

**LEEJAM SPORTS COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED) FOR THE THREE-MONTH PERIOD ENDED 31
MARCH 2021
TOGETHER WITH THE INDEPENDENT AUDITOR'S REVIEW
REPORT**



Report on review of condensed interim financial statements

To the Shareholders of Leejam Sports Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Leejam Sports Company (the "Company") as of 31 March 2021 and the related condensed interim statements of profit or loss, comprehensive loss, changes in equity and cash flows for the three-month period ended 31 March 2021 and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 – "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Omar M. Al Sagga', is written over the printed name.

Omar M. Al Sagga
License Number 369

April 19, 2021

LEEJAM SPORTS COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 March 2021

	Page
Report on review of condensed interim financial statements	1
Condensed interim statement of financial position	2
Condensed interim statement of profit or loss	3
Condensed interim statement of comprehensive loss	4
Condensed interim statement of changes in equity	5
Condensed interim statement of cash flows	6
Notes to the condensed interim financial statements	7 - 17

LEJAM SPORTS COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of financial position
(All amounts are in Saudi Arabian Riyals unless otherwise stated)

	Notes	31 March 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Non-current assets			
Property and equipment	5	1,426,315,585	1,447,915,548
Right-of-use assets	6	788,277,181	771,477,155
Goodwill		9,445,544	9,445,544
Advances to suppliers		17,686,157	13,272,419
Total non-current assets		2,241,724,467	2,242,110,666
Current assets			
Prepayments and other assets		38,892,986	35,328,396
Trade receivables	8	20,717,267	21,245,194
Inventory		10,761,861	10,559,104
Cash and cash equivalents	9	226,771,852	258,073,877
Total current assets		297,143,966	325,206,571
Total assets		2,538,868,433	2,567,317,237
EQUITY AND LIABILITIES			
Equity			
Share capital		523,833,610	523,833,610
Statutory reserve		56,021,218	56,021,218
Retained earnings		77,655,667	84,629,236
Total equity		657,510,495	664,484,064
Liabilities			
Non-current liabilities			
Borrowings	10	332,361,244	348,648,639
Lease liabilities	6	857,784,695	852,863,246
Employees' end of service benefits		38,333,836	37,158,533
Total non-current liabilities		1,228,479,775	1,238,670,418
Current liabilities			
Borrowings	10	140,177,583	138,937,826
Lease liabilities	6	71,200,396	67,888,714
Accounts payable		55,054,230	52,660,018
Accrued expenses and other liabilities	11	65,380,138	78,516,737
Deferred revenue		320,928,654	326,022,298
Provision for Zakat	12	137,162	137,162
Total current liabilities		652,878,163	664,162,755
Total liabilities		1,881,357,938	1,902,833,173
Total equity and liabilities		2,538,868,433	2,567,317,237

The accompanying notes (1) to (25) form an integral part of these condensed interim financial statements.

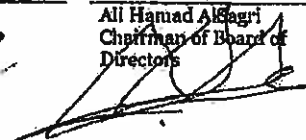
Mohammad Merajuddin
Chief Financial Officer



Justin Musgrove
Chief Executive Officer



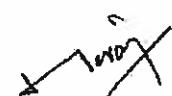
All Hamad AlSagri
Chairman of Board of
Directors



LEEJAM SPORTS COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of profit or loss (Unaudited)
(All amounts are in Saudi Arabian Riyals unless otherwise stated)

	Notes	For the three-month period ended 31 March	
		2021	2020
Revenue	13, 22	148,543,743	197,668,433
Costs of revenue	14	(121,188,497)	(145,670,866)
Gross profit		27,355,246	51,997,567
General and administrative expenses		(21,012,150)	(22,186,441)
Advertising and marketing expenses		(3,734,794)	(8,646,309)
Impairment loss on property and equipment	5	(1,230,649)	-
Impairment reversal / (loss) on financial assets	8.1	80,493	(280,000)
Other income	15	3,116,888	-
Operating profit		4,575,034	20,884,817
Finance costs	19	(11,548,603)	(14,468,546)
(Loss) / Profit before Zakat		(6,973,569)	6,416,271
Charge for Zakat	12	-	(169,500)
Net (loss) / profit for the period		(6,973,569)	6,246,771
Earnings per share	16	(0.14)	0.12

The accompanying notes (1) to (25) form an integral part of these condensed interim financial statements.



Mohammad Merajuddin
Chief Financial Officer



Justin Musgrove
Chief Executive Officer






Al-Hamad AlSagri
Chairman of Board of
Directors

LEELIAM SPORTS COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of comprehensive loss (Unaudited)
 (All amounts are in Saudi Arabian Riyals unless otherwise stated)

	For the three-month period ended 31 March	
	2021	2020
Net (loss) / profit for the period	(6,973,569)	6,346,771
Other comprehensive loss		
<i>Items that will not be reclassified to profit or loss</i>		
Re-measurement of defined benefit obligation - employee benefits	-	(409,974)
Total comprehensive (loss) / income for the period	(6,973,569)	5,836,797

The accompanying notes (1) to (25) form an integral part of these condensed interim financial statements.


		
Mohammad Merajuddin Chief Financial Officer	Justin Masgrove Chief Executive Officer	Ali Hamad AlSaghi Chairman of Board of Directors


LEEJAM SPORTS COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of changes in equity (Unaudited)
(All amounts are in Saudi Arabian Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Total equity
Balance as at 31 December 2020 – (audited)	523,833,610	56,021,218	84,629,236	664,484,064
Net loss for the period	-	-	(6,973,569)	(6,973,569)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	-	-	(6,973,569)	(6,973,569)
Balance as at 31 March 2021 – (unaudited)	523,833,610	56,021,218	77,655,667	657,510,495
Balance as at 31 December 2019 – (audited)	523,833,610	56,021,218	141,919,268	721,774,096
Net profit for the period	-	-	6,246,771	6,246,771
Other comprehensive loss	-	-	(409,974)	(409,974)
Total comprehensive income for the period	-	-	5,836,797	5,836,797
Transfer to statutory reserve	-	624,677	(624,677)	-
Balance as at 31 March 2020 – (unaudited)	523,833,610	56,645,895	147,131,388	727,610,893

The accompanying notes (1) to (25) form an integral part of these condensed interim financial statements.


Mohammad Merajuddin
Chief Financial Officer


Jusein Musgrove
Chief Executive Officer


Al-Farhan Al-Saghi
Chairman of Board of Directors

LEEJAM SPORTS COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of cash flows (Unaudited)
For the three-month period ended 31 March
(All amounts are in Saudi Arabian Riyals unless otherwise stated)

		<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before zakat		(6,973,569)	6,416,271
<i>Adjustments for non-cash and other items:</i>			
<i>Depreciation on:</i>			
- property and equipment	5	33,394,758	33,651,160
- right-of-use assets	6	17,130,971	16,268,289
Finance costs		11,548,603	15,714,016
Rent concessions	6	(3,116,888)	-
Impairment of property and equipment	5	1,230,649	-
Property and equipment written off – net	5	-	41,282
Impairment of trade receivables, net	8.1	(80,493)	280,000
Provision for employee's end of service benefits		<u>2,111,702</u>	<u>1,764,845</u>
		<u>55,245,733</u>	<u>74,135,863</u>
<i>Changes in:</i>			
- Prepayments and other assets		(3,767,347)	(2,925,282)
- Trade and long-term receivables		608,420	6,609,167
- Accounts payable		8,291,265	23,043,618
- Accrued expenses and other liabilities		(13,136,598)	11,979,920
- Deferred revenue		(5,093,646)	(39,882,641)
Employee benefits paid		<u>(936,398)</u>	<u>(761,976)</u>
Net cash generated from operating activities		<u>41,211,429</u>	<u>72,198,669</u>
CASH FLOWS FROM INVESTING ACTIVITY			
Additions to property and equipment, net		<u>(21,866,166)</u>	<u>(39,276,058)</u>
Net cash used in from investing activities		<u>(21,866,166)</u>	<u>(39,276,058)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		9,663,548	95,305,420
Repayments of borrowings		(24,711,186)	(27,138,735)
Finance cost paid on borrowings		(2,290,876)	(4,563,019)
Lease payments including finance cost	6	<u>(33,308,774)</u>	<u>(23,639,698)</u>
Net cash (used in)/generated from financing activities		<u>(50,647,288)</u>	<u>39,963,968</u>
Net (decrease) / increase in cash and cash equivalents		<u>(31,302,025)</u>	<u>72,886,579</u>
Cash and cash equivalents at beginning of the period		<u>258,073,877</u>	<u>68,070,348</u>
Cash and cash equivalents at the end of the period	9	<u>226,771,852</u>	<u>140,956,927</u>

Non-cash flow transactions

Additions to right-of-use assets and corresponding lease liability

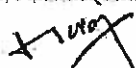
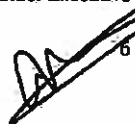
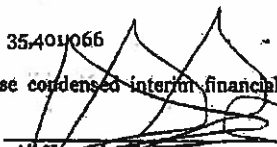
35,401,066

The accompanying notes (1) to (25) form an integral part of these condensed interim financial statements.

Mohammad Merajuddin
Chief Financial Officer

Justin Musgrove
Chief Executive Officer

All Hammad Al-Sagoff
Chairman of Board of Directors

LEEJAM SPORTS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements (Unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Saudi Arabian Riyals unless otherwise stated)

1. Organization and activities

Leejam Sports Company ("the Company") is a Saudi Joint Stock Company and listed on the Saudi Stock Exchange with effect from 10 September 2018. The address of the Company's head office, the number of branches and the principal activities of the Company remain the same as disclosed in the Company's annual financial statements for the year ended 31 December 2020.

All amounts in these condensed interim financial statements are presented in Saudi Riyals (hereinafter referred to as "SR") unless otherwise stated.

2. Basis of preparation

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 - "Interim Financial Reporting" ("IAS-34") that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

These condensed interim financial statements should be read in conjunction with the Company's annual audited financial statements as at and for the year ended 31 December 2020. These do not include all of the information required for a complete set of financial statements under IFRS, however, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

The interim results may not be an indicator of the annual results of the Company.

3. Use of estimates, assumptions and judgments

The preparation of the Company's condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

As at 31 March 2021, management believes that, all judgments and sources of estimation uncertainty remain similar to those disclosed in the Company's annual financial statements for the year ended 31 December 2020. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods. In line with last year, the management performed impairment assessment of non-financial assets as of 31 March 2021 and no impairment loss was recognised as a result of that assessment.

4. Significant accounting policies

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's last annual audited financial statements as at and for the year ended 31 December 2020.

LEEJAM SPORTS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements (Unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Saudi Arabian Riyals unless otherwise stated)

4. Significant accounting policies (continued)

4.1 New standards, amendments to standards and interpretations applicable from 1 January 2021

There are no new standards applicable to the Company. However, there are a number of amendments to existing standards which are effective from 1 January 2021, but do not have a material effect on these condensed interim financial statements.

4.2 New IFRS standards, amendments to standards and interpretations not yet effective

Certain new accounting standards, amendments to standards and interpretations have been published by the IASB that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Company. These standards, amendments to standards and interpretations are not expected to have a material impact on the Company's financial statements in the current or future reporting periods.

5. Property and equipment

	31 March 2021	31 December
	(Unaudited)	2020
		(Audited)
Cost:		
Opening balance	2,120,580,214	2,135,418,081
Additions during the period/ year (Note 5.1)	13,025,444	120,874,684
Write-offs during the period/year	-	(118,571,797)
Closing balance	<u>2,133,605,658</u>	<u>2,137,720,968</u>
Accumulated depreciation / impairment:		
Opening balance	(672,664,666)	(623,404,150)
Charge for the period/year	(33,394,758)	(137,744,940)
Write offs during the period/year	-	77,974,681
Impairment (Note 5.2)	(1,230,649)	(6,631,011)
Closing balance	<u>(707,290,073)</u>	<u>(689,805,420)</u>
Net book value	<u>1,426,315,585</u>	<u>1,447,915,548</u>

5.1 The total borrowing costs capitalised under capital work in progress during the period amounted to SR 0.5 million.

5.2 During the current period, the Company has recorded an impairment charge amounting to SR 1.2 million (31 December 2020: SR 6.6 million) against the closure of one of the fitness centers. The related right-of-use assets were written off and lease cancelled during the period.

LEEJAM SPORTS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements (Unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Saudi Arabian Riyals unless otherwise stated)

6. Leases

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
<u>Right-of-use assets</u>		
Opening balance	771,477,155	840,332,792
Additions during the period / year	35,401,066	5,103,653
Write-off during the period / year – Note 5.2	(426,699)	-
Depreciation		
- charge for the period / year	(17,130,971)	(68,024,883)
- capitalized for under construction fitness centers	(1,043,370)	(5,934,407)
	<u>(18,174,341)</u>	<u>(73,959,290)</u>
Closing balance	<u>788,277,181</u>	<u>771,477,155</u>
<u>Lease liabilities</u>		
Opening balance	920,751,960	956,271,490
Additions during the period / year	35,401,066	5,103,653
Lease cancelled during the period / year – Note 5.2	(533,878)	-
Lease payments for the period / year	(33,308,774)	(73,295,493)
Rent concessions on lease payments – Note 15	(3,116,888)	(8,116,850)
Interest expense for the period / year	9,127,443	35,685,575
Interest capitalized for under construction fitness centers	664,162	5,093,525
	<u>9,791,605</u>	<u>40,779,100</u>
Closing balance	<u>928,985,091</u>	<u>920,751,960</u>
<u>Lease liabilities:</u>		
Non-current portion	857,784,695	852,863,246
Current portion	71,200,396	67,888,714
	<u>928,985,091</u>	<u>920,751,960</u>

Expense recognized in the statement of profit or loss in relation to leases for the three-month period ended was as follows:

	31 March 2021	31 March 2020
Depreciation on right-of-use assets	17,130,971	16,268,289
Interest expense on lease liabilities	9,127,443	8,340,617
Total	<u>26,258,414</u>	<u>24,608,906</u>

LEEJAM SPORTS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements (Unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Saudi Arabian Riyals unless otherwise stated)

7. Significant related party transactions

During the three-month period, the significant transactions with related parties were as follows:

	31 March 2021	31 March 2020
Remuneration of directors and key management personnel	1,675,993	1,661,112
Lease rentals paid to a shareholder	2,487,123	3,400,000
Sales to companies where shareholders have interest:		
-Al Sagri Holding	170,840	16,065

8. Trade receivables

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Subscriptions and membership receivables	17,033,280	18,839,805
Rental receivables	11,485,714	10,287,609
	<u>28,518,994</u>	<u>29,127,414</u>
Allowance for impairment (Note 8.1)		
- Subscriptions and membership receivables	(999,471)	(966,469)
- Rentals receivables	(6,802,256)	(6,915,751)
	<u>(7,801,727)</u>	<u>(7,882,220)</u>
	<u>20,717,267</u>	<u>21,245,194</u>

8.1 Movement in the allowance for impairment of trade receivables was as follows:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Opening balance	7,882,220	5,539,905
(Reversal) / charge for the period / year	(80,493)	2,342,315
Closing balance	<u>7,801,727</u>	<u>7,882,220</u>

9. Cash and cash equivalents

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Cash in hand	1,426,009	2,101,053
Cash at bank – current accounts	175,345,843	155,972,824
Short term deposits	9.1 <u>50,000,000</u>	<u>100,000,000</u>
	<u>226,771,852</u>	<u>258,073,877</u>

9.1 These are placed with a local bank as interest bearing deposits which are based on prevailing market interest rates and have original maturity of less than three months.

LEEJAM SPORTS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements (Unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Saudi Arabian Riyals unless otherwise stated)

10. Borrowings

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Non-current portion of long-term borrowings	332,361,244	348,648,639
Current portion of long-term borrowings	<u>140,177,583</u>	<u>138,937,826</u>
Total	<u>472,538,827</u>	<u>487,586,465</u>

As at 31 March 2021, the Company had unutilized bank financing facilities amounting to SR 248 million (31 December 2020: SR 257.4 million) to manage its short-term and long-term liquidity requirements and for construction of the fitness centers. The facilities have been secured by the Company by a joint and several guarantee from certain shareholders of the Company.

All borrowings are denominated in Saudi Riyals and are under Islamic financing mode. The borrowing arrangements contain certain covenants which are monitored by the management. The Banks monitor and evaluates compliance with the debt covenants by the Company on an annual basis.

11. Accrued expenses and other liabilities

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Accrued expenses	55,610,386	57,588,486
Value added tax (VAT) payable	5,740,819	16,534,877
Advances from customers	<u>4,028,933</u>	<u>4,393,374</u>
	<u>65,380,138</u>	<u>78,516,737</u>

12. Zakat

The status of zakat assessments was disclosed in note 19 to the annual financial statements for the year ended 31 December 2020. There is no change in the status of Zakat assessments of the Company since 31 December 2020.

The Company is expecting that there would not be a positive zakat base for the year 2021 and therefore no charge for the period has been recognized in these condensed interim financial statements.

LEEJAM SPORTS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements (Unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Saudi Arabian Riyals unless otherwise stated)

13. Revenue

	For the three-month period ended 31 March	
	2021	2020
Revenue from contracts with customers		
- Subscriptions and membership income	129,620,121	175,233,698
- Personal training	15,846,397	19,074,329
- Rentals	1,454,517	1,800,242
- Others	1,622,708	1,560,164
	148,543,743	197,668,433
Operating days	60	74

Disaggregation of revenue from contract with customers

Revenue, for the three-month period ended 31 March, from contract with customers is further disaggregated based on male and female centers offerings and segmented by primary geographical regions in the table below:

	Subscriptions and membership income		Personal training income		Rental income	
	2021	2020	2021	2020	2021	2020
Type of customers						
<u>Gender wise</u>						
Male Centers	98,905,186	128,264,565	11,131,442	13,737,355	1,112,796	1,353,136
Female Centers	31,314,935	46,969,133	4,714,955	5,336,974	341,721	447,106
Total	129,620,121	175,233,698	15,846,397	19,074,329	1,454,517	1,800,242
<u>Geographical markets</u>						
Central Region	54,385,182	82,812,663	7,075,501	9,386,734	912,938	934,728
Western Region	51,257,064	64,247,102	5,027,857	5,879,135	498,196	777,484
Eastern Region	21,184,818	25,440,952	2,212,762	2,953,497	43,383	81,283
UAE	2,793,057	2,732,981	1,530,277	854,963	-	6,747
Total	129,620,121	175,233,698	15,846,397	19,074,329	1,454,517	1,800,242

In addition, the Company separately presents segment information in accordance with IFRS-8 (see note 18).

LEEJAM SPORTS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements (Unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Saudi Arabian Riyals unless otherwise stated)

14. Cost of revenues

	For the three-month period ended 31 March	
	2021	2020
Salaries and related benefits	39,017,705	50,269,341
Depreciation		
– property and equipment	32,271,418	32,582,133
– right-of-use assets	16,880,488	16,110,833
Water and electricity	10,747,912	15,672,150
Cleaning, maintenance and others	22,270,974	31,036,409
	121,188,497	145,670,866

15. Other income

This represents rent concessions received on lease payments during the period.

16. Earnings / (loss) per share

Basic earnings / (loss) per share is calculated by dividing the net loss /profit for the period ended 31 March 2021 and 31 March 2020, by the weighted average number of shares outstanding at the end of the respective period, which consisted of 52.38 million shares as at 31 March 2021 (31 March 2020: 52.38 million shares).

17. Contingencies and commitments

17.1 Contingencies

There have been no significant changes in the status of contingencies from those disclosed in annual audited financial statements of the Company for the year ended 31 December 2020.

17.2 Commitments

There have been no significant changes in operating lease commitments from those disclosed in annual audited financial statements of the Company for the year ended 31 December 2020. The Company has capital commitments on contracts for setting up fitness centers amounting to SR 36.4 million as at 31 March 2021 (31 December 2020: SR 42.6 million).

LEEJAM SPORTS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements (Unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Saudi Arabian Riyals unless otherwise stated)

18. Operating segments

18.1 Operating segment information for the three-month period ended 31 March is as follows:

As at and for period ended 31 March 2021	Geographical Segments				Total
	Central Region	Western Region	Eastern Region	Internation al Region – UAE	
Revenue	63,803,047	56,918,779	23,491,926	4,329,991	148,543,743
Costs of revenue	(51,963,128)	(47,218,489)	(17,635,793)	(4,371,087)	(121,188,497)
Gross profit	11,839,919	9,700,290	5,856,133	(41,096)	27,355,246
Total comprehensive income	1,205,872	(1,645,665)	2,671,389	(1,288,834)	942,762
Unallocated head office cost	(7,916,331)	-	-	-	(7,916,331)
Depreciation - property & equipment	(14,510,589)	(13,129,383)	(4,808,418)	(946,368)	(33,394,758)
- right-of-use assets	(6,941,796)	(6,855,533)	(2,694,354)	(639,288)	(17,130,971)
Total assets	1,069,469,140	1,075,576,252	288,952,742	104,870,299	2,538,868,433
Total liabilities	887,123,654	718,023,749	195,450,938	80,759,597	1,881,357,938
As at and for period ended 31 March 2020					
Revenue	94,694,288	70,903,721	28,475,732	3,594,692	197,668,433
Costs of revenue	(63,162,660)	(56,697,326)	(21,935,367)	(3,875,513)	(145,670,866)
Gross profit	31,531,628	14,206,395	6,540,365	(280,821)	51,997,567
Total comprehensive income	18,426,357	2,470,127	2,325,665	(911,288)	22,310,861
Unallocated head office cost	(16,474,064)	-	-	-	(16,474,064)
Depreciation - property & equipment	(13,820,700)	(13,955,197)	(4,985,489)	(889,774)	(33,651,160)
- right-of-use assets	(6,393,545)	(6,632,571)	(2,669,308)	(572,865)	(16,268,289)
Total assets	1,190,616,961	990,062,813	302,014,039	93,655,048	2,576,348,861
Total liabilities	1,080,058,721	514,553,802	189,933,118	64,192,327	1,848,737,968

LEEJAM SPORTS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements (Unaudited)
For the three-month period ended 31 March 2021.
(All amounts are in Saudi Arabian Riyals unless otherwise stated)

	Market Segments					
	Male Fitness Centers		Female Fitness Centers		Total	
	2021	2020	2021	2020	2021	2020
Revenue	112,069,395	145,515,219	36,474,348	52,153,214	148,543,743	197,668,433
Costs of revenue	(87,338,842)	(109,166,044)	(33,849,655)	(36,504,822)	(121,188,497)	(145,670,866)
Gross profit	24,730,553	36,349,175	2,624,693	15,648,392	27,355,246	51,997,567
Total comprehensive income / (loss)	5,142,179	11,340,359	(4,199,417)	10,970,502	942,762	22,310,861
Unallocated head office costs	(7,916,331)	-	-	-	(7,916,331)	(16,474,064)
Depreciation - property & equipment	(22,978,556)	(24,807,448)	(10,416,202)	(8,843,712)	(33,394,758)	(33,651,160)
- right-of-use assets	(11,795,380)	(12,054,547)	(5,335,591)	(4,213,742)	(17,130,971)	(16,268,289)

19. Finance costs

	2021	2020
Profit on borrowings	2,421,159	6,127,929
Finance costs on lease liabilities (Note 6)	9,127,444	8,340,617
	<u>11,548,603</u>	<u>14,468,546</u>

20. Liquidity risk and going concern

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. At the condensed interim statement of financial position date, management assessment of adjusted gearing ratio and adjusted current ratio were as follows:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Equity	658	664
Liabilities (excluding deferred revenue)	1560	1577
Total capital structure (excluding deferred revenue)	<u>2218</u>	<u>2241</u>
Adjusted gearing ratio	70.33%	70.37%
Adjusted current ratio (excluding deferred revenue)	<u>0.89</u>	<u>0.96</u>

LEEJAM SPORTS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements (Unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Saudi Arabian Riyals unless otherwise stated)

20. Liquidity risk and going concern (continued)

As of 31 March 2021, the management also analyses the liquidity risk as follows:

	31 March 2021 (Unaudited)	31 December 2020 (Unaudited)
Current financial assets	258	283
Current liabilities excluding deferred revenue	<u>(332)</u>	<u>(338)</u>
Adjusted net current financial liability position	<u>(74)</u>	<u>(55)</u>

The Company manages its liquidity risk by ensuring sufficient un-availed borrowing facilities. As of 31 March 2021, unutilized bank borrowing facilities of SR 45 million [31 December 2020: SR 45 million] were available from multiple banks for managing the working capital requirements. Moreover, the Company consistently generated good amount of cash flows from operating activities.

In relation to liquidity risk and going concern assessment of the Company, the management has developed comprehensive monthly cash flow projections ensuring the existence of sufficient funds in order to meet the Company's obligations for a period of at-least next twelve months from the reporting date.

The management is not aware of any material uncertainty that may cast significant doubt upon the Company's ability to continue as going concern. Therefore, these condensed interim financial statements have been prepared on a going concern basis.

21. Significant event during the period

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 causing disruptions to businesses and economic activity across the globe. In response to the spread of the Covid-19 in KSA and UAE, where the Company operates, and its resulting disruptions to the social and economic activities in those markets, Leejam's management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creation of on-going crisis management teams and processes to ensure the health and safety of its employees, customers, consumers and wider community as well.

The consequences of the Covid-19 pandemic have materially affected the Company's business since all the Company's fitness centers remained closed from 5 February 2021 to 6 March 2021 i.e. 30 days (2020: 15 March 2020 – 20 June 2020 i.e. 98 days). This resulted in the suspension of sales of subscriptions to the customers as well as the suspension of revenue recognition during the aforementioned period while the Company continued to incur certain fixed and semi-variable expenditures that has impacted the financial performance and cash flows of the Company.

Leejam's management has considered potential impacts of the current economic uncertainties and volatility in determination of the reported amounts of the Company's financial and non-financial assets and these are considered to represent management's best assessment based on observable information on the period-end date. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

22. Seasonality of the Company's business

The Company's business performance during fourth quarter of the year is generally better than other quarters of the year because of several factors including conducive weather conditions and the Company offers attractive discounts to its customers on Saudi National Day (i.e. September 23), the revenue against which is primarily recognised in the fourth quarter of the year which ultimately boosts the Company's sales and profitability and improves the financial performance of the Company during the last quarter of the year.

LEEJAM SPORTS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements (Unaudited)
For the three-month period ended 31 March 2021
(All amounts are in Saudi Arabian Riyals unless otherwise stated)

23. Capital management and financial risk management

The Company's capital and financial risk management strategies have not changed significantly since the last year end. All financial assets and financial liabilities of the Company are classified and measured at amortized cost.

24. Comparatives

Certain comparative period amounts have been correctly reclassified and represented for the purpose of better presentation. However, the effect of those reclassification was not significant. The key reclassifications were as follows:

Reclassification from	Reclassification to	Amount (SR in million)
<u>Condensed interim statement of profit or loss</u>		
Other income – Advertisement income	Revenue	1.5
Finance costs – bank charges and commission	General and administrative expenses	1.2

25. Approval of the condensed interim financial statements

These condensed interim financial statements were approved by the Company's Board of Director on **19 April 2021**.