

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

**INTERIM CONDENSED FINANCIAL STATEMENTS  
(UNAUDITED)**

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

**LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

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Ernst and Young & Co Public Accountants (Professional Limited Liability Company) C.R. No. 1010383821  
Paid-up capital (SR 5,500,000) (Five million and five hundred thousand Saudi Riyal)  
Head Office  
Al Faisaliah Office Tower, 14<sup>th</sup> Floor  
King Fahad Road  
P.O. Box 2732  
Riyadh 11461  
Kingdom of Saudi Arabia

Tel: +966 11 215 9898  
+966 11 273 4740  
Fax: +966 11 273 4730

[ey.ksa@sa.ey.com](mailto:ey.ksa@sa.ey.com)  
[ey.com](http://ey.com)

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

### Introduction:

We have reviewed the accompanying interim condensed statement of financial position of Leejam Sports Company ("the Company") as at 30 September 2021, and the related interim condensed statements of profit or loss and comprehensive income for the three-month and nine-month periods ended 30 September 2021, the related interim condensed statements of changes in equity and cash flows for the nine month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed 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*" endorsed in the Kingdom of Saudi Arabia. A review of interim 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 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 16 to the interim condensed financial statements. As stated therein, during the period ended 30 September 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 year 2015 were subject to income tax. Our conclusion is not modified in respect of this matter.

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

**Other matter:**

The financial statements of the Company for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 14 February 2021. Further, the interim condensed financial statements of the Company for the three month period ended 31 March 2021 and for the nine month period ended 30 September 2020 were reviewed by another auditor who expressed an unmodified review conclusion on those financial statements on 19 April 2021 and 2 November 2020, respectively.

for Ernst & Young



Waleed G. Tawfiq  
Certified Public Accountant  
License No. 437

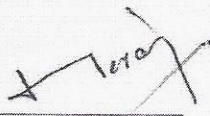
22 Rabi' al Awwal 1443H  
28 October 2021

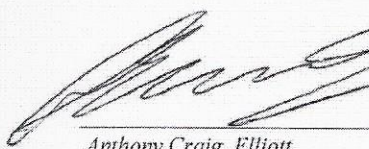
Riyadh

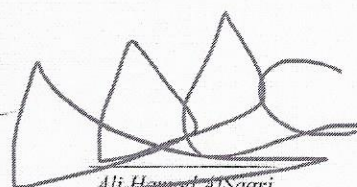


LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)  
 INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS (UNAUDITED)  
 FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2021	2020	2021	2020
		SR	SR	SR	SR
Revenue from contracts with customers	5	253,838,710	211,341,567	624,253,904	433,509,079
Cost of revenues	6	(125,383,671)	(142,774,240)	(376,593,145)	(375,462,989)
<b>GROSS PROFIT</b>		<b>128,455,039</b>	<b>68,567,327</b>	<b>247,660,759</b>	<b>58,046,090</b>
<b>EXPENSES</b>					
General and administration		(25,909,720)	(18,815,696)	(66,772,366)	(54,364,229)
Advertising and marketing		(2,513,898)	(3,677,175)	(10,609,186)	(13,360,042)
Impairment reversal/(loss) on financial assets		572,627	(517,279)	1,043,120	(1,686,023)
Impairment loss on property and equipment		(10,906,321)	(6,631,010)	(12,939,441)	(6,631,010)
<b>OPERATING PROFIT (LOSS)</b>		<b>89,697,727</b>	<b>38,926,167</b>	<b>158,382,886</b>	<b>(17,995,214)</b>
Finance costs	7	(11,591,043)	(12,358,389)	(35,125,864)	(40,213,956)
<b>PROFIT (LOSS) BEFORE ZAKAT</b>		<b>78,106,684</b>	<b>26,567,778</b>	<b>123,257,022</b>	<b>(58,209,170)</b>
Zakat	16	(1,912,000)	-	(3,142,021)	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>76,194,684</b>	<b>26,567,778</b>	<b>120,115,001</b>	<b>(58,209,170)</b>
<b>EARNINGS (LOSS) PER SHARE:</b>					
Basic and diluted earnings (loss) per share	8	<u>1.45</u>	<u>0.51</u>	<u>2.29</u>	<u>(1.11)</u>

  
 Mohammad Merajuddin  
 Chief Financial Officer

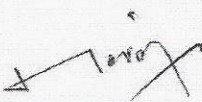
  
 Anthony Craig Elliott  
 Acting Chief Executive Officer

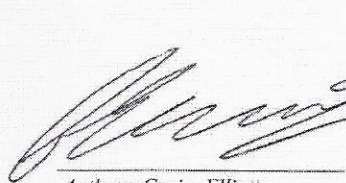
  
 Ali Hamad AlSagari  
 Chairman

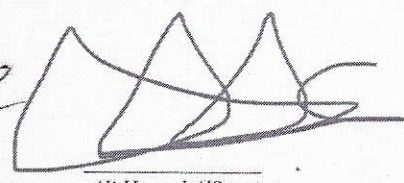


LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)  
 INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
 FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Net profit (loss) for the period	76,194,684	26,567,778	120,115,001	(58,209,170)
<b>Other comprehensive loss</b>				
<i>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</i>				
Re-measurement loss on defined benefit obligations	-	(409,974)	-	(1,229,923)
<b>Other comprehensive loss</b>	-	(409,974)	-	(1,229,923)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>76,194,684</b>	<b>26,157,804</b>	<b>120,115,001</b>	<b>(59,439,093)</b>

  
 Mohammad Merajuddin  
 Chief Financial Officer

  
 Anthony Craig Elliott  
 Acting Chief Executive Officer

  
 Ali Hamad AlSagri  
 Chairman

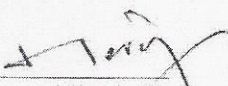



LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)


INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

		<i>30 September</i>	<i>31 December</i>
		<i>2021</i>	<i>2020</i>
		<i>SR</i>	<i>SR</i>
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	9	1,493,215,559	1,447,915,548
Right-of-use assets	10	789,347,113	771,477,155
Goodwill		9,445,544	9,445,544
Advances to suppliers and contractors		16,257,366	13,272,419
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,308,265,582</b>	<b>2,242,110,666</b>
<b>CURRENT ASSETS</b>			
Inventories		9,887,231	10,559,104
Prepayments and other current assets		47,810,198	35,328,396
Trade receivables	12	30,851,466	21,245,194
Cash and cash equivalents	13	269,640,815	258,073,877
<b>TOTAL CURRENT ASSETS</b>		<b>358,189,710</b>	<b>325,206,571</b>
<b>TOTAL ASSETS</b>		<b>2,666,455,292</b>	<b>2,567,317,237</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		523,833,610	523,833,610
Statutory reserve		56,021,218	56,021,218
Retained earnings		181,171,725	84,629,236
<b>TOTAL EQUITY</b>		<b>761,026,553</b>	<b>664,484,064</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	262,581,880	348,648,639
Lease liabilities	10	865,152,721	852,863,246
Employees' end of service benefits		38,726,888	37,158,533
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,166,461,489</b>	<b>1,238,670,418</b>
<b>CURRENT LIABILITIES</b>			
Borrowings - current portion	14	138,715,764	138,937,826
Current portion of lease liabilities	10	77,329,588	67,888,714
Accounts payable		69,969,246	52,660,018
Accrued expenses and other current liabilities	15	72,877,561	78,516,737
Deferred revenue		376,795,929	326,022,298
Provision for zakat	16	3,279,162	137,162
<b>TOTAL CURRENT LIABILITIES</b>		<b>738,967,250</b>	<b>664,162,755</b>
<b>TOTAL LIABILITIES</b>		<b>1,905,428,739</b>	<b>1,902,833,173</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,666,455,292</b>	<b>2,567,317,237</b>

  
 Mohammad Merajuddin  
 Chief Financial Officer

  
 Anthony Craig Elliott  
 Acting Chief Executive Officer

  
 Ali Hamad Al-Sagoff  
 Chairman

The attached notes 1 to 24 form part of these interim condensed financial statements.

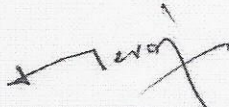



LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

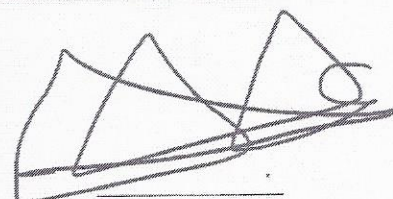
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Balance at 1 January 2020 - <i>(audited)</i>	523,833,610	56,021,218	141,919,268	721,774,096
Loss for the period	-	-	(58,209,170)	(58,209,170)
Other comprehensive loss	-	-	(1,229,923)	(1,229,923)
Total comprehensive loss for the period	-	-	(59,439,093)	(59,439,093)
Balance at 30 September 2020- <i>(Unaudited)</i>	<u>523,833,610</u>	<u>56,021,218</u>	<u>82,480,175</u>	<u>662,335,003</u>
Balance at 1 January 2021- <i>(audited)</i>	523,833,610	56,021,218	84,629,236	664,484,064
Profit for the period	-	-	120,115,001	120,115,001
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	120,115,001	120,115,001
Dividends (note 22)	-	-	(23,572,512)	(23,572,512)
Balance at 30 September 2021- <i>(Unaudited)</i>	<u>523,833,610</u>	<u>56,021,218</u>	<u>181,171,725</u>	<u>761,026,553</u>

  
 Mohammad Merajuddin  
 Chief Financial Officer

  
 Anthony Craig Elliott  
 Acting Chief Executive Officer

  
 Ali Hamad AlSagri  
 Chairman



LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

	Notes	For the nine-month period ended	
		30 September	
		2021	2020
		SR	SR
<b>OPERATING ACTIVITIES</b>			
Profit (loss) before zakat		123,257,022	(58,209,170)
Adjustments to reconcile profits (losses) before zakat to net cash flows:		-	-
Depreciation of property and equipment		101,709,117	102,793,529
Depreciation of right-of-use assets	10	51,624,244	50,686,524
Rent concessions on lease payments		(17,411,058)	(3,614,548)
Finance costs	7	35,125,864	40,213,956
Gain on lease cancellations		(107,176)	-
Property and equipment written off - net		-	473,937
(Reversal) provision for expected credit losses of trade receivables, net		(1,043,120)	1,686,023
Impairment loss on property and equipment		12,939,441	6,631,010
Provision for employees' end of service benefits		6,292,471	4,887,454
		<b>312,386,805</b>	<b>145,548,715</b>
Working capital adjustments:			
Inventories		671,873	(2,460,774)
Prepayments and other current assets		(12,481,802)	(9,618,983)
Trade receivables		(8,563,152)	5,233,353
Accounts payable		17,309,228	5,700,622
Accrued expenses and other liabilities		(5,639,176)	28,698,681
Deferred revenue		50,773,631	26,152,522
<b>Cash generated from operations</b>		<b>354,457,407</b>	<b>199,254,136</b>
Employee benefits paid		(4,724,116)	(2,349,832)
Zakat		-	(1,864,590)
<b>Net cash generated from operating activities</b>		<b>349,733,291</b>	<b>195,039,714</b>
<b>INVESTING ACTIVITY</b>			
Payments against purchase of property and equipment		(153,836,873)	(70,570,445)
<b>Net cash used in investing activities</b>		<b>(153,836,873)</b>	<b>(70,570,445)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from borrowings		12,711,139	177,120,290
Repayments of borrowings		(98,999,960)	(42,742,825)
Finance costs paid		(11,957,080)	(14,092,643)
Payment of lease liabilities		(62,511,067)	(23,600,663)
Dividends paid		(23,572,512)	-
<b>Net cash (used in) generated from financing activities</b>		<b>(184,329,480)</b>	<b>96,684,159</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>11,566,938</b>	<b>221,153,428</b>
Cash and cash equivalents at the beginning of the period		258,073,877	68,070,348
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>269,640,815</b>	<b>289,223,776</b>

The attached notes 1 to 24 form part of these interim condensed financial statements.



LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) (continued)

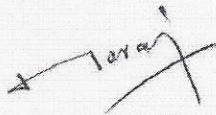
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

*For the nine-month period ended  
30 September*

<u>2021</u>	<u>2020</u>
SR	SR

SIGNIFICANT NON-CASH TRANSACTIONS:

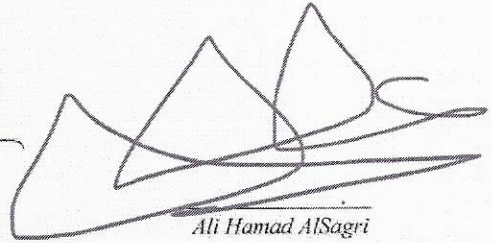
Additions to right-of-use assets	75,933,550	5,103,654
Capitalisation of depreciation on right-of-use assets	5,126,492	4,785,720
Capitalisation of finance costs	3,970,183	6,271,758



Mohammad Merajuddin  
Chief Financial Officer



Anthony Craig Elliott  
Acting Chief Executive Officer



Ali Hamad AlSagri  
Chairman



# LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

### **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' II, 1429H (corresponding to 5 May 2008) and registered under commercial registration (CR) No 4030180323 dated 19 Jumada' II 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.

The objectives of the Company are construction, management and operation of sports and entertaining centres 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 Company needs to use. The Company’s operations of managing sports centres are located in the Kingdom of Saudi Arabia and United Arab Emirates.

The Company acquired 95% of the outstanding shares of Fitness Time for Trading Company Limited 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 Company for a nominal fee. Fitness Time discontinued its operations after the trademark was transferred to the Company. The management believes that Fitness Time is immaterial to the Company hence; do not consolidate the results of operations of Fitness Time and its financial position in the financial statements of the Company.

The interim condensed financial statements of the Company for the nine-month period ended 30 September 2021 were authorised for issuance in accordance with the Board of Directors resolution dated 27 October 2021 (corresponding to 21 Rabi’ al Awwal 1443H).

### **2 BASIS OF PREPARATION**

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as endorsed in 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 financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at 31 December 2020. In addition the results of the operations for the period ended 30 September 2021 do not necessarily represent an indicator for the results of the operations for the year ending 31 December 2021.

The Company has prepared the 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 Company 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.

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

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

The preparation of the Company’s interim condensed 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.



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

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

#### **3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

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 September 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. The Company performed an impairment test for its non-financial assets at 31 March 2021, when circumstances indicated that the carrying value may be impaired and no impairment loss was recognised as a result of that assessment. The Company considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment.

#### **4 SIGNIFICANT ACCOUNTING POLICES AND NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

##### **4.1 Significant accounting policies**

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020.

##### **4.2 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.

##### **4.2.1 Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- ▶ A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- ▶ Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- ▶ Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company is currently assessing the impact the amendments will have on it. The Company intends to use the practical expedients in future periods if they become applicable.

##### **4.2.2 Covid-19 Related Rent Concessions and Covid-19 Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16**

On 28 May 2020, the IASB issued Covid-19 Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

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

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

#### **4 SIGNIFICANT ACCOUNTING POLICES AND NEW AND AMENDED STANDARDS AND INTERPRETATIONS (continued)**

##### **4.2 New standards, amendments to standards and interpretations applicable from 1 January 2021 (continued)**

##### **4.2.2 Covid-19 Related Rent Concessions and Covid-19 Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16 (continued)**

The Company applied the practical expedient available under the amendment on its annual financial statements for the year ended 31 December 2020. The Company applied the amendment prospectively and it had no impact on retained earnings at 1 January 2020.

In March 2021, the Board amended IFRS 16 to extend the availability of the practical expedient by one year (2021 amendment). The practical expedient in the 2021 amendment applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment applies to annual reporting periods beginning on or after 1 April 2021 with earlier adoption permitted.

In accordance with paragraph 2 of IFRS 16, a lessee is required to apply the relief consistently to eligible contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient as a result of the lessee applying the 2020 amendment or 2021 amendment.

In view of the above extension to the amendment, the Company continues apply the practical expedient available under the amendment on its financial statements for the period ended 30 September 2021. Also refer to note 10 of these financial statements.

##### **4.3 New IFRS standards, amendments to standards and interpretations not yet effective**

Certain new accounting standards, amendments to standards and interpretations have been published that are not effective for 31 December 2021 reporting periods and have not been early adopted by the Company. The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective

##### **4.3.1 Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ▶ What is meant by a right to defer settlement
- ▶ That a right to defer must exist at the end of the reporting period
- ▶ That classification is unaffected by the likelihood that an entity will exercise its deferral right
- ▶ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

##### **4.3.2 Reference to the Conceptual Framework – Amendments to IFRS 3**

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

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

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

#### **4 SIGNIFICANT ACCOUNTING POLICES AND NEW AND AMENDED STANDARDS AND INTERPRETATIONS (continued)**

##### **4.3 New IFRS standards, amendments to standards and interpretations not yet effective (continued)**

###### **4.3.2 Reference to the Conceptual Framework – Amendments to IFRS 3 (continued)**

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

###### **4.3.3 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The Company is currently assessing the impact the amendments will have on its financial statements.

###### **4.3.4 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

###### **4.3.5 IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities**

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The Company is currently assessing the impact these amendments will have on its financial statements.



LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

	<i>For the nine-month period ended 30 September</i>	
	<i>2021</i>	<i>2020</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Type of services</i>		
Subscriptions and membership	<b>546,728,946</b>	382,391,505
Personal training	<b>62,582,652</b>	43,453,134
Rental income	<b>7,598,836</b>	3,577,295
Others	<b>7,343,470</b>	4,087,145
	<b>624,253,904</b>	433,509,079

All of the revenues from the contracts with customers are being earned from external customers.

Set out below is the disaggregation of the Company's revenue from contracts with customers, for the nine-month period ended 30 September, based on male and female centres offerings and segmented by primary geographical regions:

	<i>Subscriptions and membership</i>		<i>Personal training</i>		<i>Rental income</i>	
	<i>For the nine-month period ended 30 September</i>					
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>SR (Unaudited)</i>					
<i>Types of customers</i>						
Male centres	<b>414,562,139</b>	284,622,239	<b>42,357,822</b>	30,982,074	<b>5,327,229</b>	2,863,338
Female centres	<b>132,166,807</b>	97,769,266	<b>20,224,830</b>	12,471,060	<b>2,271,607</b>	713,957
	<b>546,728,946</b>	382,391,505	<b>62,582,652</b>	43,453,134	<b>7,598,836</b>	3,577,295
<i>Geographical markets</i>						
Central region	<b>234,910,519</b>	180,450,339	<b>29,671,083</b>	20,689,628	<b>4,187,527</b>	2,125,875
Western region	<b>215,337,216</b>	139,997,920	<b>18,951,727</b>	13,586,528	<b>3,036,786</b>	1,337,156
Eastern region	<b>87,881,881</b>	55,409,237	<b>9,560,241</b>	6,792,906	<b>374,523</b>	107,476
UAE	<b>8,599,330</b>	6,534,009	<b>4,399,601</b>	2,384,072	-	6,788
	<b>546,728,946</b>	382,391,505	<b>62,582,652</b>	43,453,134	<b>7,598,836</b>	3,577,295

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

6 COST OF REVENUES

	<i>For the nine-month period ended 30 September</i>	
	<i>2021</i>	<i>2020</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Salaries and related benefits	<b>136,524,295</b>	122,423,989
Depreciation of property and equipment	<b>98,128,146</b>	99,397,240
Depreciation of right-of-use assets (note 10)	<b>51,104,185</b>	50,660,798
Water and electricity	<b>42,484,927</b>	41,391,750
Cleaning and maintenance	<b>24,033,015</b>	25,597,504
Others	<b>41,729,635</b>	39,606,256
Rent concessions on lease payments (note 10)	<b>(17,411,058)</b>	(3,614,548)
	<b>376,593,145</b>	375,462,989

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

### 7 FINANCE COSTS

	<i>For the nine-month period ended 30 September</i>	
	<i>2021</i>	<i>2020</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit on borrowings	<b>7,400,770</b>	13,618,302
Finance costs on lease liabilities (note 10)	<b>27,725,094</b>	26,595,654
	<b>35,125,864</b>	40,213,956

### 8 EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share is calculated by dividing the net profit (loss) the period ended 30 September 2021 and 30 September 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 30 September 2021 (30 September 2020: 52.38 million shares).

### 9 PROPERTY AND EQUIPMENT

During the nine-month period ended 30 September 2021, the Company has purchased assets with a cost of SR 160.1 million (nine-month period ended 30 September 2020: SR 89.6 million).

The total borrowing costs capitalised under capital work in progress during the period amounted to SR 1.5 million (nine-month period ended 30 September 2020: SR 2.2 million).

During the current period, the Company has recorded an impairment loss of SR 2 million (nine-month period ended 30 September 2020: SR 6.6 million) against the closure of certain fitness centres and an impairment loss of SR 10.9 million (nine-month period ended 30 September 2020: SR nil) against under construction fitness centre due to suspension of construction.

### 10 LEASES

During the nine-month period ended 30 September 2021, the Company has recognised right-of-use assets against lease of land for construction of new fitness centres facilities amounting to SR 75.93 million (nine-month period ended 30 September 2020: SR 5.1 million). The lease liabilities recognised against these right of use assets amounted to SR 75.93 million (nine-month period ended 30 September 2020: SR 5.1 million).

Expense recognised in the statement of profit or loss in relation to leases for the nine-month period was as follows:

	<i>For the nine-month period ended 30 September</i>	
	<i>2021</i>	<i>2020</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>56,750,736</b>	55,472,244
Capitalised for under construction fitness centres	<b>(5,126,492)</b>	(4,785,720)
	<b>51,624,244</b>	50,686,524

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

**10 LEASES (continued)**

	<i>For the nine-month period ended 30 September</i>	
	<i>2021</i>	<i>2020</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Interest expense on lease liabilities</i>		
Interest expense for the period	<b>30,168,826</b>	30,694,284
Capitalised for under construction fitness centres	<b>(2,443,732)</b>	(4,098,630)
	<b>27,725,094</b>	26,595,654
Total amount recognised in profit or loss	<b>79,349,338</b>	77,282,178

The total rent concessions on lease payments recognised during the period amounted to SR 17.4 million (nine-month period ended 30 September 2020: SR 3.6 million). These have recognised under cost of revenue in the interim condensed statement of profit or loss.

During the period, The Company cancelled its lease contracts due to closure of certain fitness centres and accordingly the right-of-use assets and lease liabilities derecognised are as follows:

	<i>For the nine-month period ended 30 September</i>	
	<i>2021</i>	<i>2020</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Right of use assets derecognised	<b>1,312,874</b>	-
Lease liabilities derecognised	<b>(1,420,050)</b>	-

**11 SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

The Company in the normal course of business carries out transactions with various related parties. Transactions with related parties' included in the interim condensed statement of profit or loss are as follows:

<i>Name of related party</i>	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>For the nine-month period ended 30 September</i>	
			<i>2021</i>	<i>2020</i>
			<i>SR</i>	<i>SR</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Hamad Ali Al-Saqri	Shareholder	Lease rentals paid to a shareholder	<b>2,487,123</b>	3,400,000
Senior management and directors	Key management personnel	Remuneration	<b>5,321,553</b>	4,703,102

Amounts due from related parties as of 30 September 2021 amounting to SR 0.03 million (31 December 2020: SR 0.2 million) are included in trade receivables in the 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.



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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

**12 TRADE RECEIVABLES**

	<i>30 September 2021</i>	<i>31 December 2020</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Subscriptions and membership receivables	<b>21,484,578</b>	18,839,805
Rental receivables	<b>15,205,990</b>	10,287,609
	<b>36,690,568</b>	29,127,414
Less: Allowance for expected credit losses		
- Subscriptions and membership receivables	<b>(473)</b>	(966,469)
- Rental receivables	<b>(5,838,629)</b>	(6,915,751)
	<b>30,851,466</b>	21,245,194

**13 CASH AND CASH EQUIVALENTS**

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

	<i>30 September 2021</i>	<i>31 December 2020</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Cash in hand	<b>2,663,172</b>	2,101,053
Cash at bank – current accounts	<b>216,977,643</b>	155,972,824
Short term deposits (note a)	<b>50,000,000</b>	100,000,000
	<b>269,640,815</b>	258,073,877

*Note a:*

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

**14 BORROWINGS**

	<i>30 September 2021</i>	<i>31 December 2020</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Non-current portion of long term borrowings	<b>262,581,880</b>	348,648,639
Current portion of long term borrowings	<b>138,715,764</b>	138,937,826
	<b>401,297,644</b>	487,586,465

As at 30 September 2021, the Company had unutilised bank financing facilities amounting to SR 244.8 million (31 December 2020: SR 257.4 million) to manage its short-term and long-term liquidity requirements and for construction of the fitness centres. 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 being Murabaha and Tawaruq loans. To hedge the variability in interest rate on the term loan and as required by the facility agreement, the Company has entered into an interest rate swap (IRS) with notional amount of SR 40 million with a local commercial bank. The IRS agreement require the Company to pay a fixed rate of interest of 3.7% as on 30 September 2021 in exchange for floating rate interest payments based on Saudi Inter Bank Offer Rate (SIBOR). The IRS contract will mature on 31 July 2023.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

### 14 BORROWINGS (continued)

The borrowing arrangements contain certain covenants which are monitored by the management. The banks monitors and evaluates compliance with the debt covenants by the Company on an annual basis. The borrowings carry commission at commercial rates. The weighted average interest rate for the period ended 30 September 2021 is 2.22 % per annum (2020: 3.6% per annum). As per the repayment schedules, payment of outstanding amounts are payable in monthly, quarterly and six monthly installments with last payment due in June 2027.

### 15 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>30 September</i> <i>2021</i> <i>SR</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2020</i> <i>SR</i> <i>(Audited)</i>
Accrued expenses	<b>54,111,672</b>	57,588,486
Value added tax (VAT) payable-net	<b>16,062,140</b>	16,534,877
Advances from customers	<b>2,703,749</b>	4,393,374
	<b><u>72,877,561</u></b>	<b><u>78,516,737</u></b>

### 16 ZAKAT

#### 16.1 Charge for the period

During the period, a zakat charge of SR 3.1 million have been recognised in the interim condensed statement of profit or loss based on the expected zakat base for the year 2021.

#### 16.2 Status of assessments

The Company has submitted its zakat returns for the years up to 2020. The final assessments have been agreed with Zakat, Tax and Customs Authority ("ZATCA") for the years up to 2015.

However, during the period, the Company received an assessment order from ZATCA for the year 2015 claiming an additional liability regarding the ownership of shares by Target Opportunities for Trading Company, one of the shareholders in the Company during 2015, that there are certain possible taxes on the Company. ZATCA's view based on certain assumptions, is that the Company is partially subject to income tax. In the above-mentioned assessment, ZATCA assumed that the above-mentioned shareholder is owned directly or indirectly by non-GCC nationals and accordingly, the total amount of income tax exposure as stated by ZATCA is SR 9.48 million for income tax for the year 2015. The former shareholder was a shareholder of the Company until and including the year ended 31 December 2018 and consequently there are further potential exposures to the Company, if the ZATCA applies the same principle to subsequent years. The Company has filed an objection with ZATCA against this assessment. No provision has been recorded in the interim condensed financial statements as the management believes that, based on their assessment and formal advice received from an independent legal advisor, the decision of the objection will be in favour of the Company.

The Company's zakat assessments for the years from 2016 to 2020 have not yet been raised by ZATCA.

Zakat has been computed based on the Company's understanding and interpretation of the zakat regulations enforced in the Kingdom of Saudi Arabia. The ZATCA continues to issue circulars to clarify certain zakat regulations which are usually enforced on all open years. The zakat regulations in Saudi Arabia are subject to different interpretations and new zakat regulations have been issued by the ZATCA dated 1 Jumada II 1438H (corresponding to 28 February 2017). The zakat liability as computed by the Company could be different from zakat liability as assessed by the ZATCA for years for which assessments have not yet been raised by the ZATCA.

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

### 17 CONTINGENCIES AND COMMITMENTS

#### 17.1 *Contingencies*

a) During 2017, the Company purchased land costing SR 24.3 million. The previous owner of the land has filed a case for the ownership of the land against the Company. Ensuing to the case, the Company has submitted the original land deed and other related documents to the Ministry of Justice for verification and confirmation of the Company's ownership of the land. The Company's management and the legal advisor are of the view that the Company has valid grounds to prove the beneficial ownership of the land in the Company's name and the matter will be decided in the favour of the Company. Accordingly, no provision is required and hence no provision has been recorded in these financial statements.

In the normal course of the business, the Company's certain suppliers and contractors have commenced an action against the Company for claims and additional payments. The Company 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 financial statements.

b) The Company's bankers have issued letters of guarantees amounting to SR 3.8 million as at 30 September 2021 (31 December 2020: SR 2.9 million) against land lease.

#### 17.2 *Capital Commitments*

The Company has capital commitments on contracts for setting up fitness centres amounting to SR 33.6 million as at 30 September 2021 (31 December 2020: SR 42.6 million).



LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

18 SEGMENTAL INFORMATION

18.1 Geographical segments

The following tables present revenue and profit (loss) information for the geographical segments for nine-month period ended 30 September 2021 and 2020, respectively:

	<i>For the nine-month period ended 30 September 2021</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	274,813,839	238,178,150	98,195,119	13,066,796	624,253,904
Depreciation of property and equipment	(44,524,254)	(39,823,593)	(14,460,036)	(2,901,234)	(101,709,117)
Depreciation of right-of-use assets	(20,713,912)	(20,909,403)	(8,083,064)	(1,917,865)	(51,624,244)
Other operating costs	(144,187,518)	(119,026,997)	(45,055,538)	(8,353,239)	(316,623,292)
Segment profit (loss)	<b>65,388,155</b>	<b>58,418,157</b>	<b>30,596,481</b>	<b>(105,542)</b>	<b>154,297,251</b>
	<i>For the nine-month period ended 30 September 2020</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	206,538,534	155,431,060	62,584,075	8,955,410	433,509,079
Depreciation of property and equipment	(42,412,198)	(42,426,506)	(15,246,860)	(2,707,965)	(102,793,529)
Depreciation of right-of-use assets	(20,465,019)	(20,193,834)	(8,083,064)	(1,944,607)	(50,686,524)
Other operating costs	(136,485,259)	(111,949,166)	(43,701,673)	(6,071,059)	(298,207,157)
Segment profit (loss)	<b>7,176,058</b>	<b>(19,138,446)</b>	<b>(4,447,522)</b>	<b>(1,768,221)</b>	<b>(18,178,131)</b>

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

18 SEGMENTAL INFORMATION (continued)

18.1 Geographical segments (continued)

The following table presents assets and liabilities information for the Company's geographical segments as at 30 September 2021 and 31 December 2020, respectively:

	<i>At 30 September 2021</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>				
Total assets	<b>1,212,002,449</b>	<b>1,049,881,852</b>	<b>290,483,182</b>	<b>114,087,809</b>	<b>2,666,455,292</b>
Total liabilities	<b>873,692,944</b>	<b>739,419,139</b>	<b>198,650,080</b>	<b>93,666,576</b>	<b>1,905,428,739</b>
	<i>At 31 December 2020</i>				
	<i>Central Region</i>	<i>Western Region</i>	<i>Eastern Region</i>	<i>International Region – UAE</i>	<i>Total</i>
	<i>SR (Audited )</i>				
Total assets	1,069,700,247	1,096,916,710	298,183,295	102,516,985	2,567,317,237
Total liabilities	894,196,291	727,470,781	203,664,160	77,501,941	1,902,833,173

18.2 Market segments

The following tables present revenue and profit (loss) information for the operating segments for nine-month period ended 30 September 2021 and 2020, respectively:

	<i>Male Fitness Centres</i>		<i>Female Fitness Centres</i>		<i>Total</i>	
	<i>For the nine-month period ended 30 September</i>					
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>SR (Unaudited)</i>					
Revenues	<b>468,861,897</b>	322,045,634	<b>155,392,007</b>	111,463,445	<b>624,253,904</b>	433,509,079
Depreciation of property and equipment	<b>(69,191,021)</b>	(74,111,499)	<b>(32,518,096)</b>	(28,682,030)	<b>(101,709,117)</b>	(102,793,529)
Depreciation of right-of-use assets	<b>(35,489,368)</b>	(36,716,860)	<b>(16,134,876)</b>	(13,969,664)	<b>(51,624,244)</b>	(50,686,524)
Other operating costs	<b>(233,163,290)</b>	(223,707,612)	<b>(83,460,002)</b>	(74,499,545)	<b>(316,623,292)</b>	(298,207,157)
Segment profit (loss)	<b>131,018,218</b>	(12,490,337)	<b>23,279,033</b>	(5,687,794)	<b>154,297,251</b>	(18,178,131)

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

18 SEGMENTAL INFORMATION (continued)

18.2 Market segments (continued)

The following table presents assets and liabilities information for the Company's operating segments as at 30 September 2021 and 31 December 2020, respectively:

	<i>Male Fitness Centres</i>		<i>Female Fitness Centres</i>		<i>Total</i>	
	<i>30 September 2021 SR (Unaudited)</i>	<i>31 December 2020 SR (Audited)</i>	<i>30 September 2021 SR (Unaudited)</i>	<i>31 December 2020 SR (Audited)</i>	<i>30 September 2021 SR (Unaudited)</i>	<i>31 December 2020 SR (Audited)</i>
Total assets	<b>991,529,727</b>	1,111,963,947	<b>1,674,925,565</b>	1,455,353,290	<b>2,666,455,292</b>	2,567,317,237
Total Liability	<b>1,414,691,010</b>	1,422,111,912	<b>490,737,729</b>	480,721,261	<b>1,905,428,739</b>	1,902,833,173

18.3 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 Company level. Below is the reconciliation of the segment results to profit or loss of the Company.

	<i>For the nine-month period ended 30 September</i>	
	<i>2021 SR (Unaudited)</i>	<i>2020 SR (Unaudited)</i>
Segment profit (loss)	<b>154,297,251</b>	(18,178,131)
Unallocated head office costs		
Advertising and marketing expenses	<b>(10,609,186)</b>	(13,360,042)
General and administration expenses	<b>(20,431,043)</b>	(26,670,997)
Profit (loss) before zakat	<b>123,257,022</b>	(58,209,170)

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

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

#### 18 SEGMENTAL INFORMATION (continued)

##### 18.4 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 revenue and profitability and improves the financial performance of the Company during the last quarter of the year.

#### 19 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:

At the statement of financial position date, gearing ratio and current ratio were as follows:

	<i>30 September 2021 SR (Unaudited)</i>	<i>31 December 2020 SR (Audited)</i>
Equity	<b>761,026,553</b>	664,484,064
Liabilities (excluding deferred revenue)	<b>1,528,632,810</b>	1,576,810,875
Total capital structure (excluding deferred revenue)	<b>2,289,659,363</b>	2,241,294,939
Gearing ratio	<b>66.76%</b>	70.35%
Current ratio (excluding deferred revenue)	<b>0.99</b>	0.96

As of 30 September 2021, the management also analyses the liquidity risk as follows:

	<i>30 September 2021 SR (Unaudited)</i>	<i>31 December 2020 SR (Audited)</i>
Current financial assets	<b>300,492,281</b>	283,270,982
Current liabilities excluding deferred revenue	<b>(362,171,321)</b>	(338,140,457)
Adjusted net current financial liability position	<b>(61,679,040)</b>	(54,869,475)

The Company manages its liquidity risk by ensuring sufficient un-availed borrowing facilities. As of 30 September 2021, unutilised bank borrowing facilities of SR 244.8 million (31 December 2020: SR 257.4 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.



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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

### 20 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.

### 21 COVID-19 IMPACT ASSESSMENT

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 centres remained closed from 5 February 2021 to 6 March 2021 i.e. 30 days (2020: 15 March 2020 to 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 DIVIDENDS

On 27 Dhul Hijjah 1442H (corresponding to 06 August 2021), the Board of Directors, resolved to distribute interim cash dividends of SR 0.45 per share amounting to SR 23.57 million for the first half of 2021. Dividends have been fully paid during the period.

### 23 EVENTS AFTER REPORTING PERIOD

In the opinion of management, there have been no further significant subsequent events since the period ended 30 September 2021 that would have a material impact on the financial position of the Company as reflected in these interim condensed financial statements.

### 24 COMPARATIVE FIGURES

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

<i>Reclassification from</i>	<i>Reclassification to</i>	<i>Amount (SR)</i>
Other expenses- Impairment loss	Impairment loss on property and equipment	6,631,010
Other income- Advertising income	Revenue from contracts with customers	4,087,145
Finance costs- Bank charges and commissions	General and administration expenses	2,975,749
Other income - rent concessions	Cost of revenue	3,614,548