

Sports Club Company

Disclosure and Transparency Policy

Version:

This policy was approved by the Board of Directors of Sports Club Company, in its meeting held on 28/07/2024.

DISCLAIMER This English version of this document is a translation of the original Arabic document and has been made for the purpose of informing non-Arabic speakers of the said document. In case of any discrepancy or misinterpretation of any clause or article, the original Arabic document shall prevail.

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1. Definitions

The following terms and expressions shall have the meaning they bear as follows unless the contrary intention appears:

- **Company:** Sports Club Company.
- **Board of Directors:** The Board of Directors of the Company.
- **Authority:** Capital Market Authority (CMA).
- **Tadawul or Market:** Saudi Stock Exchange (Tadawul).
- **Companies Law:** The Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443H (corresponding to 30/6/2022G), as amended.
- **Corporate Governance Regulations:** The Corporate Governance Regulations issued by the Authority's Board under Resolution No. 8-16-2017, dated 16/5/1438H (corresponding to 13/2/2017G), as amended by Resolution No. 8-5-2023, dated 25/6/1444H (corresponding to 18/1/2023G), as amended.
- **Bylaws:** The bylaws of the Company, as approved by the General Assembly.
- **Policy:** The Disclosure and Transparency Policy.
- **Rules on the Offer of Securities and Continuing Obligations:** The Rules on the Offer of Securities and Continuing Obligations issued by the Authority's Board under Resolution No. 3-123-2017, dated 9/4/1439H (corresponding to 27/12/2017G), amended by Resolution No. 3-6-2024, dated 5/7/1445H (corresponding to 17/1/2024G), as amended.

The definitions in the "Glossary of Defined Terms Used in the Regulations and Rules of the Authority" shall serve as a primary reference for any undefined terms used in this policy.

2. Introduction:

This Disclosure and Transparency Policy ("Policy") is formulated in accordance with the requirements of the Companies Law, Corporate Governance Regulations, the Rules on the Offer of Securities and Continuing Obligations, and the Company's Bylaws.

This Policy aims to regulate the disclosure of both financial and non-financial information pertaining to the Company's activities and performance, thereby facilitating a thorough comprehension of the Company's standing in accordance with regulatory requirements. It outlines the precise information that needs to be disclosed and how to classify it according to its type or frequency of disclosure

3. **Disclosure Objectives:**

- 1) The primary objective of disclosure is to provide shareholders, stakeholders, and investors with information on a non-discriminatory basis, enabling them to exercise their rights when information is disclosed. The Company is committed to ensuring accuracy, timeliness, clarity, and transparency, while striking a proper balance between the necessity for disclosure and the safeguarding of the company's interests.
- 2) The Company is committed to promptly disclose to the Authority and the public any significant developments related to its operations that are not already known to the public. Furthermore, the Company assures that all disclosures concerning material matters shall be precise and timely.
- 3) Material matters and information include details related to the Company's status, its activities, performance, and any related developments that could significantly impact financial market conditions or the Company's share price. This includes information regarding the Company's performance, financial position, and corporate governance.
- 4) Disclosure to shareholders and investors shall be made without discrimination, in a clear, accurate, non-misleading, and timely manner. It must also be regular and precise, enabling shareholders and stakeholders to fully exercise their rights.

4. **Stakeholders and Information Disclosure Guidelines:**

- 1) The Chairman of Board and the Chief Executive Officer (CEO) are authorized to disclose information to parties interested in the Company's affairs, such as shareholders, investors, the media, and governmental authorities.
- 2) Only those individuals who have received explicit authorization from the Company are allowed to share information or respond to questions concerning the Company's

activities. This permission is dependent on securing prior approval from either the Chairman or the CEO.

- 3) Members of the Board and all other employees who are not authorized to speak on behalf of the Company shall refer all inquiries received from financial institutions or shareholders to the designated spokesperson authorized to represent the Company.
- 4) The Board Secretary or Compliance Officer coordinates with the Chairman of the Board and the CEO to ensure timely disclosure of information, quarterly reports, and any events that may affect the Company's operations, as well as to protect the documents that the Company is required to retain.
- 5) Financial reports (including interim or annual financial statements) or material announcements are first to be published on Tadawul website via the automated system determined by Tadawul for this purpose. They are subsequently published in newspapers, on electronic platforms, and through other channels, as applicable, to ensure wide coverage.
- 6) Requests for access to material information that is not authorized for publication must be denied.

5. Compliance with Disclosure Requirements:

A. Disclosure of Material Developments

The Company shall disclose to the Authority and the public without delay any material developments in its range of activity which are not public knowledge, and which may affect the assets and liabilities or financial position or the general course of business of the Company or its subsidiaries and which may reasonably lead to movements in the price of the Company's listed securities or significantly affect the Company's ability to meet its commitments in respect of listed debt instruments.

To determine if a development is deemed material, the Company is required to evaluate whether a prudent investor would likely consider that development into account when making his investment decisions.

B. Disclosure of Financial Information:

1. The annual financial statements and the first, second, and third interim financial statements of the Company must be disclosed to the Authority and the public upon their approval and prior to their publication to shareholders or third parties.
2. The Board shall approve the Annual Financial Statements and Interim Financial Statements within the regulatory timeframes, as follows:
 - **Interim financial statements** are approved after being (a) approved by the board of directors and signed by a director authorized by the board, by the CEO and the CFO.
 - **Annual financial statements** are approved in accordance with the provisions of the Companies Law and the Corporate Governance Regulations.
- 2) The Interim and Annual Financial Statements, along with the Board annual Report, must be submitted to the Authority immediately upon approval by the Board, within the regulatory timeframes.
- 3) The Company shall disclose its interim and annual financial statements through the electronic system specifically designated for such purpose by the Exchange

C. The Company is committed to the following timelines for disclosing financial information:

1. The Company shall prepare its interim financial statements in accordance with the accounting and auditing standards adopted by the Saudi Organization for Certified Public Accountants (SOCPA) and disclose them to the public within a period not exceeding (30) days after the end of the financial period included in such financial statements.
2. The Company shall prepare its annual financial statements in accordance with the accounting and auditing standards adopted by SOCPA and disclose them to the public within a period not exceeding three months after the end of the annual financial period included in such financial statements. The Company shall disclose these annual financial statements not less than (21) calendar days before the date of convening the Company's annual general assembly.

D. Disclosure in the Board of Directors' Report:

The Company's Board of Directors shall issue its annual report within the timeframe specified by the regulations (within a period not exceeding three months from the end of the financial year) and submit it to the Authority and publish it for the shareholders.

The report should include information pursuant to the Corporate Governance Regulations and including a review of the operations of the Company during the last financial year and of all relevant factors affecting the Company's business including the relevant provisions and timelines specified in the Rules on the Offering of Securities and Continuing Obligations, and the Companies Law.

E. Disclosure in the Audit Committee Report:

The Audit Committee must review the Company's financial statements, along with any reports and observations submitted by the external auditor, and provide its views, if any. Additionally, it shall issue an annual report outlining its performance in fulfilling its responsibilities and duties. The report shall include detailing the Committee's recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in the Company. The Board shall ensure sufficient copies of the audit committees' report to be available at the Company's head office and publish them on the Company's and the Exchange's websites when publishing the invitation to convene the General Assembly, to enable shareholders to get a copy thereof. Summary of the report shall be read at the General Assembly.

F. Disclosure of Specific Events:

The Company is committed to promptly disclosing to the Authority and the public, without delay, any of the following developments, regardless of whether or not they qualify as "material" or not:

- any transaction to purchase, sell, lease or mortgage an asset at a price equal to or greater than (10%) of the net assets of the Company according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later.
- any debt outside the Company's ordinary course of business, of a value equal to or greater than (10%) of the Company's net assets; according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later.
- any losses equal to or greater than (10%) of the Company's net assets; according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later.
- any significant change in the Company's production environment or activity including (but not limited to) the availability of resources and the possibility of obtaining them.
- any changes in the composition of the directors, the audit committee or to CEO's position of the Company.
- any dispute including any litigation, arbitration, or mediation where the value involved is equal to or greater than (5%) of the net assets of the Company according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later.
- any judicial decision issued against the board or any of the directors where the subject of the decision involved relates to the business of the board or any of the directors in the Company.
- the entering into, or the unexpected termination of, any contract with revenues equal to or greater than (5%) of the gross revenues of the Company according to the latest audited annual financial statements.
- any transaction between the Company and a related party or any arrangement through which the Company and a related party invest in any project or asset or provide financing therefore if this transaction or arrangement is equal to or greater than (1%) of the gross revenues of the Company according to the latest audited annual financial statements.

- any interruption in the principal activities of the Company or its subsidiaries equal to or greater than (5%) of the gross revenues according to the latest audited annual financial statements.
- any changes in the Company's articles of association or the location of the Company's principal office.
- any change in its external auditors.
- the call for convening a general or special assembly and its agenda.
- the outcome of the general or special assembly.
- any proposed change in the capital of the Company,
- any decision to declare, recommend declaring or pay dividends or to make any other distributions to the holders of its listed securities.
- any decision or a recommendation not to pay dividends which would otherwise have been expected to have been paid.
- the increase or decrease in the net assets of the Company equal to or greater than (10%) according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later.
- the increase or decrease in the gross profit of the Company equal to or greater than 10% according to the latest audited financial statements.
- the presentation of any winding-up petition, the making of any winding-up order or the appointment of a liquidator in respect of the Company or its affiliates under the Companies Law, or under any regulations applicable to a foreign Company whose shares are listed on the Main Market in accordance with the Listing Rules including the commencement of any proceedings under the Bankruptcy Regulations;
- the passing of a resolution by the Company or its affiliates that it be dissolved or liquidated, or the occurrence of an event or termination of a period of time which would require the Company to be put into liquidation or dissolution.

- Upon the issuance of any recommendation or a resolution by the person of authority in the Company to submit an application to the court for commencing any of the bankruptcy procedures under the Bankruptcy Law, with a statement of its impact on the Company's financial position or the general course of its business.
- Upon receiving a notification from the court regarding others registering an application with the court for commencing a financial restructuring procedure or commencing the liquidation procedure or the administrative liquidation procedure for the Company in accordance with the Bankruptcy Law, with a statement of its impact on the Company's financial position or the general course of its business.
- Upon registering an application with the court for commencing any of the bankruptcy procedures for the Company in accordance with the Bankruptcy Law, with clarification of the subsequent steps and durations therefor and a statement of its impact on the Company's financial position or the general course of its business.
- Upon the issuance of the court's decision (first instance or final) ordering the commencement of any of the bankruptcy procedures for the Company in accordance with the Bankruptcy Law, with clarification of the subsequent steps and durations therefor and a statement of its impact on the Company's financial position or the general course of its business.
- Upon the issuance of the court's decision (first instance or final) rejecting the application of commencing any bankruptcy procedures for the Company in accordance with the Bankruptcy Law, or rejecting any of them and commencing the appropriate bankruptcy procedure, with a statement of the reasons for such rejection and a statement of its impact on the Company's financial position or the general course of its business;
- Upon the issuance of the court's decision (first instance or final) terminating the financial restructuring procedure or the protective settlement procedure for the Company in accordance with the Bankruptcy Law, or terminating any of them and commencing the

appropriate bankruptcy procedure in accordance with Bankruptcy Law with a statement of its impact on the Company's financial position or the general course of its business;

- Objecting before the competent court regarding the commencing or rejecting of the commencement of any bankruptcy procedures under the Bankruptcy Law, or the termination or non-termination of the protective settlement procedure or the financial restructuring procedure under the Bankruptcy Law with a statement of its impact on the Company's financial position or the general course of its business.
- Upon the issuance of the court's decision in the objection referred to in paragraph (23) of this Article to affirm or reverse the Court decision and to adjudicate the case under the Bankruptcy Law with a statement of its impact on the Company's financial position or the general course of its business.
- Any material developments included in the reports the Company provides during the commenced bankruptcy procedures in accordance with the Bankruptcy Law with a statement of its impact on the Company's financial position or the general course of its business, unless the officeholder, the bankruptcy committee or the competent authority decides that such developments are confidential according the Implementing Regulation of the Bankruptcy Law;
- the making of any judgement, decision, order or declaration by a court or judicial body, whether at first instance or on appeal, which may adversely affect the Company's utilization of any portion of its assets which in aggregate value represents a value in excess of (5%) or more of the net assets of the Company according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later;
- any change in the rights attaching to any class of listed shares or to the debt instruments convertible to such shares.
- any decision not to make payment in respect of debt instruments or convertible debt instruments.

- any decision to call, repurchase, draw, redeem or propose to buy any of its securities and the total amount and value thereof.

G. Disclosure by Members of the Board of Directors:

The Board is required to regulate the disclosure procedures for each of its members and members of the executive management, taking into account the following:

- Establishing and regularly revising a special register for the disclosures made by Board members and executive management, in compliance with the disclosure obligations outlined in the Companies Law, Capital Market Law, and their associated regulations.
- Ensuring that the Company's shareholders have free access to this register.

H. Disclosure of Remuneration:

The Company shall disclose its remuneration policy and the methodology used to determine the compensation for both the Board of Directors and the executive management team. Furthermore, to Disclose accurately, transparently and in detail in the Board report the remuneration granted to the members of the Board of Directors and executive management directly or indirectly, ensuring full clarity and avoiding any concealment or misrepresentation, in accordance with the relevant instructions.

6. Limits of Disclosure:

Except at meetings of the General Assembly, the Board members are not permitted to reveal any of the company's secrets. They are not allowed to use their membership-given knowledge to further their own, a family member, or a third party's interests; Violation of this obligation shall result in their removal from the board and the requirement to compensate the Company.

A. Confidential Information:

- The Company shall take all necessary measures to protect confidential information, as well as trade and industrial secrets that possess current or potential value.

- Board members, the Chief Executive Officer, and senior executives are authorized to access confidential information.
- The Chairman of the Board and the CEO have the discretion to add or remove individuals authorized to access such information.
- All material information and developments are considered confidential until they are officially disclosed. The Company is prohibited from disclosing such information to any parties who are not obligated to maintain its confidentiality before it is publicly announced. All necessary precautions must be taken to prevent the unauthorized leakage of material information and developments prior to their disclosure in accordance with the listing rules.
- If in the opinion of the Company, disclosure of any matter required by the listing Rules would be unduly detrimental to the Company, and omission is not likely to mislead investors with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question, the Company may apply for a waiver from the relevant requirement or otherwise request to delay the disclosure. The Company must in that case provide to the Authority on a strictly confidential basis a statement of the requested waiver or delay together with the reasons why the Company believes that the information should not be disclosed at that time. The Authority may approve or reject the application for a waiver or delay. If the Authority approves the application for a waiver or delay, the Authority may at any time require the Company to disclose any information in relation to the waiver or delay.
- The Company must determine the need to publish a disclosure to the public in response to rumors related to any material developments, and the Authority may require such publication to be made by the issuer as it sees appropriate.

Confidential Information includes, but is not limited to, the following:

1. Investment opportunities under consideration by the Company.
2. Contracts being under negotiation.
3. Designs and programs intended to be adopted by the Company in collaboration with its clients.

4. Financial information and financial details of operational units.
5. Internal audit management reports.
6. Customer lists and marketing strategies.
7. Any proprietary information that provides a competitive advantage.

B. Internal Information:

Internal information refers to confidential, unusual information related to the Company's activities, including any information that, if disclosed, could affect the market value of the Company's shares.

Individuals with access to internal information are prohibited from disclosing it to any party or engaging in transactions based on such information.

C. Insider Trading:

Insider trading is considered to take place when an individual with privileged access to confidential information about the Company, such as a Board member, an executive officer, an employee, or a committee member, including to individuals who acquire insider information through familial connections or through business or contractual relationships. Such individuals may deal with the Company or trade in the company's shares, either directly or indirectly, based on the non-public information they possess.

Insider trading is considered a criminal offense and a violation of Article 50 of the Capital Market Law.

In all cases, members of the Board, Audit Committee members, senior executives, and any person related to them must refrain from dealing in any of the Company's securities during the legally stipulated restriction periods, as well as those defined by the Company's internal regulations, particularly in the Conflict-of-Interest Policy and related party transactions.

7. Preparation of Disclosures and Announcements:

- The Legal Department or Compliance Department is charge for drafting regulatory disclosures in accordance with the requirements of the Authority, and for reviewing all publications and media materials issued by the Company, including content to be published in newspapers, social media platforms, and advertisements, before they are released, to ensure their compliance with applicable regulations and requirements.
- Any disclosure provided to the public must be complete, clear, accurate, and non-misleading, and must comply with all disclosure requirements set forth in the Capital Market Law, its implementing regulations, and market rules. The Company bears the responsibility for determining the content of any public disclosure and ensuring the accuracy of the information contained within it.
- The Company must be able, upon written request, to provide the market with any information related to a disclosure that has been made to the public.

8. Implementation and Amendment:

- This Policy shall come into force as of the date of its approval by the Board. The provisions and requirements hereof that are in relation to disclosure, notification, transparency, and reporting that apply to listed companies shall apply to the Company as of the date of listing the Company's shares on the Saudi stock exchange.
- The Board shall periodically review this Policy as part of the assessment of the efficiency of corporate governance and best practices, or whenever new instructions or implementing regulations relating to the Policy are issued.
- This Policy shall complement all instructions, laws, and implementing regulations in force in the Kingdom of Saudi Arabia that govern continuous obligations, disclosure, and transparency, in addition to the Company's Bylaws.
- This Policy shall be published and circulated to the members of the Board, executive management, and employees of the Company, to ensure they acknowledge and confirm their understanding of all provisions set forth in the Policy.