

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

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

FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

Index	Pages
Independent auditor's review report	1-2
Interim condensed statement of profit or loss	3
Interim condensed statement of comprehensive income	4
Interim condensed statement of financial position	5
Interim condensed statement of changes in equity	6
Interim condensed statement of cash flows	7-8
Notes to the interim condensed financial statements	9-23



Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821

Tel: +966 11 215 9898

+966 11 273 4740

Fax: +966 11 273 4730

ey.ksa@sa.ey.com

ey.com

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 31 March 2022, and the related interim condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months 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:

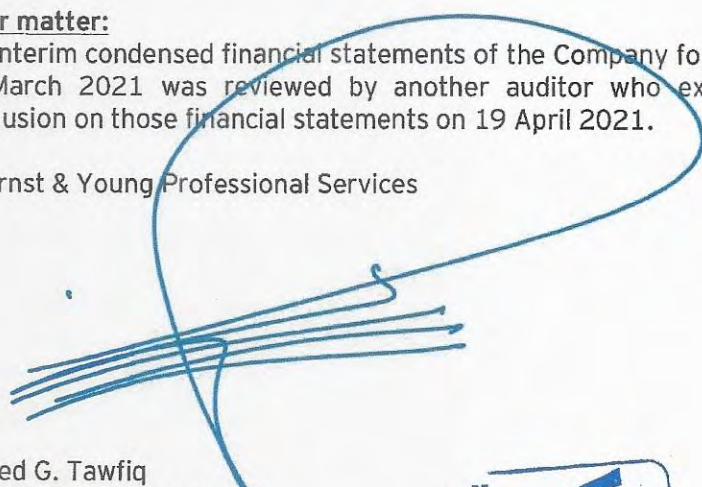
We draw attention to note 16 to the interim condensed financial statements. As stated therein, during the year ended 31 December 2021, management has received an assessment order from the Zakat, Tax and Customs Authority ("ZATCA") on the ground that part of the Company's profits for the year 2015 were 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 interim condensed financial statements of the Company for the three months period ended 31 March 2021 was reviewed by another auditor who expressed an unmodified review conclusion on those financial statements on 19 April 2021.

for Ernst & Young Professional Services



Waleed G. Tawfiq
Certified Public Accountant
License No. 437

Riyadh: 20 Ramadhan1443H
21 April 2022



LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

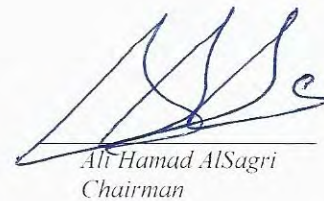
	Notes	For the three-months period ended 31 March	
		2022 SR	2021 SR
Revenue	5	231,621,174	148,543,743
Cost of revenue	6	(145,903,196)	(118,071,609)
GROSS PROFIT		85,717,978	30,472,134
General and administrative expenses		(23,131,772)	(21,012,150)
Advertising and marketing expenses		(3,837,134)	(3,734,794)
Impairment of non-financial assets		-	(1,230,649)
(Allowance) / reversal of allowance for expected credit losses		(62,987)	80,493
OPERATING PROFIT		58,686,085	4,575,034
Finance costs	7	(11,494,711)	(11,548,603)
PROFIT / (LOSS) BEFORE ZAKAT		47,191,374	(6,973,569)
Zakat	16	(1,177,000)	-
PROFIT / (LOSS) FOR THE PERIOD		46,014,374	(6,973,569)
EARNINGS / (LOSS) PER SHARE			
Basic and diluted earnings / (loss) per share	8	0.88	(0.14)



Mohammad Merajuddin
Chief Financial Officer



Adnan Abdullah Al Khalaf
Chief Executive Officer



Ali Hamad AlSagri
Chairman

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

	2022 SR	2021 SR
Net profit / (loss) for the period	46,014,374	(6,973,569)
Other comprehensive income <i>Item that will not be reclassified to statement of profit or loss in subsequent periods:</i>		
Re-measurement (loss) / gain on employees end of service benefits obligation	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	46,014,374	(6,973,569)



Mohammad Merajuddin
Chief Financial Officer



Adnan Abdullah Al Khalaf
Chief Executive Officer




Ali Hamud AlSagri
Chairman


LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)


INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	31 March 2022 SR (Unaudited)	31 December 2021 SR (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	9	1,503,375,721	1,509,992,894
Right-of-use assets	10	767,617,060	787,384,535
Intangible assets		3,394,841	3,058,447
Goodwill		9,445,544	9,445,544
Advances to suppliers and contractors		33,428,337	33,741,377
TOTAL NON- CURRENT ASSETS		2,317,261,503	2,343,622,797
CURRENT ASSETS			
Inventories		10,619,897	10,222,768
Prepayments and other current assets		27,132,739	36,333,370
Trade receivables	12	26,182,741	23,753,088
Cash and cash equivalents	13	148,315,339	179,886,073
TOTAL CURRENT ASSETS		212,250,716	250,195,299
TOTAL ASSETS		2,529,512,219	2,593,818,096
EQUITY AND LIABILITIES			
EQUITY			
Share capital		523,833,610	523,833,610
Statutory reserve		81,224,677	76,623,240
Retained earnings		199,952,232	204,112,819
TOTAL EQUITY		805,010,519	804,569,669
NON-CURRENT LIABILITIES			
Borrowings	14	217,117,491	238,038,485
Lease liabilities	10	849,400,003	861,584,948
Employees' end of service benefits		42,367,043	41,421,197
TOTAL NON-CURRENT LIABILITIES		1,108,884,537	1,141,044,630
CURRENT LIABILITIES			
Borrowings	14	121,775,022	126,912,106
Lease liabilities	10	79,811,821	79,898,303
Accounts payable		75,851,894	80,865,297
Accrued expenses and other current liabilities	15	54,508,826	54,425,849
Deferred revenue		276,423,084	300,032,726
Provision for zakat	16	7,246,516	6,069,516
TOTAL CURRENT LIABILITIES		615,617,163	648,203,797
TOTAL LIABILITIES		1,724,501,700	1,789,248,427
TOTAL EQUITY AND LIABILITIES		2,529,512,219	2,593,818,096


Mohammad Merajuddin
Chief Financial Officer


Adnan Abdullah Al Khalaf
Chief Executive Officer

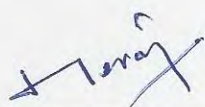

Ali Hamad AlSagri
Chairman

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

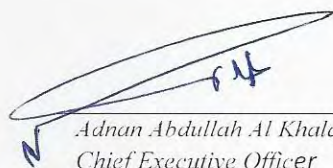
LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

	Capital SR	Statutory Reserve SR	Retained earnings SR	Total SR
As at 1 January 2021	523,833,610	56,021,218	84,629,236	664,484,064
Loss for the period	-	-	(6,973,569)	(6,973,569)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(6,973,569)	(6,973,569)
As at 31 March 2021	523,833,610	56,021,218	77,655,667	657,510,495
As at 1 January 2022	523,833,610	76,623,240	204,112,819	804,569,669
Profit for the period	-	-	46,014,374	46,014,374
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	46,014,374	46,014,374
Transfer to statutory reserve	-	4,601,437	(4,601,437)	-
Dividends (note 22)	-	-	(45,573,524)	(45,573,524)
As at 31 March 2022	523,833,610	81,224,677	199,952,232	805,010,519



Mohammad Merajuddin
Chief Financial Officer



Adnan Abdullah Al Khalaf
Chief Executive Officer



Ali Hamad AlSagri
Chairman

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

AB
cc

LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)
 INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
 FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

	Notes	For the three-months period ended	
		31 March	
		2022	2021
		SR	SR
		(Unaudited)	(Unaudited)
OPERATING ACTIVITIES			
Profit / (loss) before zakat		47,191,374	(6,973,569)
Adjustments to reconcile profit / (loss) before zakat to net cash flows:			
Depreciation of property and equipment		36,912,071	33,365,673
Depreciation of right-of-use assets	10	18,576,528	17,130,971
Amortization of intangible assets		410,230	29,085
Impairment loss of property and equipment		-	1,230,649
Rent concessions on lease payments		(1,246,537)	(3,116,888)
Allowance / (reverse) for expected credit losses		62,987	(80,493)
Finance costs	7	11,494,711	11,548,603
Provision for employees' end of service benefits		2,313,115	2,111,702
		<u>115,714,479</u>	<u>55,245,733</u>
Working capital changes:			
Inventories		(397,129)	(202,757)
Prepayments and other current assets		9,200,631	(3,564,590)
Trade receivables		(2,492,640)	608,420
Accounts payable		(5,013,403)	8,291,265
Accrued expenses and other current liabilities		(108,518)	(13,136,598)
Deferred revenue		(23,609,642)	(5,093,646)
Cash from operations		<u>93,293,778</u>	<u>42,147,827</u>
Employees' end of service benefits paid		(1,367,269)	(936,398)
Net cash from operating activities		<u>91,926,509</u>	<u>41,211,429</u>
INVESTING ACTIVITIES			
Property and equipment, net		(28,280,574)	(21,684,166)
Intangible assets		(746,623)	(182,000)
Net cash used in investing activities		<u>(29,027,197)</u>	<u>(21,866,166)</u>
FINANCING ACTIVITIES			
Proceeds from borrowings		4,606,309	9,663,548
Repayments of borrowings		(30,664,387)	(24,711,186)
Finance cost paid		(1,849,494)	(2,290,876)
Dividend paid		(45,573,524)	-
Payment of lease liabilities		(20,988,950)	(33,308,774)
Net cash used in financing activities		<u>(94,470,046)</u>	<u>(50,647,288)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(31,570,734)</u>	<u>(31,302,025)</u>
Cash and cash equivalents at the beginning of the period		179,886,073	258,073,877
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>148,315,339</u>	<u>226,771,852</u>

The attached notes 1 to 25 form an integral 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 THREE-MONTHS PERIOD ENDED 31 MARCH 2022

For the three-months period ended
31 March

	2022	2021
	SR	SR
<u>SIGNIFICANT NON-CASH TRANSACTIONS</u>		
Additions to right-of-use assets and corresponding lease liability	-	35,401,066
Capitalization of borrowing cost	119,704	531,426
Capitalization of right-of-use depreciation	1,190,945	1,043,370
Interest on lease liabilities capitalized for under construction fitness centers	390,636	664,162



Mohammad Merajuddin
Chief Financial Officer



Adnan Abdullah Al Khalaf
Chief Executive Officer



Ali Hamad AlSagri
Chairman

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

LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

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 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 Company needs to use. The Company’s operations 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 three months period ended 31 March 2022 were authorized for issuance in accordance with the Board of Directors resolution on 20 Ramadhan 1443H (corresponding to 21 April 2022) .

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 2021. In addition the results of the operations for the period ended 31 March 2022 do not necessarily represent an indicator for the results of the operations for the year ending 31 December 2022.

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.

LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

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.

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

As at 31 March 2022, 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 2021.

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 2021.

4.2 New standards, amendments to standards and interpretations applicable from 1 January 2022

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 2022, but do not have a material effect on these condensed interim financial statements.

4.2.1 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.

The amendments are not expected to have a material impact on the interim condensed Company's financial statements.

LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

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

4.2.2 Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations 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 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed financial statements of the Company as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

4.2.3 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of 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.

These amendments had no impact on the interim condensed financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

4.2.4 IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

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. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

5 REVENUE

<i>Type of services</i>	<i>For the three-months period ended 31 March</i>	
	2022	2021
	SR (Unaudited)	SR (Unaudited)
Subscriptions and membership	201,489,159	129,620,121
Personal training	24,271,206	15,846,397
Rental income	3,159,617	1,454,517
Others	2,701,192	1,622,708
	<u>231,621,174</u>	<u>148,543,743</u>

Set out below is the disaggregation of the Company's revenue from contracts with customers, for the three-months period ended 31 March, based on male and female centers offerings and segmented by primary geographical regions:

<i>Types of customers</i>	<i>Subscriptions and membership</i>		<i>Personal training</i>		<i>Rental income</i>	
	<i>For the three-months period ended 31 March</i>					
	2022	2021	2022	2021	2022	2021
	SR (Unaudited)					
Male centers	154,850,466	98,305,186	16,376,482	11,131,442	1,971,914	1,112,796
Female centers	46,638,693	31,314,935	7,894,724	4,714,955	1,187,703	341,721
	<u>201,489,159</u>	<u>129,620,121</u>	<u>24,271,206</u>	<u>15,846,397</u>	<u>3,159,617</u>	<u>1,454,517</u>
<i>Geographical markets</i>						
Central region	85,961,171	54,385,182	10,734,305	7,075,501	1,810,505	912,938
Western region	80,715,300	51,257,064	8,093,103	5,027,857	1,161,308	498,196
Eastern region	30,876,111	21,184,818	4,048,642	2,212,762	187,804	43,383
UAE	3,936,577	2,793,057	1,395,156	1,530,277	-	-
	<u>201,489,159</u>	<u>129,620,121</u>	<u>24,271,206</u>	<u>15,846,397</u>	<u>3,159,617</u>	<u>1,454,517</u>

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

LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

6 COST OF REVENUE

	<i>For the three-months period ended 31 March</i>	
	2022 SR <i>(Unaudited)</i>	2021 SR <i>(Unaudited)</i>
Salaries and related benefits	55,139,017	39,017,705
Depreciation of property and equipment	36,220,998	32,271,418
Depreciation of right-of-use assets (note 10)	18,326,045	16,880,488
Utility	13,079,073	10,747,912
Cleaning and maintenance	16,019,445	9,643,996
Others	8,365,155	12,626,978
Rent concessions on lease payments (note 10)	(1,246,537)	(3,116,888)
	<u>145,903,196</u>	<u>118,071,609</u>

7 FINANCE COST

	<i>For the three-months period ended 31 March</i>	
	2022 SR <i>(Unaudited)</i>	2021 SR <i>(Unaudited)</i>
Profit on borrowings	1,921,283	2,421,159
Finance cost on lease liabilities (note 10)	9,573,428	9,127,444
	<u>11,494,711</u>	<u>11,548,603</u>

8 EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings / (loss) per share is calculated by dividing the net profit (loss) the period ended 31 March 2022 and 31 March 2021, by the weighted average number of shares outstanding at the end of the respective period, which consisted of 52.38 million shares as at 31 March 2022 (31 March 2021: 52.38 million shares).

9 PROPERTY AND EQUIPMENT

During the three-months period ended 31 March 2022, the Company has purchased assets with a cost of SR 30.7 million (three-months period ended 31 March 2021: SR 13.02 million).

The total borrowing costs capitalised under capital work in progress during the period amounted to SR 0.1 million (three-months period ended 31 March 2021: SR 0.5 million).

During the current period, the Company hasn't recorded an impairment loss (three-months period ended 31 March 2021: SR 1.2 million against the closure of one of the fitness centers).

As at 31 March 2022, the Company had secured borrowings against mortgages on land (Note 14) owned by the Company with a cost of SR 58.5 million.

LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

10 LEASES

During the three-months period ended 31 March 2022, the Company has recognised right-of-use assets against lease of land for construction of new fitness centres facilities amounting to non (three-months period ended 31 March 2021: SR 35.4 million). The lease liabilities recognised against these right of use assets amounted to SR non (three-months period ended 31 March 2021: SR 35.4 million).

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

	<i>For the three-months period ended 31 March</i>	
	<i>2022</i>	<i>2021</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	18,576,528	17,130,971
Capitalised for under construction fitness centres	(1,190,945)	(1,043,370)
	<u>17,385,583</u>	<u>16,087,601</u>
Interest expense on lease liabilities		
Interest expense for the period	9,573,428	9,127,444
Capitalised for under construction fitness centres	(390,636)	(664,162)
	<u>9,182,792</u>	<u>8,463,282</u>
Total amount recognized in profit or loss	<u>26,568,375</u>	<u>24,550,883</u>

The total rent concessions on lease payments recognised during the period amounted to SR 1.2 million (three-months period ended 31 March 2021: SR 3.1 million). These have recognised under cost of revenue in the interim condensed statement of profit or loss.

During the period, The Company does not has any cancelled lease contracts comparing with period ended 31 March 2021 the Company has cancelled 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 three-months period ended 31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Right of assets derecognized	-	426,699
Lease liabilities derecognized	-	(533,878)

LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

11 RELATED PARTIES TRANSACTIONS AND BALANCES

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

The following are the details of the major related party transactions occurred during the three months period ended 31 March 2022:

<i>Name of Related party</i>	<i>Nature of relationship</i>	<i>Nature of transactions</i>	2022 SR (Unaudited)	2021 SR (Unaudited)
Directors and key management personnel	Key management personnel	Remuneration	1,947,345	1,675,993
Hamad Ali AlSagri	Shareholder	Lease rentals paid to a shareholder	3,584,167	2,487,123
AlSagri Holding	Shareholder affiliate	Subscriptions sold	81,992	170,840

Amounts due from related parties as of 31 March 2022 amounting to SR 69,993 (31 December 2021: SR 45,443) 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

12 TRADE RECEIVABLES

	31 March 2022 SR (Unaudited)	31 December 2021 SR (Audited)
Subscriptions and membership receivables	16,869,224	14,642,908
Rental receivables	15,575,130	15,308,806
	32,444,354	29,951,714
Less: Allowance for expected credit losses		
- Subscriptions and membership receivables	(168,789)	(77,343)
- Rental receivables	(6,092,824)	(6,121,283)
	26,182,741	23,753,088

LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

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>31 March 2022</i>	<i>31 December 2021</i>
	SR	SR
	<i>(Unaudited)</i>	<i>(Audited)</i>
Cash in hand	2,780,660	1,481,434
Cash at bank – current accounts	145,534,679	128,404,639
Short term deposits (note a)	-	50,000,000
	<u>148,315,339</u>	<u>179,886,073</u>

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 less than three months.

14 BORROWINGS

	<i>31 March 2022</i>	<i>31 December 2021</i>
	SR	SR
	<i>(Unaudited)</i>	<i>(Audited)</i>
Non-current portion of long-term borrowings	217,117,491	238,038,485
Current portion of long-term borrowings	121,775,022	126,912,106
	<u>338,892,513</u>	<u>364,950,591</u>

As at 31 March 2022, the Company had unutilized bank financing facilities amounting to SR 189.4 million (31 December 2021: SR 193.6 million) to manage its short-term and long-term liquidity requirements and for construction of the fitness centers. The facilities have been secured by the Company.

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 Company to maintain certain levels of current and leverage ratios and certain restriction on dividend distribution and also notify the bank of any breach or probable breach immediately.

The Company has entered into an interest rate swap (IRS) with notional amount of SR 30 million with a local commercial bank. The IRS agreement require the Company to pay a fixed rate of interest of 3.68% as on 31 March 2022 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 31 March 2022, the Company had secured borrowings against mortgages on land (Note 9) owned by the Company with a cost of SR 58.5 million.

LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

15 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>31 March</i> 2022 SR <i>(Unaudited)</i>	<i>31 December</i> 2021 SR <i>(Audited)</i>
Accrued expenses	46,940,867	42,267,901
Advances from customers	2,635,254	6,876,241
Value added tax (VAT) payable	4,932,705	5,281,707
	54,508,826	54,425,849

16 ZAKAT

16.1 Charge for the period

During the period, a zakat charge of SR 1.17 million have been recognised in the interim condensed statement of profit or loss based on the expected zakat base for the year 2022.

16.2 Status of assessments

The Company has submitted its zakat returns for the years up to 2020. The Company has received zakat certificates from the Zakat, Tax and Customs Authority ("ZATCA") for all the years up to 31 December 2020 and has received final assessments from ZATCA for the years up to 2015.

However, during the prior year, 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 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 are currently under review by the ZATCA. On 9 June 2021, the ZATCA raised some queries related to the years 2019 and 2020, which were responded. The ZATCA has not issued a final assessment to date.

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)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

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 outflows, 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.

The Company's bankers have issued letters of guarantees amounting to SR 4.59 million as at 31 March 2022 (31 December 2021: SAR 4.99 million) against land lease and letter of credit amounting to SR 48.7 million (31 December 2021: 41.2).

17.2 Capital commitments

The Company has capital commitments on contracts for setting up fitness centers amounting to SR 38.88 million as at 31 March 2022 (31 December 2021: SR 41.8 million).

18 SEGMENTAL INFORMATION

18.1 Geographical segments

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

- Central Region
- Western Region
- Eastern Region
- International Region UAE

The following tables present revenue and profit / (loss) information for the geographical segments for period end.

As at and for year ended 31 March 2022

For the three-months period ended 31 March 2022

	<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	100,483,697	90,430,947	35,298,453	5,408,077	231,621,174
Depreciation on plant and equipment	(16,297,714)	(13,894,182)	(5,135,247)	(1,584,928)	(36,912,071)
Depreciation of right-of-use assets	(7,947,631)	(7,088,005)	(2,776,386)	(764,506)	(18,576,528)
Other Operating costs	(49,454,232)	(45,906,162)	(16,234,464)	(4,160,033)	(115,754,891)
Segment profit / (loss)	26,784,120	23,542,598	11,152,356	(1,101,390)	60,377,684

LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

18 SEGMENTAL INFORMATION (Continued)

18.1 Geographical segments (continued)

For the three-months period ended 31 March 2021

	<i>Central Region</i>	<i>Western Region</i>	<i>Eastern Region</i>	<i>International Region – UAE</i>	<i>Total</i>
SR (Unaudited)					
Revenues	63,803,047	56,918,779	23,491,926	4,329,991	148,543,743
Depreciation on property and equipment	(14,481,504)	(13,129,383)	(4,808,418)	(946,368)	(33,365,673)
Depreciation of right-of-use assets	(6,941,796)	(6,855,533)	(2,694,354)	(639,288)	(17,130,971)
Other Operating costs	(41,144,790)	(38,579,528)	(13,317,765)	(4,033,169)	(97,075,252)
Segment profit / (loss)	1,234,957	(1,645,665)	2,671,389	(1,288,834)	971,847

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

As at 31 March 2022

	<i>Central Region</i>	<i>Western Region</i>	<i>Eastern Region</i>	<i>International Region – UAE</i>	<i>Total</i>
SR (Unaudited)					
Total assets	1,069,947,543	1,061,966,849	277,654,325	119,943,502	2,529,512,219
Total Liabilities	918,188,221	566,119,290	136,361,481	103,832,708	1,724,501,700

As at 31 December 2021

	<i>Central Region</i>	<i>Western Region</i>	<i>Eastern Region</i>	<i>International Region – UAE</i>	<i>Total</i>
SR (Audited)					
Total assets	1,124,927,221	1,059,011,246	291,738,340	118,141,289	2,593,818,096
Total Liabilities	850,379,020	664,557,578	174,346,331	99,965,498	1,789,248,427

LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (Continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

18 SEGMENTAL INFORMATION (Continued)

18.2 Market segments

The following tables present revenue and profit (loss) information for the operating segments for three-months period ended 31 March 2022 and 2021, respectively:

	<i>Male Fitness Centers</i>		<i>Female Fitness Centers</i>		<i>Total</i>	
	2022	2021	2022	2021	2022	2021
	SR	SR	SR	SR	SR	SR
Revenue	175,446,683	112,069,395	56,174,491	36,474,348	231,621,174	148,543,743
Depreciation - property & equipment	(25,101,541)	(22,949,471)	(11,810,530)	(10,416,202)	(36,912,071)	(33,365,673)
- right-of-use assets	(12,929,569)	(11,795,380)	(5,646,959)	(5,335,591)	(18,576,528)	(17,130,971)
Other operating costs	(84,085,867)	(72,153,280)	(31,669,024)	(24,921,972)	(115,754,891)	(97,075,252)
Segment profit / (loss)	53,329,706	5,171,264	7,047,978	(4,199,417)	60,377,684	971,847

The following table presents assets and liabilities information for the Company's operating segments as at 31 March 2022 and 31 December 2021, respectively:

	<i>Male Fitness Centers</i>		<i>Female Fitness Centers</i>		<i>Total</i>	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	SR	SR	SR	SR	SR	SR
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Total assets	849,667,994	886,498,602	1,679,844,225	1,707,319,494	2,529,512,219	2,593,818,096
Total Liabilities	1,337,295,313	1,343,095,840	387,206,387	446,152,587	1,724,501,700	1,789,248,427

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

	<i>For the three-months period ended 31 March</i>	
	2022	2021
	SR	SR
	(Unaudited)	(Unaudited)
Segment profit (loss)	60,377,684	971,847
Unallocated head office costs		
Advertising and marketing expenses	(3,837,134)	(3,734,794)
General and administration expenses	(9,349,176)	(4,210,622)
Profit (loss) before zakat	47,191,374	(6,973,569)

LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

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:

	<i>31 March 2022 SR (Unaudited)</i>	<i>31 December 2021 SR (Audited)</i>
Equity	805,010,519	804,569,669
Liabilities (excluding deferred revenue)	1,448,078,616	1,489,215,701
Total capital structure (excluding deferred revenue)	2,253,089,135	2,293,785,370
Gearing ratio	64.27%	64.92%
Current ratio (excluding deferred revenue)	0.63	0.72
As at 31 March 2022, the management also analyses the liquidity risk as follows:		
	<i>31 March 2022 SR (Unaudited)</i>	<i>31 December 2021 SR (Audited)</i>
Current financial assets	174,498,080	203,639,161
Current liabilities excluding deferred revenue	(339,194,079)	(348,171,071)
Adjusted net current financial liability position	(164,695,999)	(144,531,910)

The Company manages its liquidity risk by ensuring sufficient un-availed borrowing facilities. As of 31 March 2022, unutilised bank borrowing facilities of SR 189.4 million (31 December 2021: SR 193.6 million) were available from multiple banks for managing the working capital requirements. Moreover, the Company consistently generated SR 93 of cash flows from operating activities.

In relation to liquidity risk and going concern assessment of the Company, the management has developed comprehensive 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 THREE-MONTHS PERIOD ENDED 31 MARCH 2022

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.

During the three months period ended 31 March 2022 KSA and UAE have dropped most of COVID-19 restrictions and all the Company's fitness centers back to operate as normal with closing of business centers compared to the three months period ended 31 March 2021, the consequences of the Covid-19 pandemic have materially affected the Company's business since all the Company's fitness centers closed from 5 February 2021 to 6 March 2021 i.e. 30 days. This resulted in the suspension of sales of subscriptions to the customers as well as the suspension of revenue recognition during the three months period ended 31 March 2021 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 9 Rajab 1443H (corresponding to 10 February 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 fourth quarter of 2021. Dividends have been fully paid during the period and it will be subject to approval at annual general assembly meeting.

23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Company has assessed that fair values of the financial instruments comprising of trade and other receivables, short-borrowings, cash and cash equivalents, and trade and other payables approximate their carrying values significantly due to the short maturities of these financial instruments.

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 Company 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 Company can access at the measurement date;
- b- Level "2" inputs are inputs, 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.

LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

24 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 loss for comparative figures. The key reclassifications were as follows:

<i>Reclassification from</i>	<i>Reclassification to</i>	<i>Amount (SR)</i>
Other income - rent concessions	Cost of revenue	3,116,888

25 EVENTS AFTER THE REPORTING PERIOD

In the opinion of management, there have been no further significant subsequent events since the period ended 31 March 2022 that would have a material impact on the financial position of the Company as reflected in these interim condensed financial statements.