

**LEEJAM SPORTS COMPANY AND ITS SUBSIDIARIES  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT**

**FOR THE THREE MONTH AND SIX MONTHS PERIODS ENDED  
30 JUNE 2023**

# LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

---

## INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

<b>Index</b>	<b>Pages</b>
Independent auditor's review report	1
Interim condensed consolidated statement of profit or loss	2
Interim condensed consolidated statement of comprehensive income	3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6-7
Notes to the interim condensed consolidated financial statements	8-24

## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

### Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of Leejam Sports Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2023, and the related interim condensed consolidated statements of profit or loss, comprehensive income for the three month and six month periods ended 30 June 2023, and the related interim condensed consolidated statements of changes in equity and cash flows for the six month period then ended, and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated 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 interim condensed consolidated 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 condensed consolidated financial statements consists of making inquiries, primarily to 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 that are 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

### Emphasis of a matter:

We draw attention to note 18 to the interim condensed consolidated financial statements. As stated therein, during the year ended 31 December 2021, management has received an assessment order from the Zakat, Tax and Customs Authority ("ZATCA") on the ground that part of the Company's profits for the years 2015, 2016, 2017 and 2018 were subject to income tax. Our conclusion is not modified in respect of this matter.

for Ernst & Young Professional Services



Hesham A. Alatiqi  
Certified Public Accountant  
License No. (523)

Riyadh: 13 Muharram 1445H  
(31 July 2023)



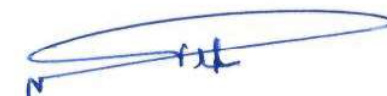
LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)  
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

	Note	For the three months period ended 30 June		For the six months period ended 30 June	
		2023	2022	2023	2022
		SR	SR	SR	SR
Revenue	6	301,770,888	232,993,470	578,743,255	464,614,644
Cost of revenue	7	(177,578,079)	(154,946,196)	(345,846,840)	(300,849,392)
<b>GROSS PROFIT</b>		<b>124,192,809</b>	<b>78,047,274</b>	<b>232,896,415</b>	<b>163,765,252</b>
General and administrative expenses		(28,826,327)	(20,514,757)	(56,834,317)	(43,276,829)
Advertising and marketing expenses		(3,677,848)	(3,294,316)	(6,744,946)	(7,131,450)
Allowance for expected credit losses		(445,828)	(2,661,801)	(445,828)	(2,724,788)
<b>OPERATING PROFIT</b>		<b>91,242,806</b>	<b>51,576,400</b>	<b>168,871,324</b>	<b>110,632,185</b>
Other income		816,667	-	816,667	-
Finance costs	8	(20,575,356)	(14,673,695)	(37,637,450)	(26,665,189)
Profit from short term Murabaha		3,190,661	-	6,868,219	127,083
<b>PROFIT BEFORE ZAKAT</b>		<b>74,674,778</b>	<b>36,902,705</b>	<b>138,918,760</b>	<b>84,094,079</b>
Zakat	18	(2,203,863)	(880,171)	(3,785,073)	(2,057,171)
<b>PROFIT FOR THE PERIOD</b>		<b>72,470,915</b>	<b>36,022,534</b>	<b>135,133,687</b>	<b>82,036,908</b>
<b>EARNINGS PER SHARE</b>					
Basic and diluted earnings per share	9	1.38	0.69	2.58	1.57



Assim Al Attas  
Chief Financial Officer



Adnan Abdullah Al Khalaf  
Chief Executive Officer



Ali Hamad AlSagri  
Chairman

The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.




LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	2023 SR	2022 SR	2023 SR	2022 SR
Net profit for the period	72,470,915	36,022,534	135,133,687	82,036,908
<b>Other comprehensive income</b>				
<i>Item that will not be reclassified to statement of profit or loss in subsequent periods:</i>				
Re-measurement gain on employees end of service benefits obligation	1,503,295	1,043,016	1,503,295	1,043,016
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>73,974,210</b>	<b>37,065,550</b>	<b>136,636,982</b>	<b>83,079,924</b>

  
Assim Al Attas  
Chief Financial Officer

  
Adnan Abdullah Al Khalaf  
Chief Executive Officer

  
Ali Hamad AlSagri  
Chairman

The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.



LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

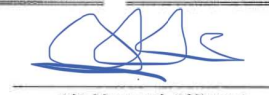
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Note	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	10	1,541,839,956	1,534,965,640
Right-of-use assets	11	926,767,080	753,692,120
Investment in associate	12	50,000	-
Intangible assets		3,539,869	3,277,167
Goodwill	5	16,580,434	9,445,544
Advances to suppliers and contractors		32,369,550	34,938,555
<b>TOTAL NON- CURRENT ASSETS</b>		<b>2,521,146,889</b>	<b>2,336,319,026</b>
<b>CURRENT ASSETS</b>			
Inventories		11,133,027	8,000,691
Prepayments and other current assets		44,486,098	30,394,060
Trade receivables	14	25,184,009	22,809,309
Cash and cash equivalents	15	281,418,345	300,626,898
<b>TOTAL CURRENT ASSETS</b>		<b>362,221,479</b>	<b>361,830,958</b>
<b>TOTAL ASSETS</b>		<b>2,883,368,368</b>	<b>2,698,149,984</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		523,833,610	523,833,610
Statutory reserve		102,349,153	102,349,153
Retained earnings		357,322,446	312,356,345
<b>TOTAL EQUITY</b>		<b>983,505,209</b>	<b>938,539,108</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	16	166,415,377	165,952,119
Lease liabilities	11	989,419,375	831,922,280
Employees' end of service benefits		44,572,923	43,213,239
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,200,407,675</b>	<b>1,041,087,638</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	16	98,784,162	94,275,829
Lease liabilities	11	89,377,222	78,650,791
Accounts payable		63,643,566	62,328,705
Accrued expenses and other current liabilities	17	71,028,198	79,651,896
Deferred revenue		372,631,968	396,112,324
Provision for zakat	18	3,990,368	7,503,693
<b>TOTAL CURRENT LIABILITIES</b>		<b>699,455,484</b>	<b>718,523,238</b>
<b>TOTAL LIABILITIES</b>		<b>1,899,863,159</b>	<b>1,759,610,876</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,883,368,368</b>	<b>2,698,149,984</b>

  
Assim Al Attas  
Chief Financial Officer

  
Adnan Abdullah Al Khalaf  
Chief Executive Officer

  
Ali Hamad AlSagri  
Chairman

The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.



LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

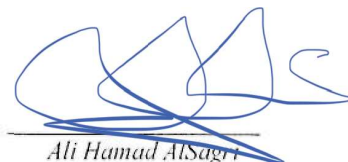
	<i>Share Capital SR</i>	<i>Statutory Reserve SR</i>	<i>Retained earnings SR</i>	<i>Total SR</i>
As at 31 December 2021 (Audited)	523,833,610	76,623,240	204,112,819	804,569,669
Profit for the period	-	-	82,036,908	82,036,908
Other comprehensive income	-	-	1,043,016	1,043,016
Total comprehensive income for the period	-	-	83,079,924	83,079,924
Dividends (note 23)	-	-	(70,246,087)	(70,246,087)
As at 30 June 2022 (Unaudited)	<u>523,833,610</u>	<u>76,623,240</u>	<u>216,946,656</u>	<u>817,403,506</u>
<b>As at 31 December 2022 (Audited)</b>	<b>523,833,610</b>	<b>102,349,153</b>	<b>312,356,345</b>	<b>938,539,108</b>
Profit for the period	-	-	135,133,687	135,133,687
Other comprehensive income	-	-	1,503,295	1,503,295
Total comprehensive income for the period	-	-	136,636,982	136,636,982
Dividends (note 23)	-	-	(91,670,881)	(91,670,881)
As at 30 June 2023 (Unaudited)	<u>523,833,610</u>	<u>102,349,153</u>	<u>357,322,446</u>	<u>983,505,209</u>



*Assim Al Attas*  
Chief Financial Officer



*Adnan Abdullah Al Khalaf*  
Chief Executive Officer



*Ali Hamad AlSagari*  
Chairman

The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.



LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

	<i>For the six months period ended</i>	
	<i>30 June</i>	
	2023	2022
Note	SR	SR
<b>OPERATING ACTIVITIES</b>		
Profit before zakat	138,918,760	84,094,079
Adjustments to reconcile profit before zakat to net cash flows:		
Depreciation of property and equipment	10 79,430,541	74,928,991
Depreciation of right-of-use assets	11 41,472,846	37,434,973
Amortization of intangible assets	696,643	805,901
Rent concessions on lease payments	-	(1,274,499)
Allowance for expected credit losses	445,828	2,724,788
Finance costs	8 37,637,450	26,665,189
Profit from short term Murabaha	(6,868,219)	(127,083)
Provision for employees' end of service benefits	4,832,928	4,700,308
	<u>296,566,777</u>	<u>229,952,647</u>
Working capital changes:		
Inventories	(3,132,336)	(164,489)
Prepayments and other current assets	(11,733,612)	863,180
Trade receivables	(833,156)	(9,276,279)
Accounts payable	(125,143)	(13,705,838)
Accrued expenses and other current liabilities	(9,169,613)	(5,280,753)
Deferred revenue	(24,382,909)	(9,965,339)
<b>Cash from operations</b>	<u>247,190,008</u>	<u>192,423,129</u>
Employees' end of service benefits paid	(2,420,896)	(2,546,924)
Zakat paid	(7,298,398)	(5,920,291)
<b>Net cash from operating activities</b>	<u>237,470,714</u>	<u>183,955,914</u>
<b>INVESTING ACTIVITIES</b>		
Addition in property and equipment	10 (79,370,468)	(88,129,156)
Advances to suppliers and contractors	2,569,005	3,146,878
Acquisition of subsidiary	5 (11,936,435)	-
Investment in associate	12 (50,000)	-
Addition to intangible assets	(959,345)	(757,424)
<b>Net cash used in investing activities</b>	<u>(89,747,243)</u>	<u>(85,739,702)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	63,416,328	11,405,739
Repayments of borrowings	(59,553,110)	(65,991,552)
Finance cost paid	(17,366,470)	(8,085,081)
Proceeds from short term Murabaha profit	5,889,110	127,083
Dividend paid	(91,670,881)	(70,246,087)
Payment of lease liabilities	(67,647,001)	(44,870,647)
<b>Net cash used in financing activities</b>	<u>(166,932,024)</u>	<u>(177,660,545)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(19,208,553)</u>	<u>(79,444,333)</u>
Cash and cash equivalents at the beginning of the period	300,626,898	179,886,073
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>281,418,345</u>	<u>100,441,740</u>

The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.



LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (continued)  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

For the six months period ended  
30 June

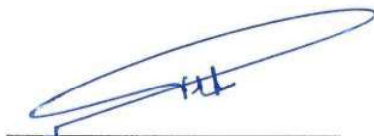
2023	2022
SR	SR

**SIGNIFICANT NON-CASH TRANSACTIONS**

Additions to right-of-use assets and corresponding lease liability	202,949,879	-
Capitalization of borrowing cost	41,865	241,934
Interest on lease liabilities capitalized for under construction fitness centers	384,191	723,971
Capitalization of right-of-use depreciation	625,685	2,099,958
Re-measurement gain on employees end of service benefits obligation	1,503,295	1,043,016



Assim Al Attas  
Chief Financial Officer



Adnan Abdullah Al Khalaf  
Chief Executive Officer



Ali Hamad AlSagri  
Chairman

The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial statements.



# LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

### 1 CORPORATE INFORMATION

Leejam Sports Company (“the Company”) is a Saudi Joint Stock Company and listed on the Saudi Stock Exchange Market. The Company was established in accordance with the Ministry of Commerce and Industry resolution No. 146/S dated 29 Rabi Al-Thani 1429H (corresponding to 5 May 2008) and registered under Commercial Registration (CR) numbered 4030180323 dated 19 Jumada Al-Alkhirah 1429H (corresponding to 23 June 2008). The address of the Company’s registered office is Thumamah Street, P.O. Box 295245, Riyadh 11351, Kingdom of Saudi Arabia. In 2012, The Company’s head office was transferred from Jeddah to Riyadh, the Company obtained amended CR numbered 1010337986 dated 14 Jumada Al-Alkhirah 1433H (corresponding to 6 May 2012).

The objectives of the Company and its subsidiaries (“the Group”) are construction, management and operation of sports and entertaining centers and wholesale and retail trading in sports’ clothes and equipment and owning real estate and constructing buildings necessary to achieve its purposes and advertising, construction, management and owning hotels and furnished apartments and other activities that the Group needs to use. The Group’s operations are located in the Kingdom of Saudi Arabia and United Arab Emirates.

The subsidiaries included in these interim condensed consolidated financial statements as at 30 June 2023 are as follows:

<i>Name</i>	<i>Country of incorporation</i>	<i>Ownership percentage</i>	
		<i>Direct</i>	<i>Indirect</i>
Al Rasn investment Company	Kingdom of Saudi Arabia	<b>100%</b>	-
Altathir Al-Riyadiyah Company	Kingdom of Saudi Arabia	-	100%

During 2016, the Group acquired 95% of the outstanding shares of Fitness Time for Trading Company Limited (“the Subsidiary”) in order to acquire the trademark “Fitness Time”. The trademark is renewable for a period of 10 years or periods at the option of the Group for a nominal fee. The Subsidiary discontinued its operations after the trademark was transferred to the Group. The management believes that the Subsidiary is immaterial to the Group; hence, do not consolidate the results of operations of the Subsidiary and its financial position in the consolidated financial statements of the Group.

The interim condensed consolidated financial statements of the Group for the six months period ended 30 June 2023 were authorized for issuance in accordance with the Board of Directors resolution on 12 Muharram 1445H (corresponding to 30 July 2023).

### 2 BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated as at 31 December 2022. In addition the results of the operations for the six months period ended 30 June 2023 do not necessarily represent an indicator for the results of the operations for the year ending 31 December 2023.

The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

#### 2 BASIS OF PREPARATION (continued)

These interim condensed consolidated financial statements are prepared using historical cost convention. These interim condensed consolidated financial statements are presented in Saudi Riyals (“SR”) which is also the functional and presentation currency of the Group.

#### 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that may 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 30 June 2023, 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 2022.

#### 4 MATERIAL ACCOUNTING POLICY INFORMATION AND NEW AND AMENDED STANDARDS AND INTERPRETATIONS

##### 4.1 *Material accounting policy information*

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2022.

##### 4.2 *New standards, amendments to standards and interpretations applicable from 1 January 2023*

Following are the standards and amendments effective on 1 January 2023 or after (unless otherwise stated); and do not have a material impact on the Groups's interim condensed consolidated financial statements.

<i>Standard, Amendment or Interpretation</i>	<i>Effective date</i>
- IFRS (17) Insurance Contracts	1 January 2023
- Definition of Accounting Estimates- Amendments to IAS (8)	1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS (12)	1 January 2023
- Disclosure of Accounting Policies - Amendments to IAS (1) and IFRS Practice Statement (2)	1 January 2023

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

### 4 MATERIAL ACCOUNTING POLICY INFORMATION AND NEW AND AMENDED STANDARDS AND INTERPRETATIONS (continued)

#### 4.3 Standards and amendments issued and not yet effective

The new amended, issued standards and interpretations, which are not effective yet have not been adopted early by the Group and will be adopted on their effective date as applicable. The adoption of these standards and interpretations is not expected to have any material impact on the Group on the effective date:

<i>Standard, Amendment or Interpretation</i>	<i>Effective date</i>
- Amendments to IAS (1): Classification of Liabilities as Current or Non-current	1 January 2024
- Amendments to IAS (16): lease liabilities from sale and leaseback	1 January 2024

### 5 ACQUISITION OF A SUBSIDIARY

On 25 Dhu Al-Qi'dah 1444H (corresponding to 14 June 2023), Al Rasn investment Company acquired a 100% stake in Altathir Al-Riyadiyah Company, a Limited Liability Company (Owned by One person) and registered under Commercial Registration (CR) numbered 1010458137 dated 23 Dhu Al-Hijjah 1439H (corresponding to 3 September 2018), its head office is registered in Riyadh, Kingdom of Saudi Arabia. Transaction costs of SR 224,000 were expensed and are included in administrative expenses. It is engaged in educational activities of sports academics including trainings related to swimming and martial arts along with other sports clubs activities. The acquisition value amounted to SR 12 million. The interim condensed consolidated financial statements include the results of Altathir Al-Riyadiyah Company from the acquisition date.

The following table shows book value of total assets acquired and liabilities assumed at acquisition date:

	14 June 2023 SR (Unaudited)
<b>Assets</b>	
Property and equipment	5,882,648
Right-of-use assets	12,223,612
Prepayments and other current assets	1,379,317
Trade receivables *	1,987,372
Cash and cash equivalents	63,565
<b>Total assets</b>	<b>21,536,514</b>
<b>Liabilities</b>	
Borrowings	1,108,373
Lease liabilities	12,223,612
Employees' end of service benefits	450,947
Accounts payable	1,440,004
Accrued expenses and other current liabilities	545,915
Deferred revenue	902,553
<b>Total liabilities</b>	<b>16,671,404</b>
Total identifiable net assets at book value	4,865,110
Provisional goodwill arising on acquisition	7,134,890
Purchase consideration paid	12,000,000

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

### 5 ACQUISITION OF A SUBSIDIARY (continued)

\*The book value and gross amount of the trade receivables amounts to SR 1,987,372 and it is expected to be fully collected.

Analysis of cash flows on acquisition:

	<i>14 June 2023 SR (Unaudited)</i>
Net cash acquired with the subsidiary (included in cash flows from investing activities)	<b>63,565</b>
Cash paid	<b>(12,000,000)</b>
Net cash outflow on acquisition	<b><u>(11,936,435)</u></b>

The Group is currently in the process of allocating the purchase consideration to the Altathir Al-Riyadiyah Company assets and liabilities. The process is expected to be completed within 12 month from the acquisition date whereby part of the goodwill balance may be reclassified to certain other assets identified during the process.

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

	<b>Goodwill SR</b>
<i>Gross carrying amount</i>	
At 31 December 2022 (audited)	<b>9,445,544</b>
Acquisition of a subsidiary	<b><u>7,134,890</u></b>
At 30 June 2023 (unaudited)	<b><u><u>16,580,434</u></u></b>



LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

**6 REVENUE**

<i>Type of services</i>	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Subscriptions and membership	<b>262,420,491</b>	198,751,420	<b>502,455,714</b>	400,240,579
Personal training	<b>31,896,221</b>	23,994,266	<b>63,204,937</b>	48,265,472
Rental income	<b>4,014,660</b>	7,171,253	<b>7,936,458</b>	10,330,870
Others	<b>3,439,516</b>	3,076,531	<b>5,146,146</b>	5,777,723
	<b>301,770,888</b>	232,993,470	<b>578,743,255</b>	464,614,644

Set out below is the disaggregation of the Group's revenue from contracts with customers, for the six months period ended 30 June, based on male and female centers offerings and segmented by primary geographical regions:

	<i>Subscriptions and membership</i>		<i>Personal training</i>		<i>Rental income</i>	
	<i>For the six months period ended 30 June</i>					
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>SR (Unaudited)</i>					
<i>Types of customers</i>						
Male centers	<b>387,535,908</b>	311,994,511	<b>41,398,432</b>	32,924,050	<b>4,636,015</b>	6,354,396
Female centers	<b>114,919,806</b>	88,246,068	<b>21,806,505</b>	15,341,422	<b>3,300,443</b>	3,976,474
	<b>502,455,714</b>	400,240,579	<b>63,204,937</b>	48,265,472	<b>7,936,458</b>	10,330,870
<i>Geographical markets</i>						
Central region	<b>224,200,641</b>	173,799,405	<b>28,860,037</b>	21,737,799	<b>5,099,920</b>	5,279,942
Western region	<b>193,790,221</b>	157,107,225	<b>20,041,237</b>	15,744,636	<b>2,297,072</b>	4,655,279
Eastern region	<b>73,223,936</b>	61,510,525	<b>11,181,473</b>	8,234,641	<b>392,821</b>	395,649
UAE	<b>11,240,916</b>	7,823,424	<b>3,122,190</b>	2,548,396	<b>146,645</b>	-
	<b>502,455,714</b>	400,240,579	<b>63,204,937</b>	48,265,472	<b>7,936,458</b>	10,330,870

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

**6 REVENUE (continued)**

Set out below is the disaggregation of the Group's revenue from contracts with customers, for the three months period ended 30 June, based on male and female centers offerings and segmented by primary geographical regions:

	<i>Subscriptions and membership</i>		<i>Personal training</i>		<i>Rental income</i>	
	<i>For the three-months period ended 30 June</i>					
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>SR (Unaudited)</i>					
<b><i>Types of customers</i></b>						
Male centers	<b>203,316,919</b>	157,144,045	<b>20,922,030</b>	16,547,568	<b>2,381,866</b>	4,382,482
Female centers	<b>59,103,572</b>	41,607,375	<b>10,974,191</b>	7,446,698	<b>1,632,794</b>	2,788,771
	<b>262,420,491</b>	198,751,420	<b>31,896,221</b>	23,994,266	<b>4,014,660</b>	7,171,253
<b><i>Geographical markets</i></b>						
Central region	<b>117,633,125</b>	87,838,234	<b>14,760,711</b>	11,003,494	<b>2,734,567</b>	3,469,437
Western region	<b>100,302,185</b>	76,391,925	<b>9,985,082</b>	7,651,533	<b>1,018,553</b>	3,493,971
Eastern region	<b>38,707,676</b>	30,634,414	<b>5,583,360</b>	4,185,999	<b>205,317</b>	207,845
UAE	<b>5,777,505</b>	3,886,847	<b>1,567,068</b>	1,153,240	<b>56,223</b>	-
	<b>262,420,491</b>	198,751,420	<b>31,896,221</b>	23,994,266	<b>4,014,660</b>	7,171,253

In addition, the Group separately presents segment information in accordance with IFRS-8 (note 20).

**7 COST OF REVENUE**

	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>			
Salaries and related benefits	<b>68,594,338</b>	56,245,269	<b>132,466,375</b>	111,384,286
Depreciation of property and equipment	<b>38,708,045</b>	37,187,196	<b>76,921,370</b>	73,408,194
Depreciation of right-of-use assets	<b>21,399,507</b>	18,607,970	<b>40,554,544</b>	36,934,015
Water and electricity	<b>17,706,614</b>	15,709,043	<b>35,301,956</b>	28,788,116
Cleaning and maintenance	<b>8,841,725</b>	6,000,534	<b>28,482,728</b>	22,019,979
Rent Concession on lease payment	-	-	-	(1,274,499)
Others	<b>22,327,850</b>	21,196,184	<b>32,119,867</b>	29,589,301
	<b>177,578,079</b>	154,946,196	<b>345,846,840</b>	300,849,392

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

#### 8 FINANCE COST

	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	2023 SR <i>(Unaudited)</i>	2022 SR <i>(Unaudited)</i>	2023 SR <i>(Unaudited)</i>	2022 SR <i>(Unaudited)</i>
Finance cost on lease liabilities (note 11)	<b>11,246,178</b>	9,406,285	<b>20,312,845</b>	18,979,713
Finance commission	<b>4,999,787</b>	1,833,396	<b>8,900,686</b>	2,203,096
Finance cost on borrowings	<b>4,329,391</b>	3,434,014	<b>8,423,919</b>	5,482,380
	<b><u>20,575,356</u></b>	<u>14,673,695</u>	<b><u>37,637,450</u></b>	<u>26,665,189</u>

#### 9 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit for the period ended 30 June 2023 and 30 June 2022, by the weighted average number of shares outstanding at the end of the respective period, which consisted of 52.383 million shares as at 30 June 2023 (30 June 2022: 52.383 million shares).

#### 10 PROPERTY AND EQUIPMENT

During the six-months period ended 30 June 2023, the Group has purchased assets with a cost of SR 79.37 million (six-month period ended 30 June 2022: SR 88.1 million). Depreciation charge for the six months period ended 30 June 2023 amounted SR 79.43 million and for the three months period ended 30 June 2023 amounted SR 39.96 million (six-month period ended 30 June 2022: SR 74.93 million and three month period ended 30 June 2022: SR 38.02 million).

The total borrowing costs capitalised under capital work in progress during the period amounted to SR 0.04 million (six-month period ended 30 June 2022: SR 0.2 million).

As at 30 June 2023 and 31 December 2022, the Group had secured borrowings against mortgages on land (note 16) owned by the Group with a cost of SR 58.5 million.

# LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

### 11 LEASES

Expense recognised in the interim condensed consolidated statement of profit or loss in relation to leases for the six-months period was as follows:

	<i>For the six months period ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Depreciation on right-of-use assets:</i>		
Depreciation charge for the period	<b>42,098,531</b>	39,534,931
Capitalised for under construction fitness centers	<b>(625,685)</b>	(2,099,958)
	<b>41,472,846</b>	<b>37,434,973</b>
<i>Interest expense on lease liabilities</i>		
Interest expense for the period	<b>20,697,036</b>	19,703,684
Capitalised for under construction fitness centers	<b>(384,191)</b>	(723,971)
	<b>20,312,845</b>	<b>18,979,713</b>
Total amount recognized in profit or loss	<b>61,785,691</b>	<b>56,414,686</b>

The total rent concessions on lease payments recognised during the three month and six month periods ended 30 June 2023 is nil (three month and six month periods ended 30 June 2022: SR 0.03 million and SR 1.27 million respectively). These have recognised under cost of revenue in the interim condensed consolidated statement of profit or loss.

### 12 INVESTMENT IN ASSOCIATE

The Group has made an arrangement with Burjeel Holding Company to establish an entity named as Integrated Medical Care Services Company (“Investee Company”). According to the laws of the Kingdom of Saudi Arabia, the Parent Company and Burjeel Holding Company both will hold 50% ownership in the investee company. The Group has assessed whether this arrangement is in the nature of joint venture or an associate.

For this purpose, the Group assess whether it has significant influence or control not only on the basis of its ownership percentage but also on the existence of qualitative factors such as representation of the board of directors of the investee, its participation in decision making processes, interchange of managerial personnel and access to technical information. Burjeel Holding Company has higher representation in board of directors of the Investee Company and hence has power over the investee Company and thus concluded to have control over the investee Company. Since the Group does not have control over the entity based on qualitative factors, the Group considers this Investment as Investment in associate accounted under the equity method.

Integrated Medical Care Services Company has been incorporated as per Saudi Regulations and registered in Riyadh under commercial registration number 1010888848 on 25 Dhu Al-Qi’dah 1444H (corresponding to 14 June 2023), with a share capital at an amount of SR 100,000 divided into 100 shares with SR 1,000 each. This partnership aimed to establish and operate a network of physiotherapy, rehabilitation and sports health care clinics within and outside the Company's centers in the Kingdom. It will also include the provision of physiotherapy and related wellness services, with a special focus on sports medicine and advanced rehabilitation therapies. The Associate has not yet started the commercial operations.

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

	<i>Ownership</i>			
	<i>30 June 2023</i>	<i>31 December 2022</i>	<i>30 June 2023</i>	<i>31 December 2022</i>
	<i>%</i>	<i>%</i>	<i>SR</i>	<i>SR</i>
			<i>(Unaudited)</i>	<i>(Audited)</i>
Integrated Medical Care Services Company	<b>50%</b>	-	<b>50,000</b>	-

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

#### 13 RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties.

The following are the details of the major related party transactions occurred during the three month and six month periods ended 30 June:

<u>Name of Related party</u>	<u>Nature of relationship</u>	<u>Nature of transactions</u>	<u>For the three months periods ended 30 June</u>		<u>For the six months periods ended 30 June</u>	
			<u>2023</u> <u>SR</u> <u>(Unaudited)</u>	<u>2022</u> <u>SR</u> <u>(Unaudited)</u>	<u>2023</u> <u>SR</u> <u>(Unaudited)</u>	<u>2022</u> <u>SR</u> <u>(Unaudited)</u>
Key management personnel	Key management personnel	Salaries and other benefits	<b>1,426,240</b>	1,255,322	<b>2,782,891</b>	2,611,973
		Post-employment benefits	<b>54,038</b>	46,738	<b>105,389</b>	98,089
Board of Directors	Directors	Remuneration	<b>765,295</b>	747,288	<b>1,571,419</b>	1,505,247
Hamad Ali AlSagri	Shareholder	Lease rentals paid to a shareholder	-	-	<b>3,400,000</b>	3,400,000
AlSagri Holding	Shareholder affiliate	Subscriptions sold	<b>54,134</b>	49,824	<b>115,931</b>	131,816

Amount due from AlSagri Holding as of 30 June 2023 amounting to SR 50,118 (31 December 2022: SR 70,080) is included in trade receivables in the interim condensed consolidated statement of financial position.

Pricing policies and terms of payments of transactions with related parties are approved by the Board of Directors. Outstanding balances at the period-end are unsecured, interest free and settled in cash.

#### 14 TRADE RECEIVABLES

	<u>30 June</u> <u>2023</u> <u>SR</u> <u>(Unaudited)</u>	<u>31 December</u> <u>2022</u> <u>SR</u> <u>(Audited)</u>
Subscriptions and membership receivables	<b>19,038,561</b>	16,073,394
Rental receivables	<b>12,672,840</b>	12,817,479
	<b>31,711,401</b>	28,890,873
Less: Allowance for expected credit losses		
- Subscriptions and membership receivables	<b>(2,531)</b>	(7,089)
- Rental receivables	<b>(6,524,861)</b>	(6,074,475)
	<b>25,184,009</b>	22,809,309



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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

#### 15 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Cash in hand	187,490	215,866
Cash at bank – current accounts	56,230,855	150,411,032
Short term Murabaha (note a)	225,000,000	150,000,000
	<u>281,418,345</u>	<u>300,626,898</u>

a) These are placed in Islamic Murabaha accounts with a local bank as interest bearing Murabaha which are based on prevailing market interest rates and have original maturity of less than three months.

#### 16 BORROWINGS

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Non-current portion of long-term borrowings	166,415,377	165,952,119
Current portion of long-term borrowings	98,784,162	94,275,829
	<u>265,199,539</u>	<u>260,227,948</u>

As at 30 June 2023, the Group had unutilized bank financing facilities amounting to SR 806.37 million (31 December 2022: SR 852.42 million) to manage its short-term and long-term liquidity requirements and for construction of the fitness centers. The facilities have been secured by promissory note issued by the Group.

All borrowings are denominated in Saudi Riyals and are under Islamic financing mode being Murabaha and Tawaruq loans. The above borrowings and facilities include certain covenants which require the Group to maintain certain levels of current and leverage ratios and also notify the bank of any breach or probable breach immediately. As at 30 June 2023 the Group is in compliance with borrowings covenants.

On 8 March 2017, the Group has entered into an interest rate swap (IRS) with notional amount of SR 5 million with a local commercial bank. The IRS agreement require the Group to pay a fixed rate of interest of 3.68% as on 30 June 2023 in exchange for floating rate interest payments based on Saudi Inter Bank Offer Rate (SIBOR). The IRS contract will mature on 31 July 2023.

As at 30 June 2023 and 31 December 2022, the Group had secured borrowings against mortgages on land (note 10) owned by the Group with a cost of SR 58.5 million.

#### 17 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Accrued expenses	57,752,945	60,526,876
Value added tax (VAT) payable	10,413,158	16,044,913
Advances from customers	2,862,095	3,080,107
	<u>71,028,198</u>	<u>79,651,896</u>

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

---

#### 18 ZAKAT

##### 18.1 *Charge for the period*

During the period, a zakat charge of SR 3.79 million (six-months period ended 30 June 2022: SR 2.06 million) have been recognised in the interim condensed consolidated statement of profit or loss based on the expected zakat base for the year ending 31 December 2023.

##### 18.2 *Status of assessments*

The Group has submitted its zakat returns for the years up to 2022. The Group has received zakat certificates from the Zakat, Tax and Customs Authority (“ZATCA”) valid up to 30 April 2024 and has received final assessments from ZATCA for the years up to 2014.

However, the Group received notification from ZATCA on 30 April 2021 for the years 2015, 2016, 2017 and 2018 claiming an additional liability regarding the ownership of shares by Target Opportunities for Trading Company, one of the shareholders in the Group, for the years 2015, 2016, 2017 and 2018, that there are certain taxes on the Group. ZATCA’s view based on certain assumptions, is that the Group is partially subject to income tax. ZATCA assumed that the aforementioned former shareholder is owned directly or indirectly by non-GCC nationals and accordingly, the estimated amount of income tax exposure based on the notification for the years 2015, 2016, 2017 and 2018 is SR 32.7 million excluding late payment penalties. The Group received the assessment orders for the years 2015, 2016 and 2017 on that basis, 2018 assessment is still under review. The former shareholder was a shareholder of the Group until and including the year ended 31 December 2018.

The Group has filed an objection with ZATCA against this assessment. ZATCA did not respond to the objection. Accordingly, the Group filed a lawsuit against ZATCA before the General Secretariate of Zakat, Tax and Customs Committees “GSTC” and during the year 2022, the GSTC issued its ruling in the favor of ZATCA. During 2022, the Group filed an appeal against this ruling which is still in progress.

The management position is that the Group as a 100% zakatable Group on the basis of its ownership structure with all direct and indirect shareholders being either GCC nationals, or companies that were established within the GCC and whose shareholders consist wholly of GCC nationals. Further, dividends distributions to the above-mentioned former shareholder, in management view, are not subject to withholding tax as it is a resident Company in the Kingdom of Saudi Arabia (as a Saudi limited liability Company on the basis of the incorporation documents). Moreover, in case of any ruling in favor of ZATCA, in addition to any relevant fines and delay penalties, the above-mentioned former shareholder has provided to the Group an indemnity undertaking letter to bear any amounts related to the liability that might be imposed on the Group by ZATCA in connection with the above matter. Therefore, based on the management assessment and formal advice received from an independent legal advisor that decision of the appeal will be in favor of the Group, in addition to the indemnity undertaking letter from the above-mentioned former shareholder, no provision has been recorded in the interim condensed consolidated financial statements by the management.

The Group’s zakat assessments for the years from 2019 to 2022 are currently under review by the ZATCA. On 9 June 2021, ZATCA raised some queries related to the years 2019 and 2020, which were responded. ZATCA has not issued a final assessment to date.

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

#### 19 CONTINGENCIES AND COMMITMENTS

##### 19.1 Contingencies

In the normal course of the business, the Group's certain suppliers and contractors have commenced an action against the Group for claims and additional payments. The Group has consulted its legal advisor and for probable cash out flows, adequate provisions have been recorded. For certain cases where the legal counsel has advised that it is only possible, but not probable, that the action will succeed, no provision for any liability has been made in these interim condensed consolidated financial statements.

The Group's bankers have issued letters of guarantees amounting to SR 8.67 million as at 30 June 2023 (31 December 2022: SR 9.77 million) against land lease and letter of credit amounting to SR 62.77 million as at 30 June 2023 (31 December 2022: SR 64.5 million).

##### 19.2 Capital commitments

The Group has capital commitments on contracts for setting up fitness centers amounting to SR 26.87 million as at 30 June 2023 (31 December 2022: SR 20.6 million).

#### 20 SEGMENTAL INFORMATION

##### 20.1 Geographical segments

For management purposes, the Group is organized into business units based on their geographical distribution and has four reportable operating segments as follows:

- Central Region of the Kingdom of Saudi Arabia
- Western Region of the Kingdom of Saudi Arabia
- Eastern Region of the Kingdom of Saudi Arabia
- International Region UAE

The following tables present revenue and profit / (loss) information for the geographical segments for period ended 30 June 2023.

	<i>For the six-months period ended 30 June 2023</i>				
	<i>Central Region</i>	<i>Western Region</i>	<i>Eastern Region</i>	<i>International Region – UAE</i>	<i>Total</i>
	<i>SR (Unaudited)</i>				
Revenues	<b>261,379,517</b>	<b>217,452,853</b>	<b>85,322,032</b>	<b>14,588,853</b>	<b>578,743,255</b>
Depreciation on property and equipment	<b>(34,037,806)</b>	<b>(28,824,008)</b>	<b>(11,319,358)</b>	<b>(2,740,198)</b>	<b>(76,921,370)</b>
Depreciation of right-of- use assets	<b>(18,010,887)</b>	<b>(15,302,283)</b>	<b>(6,217,095)</b>	<b>(1,024,279)</b>	<b>(40,554,544)</b>
Other costs of revenue	<b>(104,327,696)</b>	<b>(84,165,905)</b>	<b>(32,632,996)</b>	<b>(7,244,329)</b>	<b>(228,370,926)</b>
Segment profit	<b>105,003,128</b>	<b>89,160,657</b>	<b>35,152,583</b>	<b>3,580,047</b>	<b>232,896,415</b>

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

**20 SEGMENTAL INFORMATION (continued)**

**20.1 Geographical segments (continued)**

	<i>For the six-months period ended 30 June 2022</i>				
	<i>Central Region</i>	<i>Western Region</i>	<i>Eastern Region</i>	<i>International Region – UAE</i>	<i>Total</i>
	<i>SR (Unaudited)</i>				
Revenues	204,927,795	178,577,409	70,612,450	10,496,990	464,614,644
Depreciation on property and equipment	(31,865,208)	(27,987,602)	(10,352,387)	(3,202,997)	(73,408,194)
Depreciation of right-of-use assets	(15,645,687)	(14,206,545)	(5,552,772)	(1,529,011)	(36,934,015)
Other cost of revenue	(84,171,750)	(72,316,748)	(26,663,576)	(7,355,109)	(190,507,183)
Segment profit / (loss)	73,245,150	64,066,514	28,043,715	(1,590,127)	163,765,252
	<i>For the three-months period ended 30 June 2023</i>				
	<i>Central Region</i>	<i>Western Region</i>	<i>Eastern Region</i>	<i>International Region – UAE</i>	<i>Total</i>
	<i>SR (Unaudited)</i>				
Revenues	<b>137,429,575</b>	<b>112,072,661</b>	<b>44,809,645</b>	<b>7,459,007</b>	<b>301,770,888</b>
Depreciation on property and equipment	<b>(17,117,575)</b>	<b>(14,466,492)</b>	<b>(5,793,642)</b>	<b>(1,330,336)</b>	<b>(38,708,045)</b>
Depreciation of right-of-use assets	<b>(9,637,219)</b>	<b>(7,987,002)</b>	<b>(3,263,147)</b>	<b>(512,139)</b>	<b>(21,399,507)</b>
Other cost of revenue	<b>(54,064,195)</b>	<b>(43,031,943)</b>	<b>(16,651,445)</b>	<b>(3,722,944)</b>	<b>(117,470,527)</b>
Segment profit	<b>56,610,586</b>	<b>46,587,224</b>	<b>19,101,411</b>	<b>1,893,588</b>	<b>124,192,809</b>
	<i>For the three-months period ended 30 June 2022</i>				
	<i>Central Region</i>	<i>Western Region</i>	<i>Eastern Region</i>	<i>International Region – UAE</i>	<i>Total</i>
	<i>SR (Unaudited)</i>				
Revenues	104,444,098	88,146,462	35,313,997	5,088,913	232,993,470
Depreciation on property and equipment	(16,258,567)	(14,093,420)	(5,217,140)	(1,618,069)	(37,187,196)
Depreciation of right-of-use assets	(7,948,539)	(7,118,540)	(2,776,386)	(764,505)	(18,607,970)
Other cost of revenue	(44,321,950)	(37,045,071)	(14,183,449)	(3,600,560)	(99,151,030)
Segment profit / (loss)	35,915,042	29,889,431	13,137,022	(894,221)	78,047,274

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

20 SEGMENTAL INFORMATION (continued)

20.2 Market segments

The following tables present revenue and profit (loss) information for the operating segments for six months period ended 30 June 2023 and 2022, respectively:

	Male Fitness Centers		Female Fitness Centers		Total	
	2023	2022	2023	2022	2023	2022
	SR	SR	SR	SR	SR	SR
Revenue	<b>437,380,441</b>	356,048,821	<b>141,362,814</b>	108,565,823	<b>578,743,255</b>	464,614,644
Depreciation - property & equipment	<b>(52,159,245)</b>	(50,081,840)	<b>(24,762,125)</b>	(23,326,354)	<b>(76,921,370)</b>	(73,408,194)
- right-of-use assets	<b>(29,163,478)</b>	(25,746,660)	<b>(11,391,066)</b>	(11,187,355)	<b>(40,554,544)</b>	(36,934,015)
Other cost of revenue	<b>(170,665,479)</b>	(141,468,415)	<b>(57,705,447)</b>	(49,038,768)	<b>(228,370,926)</b>	(190,507,183)
Segment profit	<b>185,392,239</b>	138,751,906	<b>47,504,176</b>	25,013,346	<b>232,896,415</b>	163,765,252

The following tables present revenue and profit information for the operating segments for three-months period ended 30 June 2023 and 2022, respectively:

	Male Fitness Centers		Female Fitness Centers		Total	
	2023	2022	2023	2022	2023	2022
	SR (Unaudited)					
Revenue	<b>229,267,299</b>	180,602,138	<b>72,503,589</b>	52,391,332	<b>301,770,888</b>	232,993,470
Depreciation - property & equipment	<b>(26,225,464)</b>	(25,671,372)	<b>(12,482,581)</b>	(11,515,824)	<b>(38,708,045)</b>	(37,187,196)
- right-of-use assets	<b>(15,336,648)</b>	(13,067,574)	<b>(6,062,859)</b>	(5,540,396)	<b>(21,399,507)</b>	(18,607,970)
Other cost of revenue	<b>(87,944,580)</b>	(74,314,262)	<b>(29,525,947)</b>	(24,836,768)	<b>(117,470,527)</b>	(99,151,030)
Segment profit	<b>99,760,607</b>	67,548,930	<b>24,432,202</b>	10,498,344	<b>124,192,809</b>	78,047,274

20.3 Reconciliation of segment results to profit or loss

Head office expenses and other income are not allocated to individual segments as these are managed on an overall at Group level. Below is the reconciliation

	For the six months period ended 30 June	
	2023	2022
	SR (Unaudited)	SR (Unaudited)
Segment profit	<b>232,896,415</b>	163,765,252
Advertising and marketing expenses	<b>(6,744,946)</b>	(7,131,450)
Finance costs	<b>(37,637,450)</b>	(26,665,189)
Profit from short term Murabaha	<b>6,868,219</b>	127,083
Other expenses	<b>(56,463,478)</b>	(46,001,617)
Profit before zakat	<b>138,918,760</b>	84,094,079



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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

#### 20 SEGMENTAL INFORMATION (continued)

##### 20.4 Seasonality of the Group's business

The Group'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 Group offers attractive discounts to its customers on Saudi National Day (i.e. 23 September), the revenue against which is primarily recognised in the fourth quarter of the year which ultimately boosts the Group's revenue and profitability and improves the financial performance of the Group during the last quarter of the year.

#### 21 LIQUIDITY RISK AND GOING CONCERN

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

	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Equity	<b>983,505,209</b>	938,539,108
Liabilities (excluding deferred revenue)	<b>1,527,231,191</b>	1,363,498,552
Total capital structure (excluding deferred revenue)	<b>2,510,736,400</b>	2,302,037,660
Gearing ratio	<b>60.83%</b>	59.23%
Current ratio (excluding deferred revenue)	<b>1.11</b>	1.12
The management also analyses the liquidity risk as follows:		
	30 June 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Current financial assets	<b>306,602,354</b>	323,491,760
Current liabilities excluding deferred revenue	<b>(326,823,516)</b>	(322,410,914)
Adjusted net current financial (liability) asset position	<b>(20,221,162)</b>	1,080,846

The Group manages its liquidity risk by ensuring sufficient un-availed credit facilities. As of 30 June 2023, unutilised bank credit facilities of SR 806.37 million (31 December 2022: SR 852.42 million) were available from multiple banks for managing the working capital requirements. Moreover, the Group generated SR 237.5 million of cash flows from operating activities.

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

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

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

#### 22 CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

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

#### 23 DIVIDENDS

On 17 Sha'ban 1444H (corresponding to 9 March 2023), the Board of Directors, resolved to distribute interim cash dividends of SR 1.11 per share amounting to SR 58.14 million for the fourth quarter of 2022.

On 26 Shawwal 1444H (corresponding to 16 May 2023), the Board of Directors, resolved to distribute interim cash dividends of SR 0.64 per share amounting to SR 33.52 million for the first quarter of 2023. Dividends have been fully paid during the period and it will be subject to approval at annual general assembly meeting.

On 25 Sha'ban 1443H (corresponding to 3 March 2022), the Board of Directors, resolved to distribute interim cash dividends of SR 0.87 per share amounting to SR 45.6 million for the year ended of 2021.

On 25 Ramadhan 1443H (corresponding to 26 April 2022), the Board of Directors, resolved to distribute interim cash dividends of SR 0.471 per share amounting to SR 24.7 million for the first quarter of 2022.

#### 24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group has assessed that fair value of the financial instruments, comprising of trade and other receivables, short-terms deposits, cash and cash equivalents, accounts payables and other current liabilities approximate their carrying values significantly due to the short maturities of these financial instruments.

The fair value of financial assets and liabilities is recognised as the amount for which the instrument can be exchanged in an existing transaction between willing parties, other than a forced sale or liquidation. The Group uses valuation techniques appropriate to current circumstances that provide sufficient data to measure fair value. In addition, for the financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- a- Level "1" inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- b- Level "2" inputs are other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- c- Level "3" inputs are unobservable inputs either directly or indirectly.

#### 25 COMPARATIVE FIGURES

Certain comparative period amounts have been reclassified and represented for the purpose of better presentation. However, such reclassification have not resulted in any additional impact on equity or profit for comparative figures. The key reclassifications were as follows:

<i>Reclassification from</i>	<i>Reclassification to</i>	<i>Amount (SR)</i>
General and administrative expenses - Finance commission	Finance costs	2,203,096

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

---

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023

**26      EVENTS AFTER THE REPORTING PERIOD**

On 12 Muharram 1445H (corresponding to 30 July 2023), the Board of Directors, resolved to distribute interim cash dividends of SR 0.75 per share amounting to SR 39.287 million for the three months period ended 30 June 2023.

Other than disclosed above, there have been no further significant subsequent events since the period ended 30 June 2023 that would have a material impact on the financial position of the Group as reflected in these interim condensed consolidated financial statements.