the past three years. 16 were added in 2025 alone.

With this in mind, the business is delivering on its commitment to major market penetration that will lead to continued growth in revenue realisation in 2026 and beyond as member numbers increase across new sites.

Our strategy anticipates that as we move into 2026, revenues will continue in the upward trajectory and as we continue to open new clubs, greater operating leverage and maturing centres are expected to drive gradual margin expansion.

The Equity Story and Market Context

The Group's fundamentals remain strong. The Saudi market is expected to grow, with current fitness penetration at around 6%, which is forecast to reach 9% by 2027, according to insights on Saudi Arabia's fitness sector from the CAA Portas report¹.

Global trends toward healthy living, coupled with government initiatives, are helping to drive participation in sports, fitness and wellness activities and events. In Saudi Arabia, the 'Sports Ecosystem led by the Ministry of Sports' initiatives is actively promoting community physical activity through events and organised groups & and women's activities. Such a strong community focus has also helped to engage the private sector in boosting social interaction and health.



Dividends

Despite growth and CAPEX investments, the Group delivered on its longstanding objectives for quarterly dividend payments in 2025, with a payout ratio of 61% at SAR 3.53 per share (totalling SAR 183m), reflecting our steadfast commitment to sustainable shareholder returns. Continued shareholder value is created thanks to the Group's strong brand equity, strong market fundamentals, fixed cost model and a proven format that delivers value to its members, communities, national objectives, and shareholders.

Supporting our ability to deliver on our shareholder commitments is a balance sheet that shows improved ratios, demonstrating our ability to fund expansion while maintaining a strong balance sheet. This stability provides reassurance about our financial health — a position that is further supported by cash generation from operations, demonstrating healthy membership growth across the network.

While inflationary pressures on consumables and leasing costs will always require careful management, the Group maintained stable pricing structures while growing its market share across the previous three years and through 2025. The high-interest-rate environment in previous years was navigated effectively, while real estate costs — one of the sector's largest expenditures — remained a key focus area as we worked to maintain profitability and stability.

Looking ahead, the Group is focused on balancing growth with profitability and strengthening our market leadership position while delivering sustainable returns to our shareholders. As we move into 2026, 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 continue to support our ambitious expansion plans.

We anticipate continued growth in deferred revenue and membership numbers, driven by our expanding network; however, we are mindful of market dynamics and cost pressures. These factors leave the Group well-placed to realise the fruits of the investments made over the past three years, and we look forward to delivering sustainable value creation and leadership in the evolving Saudi fitness sector.

Mr Assim Al Attas
Chief Financial Officer
Leejam Sports Company

¹ FIBO Arabia: Fitness Sector Development Report — Kingdom of Saudi Arabia

Strategic Report

Strategy

Following the completion of the 2023–2025 plan, the Group's strategy is to move into a new phase of development as a comprehensive health, fitness and well-being-led ecosystem of brands, services, and revenue streams.

Leejam Sports Company's strategy focuses on **growth, innovation, and sustainability**, aligning with Saudi Vision 2030 to enhance member experience, create shareholder value, and promote a healthier society.

The 2023–2025 strategy was built around three pillars: **growing the core business, developing allied businesses, and enhancing performance across operations, people and digital.**

By the end of 2025, the Group had achieved its targeted number of gyms (including under construction confirmed centers), reached its three-year membership target of around 500K members over the period. Within the core business pillar, the Group expanded its network, strengthened the female segment, refurbished clubs and improved member experience through new services and digital tools.

Allied business initiatives extended the offering beyond traditional fitness into wellness-related services, academies and specialized activities, diversifying revenue streams and deepening member engagement.

The performance enhancement pillar focuses on digital transformation, employee engagement, safety, and governance, including the implementation of enterprise systems and cybersecurity measures. These initiatives collectively allowed the Group to execute most of its strategic projects ahead of schedule, embedding new capabilities that will support the next phase of growth.

Key priorities over the coming period include enhancing the well-being proposition, optimizing the existing estate, improve the quality of members' experience deepening data-led personalization and exploring disciplined expansion opportunities.

The new multi-year strategy will build on this foundation, **leveraging scale, data, and brand strength** to unlock additional value pools, with digital as a cross-cutting enabler across all business lines.



Strategic Report

Business Review

The Group's diverse portfolio has delivered growth amid expansion and competitive dynamics.

Core fitness, ladies' clubs, academies, and wellness services together underpin a resilient and scalable business model.

Core fitness clubs remained the primary driver of revenue in 2025, benefiting from new openings and solid membership trends across male segments.

Ladies' clubs continued to deliver good performance, supported by an expanding network, tailored programs and growing demand for group classes and personal training among female members, although it lags the male segment.

Sales and marketing initiatives in 2025 focused on brand refresh, targeted campaigns, optimized promotions and strengthened corporate partnerships, all aimed at sustaining renewals and attracting new members.

A refined corporate contract portfolio, with a focus on higher-value relationships, has improved the efficiency of business-to-business channels and freed capacity for strategic accounts – helping the Group to deliver growth in a fiscally prudent manner.

Overall, the Group maintained positive momentum in unit sales and activity despite intensifying competition from local, regional, and international players. The combination of a large installed base, diversified revenue sources and disciplined commercial execution positions the business to benefit from continued growth in fitness and wellness participation across the Kingdom and an ever more diverse range of demographics and geographies.

Business Review [continued]

Operational Update

Scaling operations while enhancing quality, talent, and governance.

Expansion, club restructuring, shared services, and **human capital programs** strengthened the Group's operating platform in 2025.



Shared services continued to mature, with central functions covering administration, procurement, logistics, risk and sustainability, and human resources aligned to the needs of a growing network. Throughout the year, supply chain processes were increasingly digitized, automated procurement workflows, reducing waste and manual handling.

Human capital initiatives focused on training, leadership development, succession planning, and talent acquisition, with particular emphasis on developing Saudi trainers in partnership with local institutions. These efforts supported both localization goals and the creation of a more skilled workforce capable of delivering high-quality interactions across all clubs.

Operational expansion in 2025 included the opening of 16 new locations, bringing the total network to approximately 239 clubs, studios, and academies by year-end. These openings, many in tier 2 and tier 3 cities, supported the strategy of increasing footfall in underserved areas, while also requiring careful focus on affordability, staffing and ramp-up.

A program of club restructuring began during the year, with the objective of improving service quality, sales performance, and operational efficiency across the network. Refurbishments, equipment upgrades, and back-of-house improvements contributed to more consistent standards and enhanced in-club experiences for members. A total of 16 clubs were refurbished in 2025.

Business Review [continued]

2023–2025

A Strategic Catalyst for Tomorrow's Success

The Group's three-year strategy has succeeded in its core objectives: to deliver network growth, ambitious member acquisition and a diversified model capable of catalyzing sustained strategic development.

Xpress growth, Saudi trainer talent, and AI-powered PT apps will drive affordable, personalised fitness experiences across the Group network, expanding Leejam's reach while strengthening economics, localization, and member journeys across the digital ecosystem.

468

Thousand

Active Members
+42% vs 2022

Between 2023 and 2025, the Group executed an intensive expansion program, increasing its number of centers by 83. In addition to 23 under construction which will be opened soon, and reaching the strategic network target set at the start of the period. Around one-third of the current network was opened in the last two years, highlighting the scale and pace of delivery across site selection, construction, staffing and ramp-up.

239

Centers

+83 since 2022

The Group also reached its goal of approximately 500K active members one year ahead of schedule, with membership growing from about 329K at the start of the period to around 468 thousand by 2025. Growth was driven by new openings, a diverse range of products, better segmentation, and increased involvement of women across various areas.

Financially, absolute revenues increased each year of the strategy, and profit margins stabilized over the three years, even as 2025 reflected the impact of a larger proportion of new clubs.

CAPEX fluctuated as planned over the period, aligned with land acquisitions, club construction and refurbishment cycles, supported by careful funding decisions and a stable interest rate environment in 2025.

As we advance into the Group's next strategic phase, the emphasis will shift from rapid footprint growth to sustained and disciplined network expansion, while optimizing returns from the expanded estate and embedding the well-being and digital components of the new strategy.

Strategic Priorities

Service quality remains the foundation of the Group's growth. During the next period, it will expand its offerings across the network, with particular emphasis on ladies' clubs, Fitness Time Xpress centers, and new wellness-oriented formats that respond to shifting member expectations and global fitness trends.

Successful expansion has now laid a stronger operational and financial base for the next strategic cycle, with a continued focus on demographic penetration, operational productivity, and yield per centre.

The ladies' segment continues to be a strategic priority, supported by new openings, upgraded concept as part of the ongoing rebranding program, and an expanded range of classes and GX formats that respond to growing demand among women and girls. These investments build on the Group's position as the largest ladies' gym network in Saudi Arabia and are designed to provide more tailored, community-focused experiences for female members.

Additionally, the Fitness Time Xpress brand is leveraging its proven high-value, low-cost model to capture demand for affordable, digitally enabled fitness, particularly in fast-growing residential areas and new catchment zones. With a stronger focus on short-term and flexible plans, the brand is helping Leejam to reach new demographics while maintaining disciplined economics per center.

Personal training remains a major value driver, and the Group is extending the performance-based PT model that delivered strong results in 2025 to an even wider base of trainers and clubs in 2026, supported by the launch of the dedicated PT app and AI-assisted program design. The Group's collaboration with the Saudi Academy for Sports Science, alongside the development of hundreds of new Saudi trainers, is further strengthening PT quality, availability, and localization across male and female centers.

Building on the operational excellence, digital transformation, and network expansion achieved during the course of the previous three-year strategy, the Group remains focused on sustaining revenue growth, enhancing member journeys through its new digital ecosystem, and embedding operational efficiency across clubs, shared services, and vertical services.

Business Review [continued]

Digital Infrastructure & Customer Experience

Building a data-driven, integrated digital backbone for members and employees.

The Group has focused on **reimagining its brand expression, refining renewals, and deepening engagement** across member journeys.

In 2025, the Group continued to invest in its digital infrastructure, including upgrades to core enterprise systems and expanded integration of tools used by club staff and corporate teams.

Enhancements to the enterprise resource planning platform made it easier for employees to manage reporting, quality checks, and day-to-day operations via club-based and mobile interfaces. A new member application was also rolled out and refined, allowing members to track progress, connect smart devices with gym equipment, schedule classes and interact more closely with trainers.

Usage data captured through the platform supports planning, personalization, and operational decision-making. It also helps management understand which machines and services are most in demand, improving planning for equipment, floor layouts, and program design. Digital tools also supported customer relationship management, automating notifications for upcoming renewals, class schedules, and promotions to reduce missed opportunities and improve convenience.

Behind the scenes, the Group made progress on data and AI initiatives aimed at building personalized wellness journeys that take into account exercise, nutrition, sleep and recovery. In procurement and supply chain processes, increased digitalization of vendor processes, purchase flows and logistics contributed to efficiency.

These combined efforts position digital platforms and solutions as a core enabler of both member experience and internal productivity, supporting the Group's evolution into a fully data-informed well-being platform.

Upgraded systems, a new member app and analytics capabilities are **transforming how the Group operates** and serves its customers.

Enhancing customer touchpoints

Customer experience is monitored and improved through structured tools such as monthly membership surveys, which cover service, staff interactions, and cleanliness across clubs. Insights from these surveys, combined with call centre monitoring of social media and service quality, inform operational adjustments and training priorities at the club level.

In 2025, the Group advanced a major rebranding initiative, collaborating with external partners and member feedback to refresh the concept, visual identity, interior design, and positioning of the brand.

Refurbishments and equipment upgrades also supported this work, ensuring that physical environments reflect the updated brand promise and meet rising expectations in a more competitive market.

Sales and marketing teams refined renewal strategies to encourage more individualized conversations with members, adapting pricing and offers to support long-term relationships better. Additionally, a new loyalty approach, including a credit-based scheme for renewals, and targeted campaigns aimed at different demographic segments, helped sustain high renewal levels.

The digital member application created a more connected digital journey, linking class bookings, equipment usage, and trainer interactions, while promotional content and member success stories reinforced the value of membership. Overall, these initiatives collectively supported increased monthly renewal rates compared to 2024 and strengthened member satisfaction and engagement across the network.



Business Review [continued]

Investor Relations

Transparent communication and consistent engagement with capital markets.

Regular disclosures, earnings interactions, and ESG communication **support an informed, long-term investor base.**



In 2025, the Group maintained an active investor relations program, anchored in quarterly earnings releases, presentations and conference calls with analysts and shareholders.

These events provided detailed updates on financial performance, strategic progress, market context, and outlook, with management addressing questions on finances, digital initiatives, and the Group's future strategy.

Investor relations activities also included participation in conferences and roadshows, as well as one-on-one and group meetings with domestic and international investors. The company's communication emphasized the completion of the three-year strategy, the resilience of earnings amid expansion-related pressures and the launch of the new well-being-focused plan.

ESG formed part of the investor dialogue, supported by the Board's overseeing the formation of an ESG strategy and reference to external ESG assessments received in 2025. Disclosure practices remained aligned with regulatory requirements and international standards, including the preparation of interim and annual financial statements under applicable accounting frameworks.

The Group reiterated its commitment to a consistent dividend policy, supported by strong cash generation and a solid balance sheet, as a key component of its value proposition to shareholders. As the new strategic cycle progresses, investor relations will continue to focus on explaining the wellness model, digital roadmap, and capital allocation priorities clearly and transparently.

Leejam gives its shareholders a direct voice, turning ideas into board-level action and using every General Assembly as a live forum for candid questions, clear answers, and value-focused dialogue.



Strategic Report

Our Next Chapter

The Group will pursue disciplined growth through continued market penetration, competitive pricing, new verticals and the development of a uniquely integrated sports, health, and wellness ecosystem.

Looking beyond 2025, the Group's expansion plans will be selective, with a greater focus on deepening penetration and productivity in existing markets.

New centers will continue to be added where there is clear evidence of sustainable demand [even if it leads to opening a higher number of centers compared to previous years], particularly in growing residential communities. Moreover, future growth will also come from broadening the well-being proposition, with more integrated services that address physical activity, recovery, nutrition, and longer-term health outcomes. Digital enhancements will also play a central role in this journey, with plans to evolve towards a more comprehensive, personalized

platform that consolidates various aspects of members' well-being. The Group will also continue to enhance its ladies' offering, youth-focused activities and community partnerships, supporting national objectives for participation and healthier lifestyles.

ESG considerations will influence, as much as possible expansion decisions, including site selection, building design, vendor choices, and community engagement, ensuring that growth aligns with broader sustainability goals. This approach applies to all aspects of the Group's operations as it evolves towards its position as a Holding Company service provider and asset manager with a vertically structured model.

Financially, the priority will be to balance investment in new opportunities with improved returns from the existing portfolio and a stable dividend approach. Through this disciplined, wellness-focused expansion, the Group aims to reinforce its role as a leading enabler of health and well-being in the Kingdom and the wider region.

By combining digital personalization, an enhanced ladies' and youth offering, and prudent capital allocation with stable dividends, **Leejam will cement its role as the region's leading enabler of active, healthy lifestyles.**





Board of Directors' Report

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.

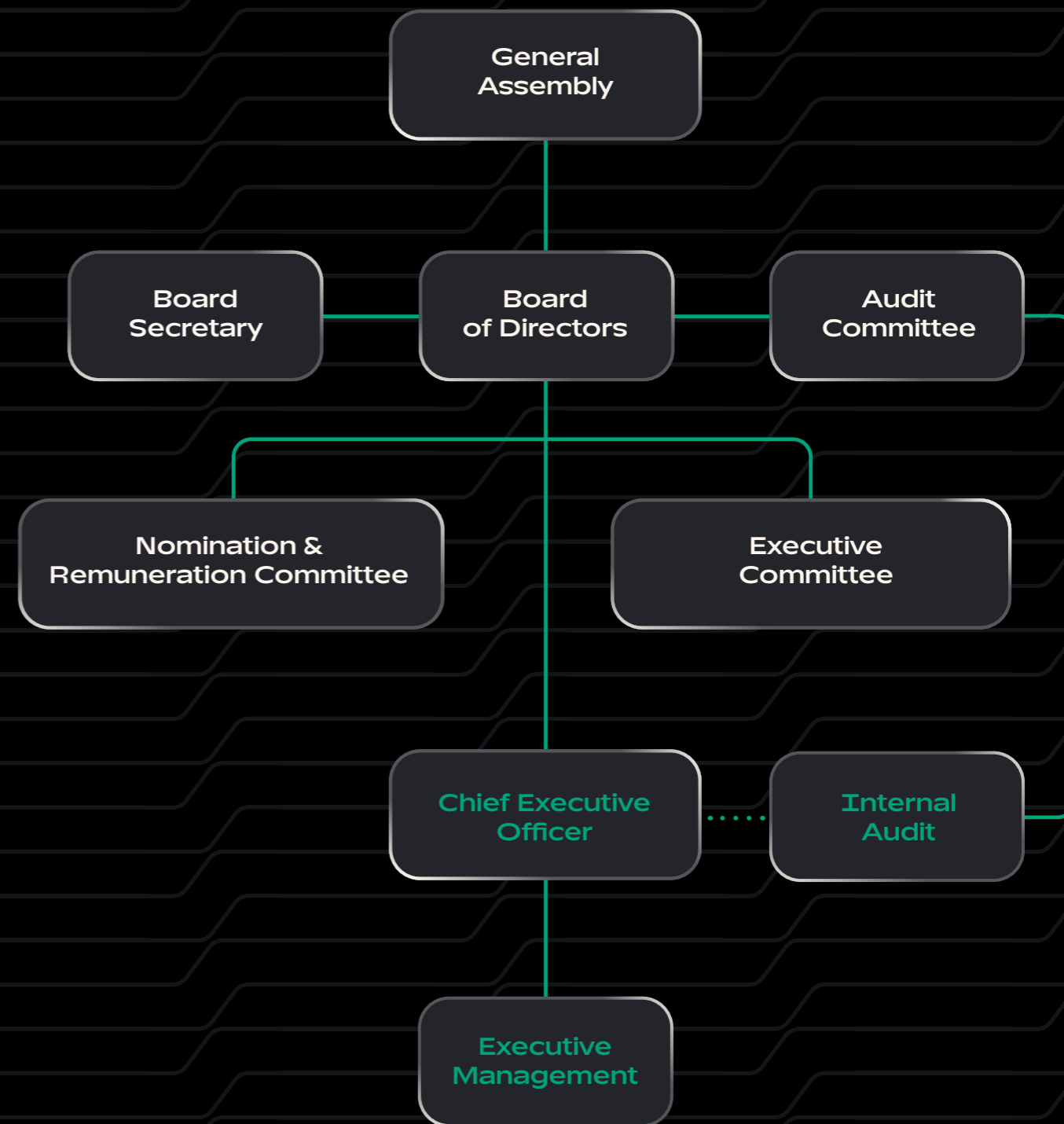
The shareholders' role in governance is to appoint the Directors, Audit Committee and independent auditors and ensure that an appropriate governance structure is in place. The responsibilities of the Board include setting the Company's strategic aims, providing leadership to put them into effect, supervising 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 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	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	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.

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Ali Hamad Al-Sagri	<ul style="list-style-type: none"> Chairman of the Board of Directors of Leejam Sports Company. Managing Director & Board Member of Hamad bin Ali Al-Sagri Holding Company. Director, Huwaylan UK Ltd, a property investment and management Company in the UK. Board Member of gfh capital Company. 	Vice President at Walker International LLC.	A strategic thinker and accomplished board leader with a proven ability to shape long-term direction and drive sustainable growth. As Chairman of Leejam Sports Company, he brings deep governance expertise, international business exposure, and a strong commitment to wellness and active lifestyles, positioning the company for continued market leadership and long-term value creation.	Bachelor's degree in International Business Management – Seneca University, Toronto, Canada – 2006.
Dr. Mohammed Faraj Al-Kinani	<ul style="list-style-type: none"> 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 Member at Dhahran Valley Business Services Company. Board Member at Financial Academy. Board Member at Business Park Complex Company. Board Member at Environment Fund. Audit Committee member at Avilease. Audit Committee Member at Agricultural Development Fund. Audit Committee member at SIPCHEM. Audit Committee member at Awqaf Abdullah bin Abdulaziz Al - Rajhi Holding Company. 	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 sit 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. Doctorate in Finance Oklahoma State University, USA. Chartered Financial Analyst.

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Hamad Ali Al-Sagri	<ul style="list-style-type: none"> Vice Chairman of the Board of Directors and Managing Director of Leejam Sports Company. Chairman of the Board of 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.	A senior executive and experienced board leader as Vice Chairman of the Board and Managing Director of Leejam Sports Company. He also chairs Hamad Ali Al-Sagri Holding Company and as Chairman, Partner, and Shareholder of Bonam Park SA in France.	Diploma from the Teachers Institute – 1971.
Mr. Mishal Ibrahim Almishari	<ul style="list-style-type: none"> Committee Member at Riyadh. Chamber of Commerce and Industry. Deputy Chief Executive Officer at Jahez. Board Member at Leejam Sports Company. 	Business Development Director at Alamat International Co. Project Manager at Fedex.	A digitally focused leader recognized for driving operational excellence and scalable growth. He currently serves as Deputy Chief Executive Officer at Jahez and as a Committee Member at the Riyadh Chamber of Commerce and Industry, leveraging experience across local and global organizations.	Bachelor's degree in business administration from King Saud University, Riyadh, KSA - 2007.
Mr. Ameen Fahd Alshiddi	<ul style="list-style-type: none"> Chief Financial Officer [CFO] – STC Group Board Member – Leejam Sports Company Board Member – Masar Growth Finance Company Board Member – Specialized Telecommunications Company [Specialized] Board Member – STC Bank 	Consulting Manager – AlRashed Auditors and Certified Public Accountants. General Manager, Accounting & Financial Reporting – STC. Vice President, Finance – STC. Chief Financial Officer [CFO] – STC.	Mr. Ameen Al-Shiddi has held several prominent leadership roles at one of the leading consulting firms in the Kingdom and at stc, encompassing a full spectrum of financial and advisory functions. These include accounting, financial control, financial planning, budgeting, and internal controls, as well as treasury management at both local and international levels, financial risk management, mergers and acquisitions, credit rating, and investor relations.	Master's Degree in Accounting – University of Missouri, United States of America. Bachelor's Degree in Accounting – King Saud University. Certified Public Accountant [CPA] – United States of America. Certified Management Accountant [CMA] – United States of America. Saudi Organization for Chartered and Professional Accountants [SOCPA] Certification.
Mr. Abdulelah Mohammed Alnemr	<ul style="list-style-type: none"> Board Member and CEO at Leejam Sports Company. Board member of the Industrial Investment Fund Company. 	Deputy Governor for Development. Chief Operating Officer at The Saudi Technology Development and Investment Company. Assistant Vice President at Riyad Capital.	Held senior leadership roles, including Board Member at Leejam Sports Company [2019–2021] and most recently Deputy Governor at the National Development Fund. Previously served as Assistant Vice President at Riyad Capital and Chief Operating Officer at TAQNIA, with earlier experience at the Industrial Development Fund, where he led and contributed to debt and equity transactions, strategic partnerships, and industrial project evaluations across multiple sectors, with a total value exceeding SAR 15 billion.	Bachelor's degree in finance from King Fahd University of Petroleum and Minerals – 2003. Certificates in Business Leadership Development – Wharton School, University of Pennsylvania, United States.

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Mohammed Hamad Al-Sagri	<ul style="list-style-type: none"> Corporate Banker at Banque Saudi Fransi. Board Member at Leejam Sports Company. 	Financial Analyst and Budget Controller at Leejam Sports Company.	Expert in company analysis at Banque Saudi Fransi and previously served as a Budget Controller at Leejam Sports Company, contributing to the enhancement of the company's financial and strategic performance.	Master of Business Administration from the International University of Geneva. Bachelor's degree in business administration from the Geneva Institute of Business Administration.

A] Executive Committee Members:

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Ali Hamad Al-Sagri	<ul style="list-style-type: none"> 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. Board Member of gfh capital Company. 	Vice President at Walker International LLC.	A strategic thinker and accomplished board leader with a proven ability to shape long-term direction and drive sustainable growth. As Chairman of Leejam Sports Company, he brings deep governance expertise, international business exposure, and a strong commitment to wellness and active lifestyles, positioning the company for continued market leadership and long-term value creation.	Bachelor's degree in International Business Management – Seneca University, Toronto, Canada – 2006.
Mr. Ameen Fahd Alshiddi	<ul style="list-style-type: none"> Chief Financial Officer [CFO] – STC Group Board Member – Leejam Sports Company Board Member – Masar Growth Finance Company Board Member – Specialized Telecommunications Company [Specialized] Board Member – STC Bank 	Consulting Manager – AlRashed Auditors and Certified Public Accountants. General Manager, Accounting & Financial Reporting – STC. Vice President, Finance – STC. Chief Financial Officer [CFO] – STC.	Mr. Ameen Al-Shiddi has held several prominent leadership roles at one of the leading consulting firms in the Kingdom and at stc, encompassing a full spectrum of financial and advisory functions. These include accounting, financial control, financial planning, budgeting, and internal controls, as well as treasury management at both local and international levels, financial risk management, mergers and acquisitions, credit rating, and investor relations.	Master's Degree in Accounting – University of Missouri, United States of America. Bachelor's Degree in Accounting – King Saud University. Certified Public Accountant [CPA] – United States of America. Certified Management Accountant [CMA] – United States of America. Saudi Organization for Chartered and Professional Accountants [SOCPA] Certification.
Mr. Mohammed Hamad Al-Sagri	<ul style="list-style-type: none"> Corporate Banker at Banque Saudi Fransi. Board Member at Leejam Sports Company. 	Financial Analyst and Budget Controller at Leejam Sports Company.	Expert in company analysis at Banque Saudi Fransi and previously served as a Budget Controller at Leejam Sports Company, contributing to the enhancement of the company's financial and strategic performance.	Master of Business Administration from the International University of Geneva. Bachelor's degree in business administration from the Geneva Institute of Business Administration.

A] Nomination & Remuneration Committee Members:

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Mishal Ibrahim AlMishari	<ul style="list-style-type: none"> Committee Member at Riyadh Chamber of Commerce and Industry. Deputy Chief Executive Officer at Jahez. Board Member at Leejam Sports Company. 	Business Development Director at Alamat International Co. Project Manager at Fedex.	A digitally focused leader recognized for driving operational excellence and scalable growth. He currently serves as Deputy Chief Executive Officer at Jahez and as a Committee Member at the Riyadh Chamber of Commerce and Industry, leveraging experience across local and global organizations.	Bachelor's degree in business administration from King Saud University, Riyadh, KSA - 2007.
Mr. Ali Hamad Al-Sagri	<ul style="list-style-type: none"> 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. Board Member of gfh capital Company. 	Vice President at Walker International LLC.	A strategic thinker and accomplished board leader with a proven ability to shape long-term direction and drive sustainable growth. As Chairman of Leejam Sports Company, he brings deep governance expertise, international business exposure, and a strong commitment to wellness and active lifestyles, positioning the company for continued market leadership and long-term value creation.	Bachelor's degree in International Business Management - Seneca University, Toronto, Canada - 2006.
Mr. Mohammed Hamad Al-Sagri	<ul style="list-style-type: none"> Corporate Banker at Banque Saudi Fransi. Board Member at Leejam Sports Company. 	Financial Analyst and Budget Controller at Leejam Sports Company.	Expert in company analysis at Banque Saudi Fransi and previously served as a Budget Controller at Leejam Sports Company, contributing to the enhancement of the company's financial and strategic performance.	Master of Business Administration from the International University of Geneva. Bachelor's degree in business administration from the Geneva Institute of Business Administration.

A] Audit Committee Members:

Director	Current Position	Previous Positions	Experiences	Qualifications
Dr. Mohammed Faraj Al-Kinani	<ul style="list-style-type: none"> 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 Member at Dhahran Valley Business Services Company. Board Member at Financial Academy. Board Member at Business Park Complex Company. Board Member at Environment Fund. Audit Committee member at Avilease. Audit Committee member at Agricultural Development Fund. Audit Committee member at SIPCHEM. Audit Committee member at Awqaf Abdullah bin Abdulaziz Al - Rajhi Holding Company. 	Dean of Business Management Faculty at King Fahd University.	A senior 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. Doctorate in Finance Oklahoma State University, USA. Chartered Financial Analyst.
Mr. Abdulaziz Abdullah Alhidery	<ul style="list-style-type: none"> 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 Dr. Suliman AlHabib medical Centers Company. Board Member at Mawhiba. Board Member at SAIA. Chief Audit Executive at Elm Company. 	Director of internal audit in Elm.	A seasoned audit and governance executive currently serving as Chief Audit Executive at Elm Company, with extensive experience as an Audit Committee chair and member across leading organizations, and board roles at Mawhiba and SAIA. holds advanced qualifications in accounting, audit, risk management, and information technology.	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.

A] Audit Committee Members [continued]:

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Walid Abdullah Alzakri	<ul style="list-style-type: none"> 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. 	<p>Chief Financial Officer of Qudra Air Products.</p> <p>CFO of PRefChem Company.</p> <p>Division Head at Saudi Aramco.</p> <p>Chief Financial Officer of Vela International Marine Limited.</p>	<p>Multiple positions in financial risk management and financial accounting at Saudi Aramco.</p> <p>General Auditor at Saudi Aramco Refining and Petrochemical Company [SATROP].</p> <p>Multiple positions that end with audit manager in the Internal Audit Department at Saudi Aramco.</p>	<p>Master of Business Administration from King Fahd University of Petroleum and Minerals.</p> <p>Bachelor's degree in accounting from King Fahd University of Petroleum and Minerals.</p> <p>Certified internal auditor from the Institute of Internal Auditors.</p> <p>Certificate of appreciation and self-evaluation from the Institute of Internal Auditors.</p>

B] Executive Management:

Director	Current Position	Previous Positions	Experiences	Qualifications
Mr. Abdulelah Mohammed Al-Nemr	<ul style="list-style-type: none"> Chief Executive Officer of Leejam Sports Company. Board Member of Leejam Sports Company. Board member of the Industrial Investment Fund Company. 	<p>Deputy Governor for Development.</p> <p>Chief Operating Officer at The Saudi Technology Development and Investment Company.</p> <p>Assistant Vice President at Riyadh Capital.</p>	<p>Held senior leadership roles, including Board Member at Leejam Sports Company (2019–2021) and most recently Deputy Governor at the National Development Fund.</p> <p>Previously served as Assistant Vice President at Riyadh Capital and Chief Operating Officer at TAQNIA, with earlier experience at the Industrial Development Fund, where he led and contributed to debt and equity transactions, strategic partnerships, and industrial project evaluations across multiple sectors, with a total value exceeding SAR 15 billion.</p>	<p>Bachelor's degree in finance from King Fahd University of Petroleum and Minerals – 2003.</p> <p>Certificates in Business Leadership Development – Wharton School, University of Pennsylvania – United States.</p>
Mr. Assim Al-Attas	<ul style="list-style-type: none"> Chief Financial Officer. 	<p>Almunajem Foods Company - Chief Financial Officer</p> <p>GE - Middle East & Africa Financial Planning & Analyses Manager - Global Repairs Services</p> <p>Ernst & Young - Assistant Manager - Transaction Advisory Services</p>	<p>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.</p>	<p>B.S. in Accounting and an Executive MBA from HEC Paris.</p>

B] Executive Management [continued]:

Director	Current Position	Previous Positions	Experiences	Qualifications
Mrs. Shaden Alsagri	<ul style="list-style-type: none"> Chief Operation Officer. 	<p>Deputy COO at Leejam Sports Company – Fitness Time, KSA & UAE.</p> <p>Head of Business Support at Leejam Sports Company Fitness Time.</p> <p>General Manager of Ladies Clubs Fitness Time at Leejam Sports Company, KSA & UAE.</p> <p>Deputy General Manager of Ladies Clubs Fitness Time at Leejam Sports Company, KSA & UAE.</p>	<p>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.</p>	<p>MBA (Banking & Finance), Bangor University.</p> <p>Bachelor's Degree in English, Princess Nora Bint Abdulrahman University.</p> <p>Diploma in IT, Newtech SA.</p>
Mr. Mohammed Yahya	<ul style="list-style-type: none"> Chief Shared Services Officer. 	<p>VP HR, GS & HSE, Tasnee (National Industrialization Company).</p> <p>VP Shared Services, Contact Center Company (stc subsidiary).</p> <p>Divisional Human Resources Manager [SD&L], Almarai Co. Riyadh, KSA.</p> <p>Group Learning & Talent Development Head, Almarai Co. Riyadh, KSA.</p> <p>Divisional Human Resources Manager, Almarai Co. Riyadh, KSA.</p>	<p>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.</p>	<p>Master of Science [M.S.], Human Resources Design – Claremont Graduate University – Peter F. Drucker and Masatoshi Ito Graduate School of Management.</p> <p>=Bachelor, English Language and Its Literature, Al-Imam Muhammad Ibn Saud Islamic University.</p>
Mr. Yasser Almyassar	<ul style="list-style-type: none"> Chief Technology Officer. 	<p>General Manager of Digital Services at SDAIA.</p>	<p>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.</p>	<p>Graduated from Riyadh College of Technology with a major in Computer Support and King Abdulaziz University with a major in Business Administration.</p>

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 board of directors or one of its managers.

Director	Companies	Inside/Outside KSA	Legal Entity
Mr. Ali Hamad Al-Sagri	<ul style="list-style-type: none"> Leejam Sports Company. Hamad Al-Sagri Holding Co. Huwaylan [UK] Ltd. gfh capital Company. 	<ul style="list-style-type: none"> Inside Saudi Arabia. Inside Saudi Arabia. Outside Saudi Arabia. Inside Saudi Arabia. 	<ul style="list-style-type: none"> Listed. Unlisted. Unlisted. Unlisted.
Dr. Mohammed Faraj Al-Kinani	<ul style="list-style-type: none"> Dhahran Valley Technology Holding Company. Saudi Real Estate Refinancing Company. Arab National Bank. Dhahran Valley Business Services Company. Financial Academy. Leejam Sports Company Business Park Complex Company. Environment Fund. Avilease. Agricultural Development Fund. SIPCHEM. Awqaf Abdullah bin Abdulaziz Al - Rajhi Holding Company. 	<ul style="list-style-type: none"> Inside Saudi Arabia. Inside Saudi Arabia. Inside Saudi Arabia. Inside Saudi Arabia. Inside Saudi Arabia. Inside Saudi Arabia. Inside Saudi Arabia. Inside Saudi Arabia. Inside Saudi Arabia. Inside Saudi Arabia. Inside Saudi Arabia. Inside Saudi Arabia. 	<ul style="list-style-type: none"> Unlisted. Unlisted. Listed. Unlisted. Governmental. Listed. Unlisted. Governmental. Unlisted. Governmental. Listed. Unlisted.
Mr. Hamad Ali Al-Sagri	<ul style="list-style-type: none"> Hamad Al-Sagri Holding Co. Bonam Park SA France. Leejam Sports Company. 	<ul style="list-style-type: none"> Inside Saudi Arabia. Outside Saudi Arabia. Inside Saudi Arabia 	<ul style="list-style-type: none"> Unlisted. Unlisted. Listed.
Mr. Mishal Ibrahim AlMishari	<ul style="list-style-type: none"> Leejam Sports Company. Jahez. 	<ul style="list-style-type: none"> Inside Saudi Arabia. Inside Saudi Arabia. 	<ul style="list-style-type: none"> Listed Listed
Mr. Ameen Fahd Alshiddi	<ul style="list-style-type: none"> Board Member – Leejam Sports Company. Board Member – Masar Growth Finance Company. Board Member – Specialized Telecommunications Company [Specialized]. Board Member – STC Bank. 	<ul style="list-style-type: none"> Inside Saudi Arabia. Inside Saudi Arabia. Inside Saudi Arabia. Inside Saudi Arabia. 	<ul style="list-style-type: none"> Listed Unlisted. Unlisted. Unlisted.
Mr. Abdulelah Mohammed Al Nemr	<ul style="list-style-type: none"> Leejam Sports Company. The Saudi Industrial Development Fund. SME Bank. 	<ul style="list-style-type: none"> Inside Saudi Arabia. Inside Saudi Arabia. Inside Saudi Arabia. 	<ul style="list-style-type: none"> Listed Governmental. Unlisted.
Mr. Mohammed Hamad Al-Sagri	<ul style="list-style-type: none"> Leejam Sports Company 	<ul style="list-style-type: none"> Inside Saudi Arabia. 	<ul style="list-style-type: none"> Listed.

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

Director	Classification
Mr. Ali bin Hamad Al-Sagri	Non-Executive
Dr. Mohammed bin Faraj Al-Kinani	Independent
Mr. Hamad bin Ali Al-Sagri	Executive
Mr. Mishal bin Ibrahim AlMishari	Independent
Mr. Ameen bin Fahd Alshiddi	Independent
Mr. Abdulelah bin Mohammed AlNemr	Executive
Mr. Mohammed bin Hamad Al-Sagri	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 2025.

- 1] Participating in and supervising the development of the Company's strategic plan and evaluating the proposals submitted by the Executive Management regarding the Company's vision, mission, strategic pillars, strategic and financial objectives and initiatives, and submitting them to the Board for approval.
- 2] Ensuring the implementation of the Company's overall strategy and its effectiveness in achieving the desired objectives.
- 3] Supervising the preparation of expansion plans and the opening of clubs and sports centers and submitting recommendations to the Board.
- 4] Reviewing periodic reports related to operating, marketing, and service and activity expansion plans, providing recommendations thereon, and submitting recommendations to the Board.
- 5] Supervising the preparation of the Company's annual budget, reviewing the proposals submitted by Executive Management, and submitting recommendations to the Board for approval of the annual budget.
- 6] Reviewing financial and strategic performance reports related to monitoring the implementation of strategic plans and initiatives, and submitting recommendations deemed appropriate by the Committee to the Board.
- 7] Studying strategic and significant topics and projects with substantial financial impact and submitting them to the Board for approval.
- 8] Reviewing the Corporate Social Responsibility [CSR] policy, the media plan, and sponsorships, and submitting recommendations deemed appropriate by the Committee to the Board.
- 9] Reviewing social responsibility initiative programs and submitting recommendations deemed appropriate by the Committee to the Board.
- 10] Approving the nomination policies for Board members and managers of the Company's subsidiaries and sister companies, including the mechanisms for selecting Board members and managers of those companies.
- 11] Submitting the recommendations related to the appointment of Board members and managers of the Company's subsidiaries and sister companies to the Board for approval.
- 12] Representing the Board of Directors to the general assemblies of the Company's subsidiaries and sister companies.
- 13] Working with the Executive Management to develop an investment strategy and policy for the Company that aligns with the nature of its business, the activities it undertakes, and the risks it is exposed to, and making recommendations thereon.
- 14] Periodically reviewing the investment strategy and policy to ensure their adequacy considering changes that may occur in the external environment in which the Company operates, or in the regulations governing its activities, or in its strategic objectives, or other changes, and recommending to the Board the proposed amendments to this policy.
- 15] Providing general oversight of the Company's investment activities and establishing appropriate procedures for measuring and evaluating investment performance.

- 16] Studying and evaluating the investment opportunities proposed by the Company's Management in relation to the following transactions and making recommendations thereon:
 - A. Mergers or acquisitions of companies, businesses, or assets.
 - B. Any termination, sale, transfer of ownership, exit from an existing investment, or disposal thereof.
 - C. Joint ventures under a partnership agreement or joint venture companies.
 - D. Investing in new or existing projects, or in expansion projects and expansions of projects in which the Company has an interest.
 - E. Any investment opportunity that the Company's Management wishes to pursue.
 - F. Studying financing possibilities for the aforementioned transactions.
- 17] Ensuring that the proposed investment opportunities comply with the relevant laws, regulations, and instructions.
- 18] Identifying and prioritizing the proposed investment offers.
- 19] Studying the periodic reports from the Executive Management on the progress of the approved investment opportunities.
- 20] Any assignment issued to it by the Board of Directors.
- 21] Exercising all powers delegated to it by the Board in managing and directing the business and affairs of the Company, with the exception of:
 - A. Amending the Company's Articles of Association.
 - B. Electing or dismissing Board members.
 - C. Approving or amending the budget, except as permitted under the Company's delegation of authority system or by a resolution of the Board of Directors.
 - D. Making material structural changes, such as changing the Company's capital, mergers and acquisitions, asset sales, joint ventures, or other similar arrangements, or liquidating, discontinuing, or dissolving the Company, except as permitted under the Company's delegation of authority system or by a resolution of the Board of Directors.
 - E. Cancelling, amending, or objecting to a resolution issued by the Board.
 - F. Any powers and responsibilities expressly delegated to other Board committees.
 - G. Any other matters that cannot be delegated by the Board under applicable law or the Company's Articles of Association.

Executive Committee's Meetings		9 Meetings during 2025								
		1st Meeting February 18th	2nd Meeting March 11th	3rd Meeting April 16th	4th Meeting May 11th	5th Meeting June 25th	6th Meeting July 15th	7th Meeting September 28th	8th Meeting October 22th	9th Meeting December 9th
Mr. Ali Hamad Al-Sagri	Chairman	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Ameen Fahd Alshiddi	Member	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Mohammed Hamad Al-Sagri	Member	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

= Attended

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 2025.

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, considering 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 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.

Nominations and Remunerations Committee Meetings		7 Meetings during 2025						
Name	Classification	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting	5th Meeting	6th Meeting	7th Meeting
		January 15th	February 16th	February 24th	April 29th	July 14th	October 20th	December 1st
Mr. Mishal Ibrahim AlMishari	Chairman	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Ali Hamad Al-Sagri	Member	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Mohammed Hamad Al-Sagri	Member	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

= 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 2025.

The Audit Committee shall specialize 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 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 their 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, considering 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.
- Initiate 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 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 matter [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.

Audit Committee's Meetings		8 Meetings during 2025							
		1st Meeting February 9th	2nd Meeting February 17th	3rd Meeting April 29th	4th Meeting May 6th	5th Meeting July 29th	6th Meeting September 1st	7th Meeting October 27th	8th Meeting December 10th
<input checked="" type="checkbox"/> = Attended									
Name	Classification								
Dr. Mohammed Faraj Al-Kinani	Chairman	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Abdulaziz Abdullah Alhidery	Member	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Walid Abdullah Alzakri	Member	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

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, and performance level.
- 3.2.4 Alignment with the size, nature and degree of risks at the Company.
- 3.2.5 Considering 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																
Dr. Mohammed Faraj, Al-Kinani	250,000.00	15,000	20,000	-	-	-	285,000	-	-	-	-	-	-	-	-	285,000
Mr. Mishal Ibrahim Al-Mishari	250,000.00	15,000	17,500	-	-	-	282,500	-	-	-	-	-	-	-	-	282,500
Mr. Ameen Fahad Al-Shiddi	250,000.00	15,000	22,500	-	-	-	287,500	-	-	-	-	-	-	-	-	287,500
Non-Executive																
Mr. Ali Hamad Al-Sagri	350,000.00	15,000	40,000	-	-	-	405,000	-	-	-	-	-	-	-	-	405,000
Mr. Mohammed Hamad Al-Sagri	250,000.00	15,000	40,000	-	-	-	305,000	-	-	-	-	-	-	-	-	305,000
Executive Directors																
Mr. Hamad Ali Al-Sagri	300,000.00	15,000	-	-	-	816,480	1,131,480	-	-	-	-	-	-	-	-	1,131,480
Mr. Abdulelah Mohammed Al-Nemr	250,000.00	15,000	-	-	-	-	265,000	-	-	-	-	-	-	-	-	265,000
Total	1,900,000.00	105,000.00	140,000.00	-	-	816,480	2,961,480	-	-	-	-	-	-	-	-	2,961,480

B Remuneration of 5 most senior Executive [including the Chief Executive Officer and the Chief Finance Officer]:

Year	Fixed remunerations				Variable remunerations							EOSB	Board remuneration	Aggregate Amount
	Basic salary	Allowances	In-Kind Benefits	Total	Periodic remunerations	Profits	STI	LTI	Granted Shares	Total				
2025	6,610,546	3,478,511	-	10,089,057	-	-	1,032,463	860,385	-	1,892,848	371,843	265,000	12,618,748	

C Remuneration of the Committees' members:

Committees	Fixed Remuneration [excluding meetings]	Allowance for attending the meetings	Total
Audit Committee Members			
Dr. Mohammed Faraj Al-Kinani	120,000	20,000	140,000
Mr. Abdulaziz Abdullah Al-Haidari	100,000	20,000	120,000
Mr. Walid Abdullah Al-Zakri	100,000	20,000	120,000
Total	320,000	60,000	380,000
Remuneration and Compensation Committee Members			
Mr. Mishal Ibrahim Al-Mishari	120,000	17,500	137,500
Mr. Ali Hamad Al-Sagri	100,000	17,500	117,500
Mr. Mohammed Hamad Al-Sagri	100,000	17,500	117,500
Total	320,000	52,500	372,500
Executive Committee Members			
Mr. Ali Hamad Al-Sagri	120,000	22,500	142,500
Mr. Ameen Fahad Al-Shiddi	100,000	22,500	122,500
Mr. Mohammed Hamad Al-Sagri	100,000	22,500	122,500
Total	320,000	67,500	387,500

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
<ul style="list-style-type: none"> Some Violations to Municipality regulations 	398,675	<ul style="list-style-type: none"> Permit issues. Delay in renewal of license and non-compliance 	<ul style="list-style-type: none"> Ministry of Municipal Rural Affairs and Housing 	<ul style="list-style-type: none"> Corrective measures will be taken to comply, proactively follow up with changes in regulations
<ul style="list-style-type: none"> Others 	18,276	<ul style="list-style-type: none"> Iqama renewal delays and traffic violations 	<ul style="list-style-type: none"> Ministry of Human Resources and Ministry of Interior 	<ul style="list-style-type: none"> 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 at a reasonable cost, in order to give reasonable assurances to avoid fundamental errors and losses that may result from them.

The Committee recognizes that the Company has adopted a system of internal controls designed to monitor the company's activities and provide reasonable assurance about the effectiveness and efficiency of such controls (including financial reporting, compliance with applicable rules and regulations and operational efficiency and effectiveness). The Committee also ensured the work of the internal audit is focused assessing the adequacy and effectiveness of the Company's internal controls, and that management is addressing the observations raised by the Internal Audit Department.

During the year, internal controls systems were updated and improved as part of ongoing improvement program. On recommendation of the Committee key enhancements & improvements were made to internal policies to comply them with the Capital Market Authority requirements.

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 to ensure the achievement of internal control objectives on improving efficiency and effectiveness of operations, while complying with all relevant laws and regulations.

With reference to the financial statements, based on assurance obtained during the review of internal audit reports, unqualified opinion issued by the external auditor and review of the documentation deemed necessary and following discussions with all stakeholders regarding the company's internal control, financial, and risk management systems and management's assurances regarding the integrity of the company's control system, the Audit Committee found no significant observations on the internal control system for the fiscal year ending December 31, 2025. It should be noted that absolute assurances cannot be made, but rather reasonable assurances regarding the integrity and effectiveness of the internal control system. There is also no conflict between the Audit Committee's recommendations and decisions and those of the Board of Directors.

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, 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.

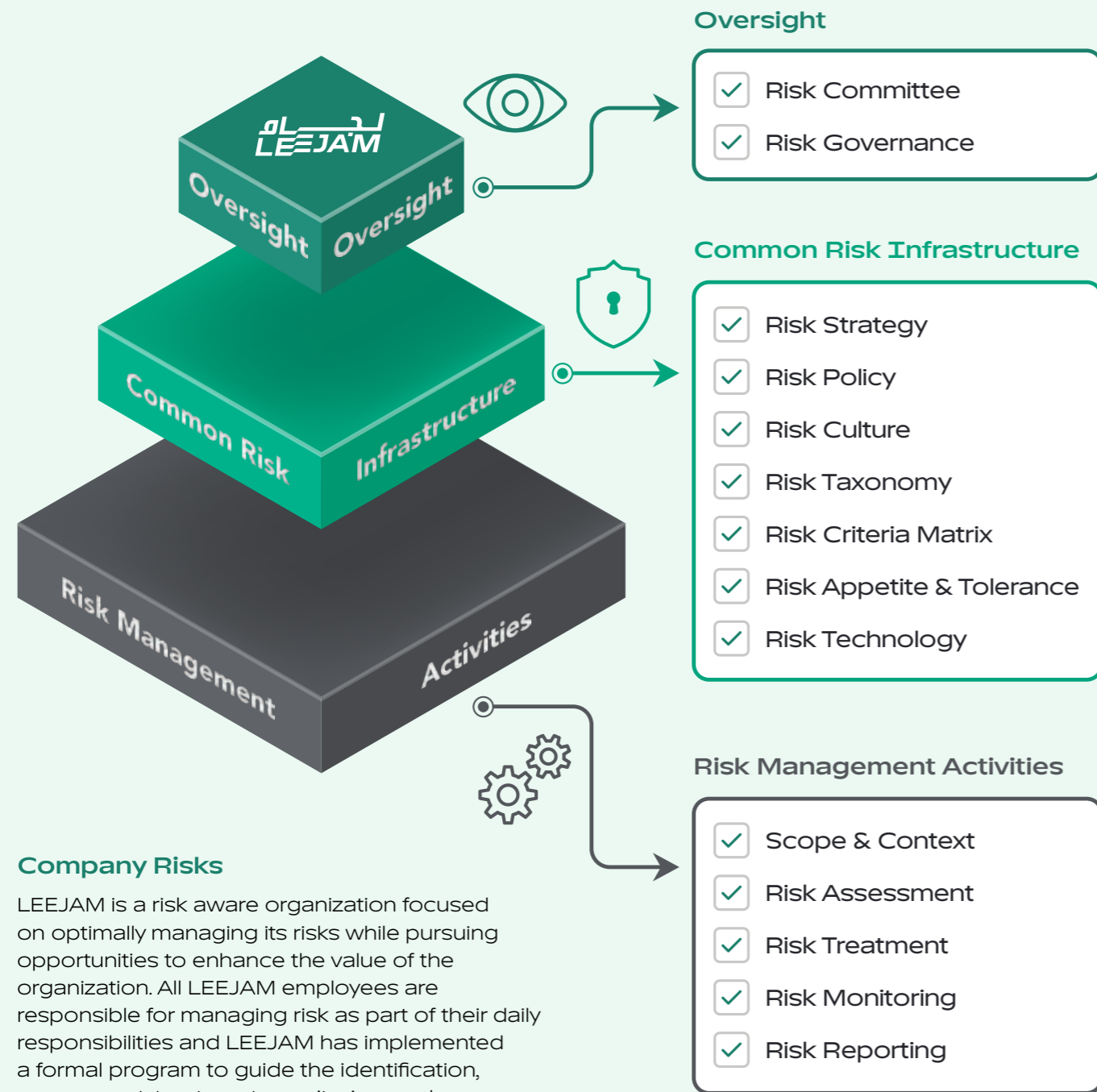
Director	Ordinary Meeting on May 22nd, 2025	Extraordinary Meeting on October 23rd, 2025
Mr. Ali Hamad Al-Sagri	Attended	Attended
Dr. Mohammed bin Faraj al-Kinan	Attended	Attended
Mr. Ameen Fahd Alshiddi	Attended	Attended
Mr. Abdulelah Mohammed AlNemr	Attended	Attended
Mr. Hamad bin Ali Al-Sagri	Attended	Attended
Mr. Mohammed Hamad Al-Sagri	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	1,363,878,725	84
Personal Training	207,089,447	13
Rental & Others	43,361,509	3
Total	1,614,329,681	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. Leejam is developing a 5 year strategy 2026-2030 which will be approved in 2026.
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 unparalleled 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	2021	2022	2023	2024	2025
Revenues	885,283,139	1,065,788,788.0	1,325,407,138	1,501,366,256	1,614,329,681
Cost of Revenue	512,960,369	632,168,482	740,858,478	877,973,215	999,152,772
Gross profit	372,322,770	433,620,306	584,548,660	623,393,041	615,176,909
Net profit	206,020,219	254,758,323	355,809,251	456,298,760	302,082,472

Summary of statement of financial position [SAR]

Description	2021	2022	2023	2024	2025
Current Assets	250,195,299	361,830,958	424,844,388	280,555,675	327,545,559
Non-current Assets	2,322,357,463	2,312,552,883	2,976,373,604	3,440,378,023	3,683,059,760
Total Assets	2,572,552,762	2,674,383,841	3,401,217,992	3,720,933,698	4,010,605,319
Total Equity	783,304,335	914,772,965	1,091,762,602	1,238,323,590	1,202,879,793
Current Liabilities	648,203,797	718,523,238	900,955,919	914,917,737	939,456,830
Non-current Liabilities	1,141,044,630	1,041,087,638	1,408,499,471	1,567,692,371	1,868,268,696
Total Liabilities	1,789,248,427	1,759,610,876	2,309,455,390	2,482,610,108	2,807,725,526
Total Equity & Liabilities	2,572,552,762	2,674,383,841	3,401,217,992	3,720,933,698	4,010,605,319

16 Geographical analysis of the Company's total revenues [SAR].

Geographical Analysis	2024	2025
Local Region – KSA	1,454,786,720	1,565,810,914
International Region – UAE	46,579,536	48,518,767
Total revenues	1,501,366,256	1,614,329,681

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	2025	2024	Changes	Changes Percentage
Revenue	1,614,329,681	1,501,366,256	112,963,425	8%
Cost of Revenue	999,152,772	877,973,215	121,179,557	14%
Gross Profit	615,176,909	623,393,041	[8,216,132]	-1%
Other Operating Cost	192,241,761	176,180,066	16,061,695	9%
Operating Income	422,935,148	447,212,975	[24,277,827]	-5%

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, 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	9.6%	0.96
4th quarter 2018	53,857,534	28,179,613	52.3%	523,833,610	5.4%	0.5379
1st quarter 2019	39,596,703	21,052,304	53.2%	523,833,610	4.0%	0.4019
2nd quarter 2019	49,590,562	26,448,359	53.3%	523,833,610	5.0%	0.5049
3rd quarter 2019	48,813,216	26,029,222	53.3%	523,833,610	5.0%	0.4969
1st half 2021	43,920,320	23,572,512	53.7%	523,833,610	4.5%	0.45
3rd quarter 2021	76,194,680	40,859,022	53.6%	523,833,610	7.8%	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	11.1%	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
4th quarter 2024	101,741,444	61,682,422.02	60.6%	523,833,610	11.8%	1.18
1st quarter 2025	70,535,994	42,317,122.41	60.0%	523,833,610	8.1%	0.81
2nd quarter 2025	72,119,680	43,874,242.44	60.8%	523,833,610	8.4%	0.84
3rd quarter 2025	81,613,277	49,619,678.95	60.8%	523,833,610	9.5%	0.95

Date of dividend payments:

Year / quarter	Announcement date	Due date	Distribution date	Dividend per share	Dividend payment method
2nd & 3rd quarter of 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	Account Transfer
1st quarter 2022	27th April 2022	10th May 2022	23rd May 2022	0.471	Account Transfer
2nd quarter 2022	7th August 2022	9th August 2022	24th August 2022	0.37	Account Transfer
3rd quarter 2022	31st October 2022	6th November 2022	20th November 2022	0.70	Account Transfer
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
4th quarter 2024	10th February 2025	20th February 2025	5th March 2025	1.18	Account Transfer
1st quarter 2025	26th May 2025	27th May 2025	4th June 2025	0.81	Account Transfer
2nd quarter 2025	30th July 2025	5th August 2025	14th August 2025	0.84	Account Transfer
3rd quarter 2025	28th October 2025	30th October 2025	13th November 2025	0.95	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:

Subsidiary 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. Hamad bin Ali Al-Sagri	26,827,130	27,186,569	359,439	1.34%
Mr. Mishal bin Ibrahim Almishari	531	531	-	-
Mr. Ameen Fahd Alshiddi	20	20	-	-
Mr. Abdulelah Mohammed AlNemr	5	5	-	-
Mr. Mohammed Hamad Al-Sagri	1	1	-	-

Senior Executives and their relatives' ownership of Company shares:

Subsidiary name	Beginning of The Year	End of The Year	Change	Change %
Mr. Abdulelah Mohammed AlNemr	5	5	-	-
Mr. Assim Al Attas	-	1,200	1,200	100.00%
Mrs. Shaden Al-Sagri	322,603	322,603	-	-
Mr. Mohammed Alyahya	-	-	-	-
Mr. Yasser Almyassar	86	86	-	-

24 Indebtedness and loan information.

#	Bank	Principle Amount	Loan Term	Repaid amount within the year	Remaining Amount	Total debt
1	Social Development Bank	5 years	894,006	333,980	560,026	548,402,541
2	Saudi Awwal Bank	6 years Average*	734,305,181	265,060,095	469,245,086	
3	Banque Saudi fransi	6 years Average	25,000,000	20,000,000	5,000,000	
4	Allnma Bank	7 years Average*	83,597,429	25,000,000	58,597,429	
5	Emirates NBD	1 month Average	640,000,000	625,000,000	15,000,000	

* For Short-term loans have a 1-month average tenure

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.

5 Meetings during 2025							
		1st Meeting February 26th	2nd Meeting May 31st	3rd Meeting August 28th	4th Meeting November 4th	5th Meeting December 17th	Total
Name	Classification						
<input checked="" type="checkbox"/> = Attended							
Mr. Ali Hamad Al-Sagri	Non-Executive	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5
Dr. Mohammed bin Faraj Al-Kinani	Independent	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5
Mr. Ameen Fahd Alshiddi	Independent	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5
Mr. Abdulelah Mohammed AlNemr	Executive	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5
Mr. Hamad bin Ali Al-Sagri	Executive	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5
Mr. Mohammed Hamad Al-Sagri	Non-Executive	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5
Mr. Mishal Ibrahim AlMishari	Independent	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	5

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	25/02/2025	Internal Reporting
2	29/04/2025	Internal Reporting
3	22/05/2025	AGM
4	03/07/2025	Internal Reporting
5	03/09/2025	Internal Reporting
6	06/11/2025	Internal Reporting
7	07/12/2025	Internal Reporting

30 Related party transactions.

Related party	Transaction type	Transaction Value [SAR]	Balance at the end of 2025 [SAR]	Period	Conditions
Al-Sagri Holding Group	Corporate Sales Contract	190,383	228,927	2025 Fiscal Year	Prevailing commercial terms & without preferential terms
Mr. Hamad Al-Sagri	Head office lease contract [Land leasing]	3,400,000	-	2025 Fiscal Year	Prevailing commercial terms & without preferential terms
Afaq Al-Anaqah Trading Company	Purchasing uniforms	2,252,042	17,864	2025 Fiscal Year	Prevailing commercial terms & without preferential terms
Dhaoq Almanzel Trading Est	Purchasing gym furniture	970,956	61,180	2025 Fiscal Year	Prevailing commercial terms & without preferential terms
Saudi Telecom Company [STC]	Subscriptions Sold	741,061	75,136	2025 Fiscal Year	Prevailing commercial terms & without preferential terms
Saudi Telecom Company [STC]	Purchase of internet and other services	1,604,808	-	2025 Fiscal Year	Prevailing 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 2025 [SAR]	Period	Conditions
Al-Sagri Holding Group	Corporate Sales Contract	190,383	228,927	2025 Fiscal Year	Prevailing commercial terms & without preferential terms
Mr. Hamad Al-Sagri	Land leasing	3,400,000	-	2025 Fiscal Year	Prevailing commercial terms & without preferential terms
Afaq Al-Anaqah Trading Company	Purchasing uniforms	2,252,042	17,864	2025 Fiscal Year	Prevailing commercial terms & without preferential terms
Dhaoq Almanzel Trading Est	Purchasing gym furniture	970,956	61,180	2025 Fiscal Year	Prevailing commercial terms & without preferential terms
Saudi Telecom Company [STC]	Subscriptions Sold	741,061	75,136	2025 Fiscal Year	Prevailing commercial terms & without preferential terms
Saudi Telecom Company [STC]	Purchase of internet and other services	1,604,808	-	2025 Fiscal Year	Prevailing 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	2025		Description	Reasons
	Paid	Due		
Zakat	7,005,678	8,494,551	Zakat expenses for 2025.	Statutory requirement.
Tax	149,833,096	7,802,426.00	VAT, WHT and Real Estate Tax paid from Dec 24 till Nov 25. Dec 25 VAT and WHT is due for Dec 25 and corporate tax due for FY 2025.	Dec.25 VAT and WHT amounts paid in Jan 26.
The General Organization for Social Insurance	27,814,391	1,598,714	GOSI paid for the period from Dec 24 till Nov 25. Dec 25 is due.	Dec.25 amount paid in Jan 26.
Visa and passport costs	1,182,900	-	- Includes New visa fees and Iqama transfer Fees.	Statutory requirement.
Labor office fees	27,146,439	-	Includes Iqama and work permit charges	Statutory requirement.
Other statutory fees	746,200	-	Tadawul fees and other govt. related payments.	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 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 held	Buyback Value	Date	Purpose
152,120	28,671,578	6/6/2024	Employees Long Term Incentive Program
1,083,514	132,058,686	23/10/2025	Holding as Treasury Shares

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

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 2025, 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 consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated 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, as applicable to audit of consolidated financial statement of public interest entities. 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	
<p>The Group reported revenue of SR 1,614 million from subscriptions and membership fees of fitness training centers and related activities for the year ended 31 December 2025.</p> <p>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.</p> <p>Additionally, there are inherent risks about the accuracy of revenues recorded due to either ineffective manual and / or IT related controls.</p> <p>Refer to note 4.3 for the accounting policy related to revenue recognition and note 7 for the related disclosures.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of revenue recognition policies for compliance with IFRS 15. • 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 2025 Annual Report

Other information consists of the information included in the Group's 2025 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 2025 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 Management and Those Charged with Governance for the Consolidated Financial Statements

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, 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: 6 Ramadan 1447H
 23 February 2026

Statement of Profit or Loss

For the year ended 31 December 2025

Item	Note	2025 SR	2024 SR
Revenue	7	1,614,329,681	1,501,366,256
Cost of revenue	8	[999,152,772]	[877,973,215]
GROSS PROFIT		615,176,909	623,393,041
General and administrative expenses	9	[157,606,725]	[149,639,549]
Advertising and marketing expenses	10	[34,297,216]	[24,658,701]
Provision for expected credit losses	22	[337,820]	[1,881,816]
OPERATING PROFIT		422,935,148	447,212,975
Finance cost	12	[109,459,449]	[91,477,407]
Reversal of impairment of non-financial assets	14 & 15	11,457,173	4,733,842
Write-off of non-financial assets	14	[772,839]	[8,746,066]
Gain on disposal of property and equipment, net	14	2,550,727	92,158,389
Gain on lease modification	15	-	8,998,700
Profit from short term Murabaha	23a	886,435	8,186,072
[Loss]/ gain on lease termination/write off	15	[954,893]	5,968,957
Share in net results of investment in an associate	17	[7,022,644]	[7,625,434]
Impairment on the investment in subsidiary	6	[3,157,413]	-
Impairment on the investment in an associate	17	[9,566,398]	-
Other income		373,129	4,942,710
PROFIT BEFORE ZAKAT AND INCOME TAX		307,268,976	464,352,738
Zakat and income tax	30	[5,261,779]	[10,226,407]
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		302,007,197	454,126,331
DISCONTINUED OPERATIONS			
Profit after tax for the year from discontinued operations	36	75,275	2,172,429
PROFIT FOR THE YEAR		302,082,472	456,298,760
NET PROFIT / [LOSS] ATTRIBUTABLE TO:			
Equity holders of the parent company		304,870,401	456,978,822
Non- Controlling Interests		[2,787,929]	[680,062]
		302,082,472	456,298,760
EARNINGS PER SHARE			
Basic and diluted, from the profit for the year attributable to shareholders of the parent company	13	5.85	8.73
Basic and diluted, from continuing operations attributable to shareholders of the parent company	13	5.85	8.70

Assim Al Attas
Chief Financial Officer

Abdulelah Al-Nemr
Chief Executive Officer

Ali Hamad AlSagri
Board Chairman

Statement of Comprehensive Income

For the year ended 31 December 2025

Item	Note	2025 SR	2024 SR
Net profit for the year		302,082,472	456,298,760
Other comprehensive [loss]/ 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	27	[1,676,462]	[8,001,390]
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		300,406,010	448,389,688
TOTAL COMPREHENSIVE INCOME / [LOSS] ATTRIBUTABLE TO:			
Equity holders for the parent company		303,193,939	449,069,750
Non- Controlling Interest		[2,787,929]	[680,062]
		300,406,010	448,389,688

Assim Al Attas
Chief Financial Officer

Abdulelah Al-Nemr
Chief Executive Officer

Ali Hamad AlSagri
Board Chairman

Statement of Financial Position

As at 31 December 2025

Item	Note	2025 SR	2024 SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	14	2,295,554,839	2,057,689,844
Right-of-use assets	15	1,326,227,047	1,253,059,878
Intangible assets	16	7,714,221	8,382,827
Investment in an associate	17	-	8,728,731
Goodwill	18	7,006,036	8,289,905
Advances to suppliers and contractors	19	46,465,299	99,334,520
Investments at fair value through other comprehensive income	11	92,318	4,892,318
TOTAL NON- CURRENT ASSETS		3,683,059,760	3,440,378,023

Statement of Financial Position [Continued]

For the year ended 31 December 2025

Item	Note	2025 SR	2024 SR
CURRENT ASSETS			
Inventories		21,981,894	24,321,491
Prepayments and other current assets	20	77,567,083	87,963,593
Trade receivables	22	23,241,185	26,024,581
Cash and cash equivalents	23	169,736,961	106,103,887
TOTAL CURRENT ASSETS		292,527,123	244,413,552
Assets classified as held for sale	36	35,018,436	36,142,123
TOTAL ASSETS		4,010,605,319	3,720,933,698
EQUITY AND LIABILITIES			
EQUITY			
Share capital	24	523,833,610	523,833,610
FVOCI reserve		92,318	92,318
Retained earnings		836,797,273	732,030,058
Treasury shares	25	[160,656,765]	[22,626,657]
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY		1,200,066,436	1,233,329,329
Non-controlling interests		2,813,357	4,994,261
TOTAL EQUITY		1,202,879,793	1,238,323,590
NON-CURRENT LIABILITIES			
Borrowings	26	426,101,700	225,957,411
Lease liabilities	15	1,366,413,544	1,275,789,904
Employees' end of service benefits	27	75,753,452	65,945,056
TOTAL NON-CURRENT LIABILITIES		1,868,268,696	1,567,692,371
CURRENT LIABILITIES			
Borrowings	26	122,300,841	105,252,967
Lease liabilities	15	117,043,123	100,611,256
Accounts payable		51,653,484	67,975,620
Accrued expenses and other current liabilities	28	79,472,297	113,317,865
Deferred revenue	29	548,213,256	503,721,286
Provision for zakat and tax	30	8,860,154	11,255,841
TOTAL CURRENT LIABILITIES		927,543,155	902,134,835
Liabilities directly associated with the assets held for sale	36	11,913,675	12,782,902
TOTAL LIABILITIES		2,807,725,526	2,482,610,108
TOTAL EQUITY AND LIABILITIES		4,010,605,319	3,720,933,698

Statement of Changes in Equity

For the year ended 31 December 2025

Item	Attributable to Equity Holders of the Parent					Non-Controlling Interest (NCI)	Total SR
	Share Capital SR	Statutory Reserve SR	Treasury Shares SR	FVOCI Reserve SR	Retained earnings SR		
As at 1 January 2024	523,833,610	135,596,952	-	-	429,801,989	2,530,051	1,091,762,602
Profit [loss] for the year	-	-	-	-	456,978,822	[680,062]	456,298,760
Other comprehensive income/[loss]	-	-	-	92,318	[8,001,390]	-	[790,072]
Total comprehensive income for the year	-	-	-	92,318	448,977,432	[680,062]	448,589,688
Movement in NCI contribution	-	-	-	-	-	[1,336,994]	[1,336,994]
Acquisition of subsidiaries [note 6]	-	-	-	-	-	4,481,266	4,481,266
Transfer of statutory reserve [note 4.11]	-	[135,596,952]	-	-	135,596,952	-	-
Dividends [note 32]	-	-	-	-	[282,346,315]	-	[282,346,315]
Treasury Shares [note 25]	-	-	[22,626,657]	-	-	-	[22,626,657]
As at 31 December 2024	523,833,610	-	[22,626,657]	92,318	732,030,058	4,994,261	1,238,323,590
Profit [loss] for the year	-	-	-	-	304,870,401	[2,787,929]	302,082,472
Other comprehensive loss	-	-	-	-	[1,676,462]	-	[1,676,462]
Total comprehensive income for the year	-	-	-	-	303,193,939	[2,787,929]	300,406,010
Movement in NCI contribution	-	-	-	-	-	[32,9735]	[32,9735]
Acquisition of subsidiaries [note 1a]	-	-	-	-	[933,259]	936,760	3,501
Dividends [note 32]	-	-	-	-	[197,493,465]	-	[197,493,465]
Treasury Shares [note 25]	-	-	[138,030,108]	-	-	-	[138,030,108]
As at 31 December 2024	523,833,610	-	[160,656,765]	92,318	836,797,273	2,813,357	1,202,879,793

Statement of Cash Flows

For the year ended 31 December 2025

Item	Note	2025 SR	2024 SR
OPERATING ACTIVITIES			
Profit before zakat and income tax		307,268,976	464,352,738
Profit from discontinued operations		75,275	2,172,429
		307,344,251	466,525,167
Adjustments to reconcile profit before zakat and income tax to net cash flows:			
Loss/ (gain) on lease termination	15	954,893	[5,968,957]
Finance costs	12	109,459,449	91,837,303
Depreciation of property and equipment	14 & 36	205,473,042	179,119,457
Depreciation of right-of-use assets	15 & 36	128,894,998	112,710,070
Profit from short term Murabaha		[886,435]	[8,186,072]
Gain on lease modification	15	-	[8,998,700]
Reversal of impairment	14	[11,457,173]	[4,733,842]
Amortization of intangible assets	16 & 36	3,047,371	2,665,533
Write-off of property and equipment		772,839	8,746,066
Provisions for expected credit losses	22	337,820	1,881,816
Share in net results of investment in an associate	17	7,022,644	7,625,434
Impairment of held for sale	36	112,913	-
Impairment of an associate	17	9,566,398	-
Impairment of a subsidiary	6	3,157,413	-
Provision for employees' end of service benefits	27 & 36	13,165,227	10,052,332
Gain on disposal of property and equipment		[2,550,727]	[92,158,389]
		774,414,923	761,117,218
Working capital changes:			
Inventories		2,132,500	[9,310,314]
Prepayments and other current assets		7,896,575	14,369,364
Trade receivables		[2,539,032]	280,475
Accounts payable		[4,530,166]	[37,250,502]
Accrued expenses and other current liabilities		[32,928,391]	7,871,913
Deferred revenue		44,037,542	58,152,261
Cash from operations		788,483,951	795,230,415
Employees' end of service benefits paid	27	[7,881,549]	[4,337,901]
Zakat paid	30	[7,657,466]	[9,731,207]
Net cash from operating activities		772,944,936	781,161,307

Item	Note	2025 SR	2024 SR
INVESTING ACTIVITIES			
Additions to property, equipment and related advances to suppliers and contractors		[371,426,545]	[583,854,466]
Proceeds from short term Murabaha profit		966,268	9,043,065
Acquisition of a subsidiary, net of cash acquired	6	-	[9,340,844]
Additional contribution in an associate	17	[7,860,311]	[14,508,400]
Proceeds from disposal of property and equipment		15,111,183	151,793,522
Investment in FVOCI		-	[4,800,000]
Addition to intangible assets	16	[2,365,797]	[2,237,154]
Net cash used in investing activities		[365,575,202]	[453,904,277]
FINANCING ACTIVITIES			
Proceeds from borrowings	26	1,152,586,238	411,374,564
Repayments of borrowings	26 & 36	[935,416,452]	[383,214,870]
Finance cost paid		[129,022,294]	[107,772,354]
Transaction with NCI		[326,234]	[1,336,994]
Treasury shares	25	[138,030,108]	[22,626,657]
Payment of lease liabilities	15	[96,634,002]	[109,739,624]
Dividends paid	32	[197,493,465]	[282,346,315]
Net cash used in financing activities		[344,336,317]	[495,662,250]
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS			
		63,033,417	[168,405,220]
Cash and cash equivalents at the beginning of the year		108,404,878	276,810,098
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	23	171,438,295	108,404,878
SIGNIFICANT NON-CASH TRANSACTIONS			
Additions to right-of-use assets and corresponding lease liability	15	149,113,760	200,520,391
Lease Modification	15	68,341,068	28,170,879
Re-measurement loss on employees end of service benefits obligation	27	[1,676,462]	[8,001,390]
Acquisition of non-controlling interests	1 [a]	4,800,000	-

Assim Al Attas
Chief Financial Officer

Abdulelah Al-Nemr
Chief Executive Officer

Ali Hamad AlSagri
Board Chairman

Notes to the Consolidated Financial Statements

31 December 2025

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 and the unified identification number 7001573141 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:

Name	Country of incorporation	Ownership percentage			
		31 December 2025		31 December 2024	
		Direct	Indirect	Direct	Indirect
Sports Hive Limited Company	Kingdom of Saudi Arabia	-	100%	-	100%
Altathir Al-Riyadiyah Company	Kingdom of Saudi Arabia	-	100%	-	100%
Padel X Sports Company	Kingdom of Saudi Arabia	-	51%	-	51%
Champs Sports and Fitness Club LLC Company	United Arab Emirates	-	60%	-	60%
Sports Hub Sports Company	Kingdom of Saudi Arabia	-	55%	-	55%
Leejam Investments Company	Kingdom of Saudi Arabia	100%	-	100%	-
Al-Nemw Al-Murkab Real Estate Company	Kingdom of Saudi Arabia	-	100%	-	100%
Leejam Real Estate Company	Kingdom of Saudi Arabia	-	100%	-	100%
Tatweer Al-Momaiyez Sports Company	Kingdom of Saudi Arabia	-	60%	-	60%
Service Sport Company [note a]	Kingdom of Saudi Arabia	-	100%	-	-
Kafaat Alisnad Lilmawarid Albashariyya Company [note b]	Kingdom of Saudi Arabia	-	100%	-	-
Riada Raqmiyah For Technologies [note c]	Kingdom of Saudi Arabia	-	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.

[a] During the year ended 31 December 2025, the Group established a new entity in partnership with Service Support Group Limited [UK], named Service Sport Company, in which the Group held a 65% ownership interest and exercised control. The newly formed entity’s principal activities include providing repair and maintenance services for men’s and women’s sports halls and centers, as well as the repair and maintenance of sporting goods and equipment.

Later in the same year, the Group acquired the remaining 35% non-controlling interest in this subsidiary through a share-swap arrangement, whereby the Group transferred a 10% equity interest in Service Support Group Limited. This investment had previously been classified as FVOCI [fair value through other comprehensive income] and was measured at SAR 4.8 million at the time of transfer.

[b] During the year ended 31 December 2025, the Group incorporated an entity named as Kafaat Alisnad Lilmawarid Albashariyya Company. The primary business of the entity is to provide the recruitment services, administrative support services, temporary administrative support services, and workforce and manpower support services. The subsidiary is yet to start the operations as at 31 December 2025.

[c] During the year ended 31 December 2025, the Group incorporated an entity named as Riada Raqmiyah For Technologies Company. The primary business of the entity is to provide computer programming activities related to information technology and communications. The subsidiary is yet to start the operations as at 31 December 2025.

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 for Employees’ defined benefit obligations which are recognized at the current value of the future liabilities using projected credit unit method, financial assets held at fair value through other comprehensive income, which are measured at fair value. In addition, these consolidated financial statements have been prepared using accrual basis of accounting.

2 BASIS OF PREPARATION AND CONSOLIDATION [CONTINUED]

2.3 Functional and presentation currency

The consolidated financial statements are presented in Saudi Riyal ["SR"] which is the functional and presentation currency the parent company, 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].

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 2025 or after [unless otherwise stated] and do not have a material impact on the Group's consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS [21]: Lack of exchangeability

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of the entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments did not have a material impact on the Group's consolidated 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 Group 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 Group on the effective date, except IFRS 18, which the Group is currently evaluating the impact of its adoption on the financial statements.

Standard, Amendment or Interpretation	Effective date
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
- Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026
- IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
- Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21	1 January 2027

4 MATERIAL ACCOUNTING POLICY INFORMATION

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 amortized 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%
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 following 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.

Initial recognition and measurement

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 ended 31 December 2024, 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.

On 29 Thul-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 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.

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.

4 MATERIAL ACCOUNTING POLICY INFORMATION [CONTINUED]

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.

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 statement of profit or loss. 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.

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.

5 SIGNIFICANT ASSUMPTIONS, ESTIMATES AND JUDGEMENTS [CONTINUED]

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 ACQUISITIONS OF SUBSIDIARIES

Altathir Al-Riyadiyah Company ["Altathir"]

Altathir was fully acquired on 25 Thul-Qi'dah 1444H [corresponding to 14 June 2023] at a consideration of SR 12 million. During the year ended 31 December 2024, purchase price allocation for Altathir was finalized. The assessment was carried out within one year of the acquisition date, which resulted in adjustments to the previously recognized goodwill amounting to SR 4.93 million. The adjustment resulted in recognition of intangible assets which are trademarks and customer relationships, amounting to SR 1.66 million and SR 3.27 million respectively.

During the year ended 31 December 2025, the Group entered into an agreement with a third party to sell its 30% interest in Al-Tatheer Sports Company for a total consideration of SR 9 million. As part of the arrangement, the investee is expected to issue new shares, which will result in the dilution of the Group's ownership interest to 55%. As of 31 December 2025, the legal and regulatory procedures relating to the transaction were still in progress. Accordingly, the Group continued to retain legal ownership of 100% of Al-Tatheer Sports Company as at the reporting date, and the subsidiary remained fully consolidated in the Group's financial statements.

Champs Sports and Fitness Club LLC Company ["Champs"]

On 20 Rajab 1445H [corresponding to 1 February 2024], the Group acquired a 60% stake in Champs, having commercial license number 865400 issued by the Dubai Economy Department. Its head office is registered in Dubai, United Arab Emirates. Transaction costs of SR 17,266 were expensed and were 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.

During the year ended 31 December 2024, management decided to classify Champs as held for sale. The provisional goodwill along with the related assets, liabilities, and NCI, are disclosed in the consolidated financial statements as separate line items [see note 36]. There is no change in management intention as of and during the year ended 31 December 2025.

Sports Hub Sports Company ["Sports Hub"]

On 24 Thul-Qi'dah 1445H [corresponding to 1 June 2024], the Group acquired 55% stake in Sports Hub, having commercial register number 1010299768. Its head office is registered in Riyadh, Kingdom of Saudi Arabia. During the year ended 31 December 2025, Sports Hub ceased its operations. As a result, the Group assessed the recoverability of its investment and determined that the carrying amount was fully impaired. Accordingly, the entire carrying value of the investment including goodwill has been recognized as an impairment loss and expensed in the current year's profit or loss. It was 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.

6 ACQUISITIONS OF SUBSIDIARIES [CONTINUED]

Below is the details of net assets impaired:

	31 December 2025 SR [Unaudited]
Assets	
Property and equipment	1,942,009
Goodwill	1,283,869
Prepayments and other current assets	1,365,746
Trade receivables	5,070,846
Total assets	9,662,470
Liabilities	
Employees' end of service benefits	488,888
Trade and other payables	6,016,169
Total liabilities	6,505,057
Net assets impaired	3,157,413

The following table shows book value of total assets acquired and liabilities assumed at acquisition date for acquisitions made in 2024:

	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

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]

7 REVENUE

Type of services	2025 SR	2024 SR
Subscriptions and membership	1,363,878,725	1,268,730,523
Personal training	207,089,447	194,564,140
Rental income	26,876,902	19,729,400
Others	16,484,607	18,342,193
	1,614,329,681	1,501,366,256

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:

Types of customers	Subscriptions and membership		Personal training		Rental income	
	2025 SR	2024 SR	2025 SR	2024 SR	2025 SR	2024 SR
Male centers	1,014,237,255	948,986,273	134,624,692	123,840,244	14,309,323	12,687,595
Female centers	341,919,967	309,852,546	72,464,755	70,723,896	5,346,363	5,066,487
Other business	772,1503	9,891,704	-	-	7,221,216	1,975,318
	1,363,878,725	1,268,730,523	207,089,447	194,564,140	26,876,902	19,729,400

Geographical segregation of revenue has been presented in note 33.

8 COST OF REVENUE

Item	2025 SR	2024 SR
Salaries and related benefits	392,990,136	350,956,013
Depreciation of property and equipment [note 14]	196,629,882	171,584,127
Depreciation of right-of-use assets	127,566,210	111,864,815
Utility	93,476,176	80,773,042
Cleaning and services	78,763,444	66,782,936
Maintenance and repair	41,388,085	30,270,038
Government and recruitment expenses	30,967,621	26,772,737
Consumables	13,416,494	12,039,178
Security and safety	9,822,967	13,845,930
Stationary	65,402	21,807
Others	14,066,355	13,062,592
	999,152,772	877,973,215

9 GENERAL AND ADMINISTRATIVE EXPENSES

Item	2025 SR	2024 SR
Salaries and related benefits	87,637,778	82,966,279
IT maintenance	22,796,690	17,824,709
Professional fees	11,500,365	11,025,931
Depreciation of property and equipment [note 14]	7,106,766	5,768,491
Bank charges and commission	5,748,040	4,607,879
Government and recruiting expenses	5,409,195	7,472,201
Board of Directors remuneration [note 21]	3,366,054	3,287,086
Amortization of intangible assets	3,034,403	2,647,379
Depreciation- right of use assets	913,728	546,195
Others	10,093,706	13,493,399
	157,606,725	149,639,549

10 ADVERTISING AND MARKETING EXPENSES

Item	2025 SR	2024 SR
Advertising and marketing	25,567,219	16,148,030
Salaries and related benefits	8,729,997	8,510,671
	34,297,216	24,658,701

11 INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Item	2025 SR	2024 SR
Opening	4,892,318	-
Acquisition	-	4,800,000
Transfer*	[4,800,000]	-
Unrealized gain	-	92,318
Balance at year end	92,318	4,892,318
	999,152,772	877,973,215

* During the year, the Group transferred its equity investment classified at fair value through other comprehensive income [FVOCI] as part of a swap arrangement [Note-1].

12 FINANCE COST

Item	2025 SR	2024 SR
Finance cost on lease liabilities [note 15]	54,956,904	41,223,942
Finance commission	31,591,553	27,311,959
Finance cost on borrowings	19,540,337	20,699,146
Interest on employees' defined benefit liabilities [note 27]	3,370,655	2,242,360
	109,459,449	91,477,407

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 25], 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	2025 SR	2024 SR
Net profit attributable to Equity holders of the parent company	304,870,401	456,978,822
Number of shares	52,090,489	52,352,472
Earnings per share	5.85	8.73

Basic and diluted earnings per share of continuing operations	2025 SR	2024 SR
Net profit attributable to Equity holders of the parent company	304,870,401	455,675,365
Number of shares	52,090,489	52,352,472
Earnings per share	5.85	8.70

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 2025	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
Additions	23,650,000	113,718,463	276,000		66,739,598	26,154,477	3,833,960	11,059,866	199,728,480	445,160,844
Transfers	-	138,719,269	-		-	-	-	-	[138,719,269]	-
Disposal	[11,556,250]	-	-		[3,650,523]	[9,334]	-	[1,411]	-	[15,217,518]
Impairment reversal	-	-	-		-	-	-	-	8,394,169	8,394,169
Write off	-	-	-		-	-	-	-	[772,839]	[772,839]
At 31 December 2025	451,163,760	2,149,387,392	5,093,796		633,318,073	192,872,403	31,229,677	58,427,087	235,596,603	3,757,088,791
Accumulated depreciation:										
At 1 January 2025	-	841,552,579	4,008,188		270,832,531	100,677,070	19,808,029	24,955,894	-	1,261,834,291
Charge for the year	-	131,383,991	301,970		51,181,433	12,168,009	2,825,605	5,875,640	-	203,736,648
Disposal	-	-	-		[2,905,399]	[9,333]	-	[1,260]	-	[2,915,992]
Impairment of subsidiary	-	-	21,124		186,684	1,441,672	-	292,529	-	1,942,009
Impairment reversal	-	[2,726,270]	-		[242,486]	[39,101]	[12,359]	[42,788]	-	[3,063,004]
At 31 December 2025	-	970,210,300	4,331,282		319,052,763	114,238,317	22,621,275	31,080,015	-	1,461,533,952
Net book value										
At 31 December 2025	451,163,760	1,179,177,092	762,514		314,265,310	78,634,086	8,608,402	27,347,072	235,596,603	2,295,554,839
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		123,396,842	22,361,675	3,846,258	11,512,931	123,280,579	595,599,873
Transfers	-	106,103,687	-		-	-	-	-	[106,103,687]	-
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]
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

14 PROPERTY AND EQUIPMENT [CONTINUED]

The depreciation charge for the year is allocated as follows:

Item	2025 SR	2024 SR
Cost of revenue [note 8]	196,629,882	171,584,127
General and administrative expenses [note 9]	7,106,766	5,768,491
	203,736,648	177,352,618

Buildings include infrastructure constructed on plots of land leased by the Group amounting to SR 1,137.07 million [2024: SR 1,019.83 million].

The Capital Work-in-Progress ["CWIP"] as of 31 December 2025 represents construction costs and capital equipment amounting to SR 178.03 million and SR 57.57 million [2024: SR 119.8 million and SR 47.17 million], respectively.

The total borrowing cost capitalized under CWIP during the year amounted to SR 8.34 million [2024: SR 5.22 million] and the average capitalization rate was 5.28% [2024: 5.85%]. In addition, interest in respect of lease liability amounting to SR 13.36 million [2024: SR 13.28 million] was capitalized for under construction fitness centers.

During the year, the Group closed three centers at the pre-construction phase due to lack of viability. An amount of SR 0.77 million was written off in connection with the closure of these centers.

During the year, the Group reversed impairment amounting to SR 11.46 million in respect of a previously impaired fitness centers.

During the year, the Group has sold a land located in Qatif with a book value of SR 11.56 million for SR 14.18 million resulting in a gain of SR 2.62 million recognized under net gain on disposal of property and equipment.

During the year 2024, the Group 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 in year 2024.

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.

Item	2025 SR	2024 SR
Opening balance	1,253,059,878	1,152,169,605
Addition during the year	149,113,760	200,520,391
Depreciation charge for the year	[128,479,938]	[112,411,010]
Lease Modification	68,341,068	28,170,879
Lease termination	[15,807,721]	[20,123,829]
Reversal of impairment [note a below]	-	4,733,842
Closing balance	1,326,227,047	1,253,059,878

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

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

Movement in lease liabilities is as follows:

Item	2025 SR	2024 SR
Opening balance	1,376,401,160	1,292,541,000
Addition during the year	149,113,760	200,520,391
Lease payments for the year	[163,864,876]	[164,245,110]
Lease Modification	68,341,068	19,172,179
Interest expense for the year [note 12]	54,956,904	41,223,942
Lease termination	[14,852,828]	[26,092,786]
Interest capitalized for under construction fitness centers	13,361,479	13,281,544
Closing balance	1,483,456,667	1,376,401,160

Lease liability included in the consolidated statement of financial position:

Item	2025 SR	2024 SR
Non-current	1,366,413,544	1,275,789,904
Current	117,043,123	100,611,256
	1,483,456,667	1,376,401,160

The maturity analysis of lease liabilities is disclosed in note 34.

16 INTANGIBLE ASSETS

Item	2025 SR	2024 SR
Cost:		
At 1 January	23,136,091	16,041,384
Additions	2,365,797	2,168,230
Reclassification from goodwill [note 6]	-	4,926,477
At 31 December	25,501,888	23,136,091
Accumulated amortization:		
At 1 January	14,753,264	12,105,885
Charge for the year	3,034,403	2,647,379
At 31 December	17,787,667	14,753,264
	7,714,221	8,382,827

17 INVESTMENT IN AN ASSOCIATE

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

For this purpose, the Group assessed whether it had significant influence or control not only on the basis of its ownership percentage but also on the existence of qualitative factors such as representation on 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 Thul-Qi'dah 1444H [corresponding to 14 June 2023], with a share capital at an amount of SR 100,000 divided into 100 shares with SR 1,000 each. This partnership aimed to establish and operate a network of physiotherapy, rehabilitation and sports health care clinics within and outside the Company's centers in the Kingdom.

During the current year, the Group, in mutual agreement with Burjeel Holding Company, agreed to dissolve the Investee Company as a result of a comprehensive assessment of its operational performance, financial results and prevailing market dynamics. Accordingly, the Group has impaired the carrying value in the current year's consolidated statement of profit or loss.

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

Item	Ownership		2025 SR	2024 SR
	2025 %	2024 %		
Integrated Medical Care Services Company	50%	50%	-	8,728,731

Movement in the Group's investment account:	2025 SR	2024 SR
At the beginning of the year	8,728,731	1,845,765
Addition during the year	7,860,311	14,508,400
The Group's share of the associate results	[7,022,644]	[7,625,434]
Impairment	[9,566,398]	-
At the end of the year	-	8,728,731

Summarized statement of financial position of the associate:	2025 SR	2024 SR
Current assets	30,473,756	7,353,847
Non-current assets	-	22,180,609
Current liabilities	8,158,840	9,819,701
Non-current liabilities	-	586,640
Equity	22,314,916	19,128,115
Group's share in equity [note 171]	9,566,398	8,721,731

Summarized statement of profit or loss and other comprehensive income of the associate:	2025 SR	2024 SR
Revenue	17,150,584	7,450,053
Net loss for the year	[14,045,288]	[15,250,868]
Total comprehensive loss for the year	[14,045,288]	[15,250,868]
Group's share of loss for the year	[7,022,644]	[7,625,434]

17.1 This represents the book value of the Group's share in the net assets of Investee Company.

After completion of the dissolution of the Investee Company, the actual realized amount may be different.

18 GOODWILL

During 2016, the Group acquired a fitness center namely Alkhaleej with goodwill recognised on the acquisition of amounting to SR 4.8 million. During the year, management carried out impairment assessment for goodwill in respect and concluded that the recoverable amount is more than the carrying value.

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

Item	2025 SR	2024 SR
Gross carrying amount		
At the beginning of the year	8,289,905	11,932,513
Impairment of Sports Hub Sports Company [note 6]	[1,283,869]	-
Acquisition of a subsidiary [note 6]	-	3,846,311
Goodwill pertaining to held for sale [note 36]	-	[2,562,442]
Allocated to intangible assets [note 6]	-	[4,926,477]
Closing balance	7,006,036	8,289,905

18 GOODWILL [CONTINUED]

The Weighted Average Cost of Capital ("WACC") rate applied for the purpose of determining value in use is 12% [2024: 12%]. The WACC is calculated based on assumptions that reflect market assessments of the relevant risk. 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 9%. 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.

The remaining goodwill was tested for impairment, using a comparison of the carrying amount of the cash-generating unit (CGU) to its recoverable amount, determined as the fair value less costs of disposal (FVLCD). The results of this assessment indicated that the carrying amount is significantly lower than the recoverable amount, and therefore no impairment loss is required.

19 ADVANCES TO SUPPLIERS AND CONTRACTORS

Item	2025 SR	2024 SR
Advances to contractors and equipment suppliers	47,691,596	103,560,817
Less: Allowance for impairment loss	[1,226,297]	[4,226,297]
	46,465,299	99,334,520

Movement in Advances to contractors and equipment suppliers is as follows:

Item	2025 SR	2024 SR
At the beginning of the year	4,226,297	4,226,297
Reversal of provision during the year	[3,000,000]	-
Closing balance	1,226,297	4,226,297

20 PREPAYMENT AND OTHER ASSETS

Item	2025 SR	2024 SR
Other receivable	52,446,347	47,328,711
Prepayments	19,314,641	31,579,056
Advances to suppliers	14,274,772	18,461,628
	86,035,760	97,369,395
Less: Allowance against prepayments and other assets	[8,468,677]	[9,405,802]
	77,567,083	87,963,593
Allocation of allowance of prepayments and other assets is as follow:		
Advances to suppliers	7,470,003	8,407,128
Prepayments	998,674	998,674
	8,468,677	9,405,802

Movement in Allowance prepayments and other assets is as follows:

Item	2025 SR	2024 SR
At the beginning of the year	9,405,802	9,405,802
Write off during the year	[937,125]	-
Closing balance	8,468,677	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 terms of the transactions are approved by the board of directors.

The following are the details of the major related party transactions occurred during the year:

Related party	Nature of relationship	Nature of transactions	2025 SR	2024 SR
Key management personnel*	Key management personnel	Salaries and other benefits	14,142,483	9,615,739
		Post-employment benefits	589,768	410,828
Board of Directors	Directors	Remuneration [note 9]	3,366,054	3,287,086
Hamad Ali AlSagri	Shareholder	Lease rentals paid	3,400,000	3,400,000
AlSagri Holding	Shareholder affiliate	Subscription sold	190,383	219,552
Dhaq Almanzel Trading Est	Shareholder affiliate	Purchase of furniture	970,956	1,463,253
Afaq Al-Anaqah Trading	Shareholder affiliate	Purchase of supplies	2,252,042	4,011,627
Saudi Telecom Company	Common directorship	Subscription sold	741,061	99,599
Saudi Telecom Company	Common directorship	Purchase of internet and other services	1,604,808	118,317

* Key management personnel are entitled to yearly performance based bonus that is ascertained at the time of actual payment which is made subsequent to the year end.

21 RELATED PARTIES TRANSACTIONS AND BALANCES [CONTINUED]

Amounts due from/ [due to] related parties are as follows:

Item	2025 SR	2024 SR
Trade receivables		
AlSagri Holding	228,927	78,026
Saudi Telecom Company	75,136	1,064,851
Prepayments and other current assets		
Afaq Al-Anaqah Trading	-	576,120
Dhaoq Almanzel Trading Est	-	88,200
Accounts payables and accruals		
Saudi Telecom Company	-	39,468
Dhaoq Almanzel Trading Est	61,180	-
Afaq Al-Anaqah Trading	17,864	-
Hamad Ali AlSagri	-	3,910,000

22 TRADE RECEIVABLES

Item	2025 SR	2024 SR
Subscriptions and membership receivables	17,760,548	20,098,213
Rental receivables	14,730,568	14,838,479
	32,491,116	34,936,692
Less: Allowance for expected credit losses		
- Subscriptions and membership receivables	[135,498]	[5,236]
- Rental receivables	[9,114,433]	[8,906,875]
	[9,249,931]	[8,912,111]
	23,241,185	26,024,581

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

Item	2025 SR	2024 SR
At the beginning of the year	8,912,111	7,030,295
Allowance provided during the year	337,820	1,881,816
Closing balance	9,249,931	8,912,111

Information about the credit exposures on trade receivables is disclosed in note 34.

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	2025 SR	2024 SR
Cash in hand	173,980	122,107
Cash at bank – current accounts	159,362,981	90,981,780
Short term deposits [note a]	10,200,000	15,000,000
	169,736,961	106,103,887
Held for sale cash	1,701,334	2,300,991
	171,438,295	108,404,878

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

24 SHARE CAPITAL

The share capital of the Group is SR 523.8 million [2024: SR 523.8 million] divided into 52.3 million shares [2024: 52.3 million shares] with a nominal value of SR 10 each.

25 TREASURY SHARES

On 29 Thul-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. In this respect, the Group has bought-back 152,120 of its outstanding shares as treasury shares at an average price of SR 188.48.

On 1 Jumada Al-Ula 1447H [corresponding to 23 October 2025], the Extraordinary General Assembly approved the repurchase of shares up to 3,300,000 shares as the Board of Directors considers the share price in the market is lesser than the fair value. In this respect, the Group has bought back 1,083,514 of its outstanding shares as treasury shares at an average price of SR 121.88.

26 BORROWINGS

Item	2025 SR	2024 SR
Non-current portion of long-term borrowings	426,101,700	225,957,411
Current portion of long-term borrowings	122,300,841	105,252,967
	548,402,541	331,210,378

26 BORROWINGS [CONTINUED]

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

Item	2025 SR	2024 SR
At 1 January	331,210,378	302,809,203
Receipts during the year	1,152,586,238	411,374,564
Repayments during the year	[935,394,075]	[382,973,389]
	548,402,541	331,210,378

As at 31 December 2025, the Group had unutilized bank financing facilities amounting to SR 823 million [31 December 2024: SR 1,172 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 notes issued by the Group and carry profit at prevailing market rates.

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 2025, 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 2025 and 31 December 2024 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.

Item	2025 SR	2024 SR
Present value of end of service benefits [consolidated statement of financial position]		
Present value of employees' end of service benefits liabilities	75,753,452	65,945,056

Consolidated statement of profit or loss	2025 SR	2024 SR
Current service costs	13,131,716	9,970,311
Interest cost	3,370,655	2,242,360

Reconciliation of present value of liability

Item	2025 SR	2024 SR
As at 1 January	65,945,056	49,803,255
Effect of acquisition of new subsidiary [note 6]	-	265,641
Current service cost	13,131,716	9,970,311
Interest cost	3,370,655	2,242,360
Actuarial loss	1,676,462	8,001,390
Impairment of Sports Hub [note 6]	[488,888]	-
Payments during the year	[7,881,549]	[4,337,901]
As at 31 December	75,753,452	65,945,056

Item	2025 SR	2024 SR
Discount rate	5.25%	5.5%
Future salary increment rate-long term	4.00%	4.50%
Future salary increment rate -short term	4.00%	5.00%
Retirement age	60 years	60 years

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

Item	2025 SR	2024 SR
Increase in discount rate 1%	[6,612,619]	[5,394,535]
Decrease in discount rate 1%	7,010,084	6,315,451
Increase in long term salary increases 1%	7,043,121	6,353,774
Decrease in long term salary increases 1%	[6,742,546]	[50,514,167]

The weighted average duration of the defined benefit obligation is 9.03 years [31 December 2024: 9.05 years]. The expected maturity analysis of undiscounted defined benefit obligation is as follows [time in years]:

Item	2025 SR	2024 SR
Within the next 12 months [next annual reporting period]	8,672,915	6,663,924
Between 2 and 5 years	23,712,351	20,440,187
Beyond 5 years	101,068,729	90,747,103
Total expected payments	133,453,995	117,851,214

28 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Item	2025 SR	2024 SR
Accrued expenses	72,462,473	100,469,353
Value added tax (VAT) payable	7,009,824	12,848,512
	79,472,297	113,317,865

29 DEFERRED REVENUE

Item	2025 SR	2024 SR
Deferred subscription income from:		
Membership fee	516,040,215	469,118,017
Personal training fee	28,839,480	31,418,567
	544,879,695	500,536,584
Deferred rental income	3,333,561	3,184,702
	548,213,256	503,721,286

Movements in deferred revenue.

Item	2025 SR	2024 SR
At the beginning of the year	503,721,286	443,623,557
Sales during the year	1,658,821,651	1,561,463,985
Revenue recognized during the year	[1,614,329,681]	[1,501,366,256]
At the end of the year	548,213,256	503,721,286

30 ZAKAT AND INCOME TAX

30.1 Charge for the year

Item	2025 SR	2024 SR
Zakat provision for the year	4,894,526	9,576,270
Income tax provision for the year	367,253	650,137
	5,261,779	10,226,407

30.2 Movements in zakat and tax provision

Item	2025 SR	2024 SR
At the beginning of the year	11,255,841	10,760,641
Charge during the year	9,033,970	10,226,407
Reversal	[3,772,191]	-
	5,261,779	10,226,407
Payments during the year	[7,657,466]	[9,731,207]
At the end of the year	8,860,154	11,255,841

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

Item	2025 SR	2024 SR
Share capital	523,833,610	523,833,610
Treasury shares	[160,656,765]	[22,626,657]
Retained earnings	839,092,874	733,299,785
Adjusted net profit for the year	309,518,818	451,115,674
Book value of non-current assets	3,659,999,028	3,415,613,788

30.4 Adjusted net income

Item	2025 SR	2024 SR
Profit for the year before zakat	303,286,522	450,339,477
Others	6,232,296	776,197
At the end of the year	309,518,818	451,115,674

30.5 Status of assessments

The Group has submitted its zakat returns for the years up to 2024. The Group has received zakat certificate from the Zakat, Tax and Customs Authority ["ZATCA"] which is valid up to 30 April 2026. The Group has received final assessments from ZATCA for the years up to 2014 and 2019 to 2023.

However, on 30 April 2021, the Group received a notification from ZATCA concerning the years 2015, 2016, 2017 and 2018. The notification claims an additional tax liability related to the ownership of shares in the Group by Target Opportunities for Trading Company, one of the former shareholders. ZATCA, based on certain assumptions, considers that the Group may be partially subject to income tax. ZATCA assumed that the former shareholder was directly or indirectly owned by investment funds that could ultimately be held by non-GCC nationals. Based on this assumption, the estimated income tax exposure indicated in the notification for 2015, 2016, 2017 and 2018 is SR 32.7 million, excluding late payment penalties. The former shareholder remained a shareholder of the Group until 31 December 2018.

30 ZAKAT AND INCOME TAX [CONTINUED]

30.5 Status of assessments [CONTINUED]

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

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, part of which has been paid during the period ended 31 December 2025. The above-mentioned former shareholder has provided to the Group an indemnity 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 2025. During 2025, the Group settled a part of this liability and agreed with ZATCA for settlement of the full amount in equal monthly installments which will end in 2026. Subsequent to the year ended 31 December 2025, the Group finalized a reimbursement agreement with the former shareholder.

The Group's zakat assessment for the year 2024 is currently under review by the ZATCA. ZATCA raised some queries, which were responded. ZATCA has not issued a final assessment to date.

31 CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

In the normal course of the business, the Group is involved in certain in-process litigations. 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 23.31 million as at 31 December 2025 [31 December 2024: SR 14.11 million] and letter of credit amounting to SR 0.34 million for the purpose of the business as at 31 December 2025 [2024: SR 53.42 million].

31.2 Commitments

The Group has capital commitments on contracts for setting up fitness centers amounting to SR 100.40 million as at 31 December 2025 [31 December 2024: SR 188.7 million].

32 DIVIDENDS

In its meeting held on 24 Thul-Qi'dah 1446H [corresponding to 22 May 2025], the Annual General Assembly of the Company authorized the Board of Directors to distribute interim dividends on a quarterly or semi-annual basis for the fiscal year 2025.

On 5 Jumada Al-Ula 1447H [corresponding to 27 October 2025], the Board of Directors, resolved to distribute cash dividend of SR 0.95 per share amounting to SR 49.62 million for the third quarter of 2025.

On 2 Safar 1447H [corresponding to 29 July 2025], the Board of Directors, resolved to distribute cash dividend of SR 0.84 per share amounting to SR 43.87 million for the second quarter of 2025.

On 27 Thul-Qi'dah 1446H [corresponding to 25 May 2025], the Board of Directors, resolved to distribute cash dividend of SR 0.81 per share amounting to SR 42.32 million for the first quarter of 2025.

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 fourth quarter of 2024.

On 25 Rabi Al-Thani 1446 [corresponding to 28 October 2024], the Board of Directors, resolved to distribute interim cash dividend of SR 2.14 per share amounting to SR 112.1 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.

33 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:

33.1 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.

Types of customers	Local Region – KSA		International Region – UAE		Total	
	2025 SR	2024 SR	2025 SR	2024 SR	2025 SR	2024 SR
Revenue	1,565,810,914	1,454,786,720	48,518,767	46,579,536	1,614,329,681	1,501,366,256
Depreciation						
- Property & equipment	[189,512,430]	[164,630,025]	[7,117,452]	[6,954,102]	[196,629,882]	[171,584,127]
- Right-of-use assets	[124,758,493]	[108,532,284]	[2,807,717]	[3,332,531]	[127,566,210]	[111,864,815]
Other operating costs	[648,882,837]	[572,022,563]	[26,073,843]	[22,501,710]	[674,956,680]	[594,524,273]
Segment profit	602,657,154	609,601,848	12,519,755	13,791,193	615,176,909	623,393,041

33.2 Market segments

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

For year ended 31 December 2025

	Male	Female	Other Business	Total
All amounts in SR				
Revenues	1,171,636,076	424,017,946	18,675,659	1,614,329,681
Depreciation on property and equipment	[134,413,797]	[60,133,122]	[2,082,963]	[196,629,882]
Depreciation of right-of-use assets	[85,781,379]	[40,103,605]	[1,681,226]	[127,566,210]
Other operating costs	[474,072,679]	[181,813,667]	[19,070,334]	[674,956,680]
Segment profit	477,368,221	141,967,552	[4,158,864]	615,176,909

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

33.3 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	2025 SR	2024 SR
Segment profit	615,176,909	623,393,041
General and administrative expenses	[157,606,725]	[149,639,549]
Advertising and marketing expenses	[34,297,216]	[24,658,701]
Finance costs	[109,459,449]	[91,477,407]
Profit from short term Murabaha	886,435	8,186,072
Others	[7,430,978]	98,549,282
Profit before zakat	307,268,976	464,352,738

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Group's principal financial liabilities comprise of Islamic 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 financial assets include trade receivable, investments at fair value through other comprehensive income, bank balances and a certain portion of other current assets 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.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

[CONTINUED]

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, bank balances and a certain portion of other current assets.

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 159.36 million and 10.2 million as at 31 December 2025 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 IFRS 9 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 2025 and 2024 was determined as follows:

Membership receivables

31 December 2025	Within Credit period SR	1-180 days Past Due SR	181-365 days past due SR	Total SR
Gross carrying amount	8,333,376	5,902,732	3,524,440	17,760,548
Expected credit loss range [%]	0.03%	0.28%	3.31%	
Loss allowance	2,791	16,169	116,538	135,498

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

Rent receivables

31 December 2025	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	1,541,944	1,997,867	1,293,000	9,897,757	14,730,568
Expected credit loss range [%]	12.81%	18.48%	45.63%	80.40%	
Loss allowance	197,549	369,293	589,994	7,957,597	9,114,433

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

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.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES [CONTINUED]

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: profit rate risk, currency risk and commodity risk. Financial instruments affected by market risk include loans and term deposits. The sensitivity analyses in the following sections relate to the position as at 31 December 2025 and 2024.

Profit rate risk

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

Borrowings	2025 SR	2024 SR
Variable rate instruments	538,202,541	316,210,378

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	2025 SR	2024 SR
100 bp Increase	[5,382,025]	[3,162,104]
100 bp Decrease	5,382,025	3,162,104

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, based on contractual undiscounted payments.

31 December 2025	Within 3 Months SR	3 to 12 months SR	2 to 5 years SR	More than 5 years SR	Total SR
Borrowings	35,420,217	97,491,196	453,229,063	49,681,775	635,822,251
Accounts payable	51,653,484	-	-	-	51,653,484
Accrued expenses	51,065,107	-	-	-	51,065,107
Lease liabilities	52,325,016	126,995,589	665,346,972	1,140,972,954	1,985,640,531
	190,451,542	224,486,785	1,118,576,035	1,190,654,729	2,724,169,091

Liquidity risk [CONTINUED]

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

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

Item	2025 SR	2024 SR
Equity	1,202,879,793	1,238,323,590
Debt [Borrowings and lease liabilities]	2,031,859,208	1,707,611,538

Item	2025 SR	2024 SR
Gearing ratio	1.69	1.38
Current ratio [excluding deferred revenue]	0.84	0.68

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

Item	2025 SR	2024 SR
Current financial assets	225,689,501	164,577,919
Current financial liabilities excluding deferred revenue	[342,062,555]	[341,597,841]
Net current financial liability position	[116,373,054]	[177,019,922]

The Group manages liquidity risk by ensuring sufficient un-availed borrowing facilities. As at 31 December 2025, unutilized bank borrowing facilities of SR 823 million were available from multiple banks for managing the funding requirements. Moreover, the Group generated cash flow from operating activities amounting to SR 772.9 million for the year 2025.

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES [CONTINUED]

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.

35 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 2025 and the year ended 31 December 2024. Capital comprises share capital, FVOCI reserve, retained earnings, treasury shares and non-controlling interests and it is measured at SR 1,202.88 million as at 31 December 2025 [2024: SR 1,238.32 million].

36 DISCONTINUED OPERATIONS

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 2025, 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	2025 SR	2024 SR
ASSETS		
Property and equipment	18,174,033	19,332,337
Goodwill	2,562,442	2,562,442
Right-of-use assets	5,810,835	6,225,895
Intangible	67,895	80,863
Inventories	207,097	-
Prepayments and other current assets	5,225,520	4,171,164
Trade receivables	1,382,193	1,468,431
Cash and cash equivalents	1,701,334	2,300,991
Total assets	35,131,349	36,142,123
Less: impairment of held for sale	[112,913]	-
	35,018,436	36,142,123

Item	2025 SR	2024 SR
LIABILITIES		
Borrowing	-	22,377
Lease liabilities	5,787,347	6,874,856
Provision end of service benefits	265,657	232,146
Accounts payable	3,503,011	2,527,210
Accrued expenses and other current liabilities	566,199	880,424
Deferred revenue	1,791,461	2,245,889
	11,913,675	12,782,902
NET ASSETS	23,104,761	23,359,221

Item	2025 SR	2024 SR
Revenue	22,256,608	18,409,083
Cost of revenues*	[16,118,807]	[11,247,821]
GROSS PROFIT	6,137,801	7,161,262
General and administrative expenses**	[5,537,122]	[4,628,937]
OPERATING PROFIT	600,679	2,532,325
Finance cost	[412,491]	[359,896]
PROFIT FOR THE YEAR***	188,188	2,172,429
Basic and diluted earnings per share from discontinued operations	-	0.03

* 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 1,736,394 SR 415,060 and SR 12,968, respectively [2024: SR 1,766,839 SR 299,060 and SR 18,154].

** This includes provision for employees' end of service benefits of amount SR 140,306 [2024: SR 82,021].

*** The Group recognized an impairment loss on its share of profits in Champs Sports and Fitness Club LLC for the year ended 31 December 2025 amounting to SR 112,913. Accordingly, the net profit generated from discontinued operations amounts to SR 75,275.

36 DISCONTINUED OPERATIONS [CONTINUED]

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

Item	2025 SR	2024 SR
Operating activities	1,830,545	697,508
Investing activities	[578,090]	[8,458,355]
Financing activities	[1,852,112]	9,043,611

37 EVENTS AFTER THE REPORTING PERIOD

On XX XXX 1447H [corresponding to XX February 2026], the Board of Directors, resolved to distribute cash dividend of X.XX per share amounting to XX.XX million for the three months period ended 31 December 2025.

Other than mentioned above, management believes no events have arisen subsequent to 31 December 2025 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 2025.

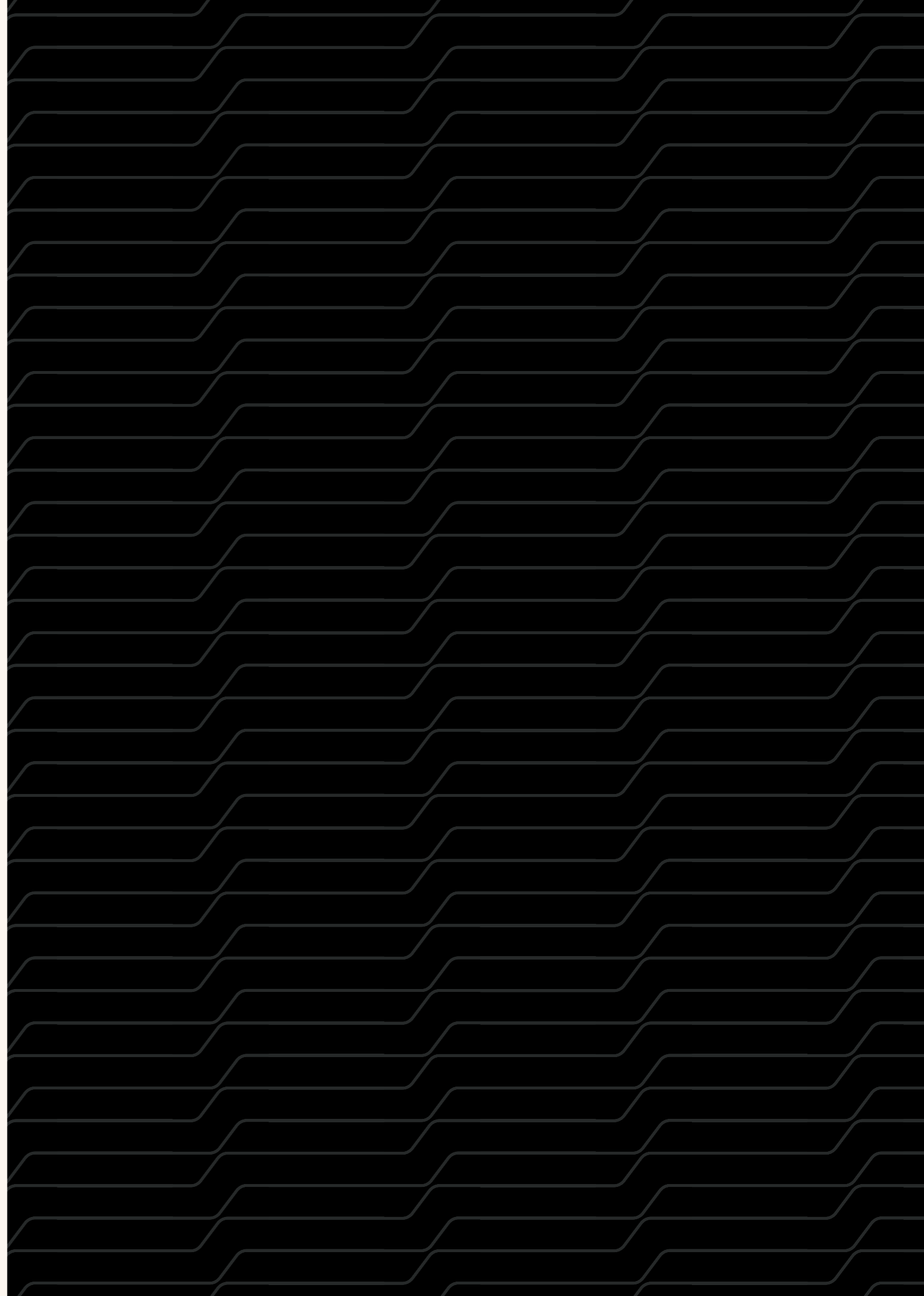
38 BRANCHES

Below are the details of branches 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	22/10/1440H
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

39 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved for issuance by the Group's Board of Directors on xxx 1447H [corresponding to xxxx 2026].





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.

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