

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
AND INDEPENDENT AUDITOR'S REPORT**

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2025

INDEX

	<u>Page</u>
Independent Auditor's Report	2 – 4
Consolidated Statement of Financial Position	5
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9 - 44

INDEPENDENT AUDITOR'S REPORT

**To the shareholders of
Sport Clubs Company
(A Listed Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Sport Clubs Company** (the "Company") and its subsidiary (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statements of profit or loss and other 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 issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") 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 requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. 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 our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
<p>Revenue Recognition</p> <p>The Group reported revenue of ﷲ 376 million for the year ended 31 December 2025 (31 December 2025 : ﷲ 327 million)</p> <p>We considered revenue recognition to be a key audit matter due to the significant judgment involved in applying IFRS 15, as revenue in the fitness training sector is required to be recognized over the subscription period rather than at the point of sale.</p> <p>The Group recognizes revenue upon satisfaction of performance obligations in line with its policies, which typically results in revenue from subscriptions and membership fees for sports training centers and related activities being recognized over the subscription period rather than at a specific point in time in accordance with the requirements of International Financial Reporting Standard No. (15) Revenue from Contracts with Customers.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Group's revenue streams, subscription arrangements, and revenue recognition processes, including how subscription revenue is deferred and recognized over the subscription period.. • Evaluated the appropriateness of the Group's revenue recognition accounting policies and assessed their consistency with the requirements of IFRS 15. • Reviewed the design, implementation, of the Group's controls, related to revenue recognition. • Performed sample-based testing for revenue transactions, including testing the accuracy of customer invoice generation, subscription pricing, and subscription start and end dates.

Independent Auditor’s Report on the Audit of the Consolidated Financial Statements of Sport Clubs Company for the year ended 31 December 2025 (continued)

Key Audit Matters (continued)

<i>Key Audit Matter</i>	<i>How our audit addressed the key audit matter</i>
Revenue Recognition (continued)	
We identified the revenue as a key audit matter because of considering the revenue as a critical performance measure, which includes an inherent risk of potential revenue overstatement. Refer to the accounting policy relating to revenue recognition in Note 3.14 and the related disclosures in Note 19 to the consolidated financial statements.	<ul style="list-style-type: none"> • Performed sample-based testing for discounts, promotions, contract amendments, and subscription cancellations applied to customer invoices and assessed their impact on recognized revenue. • Recalculated deferred revenue balances and tested the subsequent recognition of revenue over the subscription period, including agreement to underlying subscription contracts and customer records. • Performed cut-off testing around year-end to assess whether revenue was recognized in the appropriate accounting period. • Performed substantive analytical procedures, including developing independent expectations of revenue based on subscriber numbers, subscription terms, and average pricing, and investigating significant variances. • Assessed the adequacy and completeness of the related disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information consists of the information included in the annual report of the Group for the year ended 31 December 2025, other than the consolidated financial statements and our auditor’s report thereon. in its annual report. The annual report of the Group for the year ended 31 December 2025 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 don’t 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 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.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 issued by SOCPA and Regulations for Companies and the Company’s By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e., the Board of Directors, are responsible for overseeing the Group’s financial reporting process.

Independent Auditor's Report on the Audit of the Consolidated Financial Statements of Sport Clubs Company for the year ended 31 December 2025 (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 ISAs 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 ISAs 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 Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for 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 Dr. Mohamed Al-Amri & Co.,



Gihad Mohamed Al-Amri
Certified Public Accountant
License Number 362
Riyadh on: 23 Ramadan 1447 (H)
Corresponding to: 12 March 2026 (G)



SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

	<u>Note</u>	<u>2025</u>	<u>2024 Restated</u> <u>(Note 35)</u>	<u>2023 Restated</u> <u>(Note 35)</u>
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	(6)	539,778,851	463,355,727	407,306,143
Right of use assets	(7.1)	304,690,564	252,668,719	309,180,796
Intangible assets	(8)	8,389,832	5,385,723	5,341,104
TOTAL NON-CURRENT ASSETS		852,859,247	721,410,169	721,828,043
CURRENT ASSETS				
Inventory	(9)	8,071,523	9,927,245	8,209,467
Trade receivables	(10)	11,991,775	28,769,607	4,407,617
Prepayments and other current assets	(11)	25,107,772	29,195,968	11,894,836
Cash and cash equivalents	(12)	46,676,425	5,026,406	8,641,035
TOTAL CURRENT ASSETS		91,847,495	72,919,226	33,152,955
TOTAL ASSETS		944,706,742	794,329,395	754,980,998
EQUITY AND LIABILITIES				
EQUITY				
Share capital	(13)	114,400,000	104,000,000	104,000,000
Share premium	(13)	61,967,518	(1,026,540)	-
Statutory Reserve	(32)	-	-	15,904,683
Retained earnings		94,143,323	61,758,198	21,393,941
TOTAL EQUITY		270,510,841	164,731,658	141,298,624
LIABILITIES				
NON-CURRENT LIABILITIES				
Lease liabilities – non – current portion	(7.2)	328,002,495	279,672,885	333,420,462
Long term loans – non – current portion	(14)	107,530,540	84,031,227	60,677,133
Employees’ defined benefits obligations	(15)	30,122,179	24,676,110	21,825,791
Contracts liabilities – non – current portion	(16)	663,439	731,953	700,324
TOTAL NON-CURRENT LIABILITIES		466,318,653	389,112,175	416,623,710
CURRENT LIABILITIES				
Lease liabilities – current portion	(7.2)	45,433,906	42,249,645	36,029,454
Long term loans – current portion	(14)	32,398,451	58,942,123	41,948,849
Trade payables		10,641,905	26,096,224	29,118,347
Accrued expenses and other current liabilities	(17)	16,781,734	18,532,482	13,531,095
Provision for Zakat	(18)	1,061,368	1,008,151	802,549
Contracts liabilities – current portion	(16)	101,559,884	93,656,937	75,628,370
TOTAL CURRENT LIABILITIES		207,877,248	240,485,562	197,058,664
TOTAL LIABILITIES		674,195,901	629,597,737	613,682,374
TOTAL EQUITY AND LIABILITIES		944,706,742	794,329,395	754,980,998

The accompanying notes from (1) to (37) form an integral part of these consolidated financial statements.

Finance Director
Abdullah Altahan



Chief Executive Officer
Wael El Merhabi



Chairman of the board
Ammar Al Khudairy

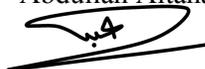


SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

	<u>Note</u>	<u>2025</u>	2024 Restated (Note 35)
Revenue	(19)	376,239,000	327,425,956
Cost of revenue	(20)	(263,766,303)	(230,737,456)
GROSS PROFIT		112,472,697	96,688,500
Marketing expenses	(21)	(10,783,830)	(8,131,932)
General and administrative expenses	(22)	(22,414,457)	(21,305,674)
Impairment of other current assets	(11)	(164,000)	-
Listing and Initial Public Offering Expenses	(34)	(4,748,788)	(2,851,615)
OPERATING PROFIT		74,361,622	64,399,279
Other income – net	(23)	2,978,064	4,086,603
Finance costs	(24)	(35,111,453)	(31,447,381)
PROFIT BEFORE ZAKAT FOR THE YEAR		42,228,233	37,038,501
Zakat expense	(18)	(1,061,368)	(934,132)
PROFIT FOR THE YEAR		41,166,865	36,104,369
OTHER COMPREHENSIVE INCOME:			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Re-measurement loss on employees' defined benefits obligations	(15)	(8,781,740)	(5,644,795)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		(8,781,740)	(5,644,795)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		32,385,125	30,459,574
BASIC AND DILUTED EARNINGS PER SHARE (ﷻ)	(33)	0.38	0.35

The accompanying notes (1) to (37) form an integral part of these consolidated financial statements.

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Abdullah Altahan



Chief Executive Officer
Wael El Merhabi



Chairman of the board
Ammar Al Khudairy



SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

(In Saudi Riyals ﷻ)

	<u>Note</u>	<u>Share capital</u>	<u>Share Premium</u>	<u>Statutory Reserve</u>	<u>Retained earnings</u>	<u>Total</u>
For the year ended 31 December 2025						
Balance at 1 January 2025 (As previously issued)		104,000,000	(1,026,540)	-	65,835,410	168,808,870
Adjustments	(35)	-	-	-	(4,077,212)	(4,077,212)
Balance as at 1 January 2025 (Restated)		104,000,000	(1,026,540)	-	61,758,198	164,731,658
Profit for the year		-	-	-	41,166,865	41,166,865
Other comprehensive income for the year		-	-	-	(8,781,740)	(8,781,740)
Total comprehensive income for the year		-	-	-	32,385,125	32,385,125
Share issuance costs for capital increase	(34)	-	(4,605,942)	-	-	(4,605,942)
Increase in share capital	(13)	10,400,000	67,600,000	-	-	78,000,000
Balance as at 31 December 2025		114,400,000	61,967,518	-	94,143,323	270,510,841
For the year ended 31 December 2024						
Balance at 1 January 2024 (As previously issued)		104,000,000	-	15,904,683	23,505,781	143,410,464
Adjustments	(35)	-	-	-	(2,111,840)	(2,111,840)
Balance as at 1 January 2024 (Restated)		104,000,000	-	15,904,683	21,393,941	141,298,624
Profit for the year (Restated)		-	-	-	36,104,369	36,104,369
Other comprehensive income for the year		-	-	-	(5,644,795)	(5,644,795)
Total comprehensive income for the year		-	-	-	30,459,574	30,459,574
Dividends paid	(31)	-	-	-	(6,000,000)	(6,000,000)
Share issuance costs for capital increase	(34)	-	(1,026,540)	-	-	(1,026,540)
Transferred from statutory reserve to retained earnings	(32)	-	-	(15,904,683)	15,904,683	-
Balance as at 31 December 2024		104,000,000	(1,026,540)	-	61,758,198	164,731,658

The accompanying notes (1) to (37) form an integral part of these consolidated financial statements.

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Chief Executive Officer
Wael El Merhabi



Chairman of the board
Ammar Al Khudairy



SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
CASH FLOW FROM OPERATING ACTIVITIES			<u>Restated (Note35)</u>
Profit before zakat for the year		42,228,233	37,038,501
Adjustments for:			
Depreciation of property plant and equipment and right of use assets	(6, 7.1)	72,949,188	65,055,905
Loss / (Gain) from disposal of property and equipment and intangible assets	(23)	668,063	(18,044)
Amortization of intangible assets	(8)	962,121	755,023
Provision for slow-moving and obsolete inventory	(9)	42,315	521,060
Impairment of other current assets	(11)	164,000	-
Employees' defined benefits obligations	(15)	5,577,000	3,927,000
Finance cost	(24)	35,111,453	31,447,381
Termination of lease contracts	(7)	(711,220)	(2,643,538)
Discounts on rent expenses	(23)	(774,824)	(600,699)
		<u>156,216,329</u>	<u>135,482,589</u>
CHANGES IN OPERATING ASSETS AND LIABILITIES:			
Inventory		1,813,407	(2,238,838)
Trade receivables		16,777,832	(24,361,990)
Prepayments and other current assets		3,924,196	(17,301,132)
Contracts liabilities – net		7,834,433	18,060,196
Trade payables		(15,454,319)	(3,022,123)
Accrued expenses and other current liabilities		(2,900,679)	6,020,706
Zakat paid	(18)	(1,008,151)	(728,530)
Employees' defined benefits obligations paid	(15)	(7,762,740)	(7,740,795)
Net cash generated from operating activities		<u>159,440,308</u>	<u>104,170,083</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment to purchase property, plant, and equipment		(113,590,101)	(91,437,508)
Payment to purchase intangible assets		(3,967,041)	(878,328)
Proceeds from disposal of property, plant, and equipment and intangible assets		846,959	2,320,919
Net cash used in investing activities		<u>(116,710,183)</u>	<u>(89,994,917)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issuance of shares	(13)	78,000,000	-
Share issuance costs for capital increase	(13)	(4,605,942)	(1,026,540)
Payment of lease liabilities – net	(7)	(50,180,017)	(34,747,597)
Payments of loans	(14)	(116,014,436)	(109,388,648)
Proceeds from loans	(14)	112,970,077	149,736,016
Payment of finance costs		(21,249,788)	(16,363,026)
Dividends paid	(31)	-	(6,000,000)
Net cash used in financing activities		<u>(1,080,106)</u>	<u>(17,789,795)</u>
Net change in cash and cash equivalents		<u>41,650,019</u>	<u>(3,614,629)</u>
Cash and cash equivalents at the beginning of the year	(12)	<u>5,026,406</u>	<u>8,641,035</u>
Cash and cash equivalents at the end of the year	(12)	<u><u>46,676,425</u></u>	<u><u>5,026,406</u></u>
Significant non-cash transactions;			
Capitalized during the year of financing costs on lease contract liabilities	(24)	(4,270,839)	(4,081,536)
Capitalized during the year of financing costs on loans	(24)	(6,546,922)	(3,108,715)
Additions to right-of-use assets	(7)	(82,159,517)	(2,036,848)
Remeasurement of employees defined benefits obligations	(15)	(8,781,740)	(5,644,795)
Transferred of statutory reserve to retained earnings	(32)	-	(15,904,683)

The accompanying notes (1) to (37) form an integral part of these consolidated financial statements.

Finance Director
Abdullah Altahan



Chief Executive Officer
Wael El Merhabi



Chairman of the board
Ammar Al Khudairy



SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

1. INCORPORATION AND PRINCIPAL ACTIVITIES

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

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

The General Assembly of Shareholders, in its meeting held on 22 August 2024, approved the offering of 30% of the Company’s post-issue share capital through an Initial Public Offering (IPO). The IPO included 23.92 million existing shares sold by the current shareholders on a pro-rata basis according to their respective ownership ratios and 10.4 million new shares issued at a nominal value of SAR 1 per share, fully paid. As a result, the Company’s share capital increased by ﷻ 10.4 million, from ﷻ 104 million to ﷻ 114.4 million. The Company was successfully listed on the Saudi Stock Exchange (Tadawul) and commenced trading on 27 Muharram 1447H (22 July 2025G) under the trading symbol 6018.

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

The head office of the Group is as follows:

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

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

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

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

<u>Serial Number</u>	<u>City / Region</u>	<u>Commercial Registration Number</u>	<u>Commercial Registration Date</u>
1	Riyadh	1010167892	26/4/1422
2	Al-Qassim	1131028467	27/3/1430
3	Khamis Mushait	5855346579	26/4/1422
4	Hail	3350147174	18/5/1441
5	Jeddah	4030295107	4/9/1438
6	Hafar Al Batin	2511108063	4/6/1439
7	Tabuk	3550122370	4/6/1439
8	Al Badi'ah “ females”	1010460120	1/9/1440
9	Madinah	4650209419	2/8/1440
10	Makkah	4031235157	18/5/1441

The Group's fiscal year begins at the beginning of January and ends at the end of December of each calendar year.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements include the financial statements of the Company and its subsidiary (together referred to as the “Group”).

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and professional Accountants (“SOCPA”) (here and after referred to as “IFRSs”).

The preparation of these consolidated financial statements in accordance with International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in applying the Group's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5 of the consolidated financial statements.

2.2 Basis of measurement

These consolidated financial statements have been prepared on a going concern basis under the historical cost convention except for employees' end of service benefits and vacation allowances which are measured using the projected unit credit method and lease liabilities which are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals, which is the Group's functional and presentation currency.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of consolidation of financial statements

The consolidated financial statements include the financial statements of the company and its subsidiaries as at the reporting date. Control is achieved when the company:

- Power over the investee.
- Exposure to risks and have the right to obtain variable returns as a result of its participation in the investee company.
- The ability to use its influence over the investee company to affect its returns.

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

When the Company has less than a majority of the voting rights of the investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to unilaterally direct the relevant activities of the investee.

The Company considers all relevant facts and circumstances when assessing whether the voting rights it has in an investee are sufficient to give it power, including:

- The size of the company's holding of voting rights relative to the size and dispersion of the voting rights of other owners;
- Potential voting rights held by the Company, other voting rights holders or third parties;
- Rights arising from other contractual arrangements; and
- Any other facts and circumstances indicating that the Company has or does not have the current ability to direct the relevant activities at the time the decisions are made, including voting patterns at previous shareholder meetings.
- Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

3. MATERIAL ACCOUNTING POLICY INFORMATION[(CONTINUED)

3.1 Basis of consolidation of financial statements (continued)

- A change in the subsidiary's ownership interest, without loss of control, is recorded in the consolidated statement of changes in equity.
- Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is distributed to the shareholders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- If the Company loses control of its subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resulting gain or loss is recognized in profit or loss. Any investment held is carried at fair value. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the accounting policies of the Group.
- All assets, liabilities, equity, revenues, expenses and cash flows relating to operations between members of the Group are eliminated in their entirety on consolidation.

The subsidiary Company, Third Amaken Sports Company, which is referred to later with the Company as the Group, has been consolidated from the date of the parent Company's control of the subsidiary and until such control ceases. The consolidated financial statements were prepared on the basis of the financial statements of the parent Company and its subsidiary.

3.2 Property, plant and equipment

Property, plant and equipment, excluding land and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land and capital work-in-progress are stated at cost less impairment losses, if any.

Historical cost includes expenditures directly attributable to the acquisition of an asset, and subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, and only when it is probable that the economic benefits associated with the asset will flow to the Group and the cost can be measured reliably.

Depreciation is recognized to write off the cost of assets after deducting their residual value over their useful lives using the straight-line method. The estimated useful lives, residual values and method of depreciation are reviewed at the end of each reporting period, and any changes are accounted for on a prospective basis.

The Group applies the following estimated useful lives to property, plant and equipment:

Assets	Years
Buildings, Buildings on leased land	30 (or the lease period, whichever is less, for buildings over rented lands)
Improvements to rented buildings	The rental period or the estimated useful life, whichever is shorter
Machines and equipment	10
Furniture	10
Electrical hardware and software	5 - 6.67
Vehicles	5

Land and capital work in progress are not depreciated.

Stored materials and spare parts with a useful life more than one year are depreciated over their estimated useful lives.

An item of property, plant and equipment is derecognized when it is sold or when no future economic benefits are expected from its continued use or sale. Any gain or loss arising on disposal of an item of property, plant and equipment, which is determined as the difference between the net sales proceeds and the carrying amount of the asset, is recognized in profit or loss.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

3. MATERIAL ACCOUNTING POLICY INFORMATION[(CONTINUED)

3.2 Property, plant and equipment (continued)

Capital work in progress

Capital work-in-progress is stated at cost and is not depreciated. Depreciation of capital work-in-progress begins when the assets are ready for their intended use, at that time they will be transferred to property, equipment or investment property. Finance costs incurred on borrowings to finance the construction of a qualifying asset are capitalized over the time period required to complete and prepare the asset for its intended use. Finance costs related to right-of-use assets for land leased primarily for the purpose of constructing buildings are also capitalized during the period necessary to construct and complete the building and prepare the asset for its intended use. Depreciation related to such right-of-use land assets is not capitalized.

3.3 Lease contracts

The Group assesses whether a contract is a lease, or contains a lease, at the inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability in respect of all lease agreements in which the lessee is, except for short-term leases (defined as leases of 12 months or less) and leases of low-value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term unless there is another systematic basis for the time plan in which the economic benefits from the leased asset are exhausted.

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be easily determined, the Group uses an incremental borrowing rate.

The lease payments included in the measurement of the lease liability include:

- Fixed lease payments (including fixed payments), less any lease incentives.
- Variable lease payments that are dependent on an index or a price, initially measured using the index or price at the commencement date,
- The amount expected to be paid by the lessee under residual value guarantees,
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options, and
- Payment of fines for terminating the lease, if the lease reflects the exercise of the option to terminate the lease.

The lease liability is presented separately in the consolidated statement of financial position.

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

The Group re-measures the lease liability (and adjusts against the related right-of-use assets) if:

- The terms of the lease have changed or there has been a change in the assessment of the exercise of the purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- The lease payments have changed due to changes in an index or rate or a change in the expected payment according to the guaranteed residual value, in which case the lease liability is remeasured by discounting the adjusted lease payments using the initial discount rate (unless the lease payments change due to a change in the prevailing interest rate). In this case, a modified discount rate is used.
- The lease is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the modified lease payments using a modified discount rate.

The right-of-use asset includes the initial measurement of the corresponding lease liability, lease payments made on or before the commencement day and any initial direct costs. It is subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use asset is amortized over the lease term and the specified useful life, whichever is shorter. If the lease transfers ownership of an identified asset or the cost of the right to use the asset, it reflects that the Group expects to exercise the purchase option, the related right to use asset is amortized over the asset's useful life. Depreciation begins on the start date of the lease.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

3. MATERIAL ACCOUNTING POLICY INFORMATION[(CONTINUED)

3.3 Lease contracts (continued)

Right-of-use assets are presented as a separate line item in the consolidated statement of financial position.

The Group applies International Accounting Standard No. (36) “Impairment of Assets” to determine whether there has been any impairment in the value of right-of-use assets.

3.4 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis based on the estimated useful lives. The estimated useful life and the amortization method are reviewed at the end of each reporting period, and any changes in estimates are accounted for on a prospective basis.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually or at the reporting date when there is an indication of impairment, either individually or at the cash-generating unit level. The calendar of indefinite lives is reviewed annually to determine whether indefinite lives are still possible. If not, the useful life is changed from indefinite to finite on a prospective basis.

The Group applies the following useful years of amortization to its intangible assets:

Computer Software 5 Years

3.5 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the impairment loss (if any). If it is not possible to estimate the recoverable amount of a specific asset, the Group estimates the recoverable amount of the cash-generating unit to which the same asset belongs. When reasonable and consistent bases of distribution can be determined, the common assets are also allocated to cash-generating units, or they are allocated to the smallest group of cash-generating units for which a reasonable and consistent basis of distribution can be determined. The cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication of impairment by comparing the unit's carrying value, including goodwill, with the unit's recoverable amount. Intangible assets with an indefinite useful life are not amortized. Instead, the asset is tested for impairment annually, and whenever there is an indication that the asset is impaired.

The recoverable amount is the asset's fair value less cost to sell or value in use, whichever is higher. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the assessment of future cash flows has not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized directly in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to its revalued recoverable amount, so that the revised carrying amount does not exceed the value of the asset (or cash-generating unit) had no impairment loss been calculated for it in previous years. The reversal of an impairment loss is recognized immediately in profit or loss. An impairment loss recognized in prior periods for goodwill is not reversed in a subsequent period.

3.6 Inventory

Inventory is stated at cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price less all estimated costs of completion and any further costs involved in making the sale. The cost of raw materials and spare parts is determined on a weighted average basis. Spare parts are items that may result in fixed capital expenditures but are not discernible. They are stated at cost and determined on a weighted average basis.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

3. MATERIAL ACCOUNTING POLICY INFORMATION[(CONTINUED)

3.7 Trade receivables

Accounts receivable are recorded at the original invoice amount less impairment losses at an amount equal to the estimated lifetime credit loss. When the receivable is uncollectible, it is written off against the impairment loss. Any subsequent recoveries of amounts previously written off against “impairment losses on trade receivables” are credited to profit or loss.

3.8 Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and deposits with banks which are all available for use by the Group unless otherwise stated, and whose maturities are three months or less, and which are subject to an insignificant risk of change in value.

3.9 Statutory reserve

In accordance with the Company's bylaw before the amendment, the Company was required to transfer 10% of its net profit to the statutory reserve until it reached 30% of the paid-up capital. However, following amendments to the Companies Law in the Kingdom of Saudi Arabia, there is no longer an obligation to maintain the statutory reserve.

3.10 Employees' defined benefits obligations

Defined employee benefit obligations

End-of-service benefit obligations are measured using the projected unit credit method at the end of each reporting period. An actuarial valuation is performed periodically to determine the present value of the obligation.

Remeasurements of defined benefit obligations, which include actuarial gains and losses and changes in financial assumptions, are recognized immediately in other comprehensive income in the period in which they arise. These amounts are transferred directly to retained earnings and are not reclassified to profit or loss in subsequent periods.

Past service costs arising from plan amendments or curtailments are recognized immediately in profit or loss when they occur.

Net interest on the net defined benefit obligations is calculated using the discount rate at the beginning of the reporting period.

Defined benefit costs are categorized as follows:

- Service cost (including current service costs and past service costs, plus gains and losses from cutbacks and adjustments);
- Cost of interest; and
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the related items.

Short-term employee benefits

The obligation is recognized for benefits related to wages, salaries, annual leave, travel tickets and sick leaves and is expected to be settled in full during the twelve-month period following the end of the period in which the service is provided. The obligation is recorded at the undiscounted amount of benefits expected to be paid in exchange for those services.

3.11 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When provisions are deducted, the increase in the provision due to the passage of time is recognized as a finance cost.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

3. MATERIAL ACCOUNTING POLICY INFORMATION[(CONTINUED)

3.12 Zakat

The Group is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia, and the entitlement to zakat is recognized and charged to the consolidated statement of profit or loss and other comprehensive income. Additional zakat liabilities, if any, relating to assessments on prior years are calculated by the Authority for Zakat, Tax and Customs in the year in which the final assessments are issued.

3.13 Financial instruments

The Group recognizes financial assets or financial liabilities in the consolidated statement of financial position when it becomes a party to the contractual provisions of the financial instrument.

Financial assets

Initial recognition

Financial assets are classified, on initial recognition, and subsequently measured at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss.

The classification of financial assets on initial recognition depends on the contractual cash flow characteristics of the financial asset and the Group's business model for managing it.

For a financial asset to be classified and measured at amortized cost or FVOCI, that asset must generate cash flows that are "payments from the asset and proceeds only" on the original amount receivable. This evaluation is referred to as the (Payments from Principal and Returns Only) test (SPPI) and is performed at the financial instrument level. Financial assets with cash flows that are not 'Payments from Principal and Returns Only' are classified as FVTPL, regardless of the business model.

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 the cash flows will result from the collection of contractual cash flows, from the sale of financial assets, or from both. Financial assets classified and measured at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model whose objective is to collect contractual cash flows and sell.

Subsequent measurement

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

A) Debt instruments at amortized cost.

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

B) Equity instruments at fair value through other comprehensive income with no possibility of rolling back to profit or loss.

Gains and losses on valuation of these financial assets are not recycled to profit or loss. Dividends are recognized as income in the statement of profit or loss when the right to receive is established, except when the Group benefits from these returns as a recovery of part of the cost of the financial asset, in which case, these revenues are recognized in other comprehensive income. Equity instruments at fair value through other comprehensive income are not subject to impairment testing.

C) Equity instruments at fair value through profit or loss

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

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

3. MATERIAL ACCOUNTING POLICY INFORMATION[(CONTINUED)

3.13 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Group applies the simplified approach in calculating impairment. Expected credit losses on financial assets are estimated using the Group's historical credit loss experience, adjusted for general economic conditions and an assessment of both the current trend as well as expectations of conditions at the reporting date, including the time value of money where it is. That is appropriate.

The expected credit loss measurement is an indication of the probability of default, or a given loss (meaning the magnitude of the loss if there is a default). The assessment of the probability of default is based on historical data that is modified by information that predicts the future as described above.

The Group recognizes impairment gains or losses separately in the consolidated statement of profit or loss and other comprehensive income, and provisions for losses measured at amortized cost are deducted from the total carrying amount of the financial assets.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the risks and rewards of ownership to another party. If the

Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, the Group will continue to recognize its retained interest in the assets and liabilities associated with the financial asset for amounts it may have to pay.

Financial liabilities

Financial liabilities are classified either at amortized cost or at fair value through profit or loss.

All financial liabilities of the Group have been classified and measured at amortized cost using the effective yield method. The Group has no financial liabilities at fair value through profit or loss.

Financial liabilities at amortized cost

Bank loans are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. These interest-bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the repayment period is at a constant rate on the liability balance recognized in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable.

Derecognition of financial liabilities

The Group derecognizes financial liabilities only when the obligations are discharged, canceled or expire.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

3. MATERIAL ACCOUNTING POLICY INFORMATION[(CONTINUED)

3.14 Revenue recognition

Revenue from contracts with customers

The Group recognizes revenue from contracts with customers using a five-steps method as mentioned in IFRS 15:

- Step 1: Determine the contract(s) with the customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and clarifies the foundations and criteria that must be fulfilled for each contract.
- Step 2: Determine the performance obligations in the contract. A performance obligation is an undertaking under the contract with the customer to transfer a good or service to the customer.
- Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4: Allocate the transaction price to the performance obligations stipulated in the contract. For contracts that have more than one performance obligation, the Group will allocate a transaction price to each performance obligation in the amount to which the Group expects to be entitled in exchange for meeting each performance obligation.
- Step 5: Recognize revenue when the entity fulfills the performance obligation.

The Group satisfies the performance obligation and recognizes revenue over time, if one of the following criteria is met:

- A. The performance of the group does not create an asset with an alternative use of the group, and the group has an enforceable right to payment for performance completed to date.
- B. Group performance creates or improves a customer-controlled asset at the same time as the asset is being constructed or improved.
- C. The customer simultaneously receives and consumes the benefits provided by the entity's performance once the Group has performed.

For performance obligations, if any of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

If the Group fulfills the performance obligation by providing the promised services, this creates a contract-based asset in exchange for consideration gained from performance. In the event that the consideration received by the customer exceeds the amount of revenue that has been recognized, a contract obligation may arise.

Revenue is measured at the fair value of the consideration received or receivable, after taking into account the contractual terms of payment, and after excluding taxes and fees.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and that revenue and costs, where applicable, can be measured reliably.

Subscription and membership revenue

Subscription and membership fees are recognized as revenue on a regular basis over the subscription period. Revenue fees received in advance are initially recognized as contract liability and amortized over the subscription period.

Health club revenue

Health club fees are recognized as revenue when the related services are provided and performance obligations are fulfilled. Fees received in advance are initially recognized as contract liability and are subsequently recognized when personal training sessions are conducted or the training period ends, whichever comes first.

Revenue for sale of equipment and accessories

For the transactions entered into with customers where the sale of equipment and accessories is generally expected to be the sole performance obligation by the Group, revenue from the sale is recognized at the time when control of the asset is transferred to the customer at a specified point in time, which is usually on delivery.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

3. MATERIAL ACCOUNTING POLICY INFORMATION[(CONTINUED)

3.14 Revenue recognition (continued)

Revenue from construction and development contracts

The Group undertakes construction and development contracts for the development of sports clubs and related facilities for the benefit of the customer, in accordance with designs and specifications approved by the customer. Projects are typically executed on land owned and controlled by the customer, and progress is verified through certified work stages and completion certificates.

Revenue is recognized over time as the Group's performance creates or enhances an asset controlled by the customer and the Group has an enforceable right to payment for work performed to date.

Satisfaction of performance obligations is measured using the input method, based on costs incurred to date relative to total estimated contract costs, as this method best reflects the transfer of control of services to the customer.

Variations and change orders are included in contract revenue when approval by the customer is highly probable and the amounts can be measured reliably. Advance payments received are recognized as contract liabilities and recognized as revenue based on point of completion method as the related performance obligations are satisfied. Retention amounts are recognized as a contract assets.

Any expected contract losses are recognized immediately in the consolidated statement of profit or loss and other comprehensive income for the period.

Revenue from maintenance contracts

The Group generates revenue from providing gym operation, maintenance, and facility management services, including equipment maintenance, staffing, and related outsourced services, to corporate customers and organizations. Revenue from gym maintenance and facility management contracts with customers is recognized over time as the services are rendered, as the customer simultaneously receives and consumes the benefits of the services in accordance with IFRS 15.

Revenue is recognized on a straight-line basis over the contract term unless another method better reflects the pattern of service delivery.

3.15 Cost of revenues

The cost of revenue includes all direct costs of the activity, including direct labor, direct materials, and expenses related to the activity.

3.16 Expenses

Marketing expenses principally consist of costs incurred in the distribution and sale of the Group's services. All other expenses are classified as general and administrative expenses.

3.17 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that are assets that require a significant period of time to be ready for their expected use or sale are added to the cost of those assets until they are substantially ready for use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.18 Dividends

Dividends are recorded in the financial statements in the period in which they are approved by the shareholders of the Group, and they are recorded in the financial statements in the period that is approved by the shareholders of the Group.

Dividends are recorded in the period that is approved by the Partners.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷲ)

3. MATERIAL ACCOUNTING POLICY INFORMATION[(CONTINUED)

3.19 Earnings per share

The group presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held, if any.

Diluted EPS, if any is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

4.1 New standards, interpretations, and amendments not yet effective

There are several standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board (“IASB”) that are effective in future accounting periods that the Group has decided not to adopt early.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IFRS 9 and IFRS 7	Amendments regarding the classification and measurement of financial instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards	Amendments/Annual improvements in IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	1 January 2026
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Disclosures – Subsidiaries without Public Accountability	1 January 2027
IAS 21	Translation into the presentation currency in a hyperinflationary economy	1 January 2027

4.2 New standards, interpretations, and amendments effective in the current year

The following are the new standards, interpretations and amendments to standards that are effective in the current year, but they have no impact on these financial statements.

<u>IFRS</u>	<u>Summary</u>	<u>Effective date</u>
IAS 21	Amendment – Lack of Exchangeability	1 January 2025

Early adoption of standards

During the financial year ended 31 December 2025, the Group did not implement early application of any of the new standards or amendments issued by the International Accounting Standards Board

5. SIGNIFICANT ACCOUNTING ESTIMATES, AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements requires management to use judgments, estimates and assumptions that may affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on current information and events available to management, final actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, and the effect of the revision of accounting estimates is reflected in the review period and the future periods affected.

The following is information about significant areas of estimation, uncertainties and critical judgments in applying accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements:

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

5. SIGNIFICANT ACCOUNTING ESTIMATES, AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

5.1 Useful lives of property, plant and equipment

The useful lives of property, plant and equipment are estimated according to the new information available to the Group's management. The management determines the estimated useful lives of property, plant and equipment for the purpose of calculating depreciation. This estimate is determined after considering the expected use of the assets and physical damage to these assets. The management reviews the residual value and useful lives annually, and the change in depreciation expenses (if any) is adjusted in the current and future periods.

5.2 Determining the lease term with extension and termination options - Group as lessee

The Group determines the lease term as non-cancellable for any periods covered by an option to extend the contract if the Group is reasonably certain that it will be able to exercise that option, or for any periods covered by an option to terminate the contract if the Group is reasonably certain that it will not be able to exercise this option. The Group exercises judgment in assessing the reasonableness of ensuring that the option to extend or terminate the contract is exercised. For this purpose, the Group considers all relevant factors that constitute an economic incentive to exercise the option to extend or terminate. After the commencement date of the lease, the Group reassesses the term of the lease if there is a significant event or change in circumstances within its control that affects the Group's ability to exercise or not to exercise the option to renew or terminate the lease.

5.3 Estimate the incremental borrowing rate

The Group cannot easily determine the interest rate implicit in the lease contracts, and therefore it uses the incremental borrowing rate to measure the lease commitments, the incremental borrowing rate represents the interest rate that the group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment, over a similar period and with a similar guarantee, the incremental borrowing rate therefore reflects what the Group has to pay, which requires an estimate when observable rates are not available (such as for subsidiaries that do not conduct financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease, The group estimates the incremental borrowing rate using observable inputs (e.g. market commission rates) when available, and is required to make some judgment of the entity (e.g. independent credit assessment).

5.4 Intangible assets

Management reviews the period and method of amortization of tangible assets with a finite useful life at least at the end of each financial year. If the expected useful lives of the assets are different from the previous estimates, the Group changes the amortization period accordingly. If there is a change in the expected pattern of consumption of future economic benefits embodied in the asset, the Group changes the amortization method to reflect the changed pattern.

5.5 Impairment of non-financial assets

Impairment occurs when the amount of an asset or cash-generating unit exceeds its recoverable amount as fair value less costs of disposal or its value in use - whichever is higher. The fair value minus costs of disposal is based on available data from binding arm's length sales of similar assets or observable market prices minus incremental costs of disposal of the asset. The value in use calculation is based on the discounted cash flow model. Cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that could enhance the asset performance of the cash-generating unit being tested.

The recoverable amount is sensitive to the discount rate used in the discounted cash flow model as well as to the expected future cash inflows and the growth rate used for the purposes of extrapolating the future.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

5. SIGNIFICANT ACCOUNTING ESTIMATES, AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

5.6 Employees' benefits

The cost of the defined benefit obligation relating to employees' end-of-service benefits is determined using actuarial valuations. These valuations require the use of various assumptions that may differ from actual future developments. The assumptions include the determination of the discount rate, future salary increases, and mortality rates.

Due to the long-term nature of these obligations and the complexity of the valuation process, the present value of the defined benefit obligation is highly sensitive to changes in these assumptions. All actuarial assumptions are reviewed at each annual reporting date.

The discount rate is one of the most significant assumptions. In determining the appropriate discount rate, management considers yields on high-quality corporate bonds or government bonds denominated in the same currency as the defined benefit obligation, with maturities approximating the duration of the obligation.

Mortality rates are based on publicly available mortality tables for the relevant jurisdictions, adjusted where appropriate to reflect expected demographic trends.

Future salary increases are determined based on expected inflation rates, market trends, and the Group's compensation and promotion policies.

5.7 Cost to complete the projects

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognized. These estimates include, amongst other items, the construction costs, variation orders and the cost of meeting other contractual obligations to the customers. Such estimates are reviewed at regular intervals. Any subsequent changes in the estimated cost to complete may affect the results of the subsequent periods.

5.8 Going concern

As of 31 December 2025, the Group's current liabilities exceeded its current assets by ﷻ116 million (ﷻ 167.6 million as of 31 December 2024).

Management has assessed the Group's ability to continue as a going concern taking into consideration the expected positive cash flows from operating activities, the availability of existing financing facilities, and the continued ability to obtain additional funding when required.

During the year ended 31 December 2025, the Group generated positive cash flows from operating activities amounting to approximately ﷻ 159 million (ﷻ104 million in 2024), which supports the Group's ability to fund its operations and meet its obligations as they fall due.

Based on this assessment, management concluded that the Group has sufficient resources to continue its operations for the foreseeable future and that there are no material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷲ)

5. PROPERTY, PLANT AND EQUIPMENT

<u>For the year ending on</u>			Buildings on	Improvements	Machinery				Capital	
<u>31 December 2025</u>	Lands	Buildings	Leased Lands	on Leased	and	Furniture	Electrical	Vehicles	work in	Total
				Building	equipment	and fixtures	hardware		progress	
Cost:										
Balance as at 01 January 2025 as previously issued	38,527,800	32,686,960	387,537,495	39,674,356	116,896,572	41,832,856	12,107,157	5,359,151	61,335,570	735,957,917
Adjustment (Note 35)	-	-	(1,867,239)	-	-	-	-	-	-	(1,867,239)
Balance as at 01 January 2025 - Restated	38,527,800	32,686,960	385,670,256	39,674,356	116,896,572	41,832,856	12,107,157	5,359,151	61,335,570	734,090,678
Additions during the year	-	-	-	896,393	19,975,951	4,855,425	1,422,135	2,075,200	95,182,758	124,407,862
Transferred from capital work-in-progress	-	-	63,837,956	6,290,816	-	280,805	-	-	(70,409,577)	-
Disposals	-	-	-	(3,079,993)	(4,321,123)	(3,302,086)	(2,533,057)	(521,300)	-	(13,757,559)
Balance as at 31 December 2025	38,527,800	32,686,960	449,508,212	43,781,572	132,551,400	43,667,000	10,996,235	6,913,051	86,108,751	844,740,981
Accumulated depreciation:										
Balance as at 01 January 2025 as previously issued	-	(11,755,722)	(166,145,989)	(18,079,391)	(46,227,014)	(19,047,194)	(6,031,250)	(3,521,394)	-	(270,807,954)
Adjustment (Note 35)	-	-	73,003	-	-	-	-	-	-	73,003
Balance as at 01 January 2025 - Restated	-	(11,755,722)	(166,072,986)	(18,079,391)	(46,227,014)	(19,047,194)	(6,031,250)	(3,521,394)	-	(270,734,951)
Depreciation charged during the year	-	(1,140,808)	(23,921,233)	(4,034,628)	(11,158,101)	(3,890,759)	(1,439,834)	(885,164)	-	(46,470,527)
Disposals	-	-	-	2,306,616	3,726,172	3,225,514	2,463,755	521,291	-	12,243,348
Balance as at 31 December 2025	-	(12,896,530)	(189,994,219)	(19,807,403)	(53,658,943)	(19,712,439)	(5,007,329)	(3,885,267)	-	(304,962,130)
Net book value:										
Balance as at 31 December 2025	38,527,800	19,790,430	259,513,993	23,974,169	78,892,457	23,954,561	5,988,906	3,027,784	86,108,751	539,778,851
Balance as at 31 December 2024 - Restated	38,527,800	20,931,238	219,597,270	21,594,965	70,669,558	22,785,662	6,075,907	1,837,757	61,335,570	463,355,727

- All lands are mortgaged to local banks as security for the loan obtained by the group as shown in Note No. (14).
- During the year ended December 31, 2025, the Group capitalized a borrowing cost related to qualifying assets of ﷲ 10,817,761 using a capitalization rate ranging from **6.78%** to **8.72%** per annum (December 31, 2024: ﷲ 7,190,251 using a capitalization rate ranging from **7.22%** to **9.10%** annually) (Note 24).
- The capital work in progress as of December 31, 2025 mainly represents the costs incurred in establishing new branches that are still under construction.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷲ)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>For the year ending on</u> 31 December 2024	Lands	Buildings	Buildings on Leased Lands	Improvements on Leased Building	Machinery and equipment	Furniture and fixtures	Electrical hardware and software	Vehicles	Capital work in progress	Total
<u>Cost:</u>										
Balance as at 01 January 2024 as previously issued	38,527,800	17,811,134	384,773,905	51,702,009	99,744,092	38,513,814	10,374,650	5,235,090	32,538,936	679,221,430
Adjustment (Note 35)	-	-	(774,670)	-	-	-	-	-	-	(774,670)
Balance as at 01 January 2024 - Restated	38,527,800	17,811,134	383,999,235	51,702,009	99,744,092	38,513,814	10,374,650	5,235,090	32,538,936	678,446,760
Additions during the year	-	-	-	-	27,583,725	4,367,690	2,379,361	220,061	64,076,922	98,627,759
Transferred from capital work-in-progress	-	-	29,287,037	5,751,159	-	242,092	-	-	(35,280,288)	-
Transferred from leased buildings	-	14,875,826	(14,875,826)	-	-	-	-	-	-	-
Disposals	-	-	(12,740,191)	(17,778,812)	(10,431,245)	(1,290,740)	(646,854)	(96,000)	-	(42,983,842)
Balance as at 31 December 2024 Restated	38,527,800	32,686,960	385,670,255	39,674,356	116,896,572	41,832,856	12,107,157	5,359,151	61,335,570	734,090,677
<u>Accumulated depreciation:</u>										
Balance as at 01 January 2024 as previously issued	-	(8,836,071)	(158,839,343)	(32,853,192)	(45,749,566)	(16,741,266)	(5,429,499)	(2,698,973)	-	(271,147,910)
Adjustment (Note 35)	-	-	7,293	-	-	-	-	-	-	7,293
Balance as at 01 January 2024 - Restated	-	(8,836,071)	(158,832,050)	(32,853,192)	(45,749,566)	(16,741,266)	(5,429,499)	(2,698,973)	-	(271,140,617)
Charges for the year	-	(1,134,980)	(21,765,793)	(3,005,001)	(8,741,364)	(3,582,249)	(1,238,178)	(886,421)	-	(40,353,986)
Transferred from leased buildings	-	(1,784,671)	1,784,671	-	-	-	-	-	-	-
Disposals	-	-	12,740,187	17,778,802	8,263,916	1,276,321	636,427	64,000	-	40,759,653
Balance as at 31 December 2024 - Restated	-	(11,755,722)	(166,072,985)	(18,079,391)	(46,227,014)	(19,047,194)	(6,031,250)	(3,521,394)	-	(270,734,950)
Net book value										
Balance as at 31 December 2024 - Restated	38,527,800	20,931,238	219,597,270	21,594,965	70,669,558	22,785,662	6,075,907	1,837,757	61,335,570	463,355,727
Balance as at 31 December 2023 – Restated	38,527,800	8,975,063	225,167,185	18,848,817	53,994,526	21,772,548	4,945,151	2,536,117	32,538,936	407,306,143

- All lands are mortgaged to local banks as security for the loan obtained by the group as shown in Note No. (14).
- During the year ended December 31, 2024, the Group capitalized a borrowing cost related to qualifying assets of ﷲ 7,190,251 using a capitalization rate ranging from **7.22%** to **9.10%** per annum (December 31, 2023: ﷲ 5,339,723 using a capitalization rate ranging from **7.22%** to **8.59%** per annum) (Note 24).
- The capital work in progress as of December 31, 2024 is mainly represented by the costs incurred in establishing new branches that are still under construction

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The depreciation charge was distributed over the year as follows:

	<u>2025</u>	<u>2024</u>
Cost of revenue (note 20)	45,141,208	38,974,548
Marketing expenses (note 21)	62,404	150,396
General and administrative expenses (note 22)	1,266,915	1,229,042
	<u>46,470,527</u>	<u>40,353,986</u>

7. LEASE CONTRACTS

7.1 Right of use assets

The Group leases sports clubs on lease contracts ranging from five to twenty years, with an option to renew the lease contract after that date (Note 3.3).

	<u>2025</u>	<u>2024</u>
<u>Cost:</u>		
Balance as at 01 January	367,358,465	399,168,623
Additions during the year	82,159,517	2,036,848
Termination of leases during the year	(2,001,465)	(33,847,006)
Lease modification during the year	(1,657,546)	-
Balance as at 31 December	<u>445,858,971</u>	<u>367,358,465</u>
<u>Accumulated depreciation:</u>		
Balance as at 01 January	(114,689,746)	(89,987,827)
Depreciation charged during year	(26,478,661)	(24,701,919)
Balance as at 31 December	<u>(141,168,407)</u>	<u>(114,689,746)</u>
<u>Net book value:</u>	<u>304,690,564</u>	<u>252,668,719</u>

The depreciation charge was distributed over the year as follows:

	<u>2025</u>	<u>2024</u>
Cost of revenue (note 20)	26,273,029	24,492,132
General and administrative expenses (note 22)	205,632	209,787
	<u>26,478,661</u>	<u>24,701,919</u>

7.2 Lease liabilities

	<u>2025</u>	<u>2024</u>
Balance as at 01 January	321,922,530	369,449,916
Additions during the year	82,159,517	2,036,848
Termination of leases during the year	(2,712,685)	(36,490,544)
Lease modification during the year	(1,657,546)	-
Finance costs	24,679,426	22,274,606
Paid during the year	(50,954,841)	(35,348,296)
Balance as at 31 December	<u>373,436,401</u>	<u>321,922,530</u>

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

7. LEASE CONTRACTS (CONTINUED)

The lease contract obligations are presented in the statement of financial position as follows:

	<u>2025</u>	<u>2024</u>
Lease liabilities current portion	45,433,906	42,249,645
Lease liabilities non-current portion	328,002,495	279,672,885
Total lease liabilities	373,436,401	321,922,530

7.3 Amounts recognized in the consolidated statement of profit or loss and other comprehensive income related to lease contracts as follows :

	<u>2025</u>	<u>2024</u>
Depreciation expense of right-of-use assets	26,478,661	24,701,919
Interests of lease liabilities	24,679,426	22,274,606
Rental expenses for short-term contracts (Note 20)	4,345,351	3,511,601
	55,503,438	50,488,126

8. INTANGIBLE ASSETS

Intangible assets include the value of goodwill resulting from the acquisition of a business (martial arts business) during 2017, in addition to automated programs and systems to serve the business. The movement in intangible assets was as follows:

	<u>Programs</u>	<u>Projects under implementation (A)</u>	<u>Goodwill (B)</u>	<u>Total</u>
<u>Cost:</u>				
Balance as at 01 January 2024	1,410,614	3,944,712	937,460	6,292,786
Additions during the year	105,366	772,962	-	878,328
Transfers from project under implementation during the year	3,656,086	(3,656,086)	-	-
Disposals	(534,042)	-	-	(534,042)
Balance as at 31 December 2024	4,638,024	1,061,588	937,460	6,637,072
Additions during the year	1,546,953	2,420,088	-	3,967,041
Transferred from project under implementation during the year	3,481,676	(3,481,676)	-	-
Disposals	(451,498)	-	-	(451,498)
Balance as at 31 December 2025	9,215,155	-	937,460	10,152,615
<u>Accumulated Amortization:</u>				
Balance as at 01 January 2024	951,682	-	-	951,682
Charges for the year	755,023	-	-	755,023
Disposals	(455,356)	-	-	(455,356)
Balance as at 31 December 2024	1,251,349	-	-	1,251,349
Charges for the year	962,121	-	-	962,121
Disposals	(450,687)	-	-	(450,687)
Balance as at 31 December 2025	1,762,783	-	-	1,762,783
<u>Net book value</u>				
Balance as at 31 December 2025	7,452,372	-	937,460	8,389,832
Balance as at 31 December 2024	3,386,675	1,061,588	937,460	5,385,723

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

8. INTANGIBLE ASSETS (CONTINUED)

A. Projects under implementation represent programs and automated systems under development to serve the capital work in progress.

B. Goodwill:

As a result of the Group's acquisition of the martial arts project shares during 2017, this is in addition to automated programs and systems to serve the activity.

Impairment of goodwill

The Group's management has appointed an external expert to perform the annual impairment test for goodwill on December 31, 2025 and the recoverable amount was determined based on the value in use calculation. The use of this method requires estimating the future cash flows and determining the discount rate in order to calculate the present value of the cash flows over a period of time.

As at December 31, 2025, the Group determined the recoverable amount based on the discounted future cash flows, and the recoverable amount was greater than the carrying amount of the cash-generating unit. The recoverable amount of the value in use calculation has been determined based on cash flow projections from officially approved budgets covering a period of five years to December 31, 2030. Other major assumptions are as follows:

	<u>2025</u>	<u>2024</u>
Discount Rate	15.1%	13.73%
Growth Rate (*)	2%	2%

* Growth rate assumptions apply only to the period beyond the period of the financial statements with value in use calculated based on extrapolating budgeted cash flows for the fifth year.

Operating margins were based on past experiences and future expectations in light of expected economic and market conditions. The discount rates are based on the Group's beta adjusted to reflect management's assessment of the specific risks specific to the cash-generating unit. Growth rates after the first five years are based on economic data related to the respective region.

C. The Amortization charge was distributed over the year as follows:

	<u>2025</u>	<u>2024</u>
Cost of revenue (note 20)	75,756	119,404
Marketing expenses (note 21)	6,800	7,206
General and administrative expenses (note 22)	879,565	628,413
	<u>962,121</u>	<u>755,023</u>

9. INVENTORY

	<u>2025</u>	<u>2024</u>
Spare parts	3,026,729	3,670,746
Operating and maintenance materials	3,450,859	3,469,943
Traded goods	2,157,310	3,307,616
	<u>8,634,898</u>	<u>10,448,305</u>
Less: Provision for slow-moving and obsolete inventory	(563,375)	(521,060)
	<u>8,071,523</u>	<u>9,927,245</u>

Below is the movement of the provision for slow-moving and obsolete inventory for the year ended:

	<u>2025</u>	<u>2024</u>
Balance as at 01 January	521,060	-
Charged to the year (Note 20)	42,315	521,060
Balance as at 31 December	<u>563,375</u>	<u>521,060</u>

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

10. TRADE RECEIVABLE

	<u>2025</u>	<u>2024</u>
Trade Receivable	13,956,947	30,734,779
Less: Expected credit loss	(1,965,172)	(1,965,172)
	11,991,775	28,769,607

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

	Total	Less than 30 days	31 - 90 days	91 – 180 days	181 – 270 days	271 – 365 days	More than 365 days
2025	13,956,947	5,833,146	728,308	5,227,809	202,355	157	1,965,172
2024	30,734,779	28,464,616	279,994	24,997	-	-	1,965,172

The major balance within the total trade receivables includes ﷻ 6.2 million as an outstanding amount due from a government entity.

11. PREPAYMENTS AND OTHER CURRENT ASSETS

	<u>2025</u>	<u>2024 Restated (Note 35)</u>	<u>2023 Restated (Note 35)</u>
Prepaid expenses	16,516,910	17,103,978	7,090,269
Margin of letters of guarantee	5,310,399	5,443,191	111,330
Staff advances	1,724,850	1,865,537	1,927,369
Advance to suppliers	883,118	1,456,215	1,421,246
Refundable deposits	836,495	822,495	1,079,260
Due from related parties (shareholders) (note 28)	-	2,053,079	-
Accrued revenue	-	451,473	265,362
	25,271,772	29,195,968	11,894,836
Less: Impairment of other current assets	(164,000)	-	-
	25,107,772	29,195,968	11,894,836

Movement of Impairment of other current assets

Balance at the beginning of the year	-	-	1,350,000
Charged to profit or loss	164,000	-	(1,350,000)
Balance at the end of the year	164,000	-	-

12. CASH AND CASH EQUIVALENTS

	<u>2025</u>	<u>2024</u>
Banks - Current accounts	46,468,209	4,940,868
Cash on hand	208,216	85,538
	46,676,425	5,026,406

13. SHARE CAPITAL

The Company's share capital as of 31 December 2025 amounted to ﷻ 114.4 million (31 December 2024: ﷻ 104 million), divided into 114.4 million (31 December 2024: 104 million) fully paid shares of ﷻ 1 each.

The Company was listed on the Saudi Stock Exchange (Tadawul) on 22 July 2025 (27 Muharram 1447 H) under the trading symbol 6018.

Following the initial public offering, the Company issued 10.4 million new shares at a price of ﷻ 7.5 per share, generating gross proceeds of ﷻ 78 million. Of this amount, ﷻ 10.4 million was allocated to the nominal value of newly issued shares, ﷻ 5.63 million was used to cover offering costs directly attributable to the capital increase shares offered for public subscription (Note 34), and ﷻ 61.97 million was recognized as share premium. The initial public offering resulted in a corresponding increase in the Company's share capital and share premium.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

14. LONG TERM LOANS

- On September 15, 2025 (corresponding to 23 Rabi' Al-Awwal 4 1447 AH), the Group signed a credit facility renewal agreement with a local bank to update data on credit facilities previously drawn by the Group during previous years. The agreement, which includes variable interest rates and a total value of ﷻ 57 million, is repayable in quarterly installments over five years, with a one-year grace period. The last installment will be paid on December 1, 2026. The loan balance as of December 31, 2025, amounted to ﷻ 3,597,367 (December 31, 2024: ﷻ 15,541,150).

The aforementioned loan is secured against a mortgage on lands (note 6). The following details pertain to the mortgage on the titles of the mortgaged land (note 6):

<u>Date</u>	<u>Deed Number</u>
22-3-1441 H	814006005053
17-6-1441 H	314006005791
17-6-1441 H	914006005790

- On February 15, 2025 (corresponding to Sha'ban 16, 1446 AH), the Group signed a credit facility agreement with another local bank to obtain facilities in the amount of 175 million. A commission is calculated on these facilities at variable rates. The last installment will be paid on June 1, 2030. The loan balance on December 31, 2025 amounted to: ﷻ 116,335,793 (December 31, 2024: ﷻ 103,686,370)

The loan is secured against a land mortgage (note 6). The following are the details of the mortgaged land title deed (note 6):

<u>Date</u>	<u>Deed Number</u>
5-8-1445	718507000568

- On December 21, 2020 (corresponding to Jumada Al-Awwal 6, 1442 AH), the Group signed a credit facility agreement with a government bank to obtain financing in the amount of ﷻ 10 million, in exchange for an annual administrative service fee of ﷻ 400,000. The loan is repayable in semi-annual installments over a period of five years, starting from the date of receipt of the first payment, with a grace period of one year. The loan balance as of December 31, 2025 amounted to nil (December 31, 2024: ﷻ 3,750,000).

- On December 15, 2025 (corresponding to Jumada Al-Akhirah 24, 1447 AH), the Group signed a credit facility agreement with a local bank to obtain financing in the amount of ﷻ 20 million. This loan is repayable in quarterly installments over a period of seven years, starting from the date of the first withdrawal for each installment, with a grace period of two years. The loan balance as of December 31, 2025 amounted to ﷻ 19,995,830 (December 31, 2024: ﷻ 19,995,830).

All loans obtained by the Group are in compliance with Islamic Sharia principles.

The following is a statement of the movement of loans:

	<u>2025</u>	<u>2024</u>
Balance as at 01 January	142,973,350	102,625,982
Loans obtained during the year	112,970,077	149,736,016
Payments made during the year	(116,014,436)	(109,388,648)
Balance as at 31 December	<u>139,928,991</u>	<u>142,973,350</u>

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

14. LONG TERM LOANS (CONTINUED)

A. The total loan amounts were presented according to the agreed upon maturity dates of the repayment installments, after they were classified into current and non-current liabilities, minus the deferred financing costs, as follows:

	<u>2025</u>	<u>2024</u>
Long term loans – non – current portion	107,530,540	84,031,227
Long term loans – current portion	32,398,451	58,942,123
Total	139,928,991	142,973,350

B. The table below shows the maturity dates of the loans referred to in accordance with the maturity dates referred to in the loan contracts:

	<u>2025</u>	<u>2024</u>
Less than one year	32,398,451	58,942,123
Between 1-2 years	36,594,210	29,310,813
Between 2- 5 years	70,936,330	54,720,414
	139,928,991	142,973,350

15. EMPLOYEES' DEFINED BENEFITS OBLIGATIONS

The employee defined benefits obligations include end-of-service benefits and vacation allowances, where the group grants end-of-service benefits to employees in accordance with the Saudi Labor Law and the social insurance regulations in force in the Kingdom of Saudi Arabia.

Movement of employees' defined benefits obligation:

	<u>2025</u>	<u>2024</u>
Balance as at 01 January	27,183,000	25,352,000
Current service cost and return cost	4,019,000	2,792,000
Interest cost	1,558,000	1,135,000
Benefits paid	(7,762,740)	(7,740,795)
Remeasurement of actuarial liabilities	8,781,740	5,644,795
Balance as at 31 December	33,779,000	27,183,000

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

	<u>2025</u>	<u>2024</u>
Long term benefits	30,122,179	24,676,110
Short term benefits (note 17)	3,656,821	2,506,890
Balance as at 31 December	33,779,000	27,183,000

Main actuarial assumptions:

The important actuarial assumptions used in calculating the defined benefit obligation are as follows:

	<u>2025</u>	<u>2024</u>
Financial assumptions		
Discount rate	5.2%	5.7%
Salary increase rate	2.7%	0.75%

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

15. EMPLOYEES' DEFINED BENEFITS OBLIGATIONS (CONTINUED)

Sensitivity analysis:

The results are affected by the assumptions used, especially the discount rate assumption and the salary increase rate due to the short duration of the program liabilities. The table below shows the change in the defined benefit obligation based on the increase or decrease in the value of the underlying assumptions as follows:

	2025		2024	
	1%	1%	1%	1%
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Discount rate	31,638,000	36,239,000	25,737,000	28,818,000
Salary increase rate	36,278,000	31,571,000	28,887,000	25,656,000

16. CONTRACTS LIABILITIES

	2025	2024
Balance as at 01 January	94,388,890	76,328,694
Additions during the year	385,558,089	346,845,083
Recognized during the year as subscription revenue (note 19)	(309,585,935)	(260,417,358)
Recognized during the year as revenue from Personal training and other health services (note 19)	(38,255,938)	(39,149,843)
Recognized during the year as sale of accessories (note 19)	(2,070,333)	(927,867)
Recognized during the year as revenue from sports solutions (note 19)	(26,326,794)	(26,930,888)
Recognized during the year as other income (note 23)	(1,484,656)	(1,358,931)
Balance as at 31 December	102,223,323	94,388,890

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

	2025	2024
Contracts liabilities – current portion	101,559,884	93,656,937
Contracts liabilities – non – current portion	663,439	731,953
Balance at the end of the year	102,223,323	94,388,890

17. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2025	2024
Employees accruals (*)	14,472,495	12,387,389
Accrued expenses	1,671,977	4,829,105
Value added tax	637,262	1,315,988
	16,781,734	18,532,482

* The above balance of employee accruals includes a balance of employees accrued leaves with the amount of ﷻ 3,656,821 as at 31 December 2025 (31 December 2024: ﷻ 2,506,890). A policy was developed to carry over the balances of these leaves, and this policy was approved during the year ended 31 December 2023. Accordingly, the leave allowance has been calculated by a qualified actuary using the projected credit unit method and using the same assumptions used to provide employee end-of-service benefits (note 15).

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

18. ZAKAT

A. Zakat and Tax position:

Zakat:

- The Group received the last final assessment for the years from 2016 AD to 2018 AD, amounting to 84,017 Saudi Riyals, on 03/14/2022 AD, and accordingly, the full zakat differences due were paid. The main reason for the zakat differences in the above years is in the compensation and incentives expense item because there is no work regulation approved by the Ministry of Labor for the Company, and accordingly the Company prepared a work regulation and approved it from the Ministry of Labor.
- Regarding the years from 2019 AD to 2024 AD, the Group submitted its zakat declarations, paid the amounts due, and obtained a zakat certificate for those years, and the examination has not been conducted by the Authority for any of the mentioned years to date.

Value Added Tax (VAT):

- The Group has not been inspected by the Zakat, Tax & Customs Authority to date.
- The Group regularly submits value added tax returns on time.

Withholding Tax:

- The Group has not been inspected by the Zakat, Tax & Customs Authority to date.
- The Group regularly submits withholding tax returns on time.

Customs:

- On September 24, 2025, a decision was issued by the Zakat, Tax & Customs Authority to collect the differences in customs data for the years 2020 to 2024 with the amount of 16,641. The Group has paid the differences in full during the year.

B. The significant components of the zakat base for the fiscal year ending on December 31 are as follows:

	2025	2024
1. Adjusted net income		
Profit for the year before zakat	42,228,233	37,038,501
Added: Non-deductible costs	25,547	-
Adjusted Profit (A)	42,253,780	37,038,501
2. Additions		
Equity before Zakat	271,572,209	165,739,809
Liabilities	581,287,038	555,670,359
Adjustments	25,547	-
	852,884,794	721,410,168
Total non-current assets	(852,859,247)	(721,410,168)
Zakat base (B)	25,547	-
Zakat provision: (a) or (b), whichever is greater x (2.5%/354×366)	1,061,368	934,132

C. The movement in the provision for zakat payable is as follows:

	2025	2024
Balance as at 01 January	1,008,151	802,549
Zakat paid during the year	(1,008,151)	(728,530)
Zakat charged for the year	1,061,368	934,132
Balance as at 31 December	1,061,368	1,008,151

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷲ)

19. REVENUE

Revenue from the operation classified as below:

19-1 Revenue classification by product/service type	2025	2024
Subscriptions and membership	309,585,935	260,417,358
Personal training and other health services	38,255,938	39,149,843
Sale of accessories and other services (A)	2,070,333	927,867
Sport solutions		
Construction and development contracts	18,361,698	24,838,302
Sale of equipment (B)	5,583,913	810,710
Revenue from maintenance contracts	2,381,183	1,281,876
	26,326,794	26,930,888
	376,239,000	327,425,956
19-2 Revenue classification based on the timing of revenue recognition	2025	2024
Over time	368,584,754	325,687,378
At a point in time (A+B)	7,654,246	1,738,578
	376,239,000	327,425,956

20. COST OF REVENUE

	2025	2024 Restated (Note 35)
Salaries, wages and other benefits	115,500,437	103,729,644
Depreciation of property, plant and equipment (note 6)	45,141,208	38,974,548
Depreciation of right-of-use assets (note 7)	26,273,029	24,492,132
Electricity and water	24,189,571	19,244,469
The cost of construction and development contracts	14,796,447	15,063,970
Maintenance, supplies and hygiene	15,184,747	13,314,849
Fuels and oils	5,358,679	3,524,648
The cost of selling sports equipment	4,417,731	851,887
Rent expenses	4,345,351	3,511,601
Government fees and subscriptions	1,953,273	1,835,012
Phone and mail	1,289,191	1,207,553
Amortization of intangible assets (note 8)	75,756	119,404
Provision for slow-moving and obsolete inventory	42,315	521,060
Other	5,198,568	4,346,679
	263,766,303	230,737,456

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

21. MARKETING EXPENSES

	2025	2024 Restated (Note 35)
Advertising	7,401,837	4,978,608
Salaries, wages and other benefits	2,630,530	2,658,188
Depreciation of property, plant and equipment (note 6)	62,404	150,396
Amortization of intangible assets (note 8)	6,800	7,206
Other	682,259	337,534
	10,783,830	8,131,932

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024 Restated (Note 35)
Salaries, wages and other benefits	16,794,817	16,283,319
Depreciation of property, plant and equipment (note 6)	1,266,915	1,229,042
Amortization of intangible assets (note 8)	879,565	628,413
Maintenance and cleaning	660,377	668,276
Phone and mail	311,332	238,037
Depreciation of right-of-use assets (note 6)	205,632	209,787
Other	2,295,819	2,048,800
	22,414,457	21,305,674

23. OTHER INCOME, NET

Other income consists of the following:

	2025	2024
Rent income	1,484,656	1,358,931
Discounts on rent expenses	774,824	600,699
Lease adjustments	711,220	2,108,929
Profit on bank deposits	675,427	-
(Loss) / profit from disposal of assets	(668,063)	18,044
	2,978,064	4,086,603

24. FINANCE COSTS

	2025	2024
Interests on lease contracts (note 7)	24,679,426	22,274,606
Interest on long term loans	11,347,823	9,932,728
Bank charges	9,901,965	6,430,298
Interest on lease contracts capitalized during the year	(4,270,839)	(4,081,536)
Interest on long term loans capitalized during the year	(6,546,922)	(3,108,715)
Charged to the consolidated statement of profit or loss	35,111,453	31,447,381

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

25. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As on December 31, 2025, the group has capital commitments amounting to ﷻ 30,740,714 (31 December 2024: ﷻ 23,144,496) for contracts for the establishment of new sports clubs included in the capital work in progress.

26. FAIR VALUE

Fair value is the amount 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 assumption that the transaction to sell the asset or transfer the liability will occur in one of the following cases:

- In the main market for the asset or liability, or
- In the most favorable market for the assets or liabilities in the absence of the main market.

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

The fair value of an asset or a liability is measured using the assumptions that dealers would use to price the asset or liability, on the assumption that the dealers seek the best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Level 1: Quoted market prices (without adjustment) in active markets for similar assets and liabilities.

Level 2: Fair value measurement using inputs other than quoted prices included in Level 1 that are either directly or indirectly observable.

Level 3: Valuation techniques that use the minimum inputs needed to measure fair value (unobservable inputs).

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, using the Level 1 and Level 2 indicators, the Group determines whether a transfer has occurred between levels in the hierarchy by re-assessing classification (based on the lowest level input that is significant to the fair value measurement). Generally, at the end date of each reporting period.

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

The financial instruments are classified as follows:

26.1 Financial Assets

	<u>2025</u>	<u>2024</u>
Financial assets at amortized cost:		
Trade receivables	11,991,775	28,769,607
Banks - Current accounts	46,468,209	4,940,868
Margin of letters of guarantee	5,310,399	5,443,191
Staff advances	1,724,850	1,865,537
Refundable deposits	836,495	822,495
Due from related parties (shareholders) (note 28)	-	2,053,079
Total financial assets at amortized cost	<u>66,331,728</u>	<u>43,894,777</u>

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

26. FAIR VALUE (CONTINUED)

26.2 Financial Liabilities

	2025	2024
Financial liabilities at amortized cost:		
Long term loans	139,928,991	142,973,350
Lease Liabilities	373,436,401	321,922,530
Trade payables	10,641,905	26,096,224
Accrued expenses and other current liabilities Except VAT	16,144,472	17,216,494
Total financial liabilities at amortized cost	540,151,769	508,208,598
Non – current portion of financial liabilities	435,533,035	363,704,112
Current portion of financial liabilities	104,618,734	144,504,486
Total financial liabilities	540,151,769	508,208,598

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

27. FINANCIAL RISK MANAGEMENT

The Group is exposed to the following risks through its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Foreign exchange risk
- Interest rate risk
- Capital Management Risk

Risk management is carried out by senior management in accordance with policies approved by the Board of Directors. Senior management identifies and assesses financial risks, when appropriate, in close cooperation with the Group's operating units.

27-1 CREDIT RISK

Credit risk is the risk that the Group will incur a financial loss in the event that a customer or counterparty fails to meet its contractual obligations, and arises primarily from the Group's dues from customers. The fair value of the financial assets represents the maximum exposure to credit risk.

The Group's exposure to credit risk is influenced primarily by the individual characteristics of each customer. Management also considers factors that may affect the credit risk of the customer base, including default risk associated with the customer's industry and the countries in which customers operate.

Management evaluates the creditworthiness of each new customer individually before offering the Group's standard payment terms. The Group's review process includes consideration of external credit ratings, where available, and, in certain cases, obtaining bank references.

The Group maintains an allowance for expected credit losses representing management's estimate of lifetime losses on trade receivables (Note 10) and recognizes an allowance for expected credit losses on other financial assets measured at amortized cost where applicable.

Cash balances and margins of letters of guarantee are maintained with reputable financial institutions. Accordingly, the associated credit risk is considered low.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27-1 CREDIT RISK (CONTINUED)

Financial assets exposed to credit risk are as follows:

	<u>2025</u>	<u>2024</u>
Trade receivables	11,991,775	28,769,607
Banks - Current accounts	46,468,209	4,940,868
Margin of letters of guarantee	5,310,399	5,443,191
Staff advances	1,724,850	1,865,537
Refundable deposits	836,495	822,495
Due from related parties (shareholders) (note 28)	-	2,053,079
	<u>66,331,728</u>	<u>43,894,777</u>

27-2 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by paying cash or through other financial assets. The Group's approach is to manage liquidity risk by ensuring, as far as possible, that it has sufficient liquidity to meet its liabilities as they fall due, under both normal and abnormal conditions, without incurring unacceptable losses or being exposed to risks to the Group's reputation.

The following is an analysis of the undiscounted contractual maturities of the Group's financial liabilities:

<u>As at 31 December 2025</u>	<u>Less than a year</u>	<u>From 1 to 5 years</u>	<u>More than 5 years</u>	<u>Total contractual flows</u>	<u>Book Value</u>
Loans	37,285,757	121,216,748	2,544,724	161,047,229	139,928,991
Lease Liabilities	45,433,906	197,192,606	366,631,362	609,257,874	373,436,401
Trade Payable	10,641,905	-	-	10,641,905	10,641,905
Accrued expenses and other current liabilities except VAT	16,144,472	-	-	16,144,472	16,144,472
Total	<u>109,506,040</u>	<u>318,409,354</u>	<u>369,176,086</u>	<u>797,091,480</u>	<u>540,151,769</u>
As at 31 December 2024	Less than a year	From 1 to 5 years	More than 5 years	Total contractual flows	Book Value
Loans	66,470,404	84,979,978	6,543,892	157,994,274	142,973,350
Lease Liabilities	42,249,645	172,217,531	281,930,515	496,397,691	321,922,530
Trade Payable	26,096,222	-	-	26,096,222	26,096,222
Accrued expenses and other current liabilities except VAT	17,216,494	-	-	17,216,494	17,216,494
Total	<u>152,032,765</u>	<u>257,197,509</u>	<u>288,474,407</u>	<u>697,704,681</u>	<u>508,208,596</u>

27-3 MARKET RISK

Market risk is the risk of the potential impact of changes in market prices such as foreign exchange rates, interest rates and equity prices on the Group's revenue or the value of its financial instruments. Market risk management aims to manage and control risk exposures within acceptable limits while achieving optimum return.

Market risk consists of three types of risk: currency risk, interest rate risk and other price risk.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

27-3 MARKET RISK (CONTINUED)

Foreign Exchange Risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in foreign exchange rates. The Group is not exposed to fluctuations in foreign exchange rates in the normal course of business as the Group's significant transactions during the period are stated in Saudi Riyals and US Dollars. Since the Saudi riyal exchange rate is pegged to the US dollar, there are no significant risks associated with transactions and balances listed in US dollars.

Interest Rate Risk

Interest rate risk is the fluctuation in the fair value of future cash flows of financial instruments due to changes in market interest rates.

The Group's interest rate risk arises from its long-term borrowings. The approved floating rate loans expose the Group to cash flow interest rate risk as follow:

	<i>Increase / decrease in basis points related to currency rates</i>	<i>Impact on profit for the year</i>
31 December 2025	100+	1,399,290
	100-	(1,399,290)
31 December 2024	100+	1,429,734
	100-	(1,429,734)

27-4 CAPITAL MANAGEMENT RISK

The primary objective of the Group's capital management is to ensure that it maintains strong capital ratios, 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. There have been no changes in the Group's objectives, policies and procedures during the period ending on December 31, 2025 compared with the year ending on December 31, 2024.

The Equity comprises share capital and retained earnings and amounted to ﷻ 273,514,677 as on December 31, 2025 (December 31, 2024 ﷻ 168,808,870).

The Group's policy is to maintain a strong capital base to maintain investors, creditors and market confidence and to sustain future development of the business. The Group monitors its capital base using a ratio of net debt to equity. Net debt is calculated as borrowings less cash and cash equivalents.

The following is the net debt to equity ratio of the Group at the end of the year:

	2025	2024 Restated (Note 35)	2023 Restated (Note 35)
Loans	139,928,991	142,973,350	102,625,982
Subtract: Cash and cash equivalents	(46,676,425)	(5,026,406)	(8,641,035)
Net debt	93,252,566	137,946,944	93,984,947
Total equity	270,510,841	164,731,658	141,298,624
Net debt to equity ratio	34%	84%	67%

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

28. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties generally consist of payments on behalf of the Group to cover certain operating expenses and consulting and management services. These transactions were carried out in accordance with the terms specified in the agreements concluded with the related parties and approved by the management. The following is a statement of the balances and transactions with related parties:

28.1 Due from related parties:

Related party name	Nature of relationship	Nature of transaction	For the year ended 31 December		Balances as at 31 December	
			2025	2024	2025	2024
Shareholders (Note 11)	Shareholders	IPO expense paid on behalf of the shareholders (Note 34)	9,843,182	2,053,079	-	2,053,079
		Deducting the IPO expenses from the offering proceeds (note 34)	(11,896,261)	-		
Aldrees Petroleum and Transport Services Company	Under Common Directorship*	Purchases	660,000	490,000	20,275	20,275
		Payments	(660,000)	(490,000)	-	-

28.2 Key management benefits:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any directors of the Group.

The following is the details of remuneration and compensation of directors and executives:

	2025	2024
Salary & other short-term benefits	10,240,993	9,586,380
Long term benefits (end of service benefits)	577,446	687,645
	10,818,439	10,274,025

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

29. SEGMENT REPORTING

The Group discloses segment information in accordance with IFRS 8 Operating Segments.

Operating segments are identified based on internal reports that are regularly reviewed by the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and performance assessment.

The CODM monitors the performance of the Group using two dimensions of segmentation (Geographical segments and Market segments)

29-1 Geographical segments

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

- Central Region
- Eastern Province
- The northern area
- Southern area
- Western Region

The following tables present information on revenue and profit for the geographical segments at the end of the year:

For the year ending 31 December 2025:

	<u>Central Region</u>	<u>Eastern Region</u>	<u>Northern Region</u>	<u>Southern Region</u>	<u>Western Region</u>	<u>Total</u>
Revenues	242,213,819	43,230,723	31,304,963	9,482,586	50,006,909	376,239,000
Depreciation of property, plant and equipment	(25,733,753)	(6,527,208)	(2,999,865)	(2,671,066)	(7,209,316)	(45,141,208)
Depreciation of right of use assets	(12,606,844)	(4,550,302)	(1,464,539)	(468,835)	(7,182,509)	(26,273,029)
Amortization of intangible assets	(30,194)	(11,175)	(3,285)	(1,779)	(29,323)	(75,756)
Other operating expenses	(119,309,546)	(25,394,493)	(14,107,161)	(5,418,294)	(28,046,816)	(192,276,310)
Segment Profit	84,533,482	6,747,545	12,730,113	922,612	7,538,945	112,472,697

For the year ending 31 December 2024:

	<u>Central Region</u>	<u>Eastern Region</u>	<u>Northern Region</u>	<u>Southern Region</u>	<u>Western Region</u>	<u>Total</u>
Revenues	220,807,019	37,649,594	20,148,403	10,367,345	38,453,595	327,425,956
Depreciation of property, plant and equipment	(23,559,967)	(5,493,275)	(2,438,584)	(2,661,790)	(4,820,932)	(38,974,548)
Depreciation of right of use assets	(13,172,550)	(4,733,151)	(1,119,841)	(388,941)	(5,077,649)	(24,492,132)
Amortization of intangible assets	(91,701)	(11,909)	(7,520)	(2,171)	(6,103)	(119,404)
Other operating expenses	(112,901,455)	(22,067,259)	(8,289,525)	(5,118,196)	(18,774,937)	(167,151,372)
Segment Profit	71,081,346	5,344,000	8,292,933	2,196,247	9,773,974	96,688,500

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

29. SEGMENT REPORTING (CONTINUED)

29-2 Market segments

For operational and performance monitoring purposes the Group also analyzes its activities based on the following market segments.

- Men's fitness centers
- Women's fitness centers
- Sport solutions

Segment performance is evaluated based on **segment profit**.

Certain corporate costs and income are not allocated to operating segments as they are managed centrally at the Company level as disclosed in 29.3

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

	Men's fitness centers		Women's fitness centers		Sport solutions		Total	
	2025	2024	2025	2024	2025	2024	2025	2024 Restated (Note 35)
Revenues	243,738,069	206,925,663	106,174,137	93,569,405	26,326,794	26,930,888	376,239,000	327,425,956
Depreciation of property, plant and equipment	(31,498,234)	(26,739,306)	(13,598,591)	(12,119,380)	(44,383)	(115,862)	(45,141,208)	(38,974,548)
Depreciation of right of use assets	(19,580,300)	(18,425,941)	(6,692,729)	(6,066,191)	-	-	(26,273,029)	(24,492,132)
Amortization of intangible assets	(23,755)	(34,120)	(52,001)	(85,284)	-	-	(75,756)	(119,404)
Other operating expenses	(115,496,287)	(102,718,547)	(57,445,974)	(48,424,514)	(19,334,049)	(16,008,311)	(192,276,310)	(167,151,372)
Segment profit	77,139,493	59,007,749	28,384,842	26,874,036	6,948,362	10,806,715	112,472,697	96,688,500

The following table present information on assets and liabilities for the market segments:

	Head Office		Men's fitness centers		Women's fitness centers		Sport solutions		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024 Restated (Note 35)
Property, plant & equipment	11,241,201	14,094,362	357,780,582	293,490,095	170,621,140	157,426,696	135,928	138,809	539,778,851	465,149,962
Right of use assets	-	-	194,429,508	161,473,655	110,261,056	91,195,064	-	-	304,690,564	252,668,719
Other assets	100,237,327	80,587,925	-	-	-	-	-	-	100,237,327	80,587,925
Total assets	111,478,528	94,682,287	552,210,090	454,963,750	280,882,196	248,621,760	135,928	138,809	944,706,742	798,406,606
Lease liabilities	-	-	239,843,592	244,238,069	133,592,809	77,684,461	-	-	373,436,401	321,922,530
Contract liabilities	158,660	(132,294)	74,753,355	68,252,956	27,311,308	21,762,370	-	4,505,858	102,223,323	94,388,890
Other liabilities	198,536,177	213,286,317	-	-	-	-	-	-	198,536,177	213,286,317
Total liabilities	198,694,837	213,154,023	314,596,947	312,491,025	160,904,117	99,446,831	-	4,505,858	674,195,901	629,597,737

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

29. SEGMENT REPORTING (CONTINUED)

29-3 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

During the current year, management reassessed the presentation of segment information to align with the internal reports reviewed by the Chief Operating Decision Maker. The Head Office does not meet the definition of an operating segment under IFRS 8, as it does not generate revenues and its performance is not evaluated separately. Accordingly, Head Office is not presented as a separate segment and related costs are treated as unallocated corporate expenses, which are included in the reconciliation of segment profit to profit before zakat. Comparative information has been presented consistently with the current year presentation.

Below is the reconciliation.

	2025	2024 Restated (Note 35)
Segment profit	112,472,697	96,688,500
Marketing expenses	(10,783,830)	(8,131,932)
General and administrative expenses	(22,414,457)	(21,305,674)
Impairment of other current assets	(164,000)	-
Listing and Initial Public Offering Expenses	(4,748,788)	(2,851,615)
Other income – net	2,978,064	4,086,603
Finance costs	(35,111,453)	(31,447,381)
Profit before zakat	<u>42,228,233</u>	<u>37,038,501</u>

30. SEASONALITY OF THE COMPANY'S BUSINESS

The Group's business is subject to seasonal fluctuations. Operating activity and customer demand typically increase during the fourth quarter compared with other periods of the year.

This improvement is driven by more favorable weather conditions and promotional campaigns, including offers associated with the Saudi National Day on 23 September, which contribute to higher customer traffic.

As a result, revenues and profitability are generally stronger in the fourth quarter, positively impacting the Company's overall financial performance for the year.

31. DIVIDENDS

On 22 August 2024, the Extraordinary General Assembly approved the distribution of cash dividends to shareholders in the total amount of ﷻ 6 million, at a rate of ﷻ 0.577 per share.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

32. STATUTORY RESERVE

Under the previous Company’s bylaw, the Company was obligated to transfer 10% of net income to the statutory reserve until it reached 30% of the share capital. According to the amendments made to the Companies Law in the Kingdom of Saudi Arabia, there is no longer an obligation to maintain the statutory reserve. Accordingly, the shareholders decided at the Extraordinary General Assembly held on 22 August 2024, to amend the Company’s Company bylaw. According to the decision, the statutory reserve amounting to ﷻ 15,904,683 was transferred to retained earnings. Under the amended Articles of Association, the General Assembly of Shareholders has the right, when determining the share of profits, to decide to form new reserves to the extent that serves the interest of the Company or ensures the distribution of fixed profits to shareholders as much as possible.

33. EARNINGS PER SHARE

Basic and diluted earnings per share

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

	2025	2024 Restated (Note 35)
Profit for the year	41,166,865	36,104,369
Weighted average number of outstanding ordinary shares	108,644,384	104,000,000
Basic and diluted earnings per share (ﷻ)*	0.38	0.35

* Basic and diluted earnings per share for the year ended 31 December 2025 and 31 December 2024 have been calculated by dividing net income after zakat attributable to the shareholders for the period by the weighted average number of ordinary shares issued and outstanding at the end of the period. Basic and diluted earnings per share are same as there are no instruments which will dilute the basic earnings per share.

33. LISTING AND INITIAL PUBLIC OFFERING EXPENSES

The General Assembly of Shareholders, in its meeting held on August 22, 2024, approved the offering of 30% of the Company’s shares in an Initial Public Offering (IPO). Of this, 20% of the existing shares were sold by current shareholders on a pro-rata basis according to their ownership ratios, in addition to the issuance of 10% of new shares at a nominal value of ﷻ 1 per share, fully paid. This resulted in an increase in the Group’s share capital by ﷻ 10.4 million, bringing it to ﷻ 114.4 million from ﷻ 104 million. This was carried out through the submission of a registration and offering request to the Saudi Capital Market Authority, as well as a request for listing on the Saudi Stock Exchange (Tadawul). The Board of Directors have been authorized to take all necessary legal actions to complete the application.

The Group has contracted legal and financial advisors to conduct studies and prepare the necessary requirements for the registration and offering process. Under the Assembly’s decision, shareholders agreed to bear these expenses. Since the start of the registration and offering process till the end, the Group paid a cumulative amount of ﷻ 25.1 million (31 December 2024: ﷻ 5.9 million) related to this process.

The Costs have been classified and treated according to the nature of the transaction associated with each of these costs is related , based on the clarification issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) on March 23, 2023, regarding the treatment of listing costs on the capital market when the listing coincides with the sale of a portion of the founders’ share to the public.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

33. LISTING AND INITIAL PUBLIC OFFERING EXPENSES (continued)

These costs were classified into;

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

	Basis of allocation	Amount recognized	
		31 December 2025	31 December 2024
Allocated to the existing shareholders (related party account)	20.91%	11,896,261	2,053,079
Allocated to the new shares (equity)	9.90%	5,632,482	1,026,540
Allocated to listing the existing shareholders (expenses in the consolidated statement of profit or loss and other comprehensive income)	70%	7,600,405	2,851,617
	100%	25,129,148	5,931,236

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

Impact on consolidated financial statements is as follows:

Item	Amounts recognized	
	31 December 2025	31 December 2024
Due from related parties (Note 28)	-	2,053,079
Share premium (Note 13)	61,967,518	(1,026,540)
Initial Public Offering cost (expenses in the consolidated statement of profit or loss and other comprehensive income)	4,748,788	2,851,615

34. RESTATEMENT OF PRIOR PERIOD COMPARATIVE INFORMATION

During the year ended 31 December 2025, the Group reassessed certain accounting treatments in light of recently issued regulatory clarifications and interpretations, as follows:

1. Work permits and residency fees

As part of its normal operations, the Group incurs certain government fees related to the issuance and renewal of work permits and residency permits for foreign employees. In prior periods, these fees were capitalized and amortized over the validity period of the related permits, based on management's previous assumption that the unused portion of such fees could be recovered if the permits were not utilized.

During the current year, the competent government authority issued a clarification confirming that these fees are non-refundable if unused. Based on this clarification, management reassessed the accounting treatment of these costs and concluded that certain amounts previously recognized as current assets no longer meet the definition of an asset under the Conceptual Framework for Financial Reporting, as there is no legally enforceable right to recover these costs and no independent future economic benefits are expected to arise from them.

Accordingly, these amounts were recognized as expenses in the relevant periods.

SPORT CLUBS COMPANY
(A LISTED SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
(In Saudi Riyals ﷻ)

34. RESTATEMENT OF PRIOR PERIOD COMPARATIVE INFORMATION (continued)

2. Depreciation of right-of-use assets related to buildings constructed on leased land

The Group also reassessed the accounting treatment for the depreciation of right-of-use assets relating to buildings constructed on leased land. This reassessment was performed in accordance with the interpretation issued by the Saudi Organization for Chartered and Professional Accountants on 30 October 2025 regarding the accounting treatment of improvements and buildings constructed on leased land under IFRS 16 – Leases.

As a result of this reassessment, the Group derecognized certain depreciation amounts that had previously been capitalized and recognized them as additional depreciation relating to right-of-use assets in respect of prior periods.

Accordingly, the comparative financial statements have been restated in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

A summary of the impact of the restatement on the consolidated financial statements is presented below.

Year Ended 31 December 2023

	<u>As Issued Previously</u>	<u>Adjustments</u>	<u>Restated</u>
<u>Consolidated Statement of Financial Position</u>			
Property, plant and equipment	408,073,520	(767,377)	407,306,143
Prepayments and other receivables	13,239,299	(1,344,463)	11,894,836
Retained earnings	(23,505,781)	2,111,840	(21,393,941)

Year Ended 31 December 2024

	<u>As Issued Previously</u>	<u>Adjustments</u>	<u>Restated</u>
<u>Consolidated Statement of Financial Position</u>			
Property, plant and equipment	465,149,962	(1,794,235)	463,355,727
Prepayments and other receivables	31,478,944	(2,282,976)	29,195,968
Retained earnings	(65,835,409)	4,077,211	(61,758,198)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Costs of revenue	(228,880,727)	(1,856,729)	(230,737,456)
Marketing expenses	(8,119,254)	(12,678)	(8,131,932)
General and administrative expenses	(21,209,710)	(95,964)	(21,305,674)
Profit for the year	38,069,740	(1,965,371)	36,104,369
Basic and diluted earnings per share (ﷻ)	0.37	(0.02)	0.35

In addition, certain comparative figures have been reclassified to conform with the presentation of the current year. These reclassifications did not have any material impact on the consolidated financial statements, results of operations, or equity.

The above adjustments did not have a material impact on the net cash flows from operating, investing, or financing activities in the consolidated statement of cash flows.

35. SUBSEQUENT EVENTS

The Group's management believes that no subsequent events have occurred after the year ended December 31, 2025, that would have a material impact on the Group's consolidated financial statements or its results of operations for the year.

36. APPROVAL OF THE FINANCIAL STATEMENTS

The Group's consolidated financial statements for the year ended 31 December 2025 were approved by the Board of Directors on 18 Ramadan 1447 H (Corresponding to 7 March 2026 G).