



# EARNINGS PRESENTATION

Q2 2022

# Table of Contents

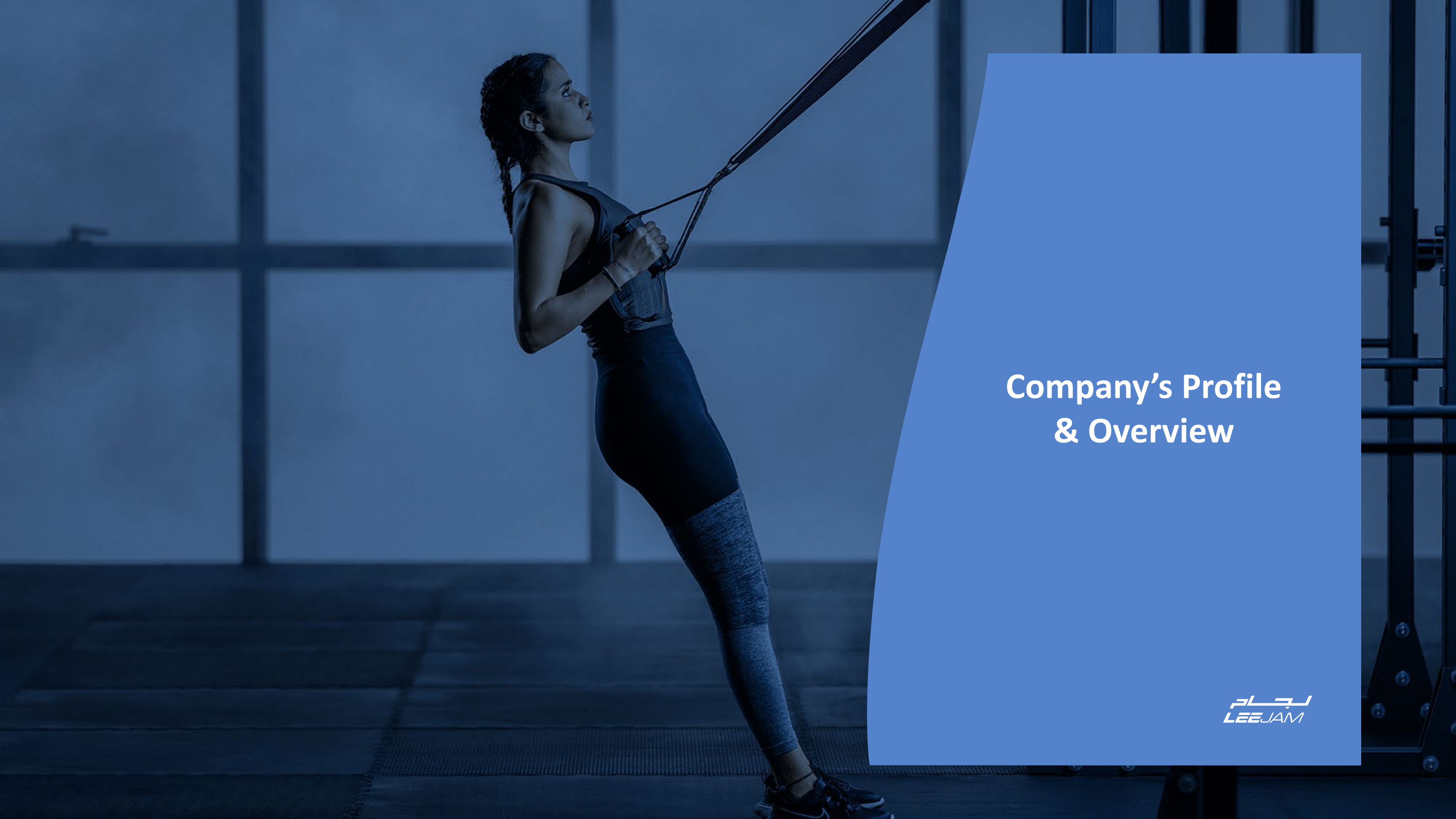
I. DISCLAIMER	3
II. Company's Profile & Overview	4
III Financial Performance	9
IV. Outlook 2022	22



## DISCLAIMER

Leejam Sports Company makes no representation or warranty of any kind, express, implied or statutory regarding this document or the materials and information contained or referred to on each page associated with this document. The material and information contained on this document is provided for general information only and should not be used as a basis for making business decisions. Any advice or information received via this document should not be relied upon without consulting primary or more accurate or more up-to-date sources of information or specific professional advice. You are recommended to obtain such professional advice where appropriate.

Leejam Sports Company accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) from your use of contents in the document, howsoever arising, and including any loss, damage or expense arising from, but not limited to, any defect, error, imperfection, fault, mistake or inaccuracy with this document.



## Company's Profile & Overview

LEEJAM



## *Our Vision*

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

## *Our Mission*

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

## *Our Values*

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

## Leejam Brands

Leejam prides itself on its international and professional Fitness Team, designed to make Leejam prides itself on its international and professional Fitness Team, designed to make Fitness Time the gym of choice. Leejam currently operates the following fitness brands:

### Fitness Time, the gym of choice.

Leejam’s winning formula stems from the strategically selected locations of its fitness centres, which are designed to provide a conveniently located, easily accessible and fully equipped centre to the fitness community. The core values at the heart of every centre are the most technologically advanced, state-of-the-art equipment and providing users with a superior customer experience, all of which are complimented by the Company’s diverse range of offerings, through tactically astute brand differentiation, incorporating choice offerings to suit every budget.

## Leejam currently operates the following fitness brands:



### Fitness Time Plus/Ladies Plus

Indulge in an environment which combines fitness with luxury; this brand is targeted at individuals seeking a five-star, exclusive experience. The “Plus” brands provide the ultimate in privacy, whilst maintaining the ultra-high standards the Company is renowned for. Facilities include best-in-class swimming pools, complimented by jacuzzis and plunge pools at selected locations, a comprehensively equipped gym along with indoor running and walking tracks. Additional facilities include steam rooms, saunas, hairdresser facilities, squash, along with communal lounges.



### Fitness Time Pro/Ladies Pro

Fitness Time Pro provides users with a broad, yet focused set of features and services. There are large training pools, which can be used either for workout or as a cool down post workout, complimented also by jacuzzis and plunge pools at selected locations. All centres are equipped with the very latest technology, ensuring users maximise their fitness potential. In addition, there are dedicated work-out rooms for each type of training and exercise.



### Fitness Time/Fitness Time Ladies

Immerse yourself in a business class sports and fitness facility, with a brand targeted at a user seeking a high-end, full-service facility, without the necessity for the additional privacy the Plus brand provides. With similar facilities to the Plus brand, Fitness Time provides swimming pools, jacuzzis and plunge pools along with the usual state-of-the-art equipment found in all fitness centres, with some centres also benefitting from indoor running and walking tracks. This brand also offers space at its male centres for other sports activities, such as football, volleyball, squash and table tennis at certain locations.



### Fitness Time Xpress/Ladies Xpress

Perfect for a user seeking cardio and strength workouts, Fitness Time Xpress offers a digitally enabled no-frills experience, with maximum value, easily accessible centres with male centres being open 24 hours a day. Fully equipped with the ultimate range of cardio programs and usual cardio and strength equipment, all gyms come with the state-of-the-art equipment the Company is renowned for.

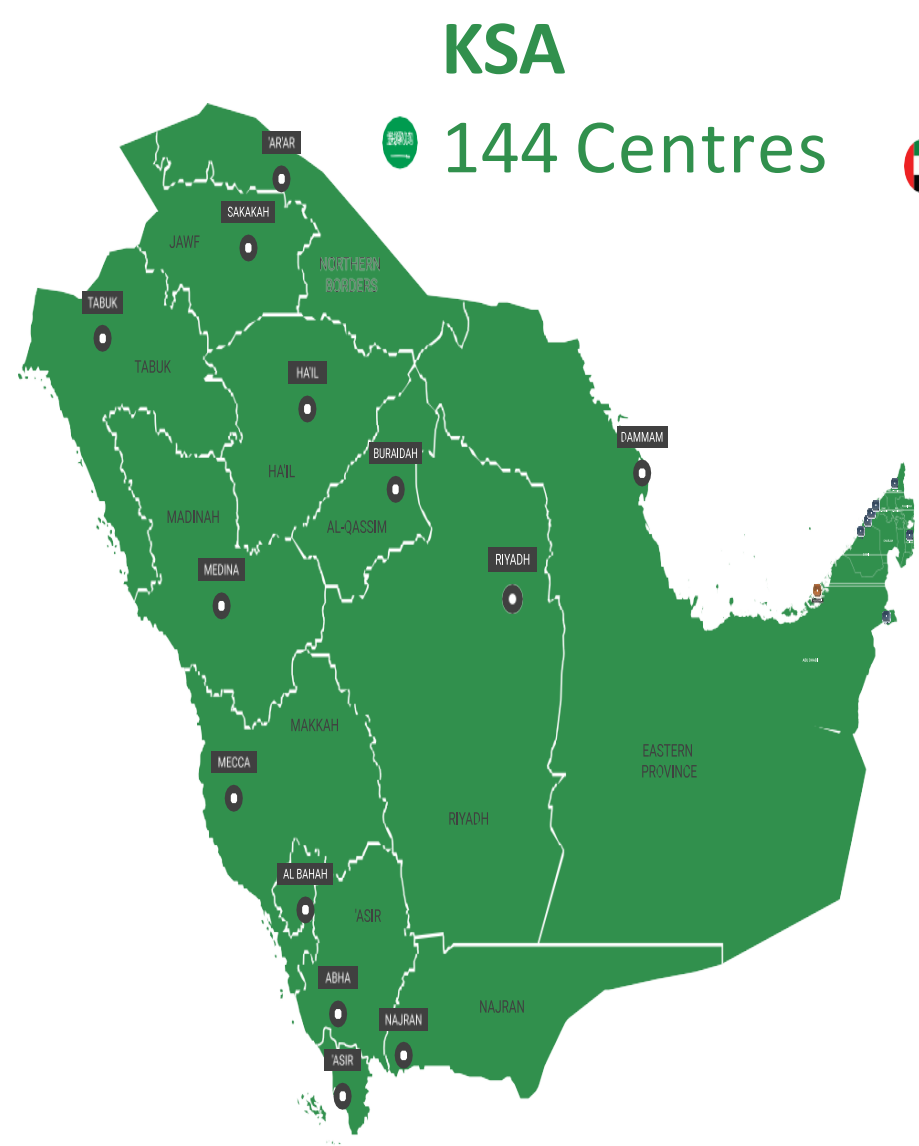
## Key Features



Target audience	Males 25+	Males 16+	Males 16+	Males 16+	Females 16+	Females 16+	Females 16+	Total	KSA
No. of Centers – EOP Jun-22	4	52	36	18	32	5	4	151	144 Centers
									UAE 7 Centers

# Value Proposition & Investment Case

Leejam aims to offer a winning solution to the masses; an easily affordable and accessible fitness centre that allows users to access market leading facilities, with different sizes, locations, products and services to accommodate for people with varying budgets and requirements. These solutions give Leejam a unique opportunity to maximise outreach, leveraging its leading edge and experience in the market, along with its synonymous name to maximise return on capital for its shareholders.



**UAE**  
7 Centres

- Total Number of Fitness Centres = 151
- Largest reach across Saudi Arabia, with branches in UAE
- 42 Female only segment – Largest female network in KSA
- Strategically located to reach the majority of the population
- Multiple brands to cater for all people
- 24/7 gyms with low-cost and high-value
- Fully trained staff
- Customer service
- Best-in-class facilities and products

# 151

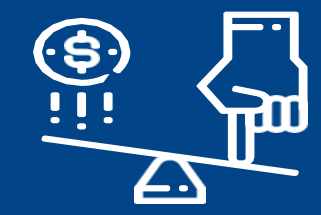
Fitness Centres

## Investment case



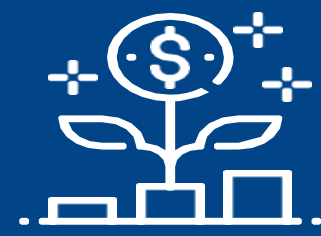
### Cash Reserves

Adequate cash reserves to ensure financial stability over the longer term amid pandemic uncertainty.



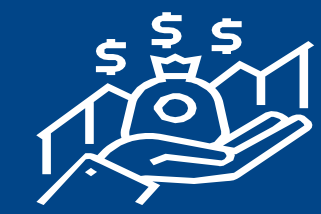
### Strong financial ratios

The Company continues to show strong financial ratios. Through the pandemic and into 2021, the Company maintained its outstanding credit positions and held onto its key ratios.



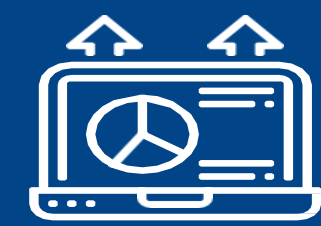
### Consistent growth

The Company has shown year-on-year growth in terms of total operating centres, and has consistently reduced average costs per centre whilst growing revenues.



### Dividend payments

The Company is committed to paying dividends in line with performance and company policies.



### Size of market

Leejam maintains its market leading position in Saudi Arabia



### Growing market in line with Saudi Vision 2030

With getting people to exercise daily being one of the main pillars of the Country's Vision 2030, the market is only going to grow. With Leejam's leading position in the market at present, complimented by the growth strategy in place, and the Company's extensive experience in establishing and quickly opening new centres, Leejam is perfect poised to capitalise on this growing market by further cementing its position as the region's largest owner and operator of fitness centres.

## Key Highlights

Item (SAR M)	Q2 2022	1H 2022
Revenue	233.0	464.6
Gross profit	78.0	163.8
Operating Profit	49.7	108.4
EBITDA	107.0	221.6
Net Profit (Loss)	36.0	82.0
Cash and cash equivalents	-	100.4

During the previous 12 months, 18 new centers , mostly Xpress Centers, has been opened and continue its gradual improvement. The new 18 centers, are still under ramp up in terms of revenue while the company is incurring all costs.

Xpress segment as whole is still performing as per the feasibility taking into consideration that 1 Xpress center is 1/3 of big box center in terms of revenue & cost.

As for the fitness market, during the first half of this year, it faced challenges, especially with the shift in consumers' spending behavior. The company expects the current market conditions to continue as is during the second half of 2022.

During the first half of 2022, the company witnessed a change in the members' trends, as they are increasing their leaner towards buying short-term subscriptions, which can lead to an increase in the seasonality effect of the company's business.

# Q2 2022

## Female Segment

53K



Members

42



Centers

## Male Segment

176K



Members

109



Centers

## Corporate Business

45K



Members

230+



Customers

## Total

274K



Members

151



Centers



# Financial Performance



## Company profitability Q2

### Revenue

- Increased by 5% due to Membership revenue Increased by SR 4.3M because of the high subscription Income. Personal Training (PT) revenue Increased by SR 1.86M due to more session conducted. Rental income and other income increased by SR 4.94M due to new real estate contracts and higher sales of other services.

### Gross Profit

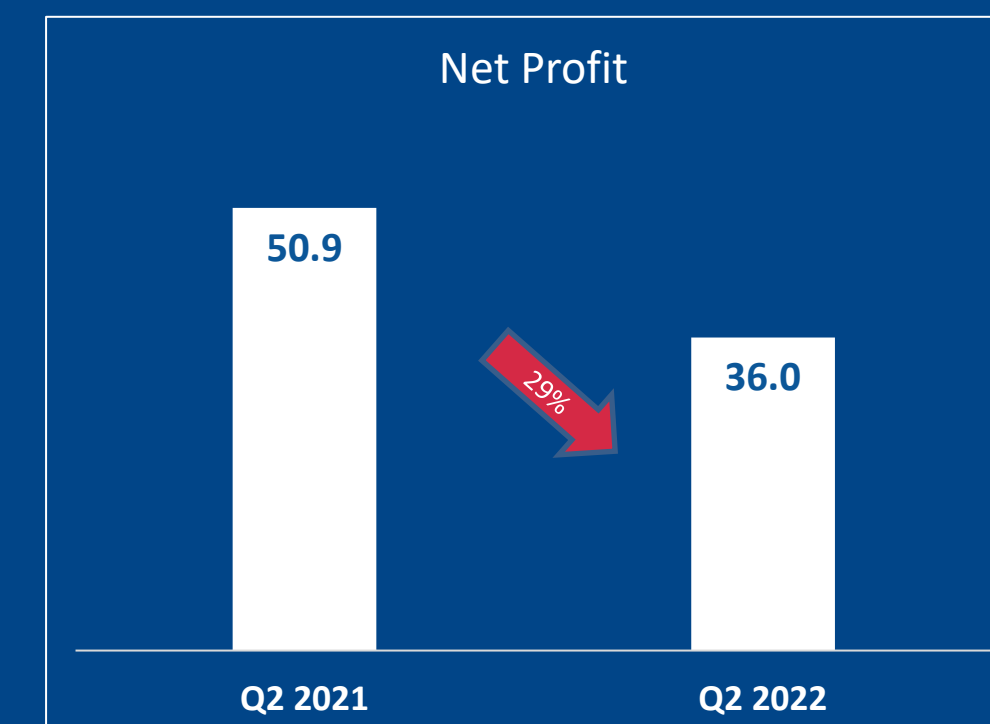
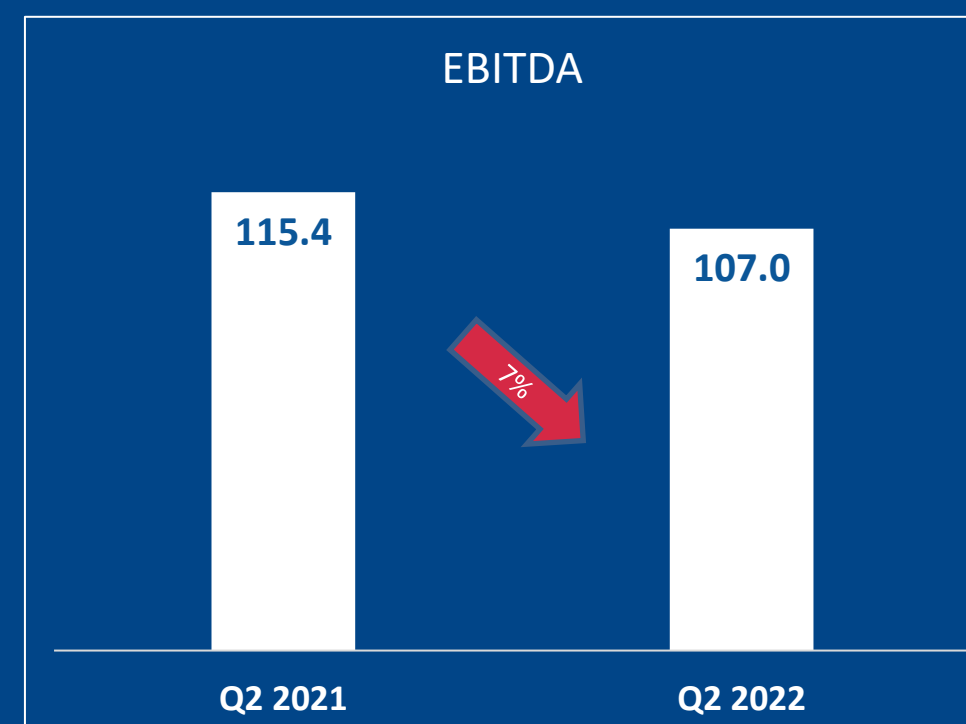
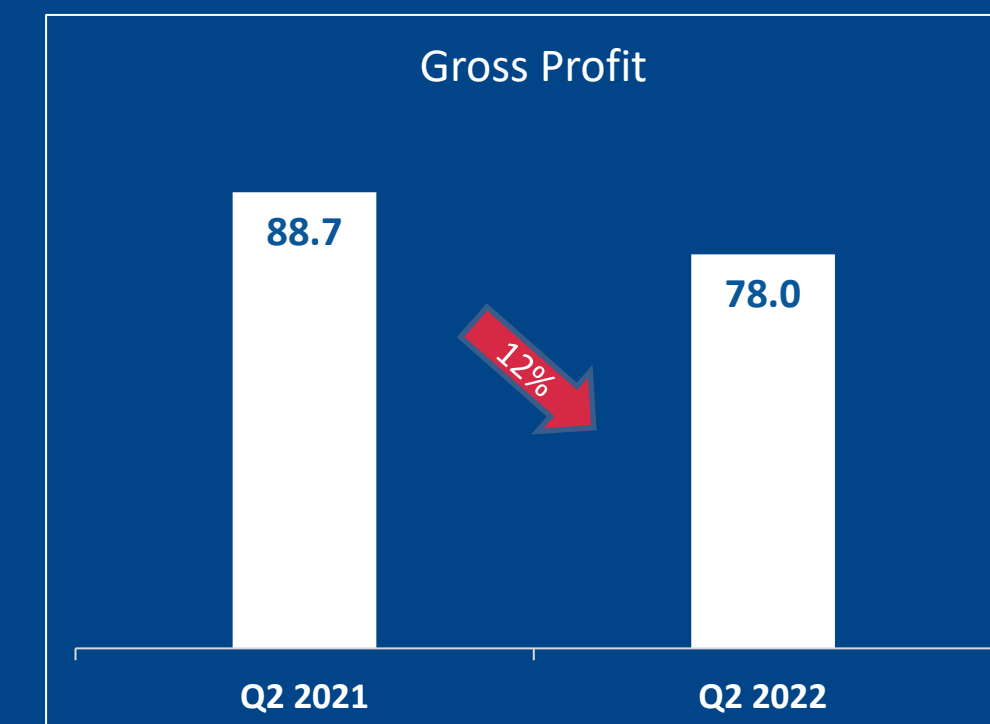
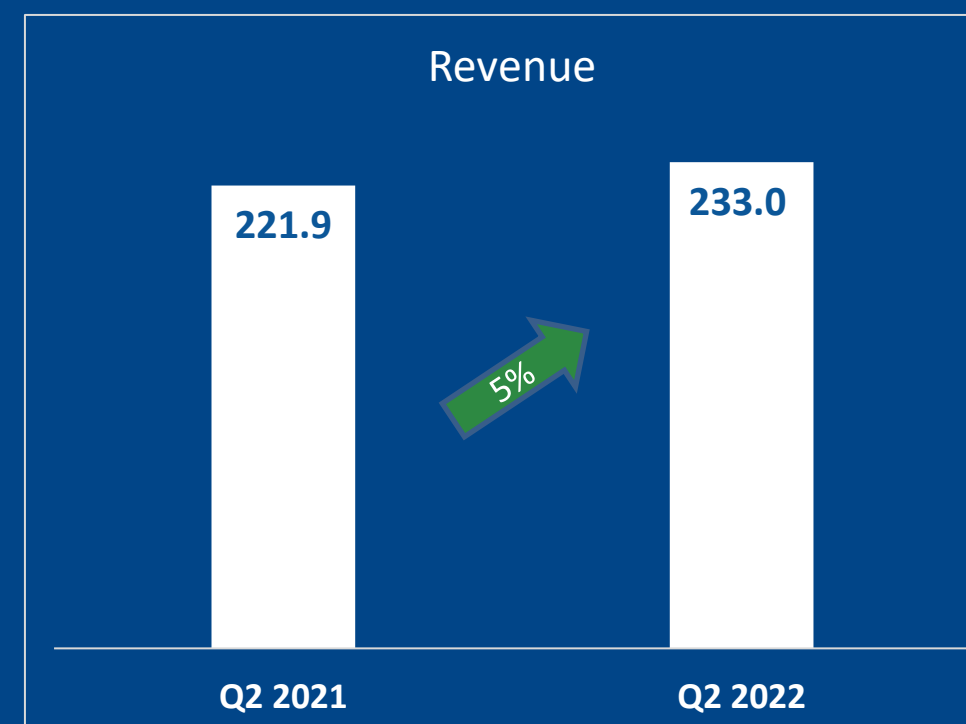
- Gross profit Margin at 33.5%
- Decreased by 12% due overall Cost of revenue increased because of the increase in employees 'costs, utilities and depreciation in addition to decrease of rent concession comparing with prior year.

### EBITDA

- EBITDA Margin at 46.0%

### Net Profit

- Net profit Margin at 15.5%
- Decreased by 29% due to the increase in cost of revenue, employees' costs, utilities, depreciation, finance cost ad other costs



Amounts in million (SAR)

## Company profitability H1

### Revenue

- Increased by 25% due to Membership revenue Increased by SR 76M because of the high subscription Income. Personal Training (PT) revenue Increased by SR 10M due to more session conducted. Rental income and other income increased by SR 8M due to new real estate contracts and higher sales of other services.

### Gross Profit

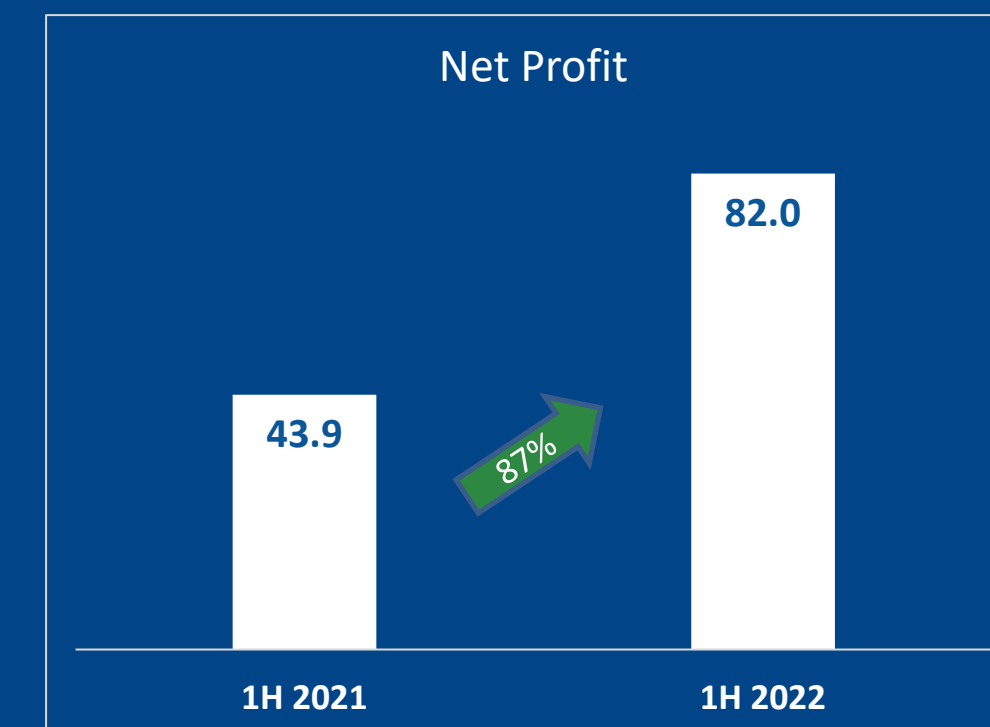
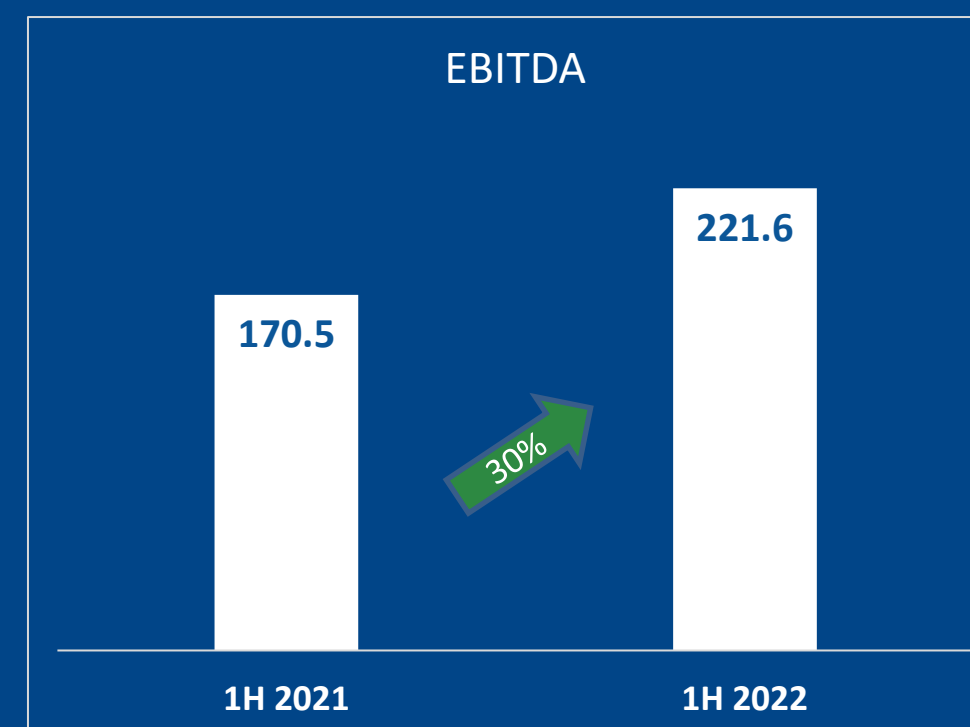
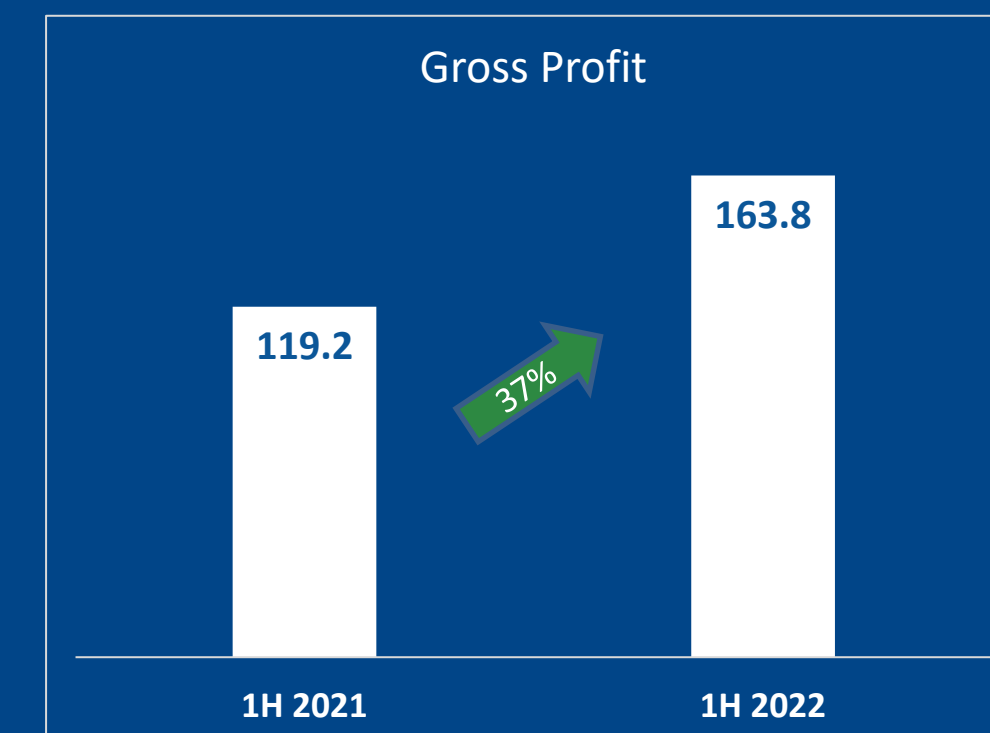
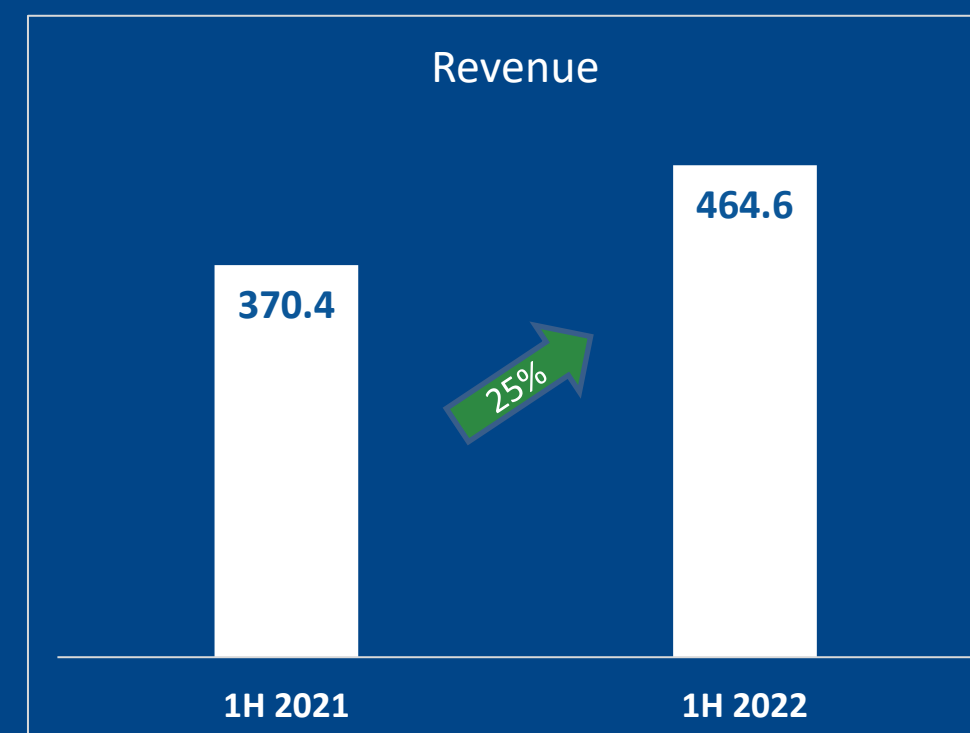
- Gross profit Margin at 35.3%
- Increased by 37% due to the increase in revenue despite the increase in cost of revenue due to more operating days.

### EBITDA

- EBITDA Margin at 47.7%

### Net Profit

- Net profit Margin at 17.6%
- Increased by 87% due to the increase in revenue because of the more operating days during the current period compared to the similar period last year (In previous year the Gyms was closed for 30 Day).



Amounts in million (SAR)

## Financial position

### Current Assets

Decreased by 33% mainly due to the decrease in Cash.

### Cash

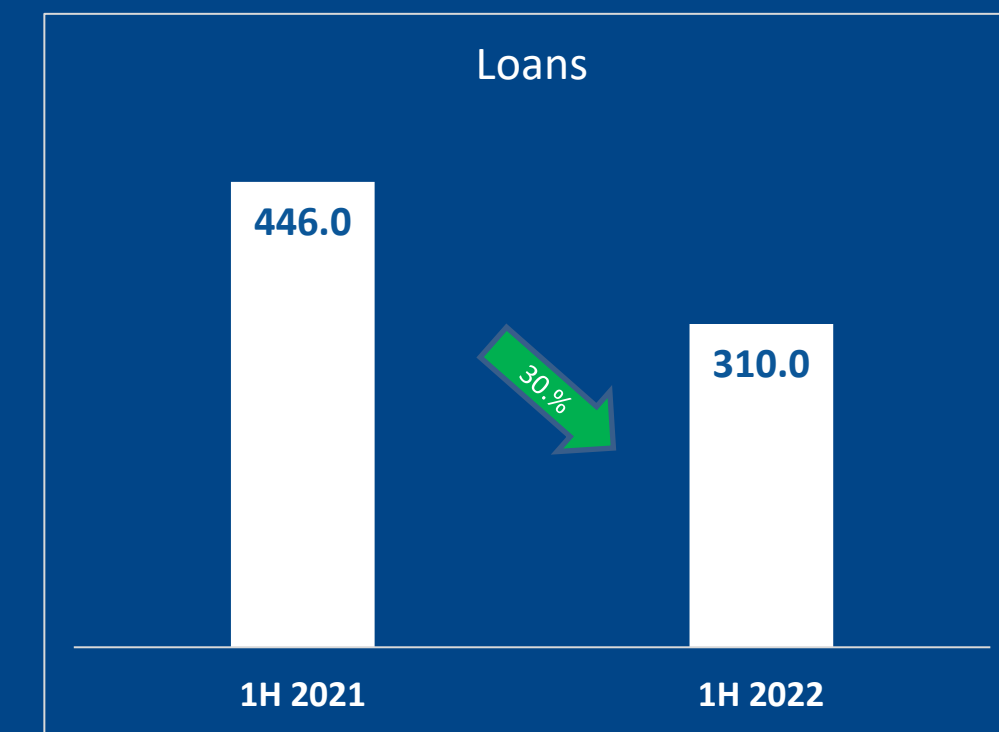
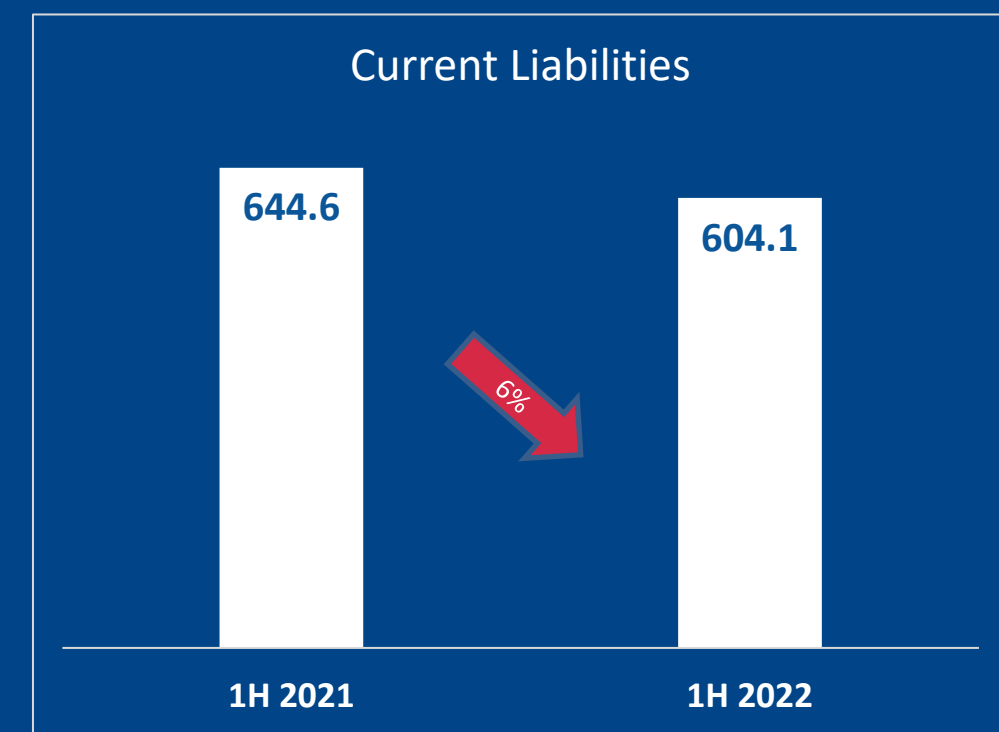
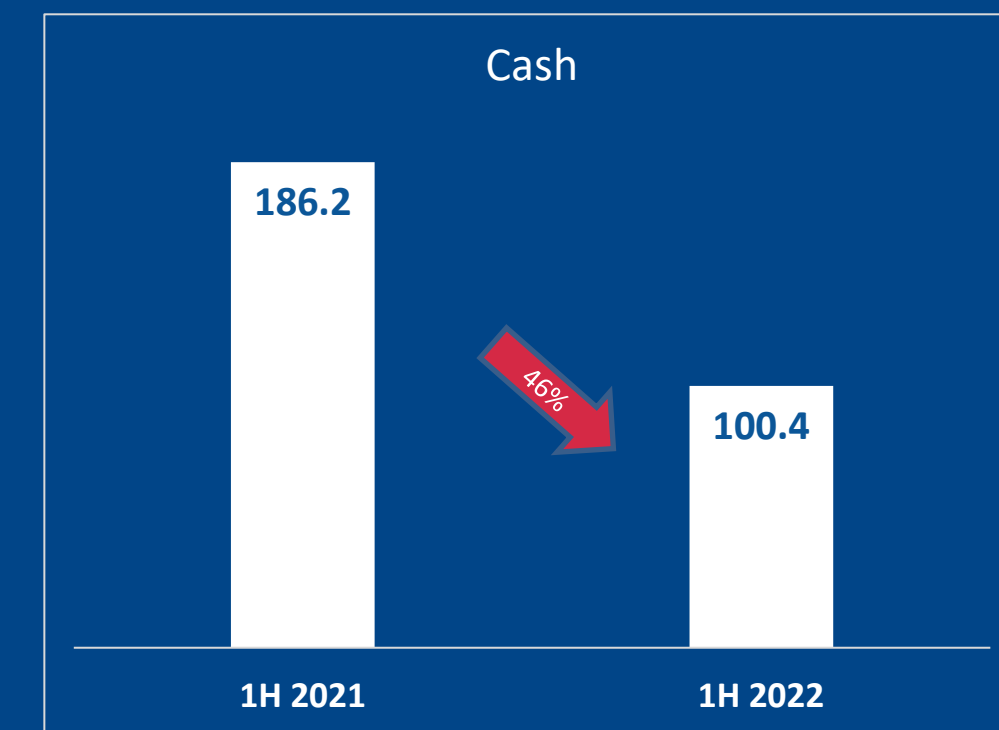
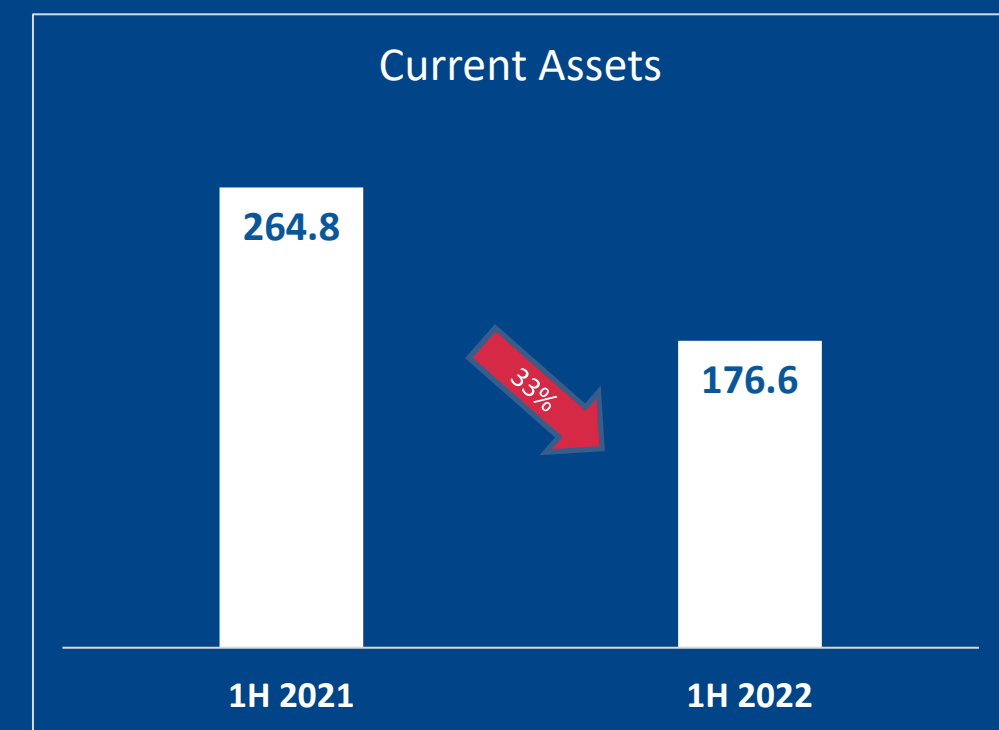
Decreased by 46% mainly due to the loan payment and dividend payments during the period.

### Current Liabilities

Decreased by 6% mainly due to settlement of supplier's invoices

### Loan Balance

Loan Balance Decrease by 30% due to the loan repayments.



Amounts in million (SAR)

## Cash flow statement

### Cash Flow from Operation

Increased by 54% mainly due to the more operating days in this period compared with similar period of last year

### Capex

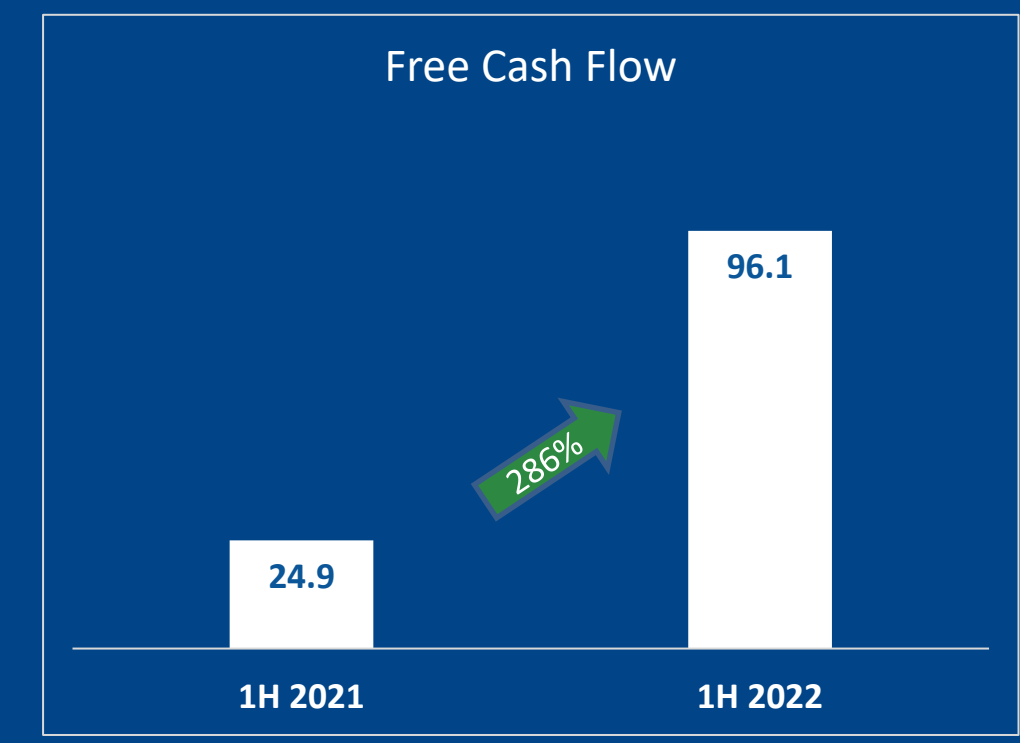
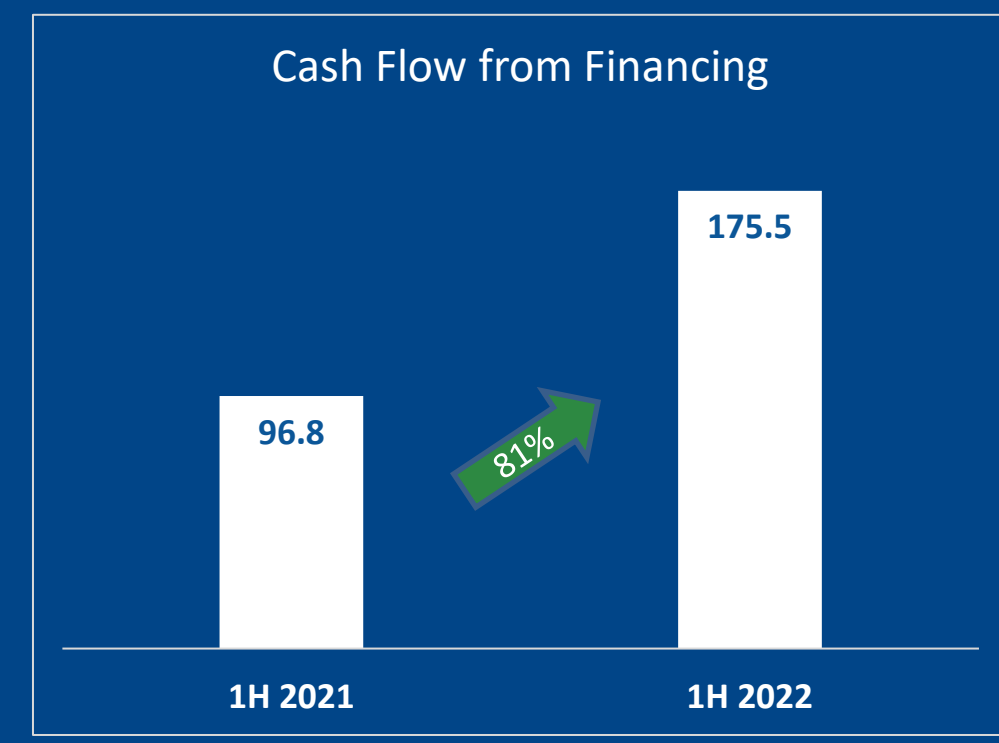
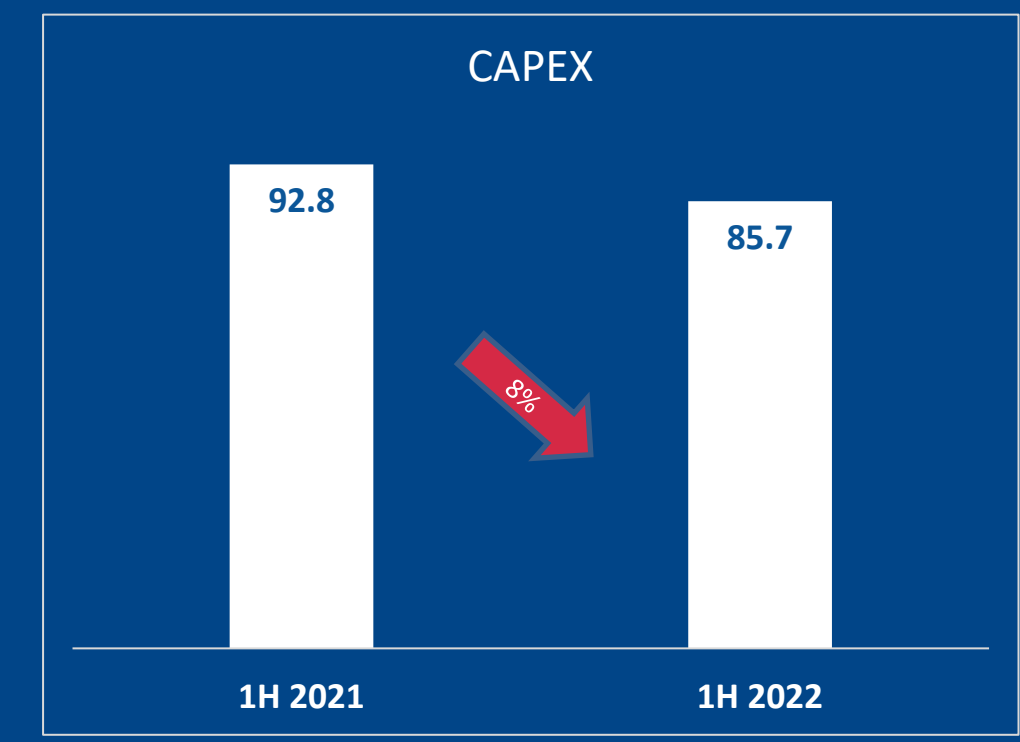
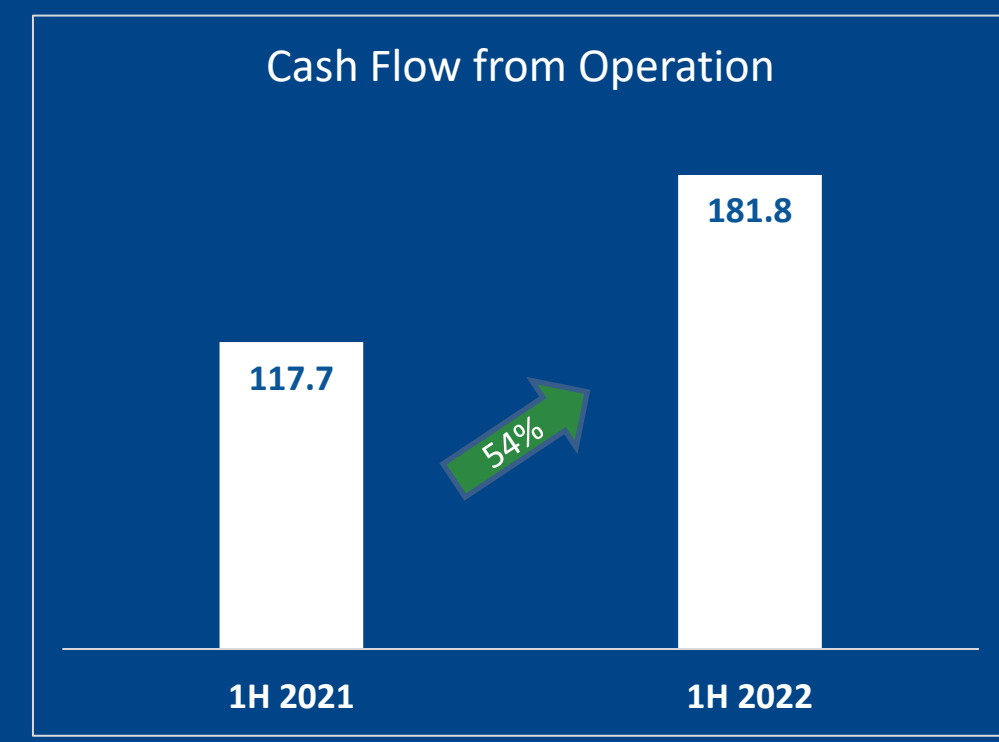
Decreased by 8% mainly due to less construction cost incurred in Xpress centers.

### Cash Flow from Financing

Increased by 81% mainly due to the dividend payment during H1 2022 and repayment of loans

### Free Cash Flow

Significantly increased by 286% due to the increase in Cash flow from operation and the decrease in Capex.



Amounts in million (SAR)

## Leejam Members Data

### Male

Members increased by 1%

### Female

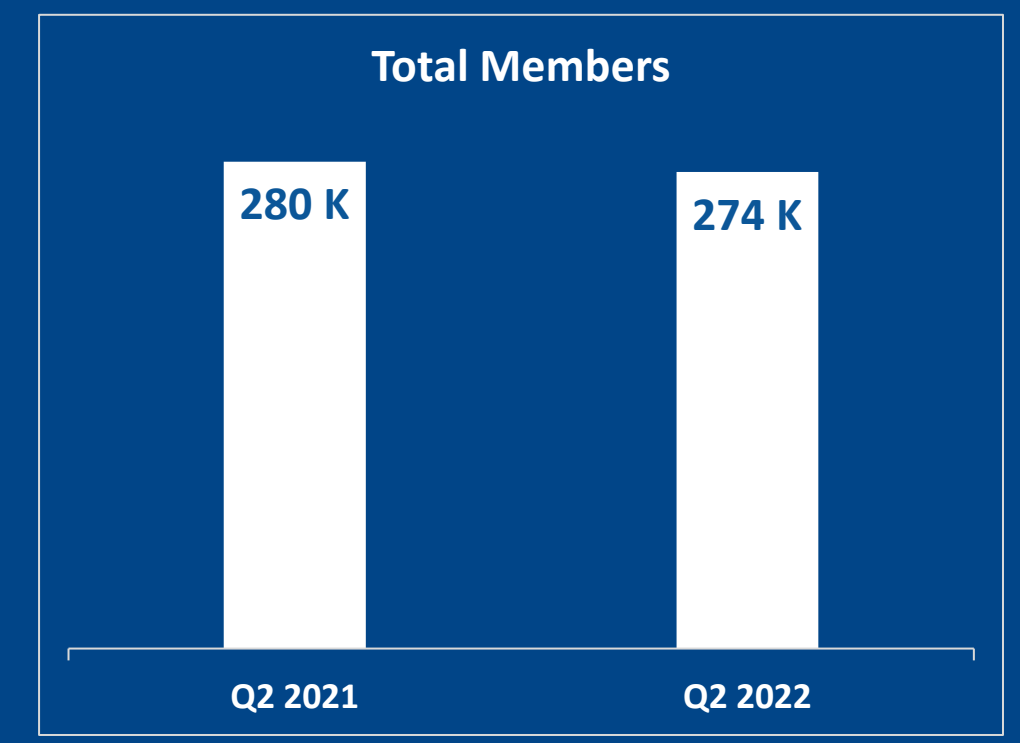
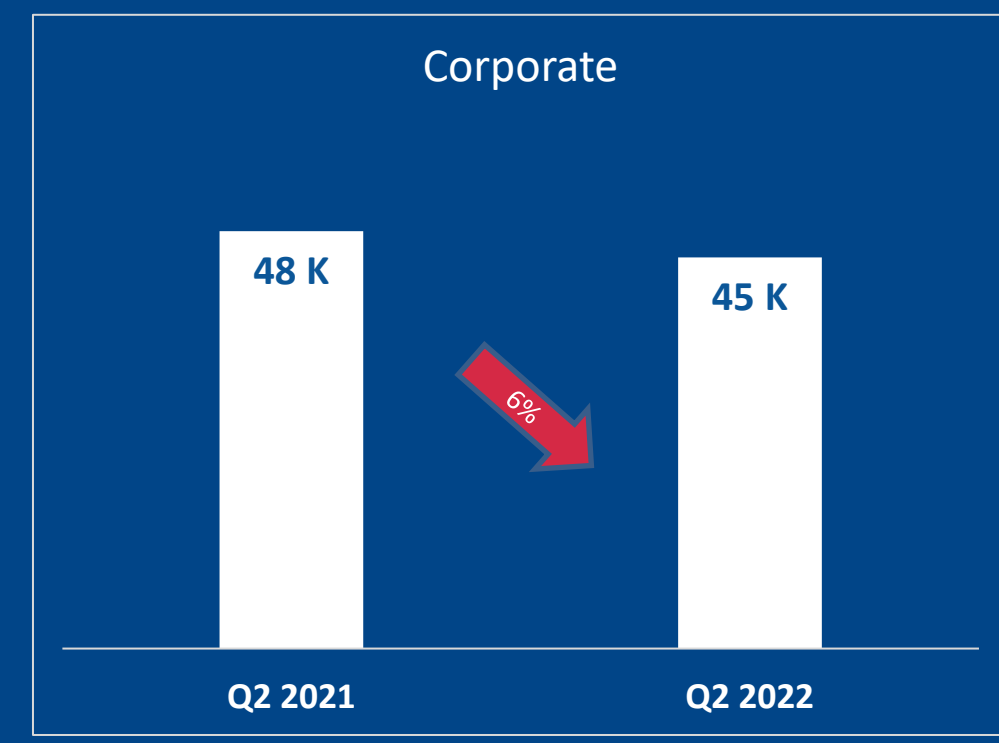
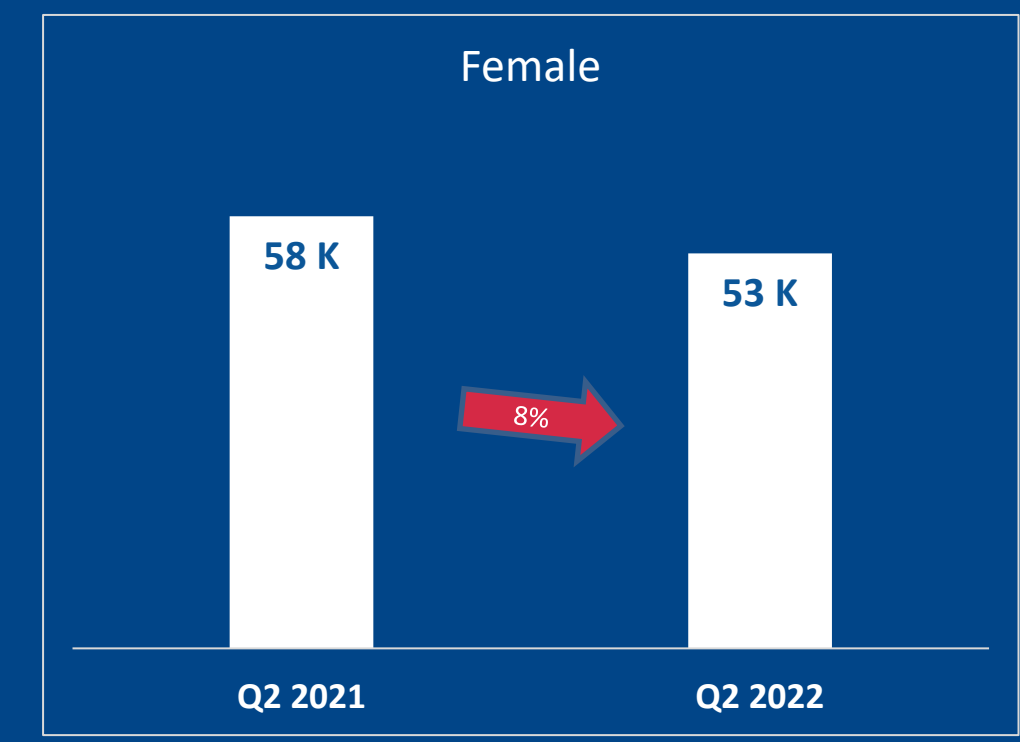
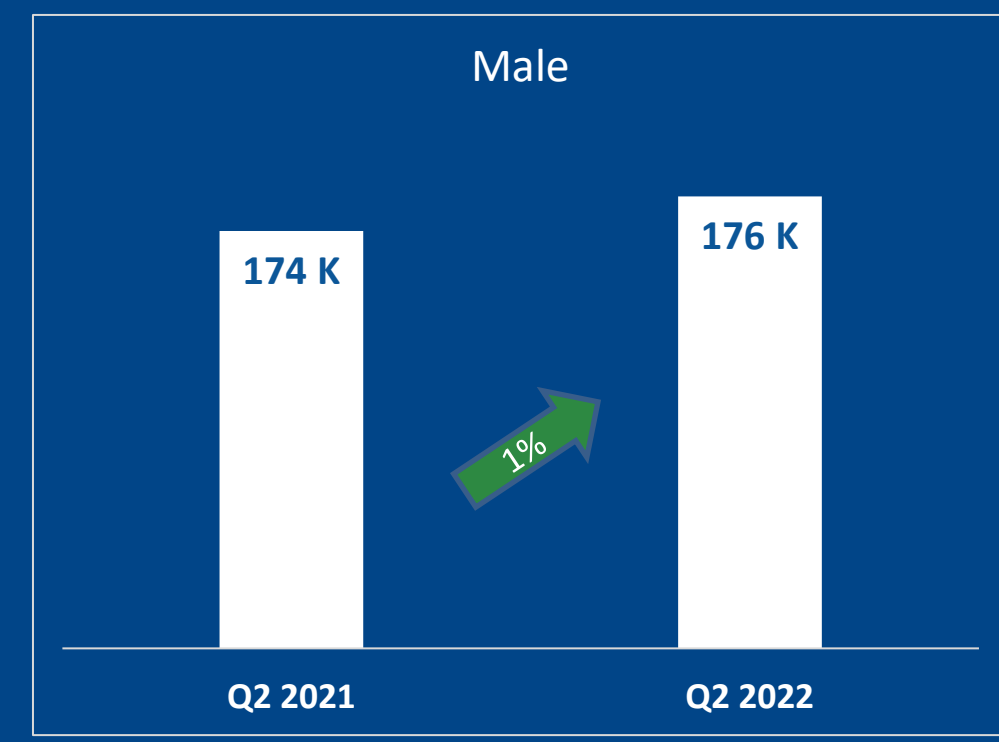
Members decreased by 8%

### Corporate

Members decreased by 6%

### Total Members Count

Average Members count decrease by 2%



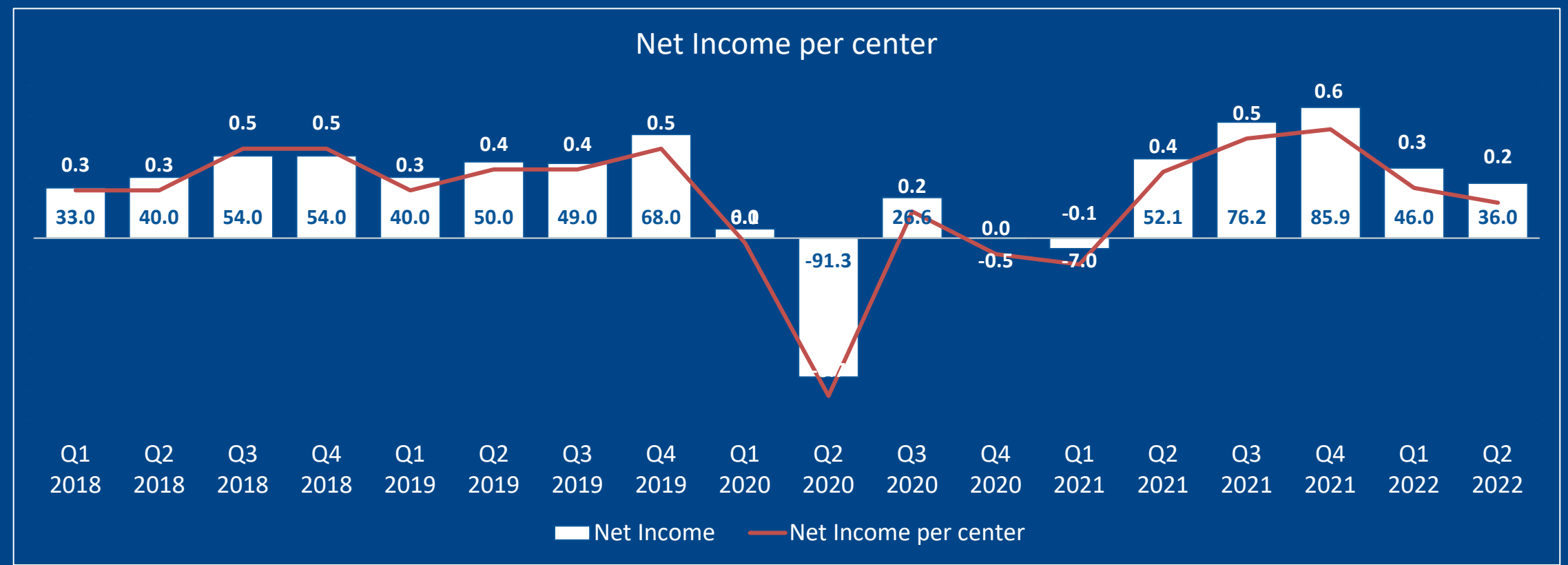
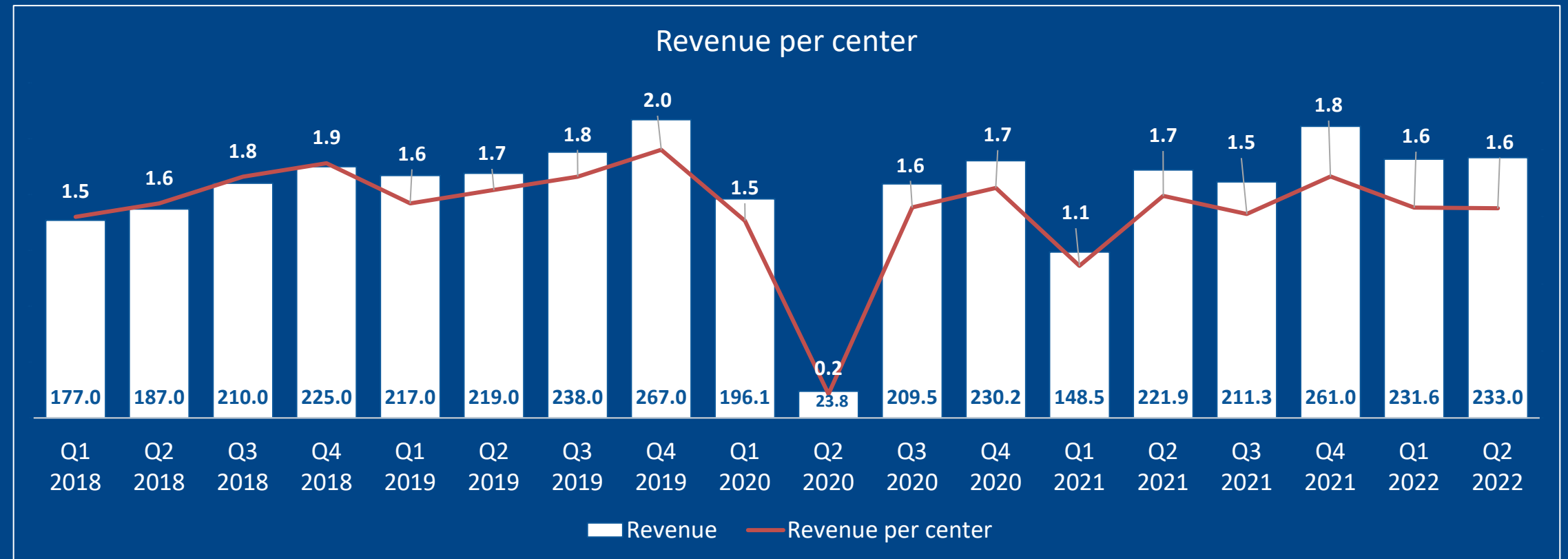
## QoQ Growth

### Revenue per center

Remain same as compared to last quarter and slightly decreased compared to Q2 2021, mainly due to addition of Xpress Clubs during the period

### Net Income per center

Deceased compare to last quarter and Q2 2021, due ramp up of Xpress Clubs.



Amounts in million (SAR)

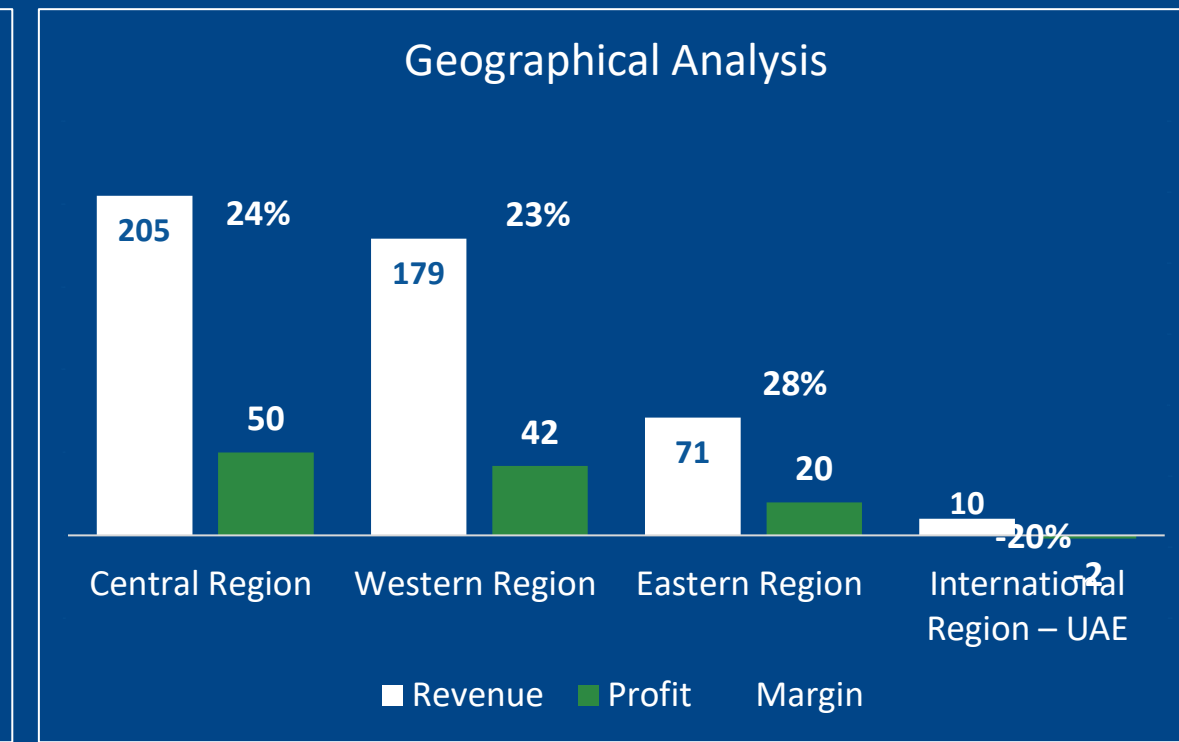
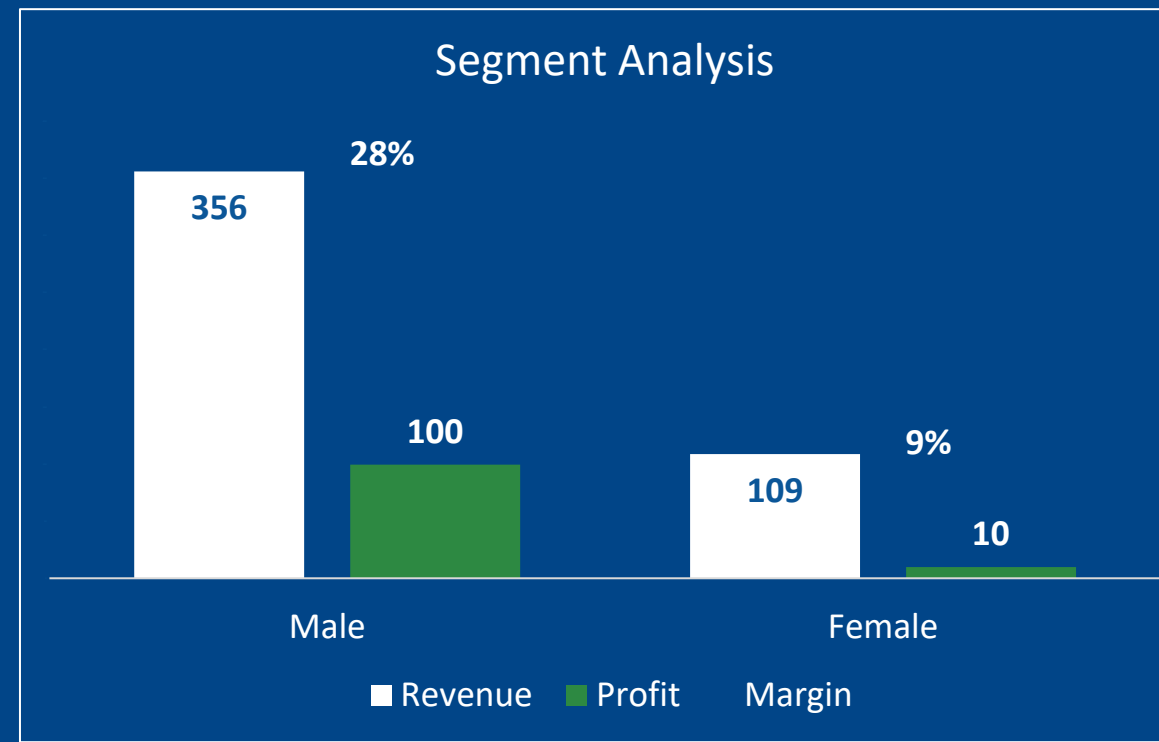
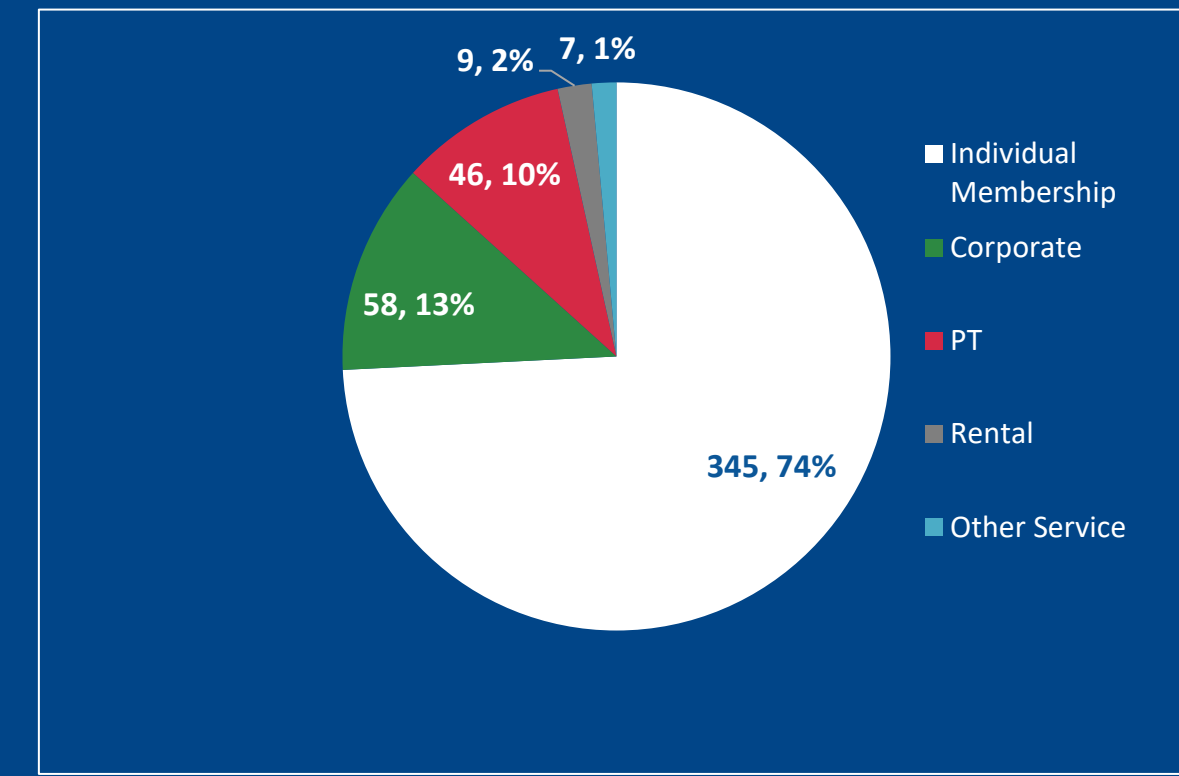
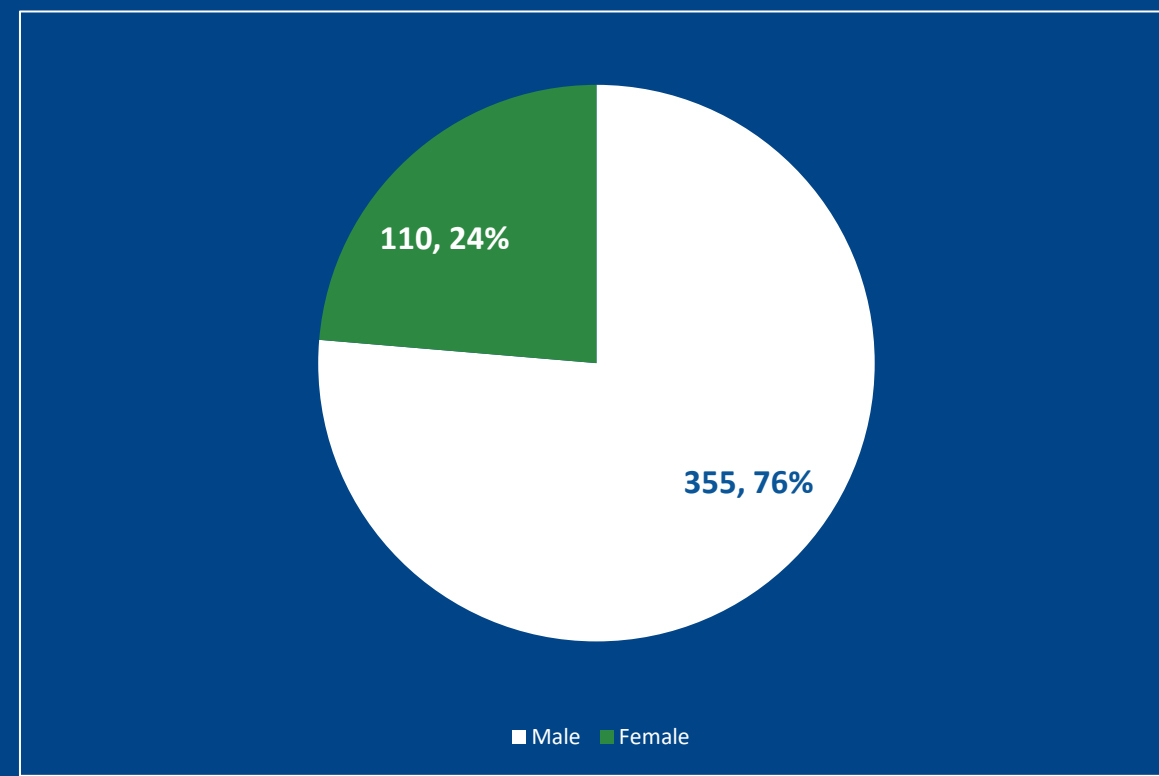
# Revenue Break-Down H1- 2022

## Segment Analysis

Male centers margin is higher than female due to more revenue

## Geographical Analysis

Central region generated more revenue and segment profit than other regions



Revenue in SAR million, % of Total Revenue



## Q2 2022 P&amp;L

## Key Messages:

- Revenue increased by SR 11.1M representing 5% due to:
  - Membership revenue Increased by SR 4.3M due to high subscription Income
  - Personal Training (PT) revenue Increased by SR 1.86M due to more session conducted
  - Rental income and other income increased by SR 4.94M due to new real estate contracts and higher sales of other services.
- Overall Cost of revenue increased due to increase in employees 'costs, utilities and depreciation in addition to decrease of rent concession comparing with prior year. The main driver to this increase in the cost of revenue is the additional 18 Fitness centers opened since Q3 2021.
- General & administrative cost increased mainly due to increase in employees' costs and other costs.
- Finance cost increase by SR 0.85M mainly due to increase in interest rate compared to similar quarter of the previous year.

Statement of Profit & Loss	Q2 2022	Q2 2021	Δ	Δ%
Revenue	233.0	221.9	11.1	5.01%
Cost of revenue	(154.9)	(133.1)	(21.8)	16.38%
<b>Gross profit</b>	<b>78.0</b>	<b>88.7</b>	<b>(10.7)</b>	<b>(12.04%)</b>
<b>Gross profit Margin</b>	<b>33.50%</b>	<b>39.99%</b>	<b>(6.50%)</b>	<b>(16.24%)</b>
General and administrative expenses	(22.3)	(19.9)	(2.5)	12.58%
Advertising and marketing expenses	(3.3)	(4.4)	1.1	(24.45%)
Impairment loss on fixed assets and advances to	0.0	(0.8)	0.8	(100.00%)
Impairment loss on financial assets	(2.7)	0.4	(3.1)	(782.51%)
Other (expenses) / income, net	0.0	0.0	0.0	
Operating income	49.7	64.1	(14.4)	(22.41%)
<b>Operating income Margin</b>	<b>21.35%</b>	<b>28.90%</b>	<b>(7.55%)</b>	<b>(26.11%)</b>
<b>Finance charges</b>	<b>(12.8)</b>	<b>(12.0)</b>	<b>(0.9)</b>	<b>7.13%</b>
Net income before Zakat	36.9	52.1	(15.2)	(29.20%)
Zakat	(0.9)	(1.2)	0.3	(28.44%)
Net income	36.0	50.9	(14.9)	(29.22%)
<b>Net income Margin</b>	<b>15.46%</b>	<b>22.94%</b>	<b>(7.48%)</b>	<b>(32.60%)</b>
Basic earnings per shares	0.7	1.0	(0.3)	(29.22%)
<b>EBITDA</b>	<b>107.0</b>	<b>115.4</b>	<b>(8.3)</b>	<b>(7.23%)</b>
<b>EBITDA Margin</b>	<b>45.93%</b>	<b>51.99%</b>	<b>(6.06%)</b>	<b>(11.66%)</b>

Amounts in million (SAR)

## H1 2022 P&L

### Key Messages:

- Revenue increased by SR 94.2M representing 25% due to:
  - Membership revenue Increased by SR 76 M due to high subscription Income
  - Personal Training (PT) revenue Increased by SR 10M due to more session conducted
  - Rental income and other income increased by SR 8M due to new real estate contracts and high sales of other services.
- Overall Cost of revenue increased mainly due to more operating days. In previous year the Gym was closed for 30 Day to prevent the Covid pandemic.
- General & administrative cost increased mainly due to more operating days in current year Vs Last Year.
- Finance cost immaterially increased by 0.8M mainly due to higher interest rates and lower loan balance

Statement of Profit & Loss	H1 2022	H1 2021	Δ	Δ%
Revenue	464.6	370.4	94.2	25.43%
Cost of revenue	(300.8)	(251.2)	(49.6)	19.76%
<b>Gross profit</b>	<b>163.8</b>	<b>119.2</b>	<b>44.6</b>	<b>37.38%</b>
<b>Gross profit Margin</b>	<b>35.25%</b>	<b>32.18%</b>	<b>3.07%</b>	<b>9.53%</b>
General and administrative expenses	(45.5)	(40.9)	(4.6)	11.30%
Advertising and marketing expenses	(7.1)	(8.1)	1.0	(11.91%)
Impairment loss on fixed assets and advances to	0.0	(2.0)	2.0	(100.00%)
Impairment loss on financial assets	(2.7)	0.5	(3.2)	(679.13%)
Other (expenses) / income, net	0.0	0.0	0.0	
Operating income	108.4	68.7	39.7	57.86%
<b>Operating income Margin</b>	<b>23.34%</b>	<b>18.54%</b>	<b>4.79%</b>	<b>25.86%</b>
<b>Finance charges</b>	<b>(24.3)</b>	<b>(23.5)</b>	<b>(0.8)</b>	<b>3.40%</b>
Net income before Zakat	84.1	45.2	38.9	86.25%
Zakat	(2.1)	(1.2)	(0.8)	67.25%
Net income	82.0	43.9	38.1	86.79%
<b>Net income Margin</b>	<b>17.66%</b>	<b>11.86%</b>	<b>5.80%</b>	<b>48.92%</b>
Basic earnings per shares	1.6	0.8	0.7	86.79%
<b>EBITDA</b>	<b>221.6</b>	<b>170.5</b>	<b>51.1</b>	<b>30.00%</b>
<b>EBITDA Margin</b>	<b>47.70%</b>	<b>46.02%</b>	<b>1.68%</b>	<b>3.65%</b>

Amounts in million (SAR)

## Q2 COR & SG&A

### Key Messages:

#### COR & COR/Center

COR per center remain at same level despite the overall cost of revenue increase which was due to an increase in employees', utilities and depreciation costs in addition to decrease of rent concession comparing with prior year. The main driver to this increase in the cost of revenue is the additional 18 Fitness centers opened since Q3 2021.

#### G&A

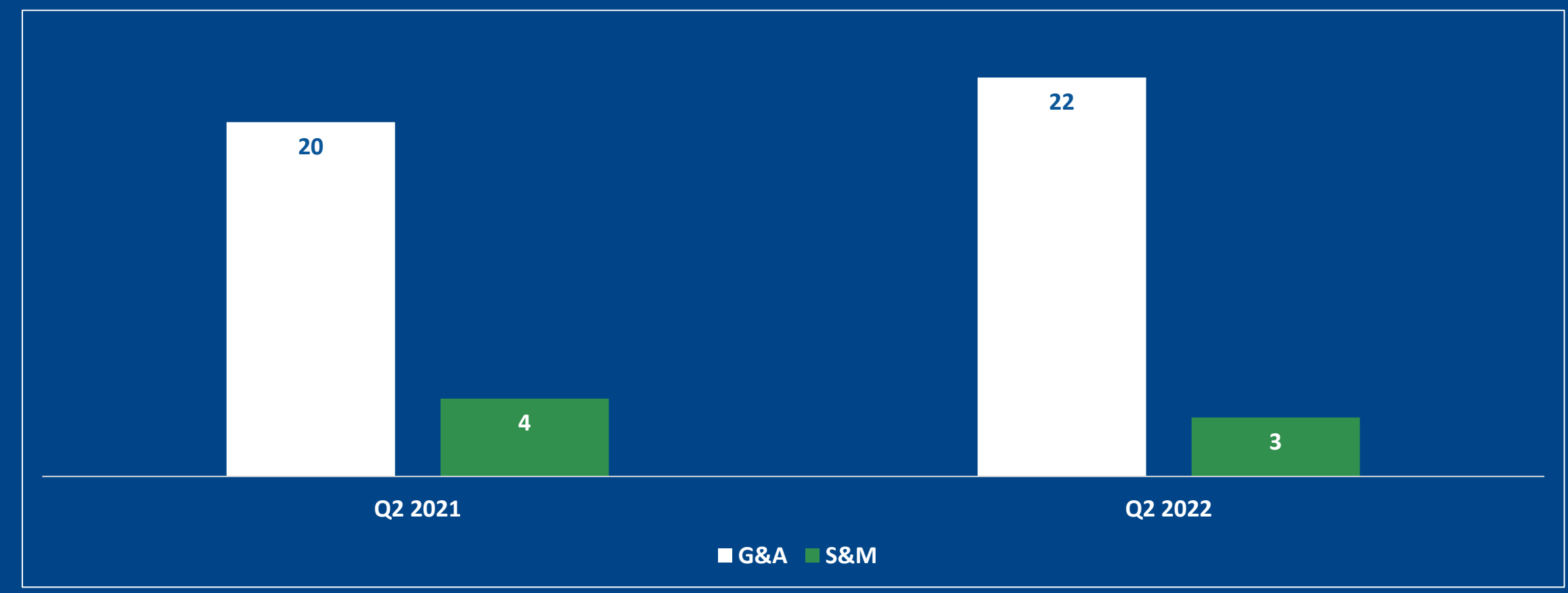
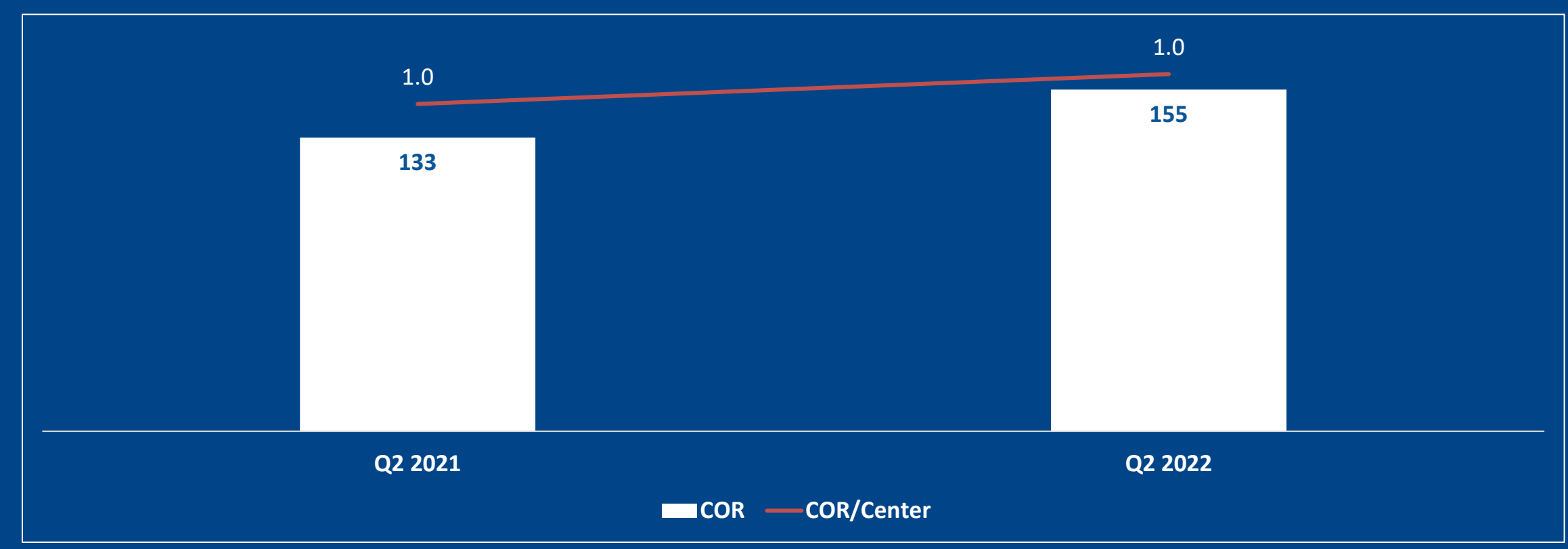
G&A increased by 2M mainly driven by:

- More operational days in CY compared to LY.

#### S&M

S&M Decreased by 1M mainly driven by:

- More focus on low-cost digital marketing



Amounts in million (SAR)

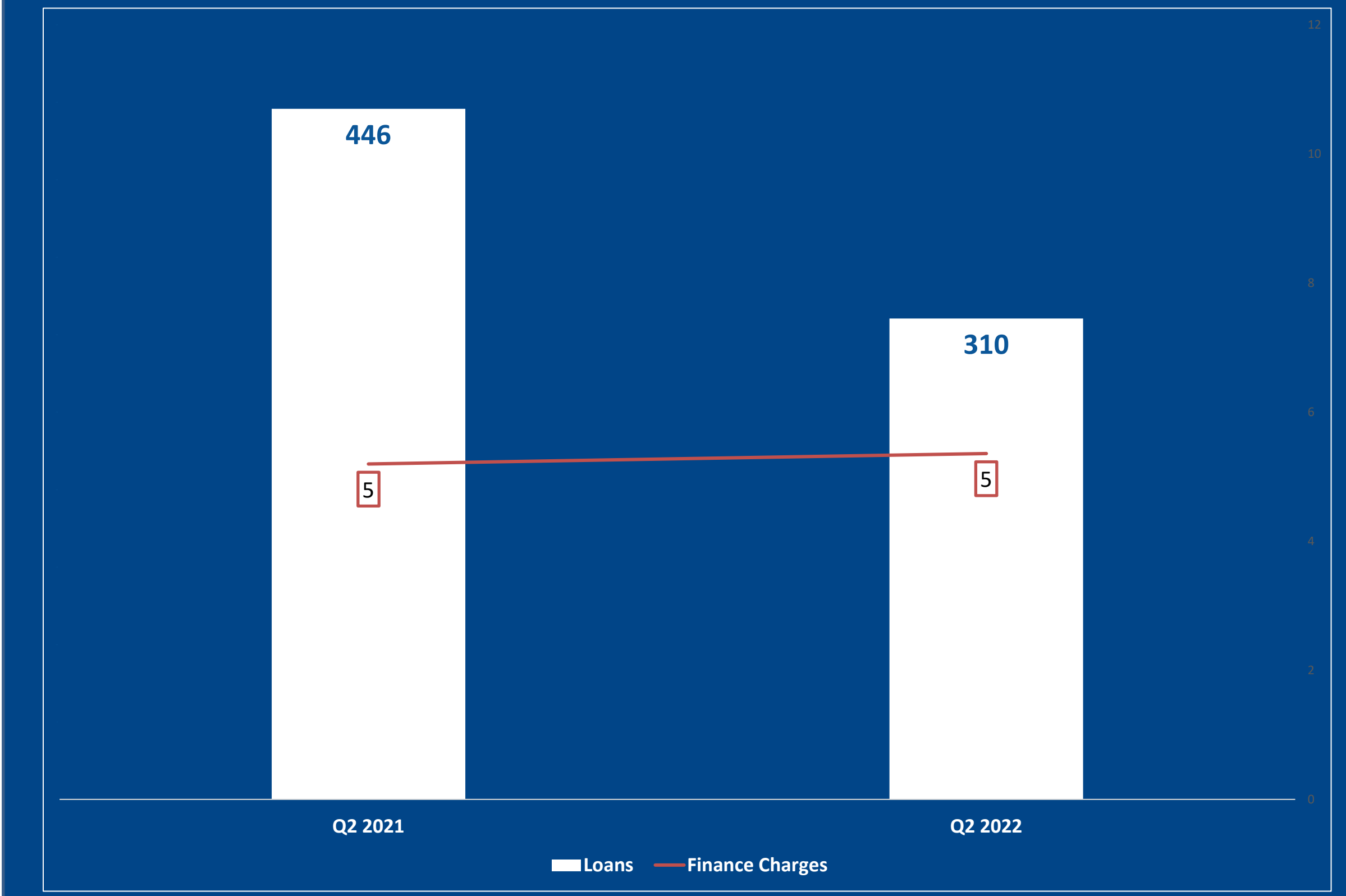
# Loans & Finance Charges

## Key Messages:

Overall bank loan decreased by SR 136M, mainly due to repayment of loans and funding new CAPEX from Operational Cashflow

Financial charges on loan were increased due to increase in SIBOR Rates however in absolute value remain same as loan outstanding balance decreased from prior period.

Weighted average cost of borrowings approximate 4.1% during Q2 2022 comparing last year of 2.5% due to increase in SIBOR, partly offset by better negotiation of interest rates.



Amounts in million (SAR)

## Cash Generation

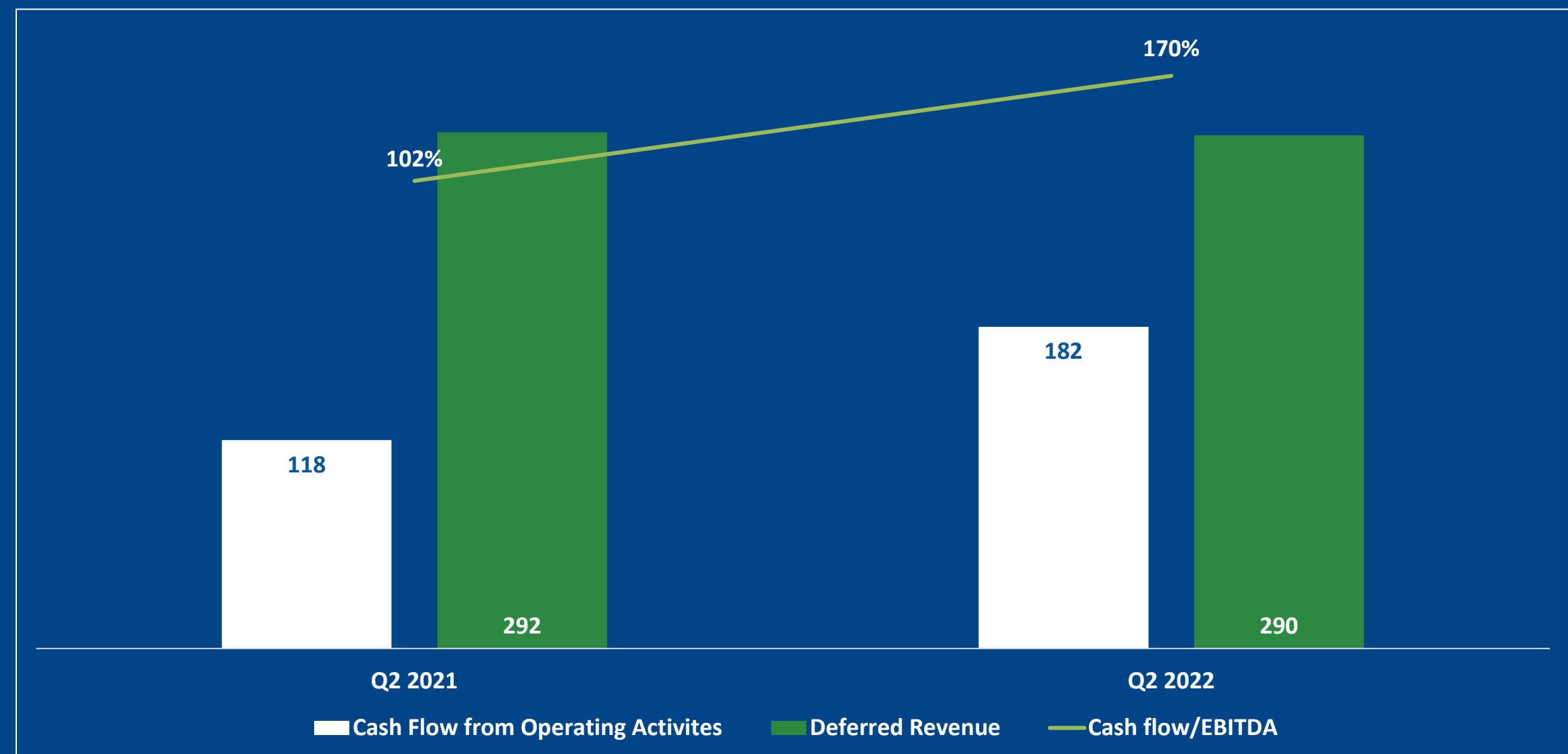
### Key Messages:

#### Cash Flow from Operations:

Increased mainly due to higher subscription sales in H1 2022.

#### Deferred Revenue:

Decreased by 2M.



Amounts in million (SAR)

# Outlook 2022



## Tentative Guidance

2022 growth will be driven by:

- Further openings of Xpress Clubs
- Further openings of Big Box centers
- Expanding corporate & PT business
- Gradual improvement of realized prices
- Cost control, and improving customer experience, member retention & services.

Category	Current (Centers)	Expected (Centers Range)
	30-Jun-22	31-Dec-22
Female - Xpress	4	5 to 6
Female - Big Box	37	42 to 44
Male - Big Box	92	93 to 95
Male - Xpress	18	17 to 19
<b>Total</b>	<b>151</b>	<b>157 to 164</b>

Category	Expected CAPEX (Range) SAR M
	Per Center
Xpress Format	2.5M to 5M
Big Box Format	15M to 20M



لِجَام  
LEEJAM

Q&A

Thank You

For enquires, please contact the Investor Relations Department at:  
[investor.relations@leejam.com.sa](mailto:investor.relations@leejam.com.sa)

