Leejam Sports Company

Investor Presentation

Q1 2020

Table of Contents

Action taken by LEEJAM to reduce impact of COVID 19

Employee Cost

- 70% of Saudi Employee were registered with SANED
- Working hours reduced for employees
- Outsourced employee contracts were suspended
- Govt. Levy on employee waived till Jun 2020

Other Cost

- SEC announced 30% cut on bills from April to Jun and also allowed us to defer 50% payment which is to be paid in 6 equal installments from Jan-2021
- Negotiating with suppliers to waive / defer payments
- Submitted letter to Land Loads to waive rental during lockdown period and defer due rental for 3m, response awaited
- Zakat and VAT payment deferred by 3 months

Cash Flow

- Bank Loans repayments deferred for 90 days
- Holding to adequate cash
- Bank facilities unutilized to ensure continuity of business
- VAT rate change impact is being assessed (waiting for GAZT guidelines)

Re-opening Plan

- Drafted outline for reopening of clubs and shared with MOS
- Maintenance done for most of our clubs & Opening 5 new clubs
- Marketing Campaign to start in June, targeting SR 100M subscription income
- High Standards on Hygiene and Social Distancing

2

Executive Summary

Largest Fitness center operator in the Region
An indigenous and localized Proud Saudi Brand

134

Operational Fitness Centers
(March 2020)
Added 2 Centers during Q1 2020

27%

Active Female Member

33 Female Centers as of, Mar 2020

255K

Active Members as at Mar 2020

Added 13K (net) compared to Mar 2019

Key Metrics

Revenue

196 SAR
Q1 2020
(10)% Growth

217 SAR
Q1 2019

Net Income

6 SAR
Q1 2020
(84)% Growth

40 SAR
Q1 2019

EBITDA

72 SAR
Q1 2020
(27)% Growth

99 SAR
Q1 2019

Gross Income

50 SAR
Q1 2020
(33)% Growth

75 SAR
Q1 2019

Corporate

283+
Corporate Customers

32K
Corporate Members

Members Count

255K
Active Member
Mar 2020
6% Growth

242k
Active Member
Mar 2019

Leejam Strategy

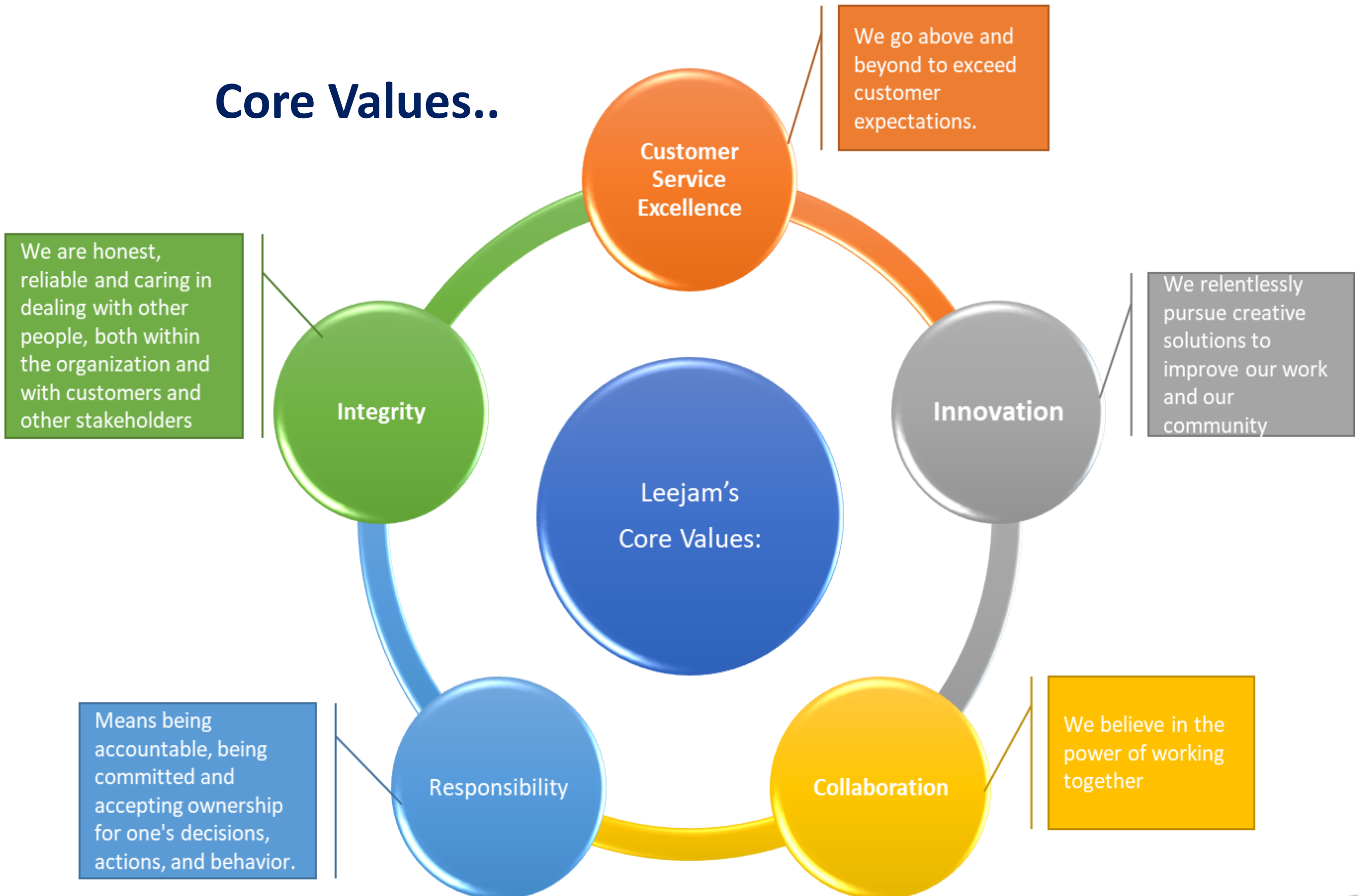
OUR VISION..

To be the People's **favorite** and most **accessible** Wellness Club

OUR MISSION..

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

Core Values..

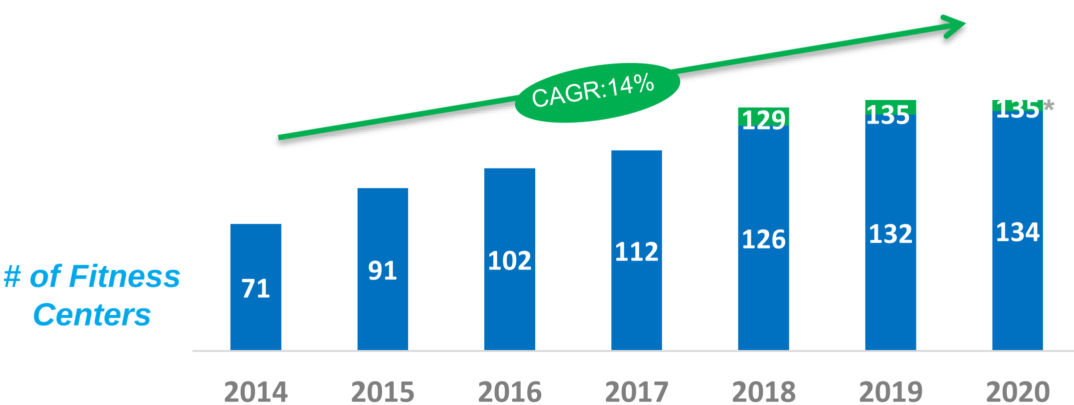


Leejam Strategic Pillars

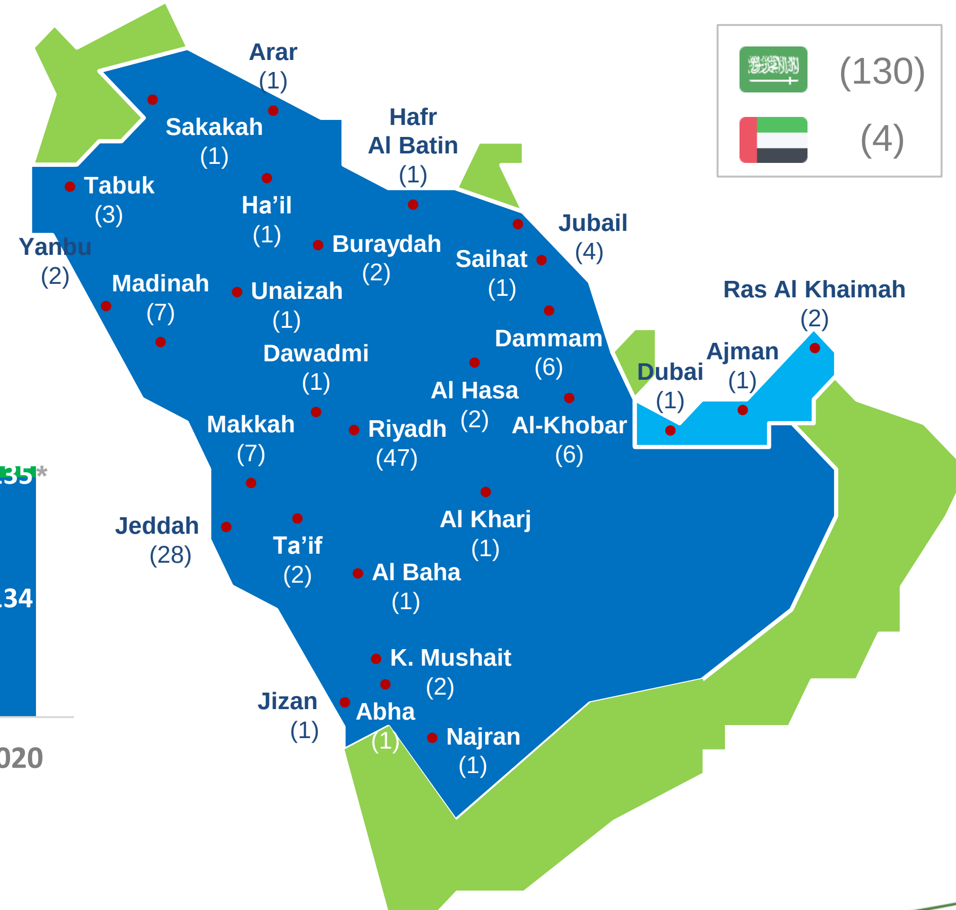
Market Leader with Strong Scale Advantage

Strong geographical footprint with presence in 28 cities

Fitness Centres Evolution



Geographic Footprint
(as of 31 December 2019)



Source: Company

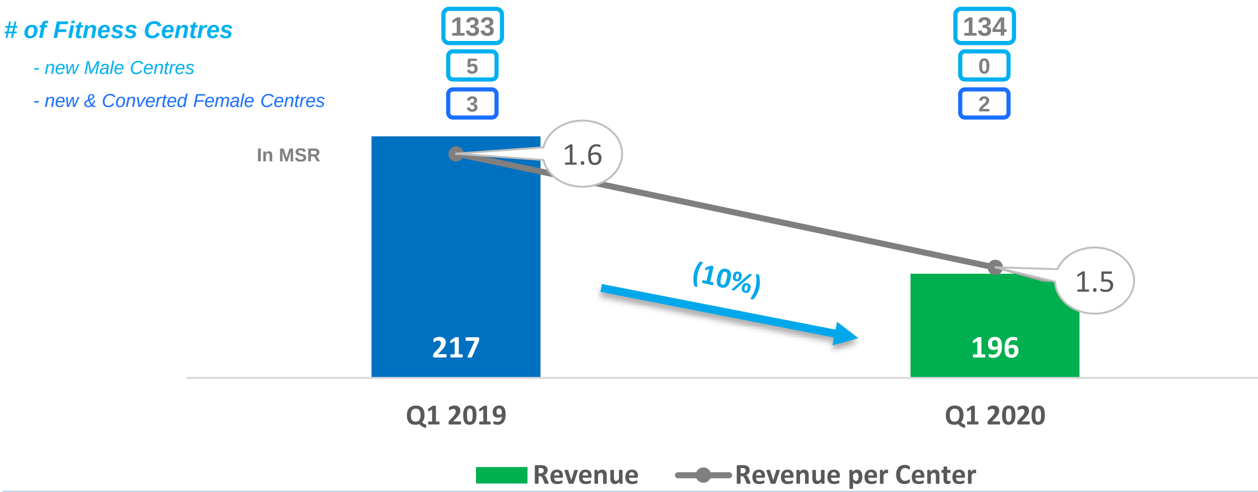
- As of 31 March 2020, 1 centers is currently closed for conversion to female centers.
- Awali & Fayha in Makkah opened during Q1,2020

3

Financial Performance

Revenue and Net Income

Revenue
(SAR million)

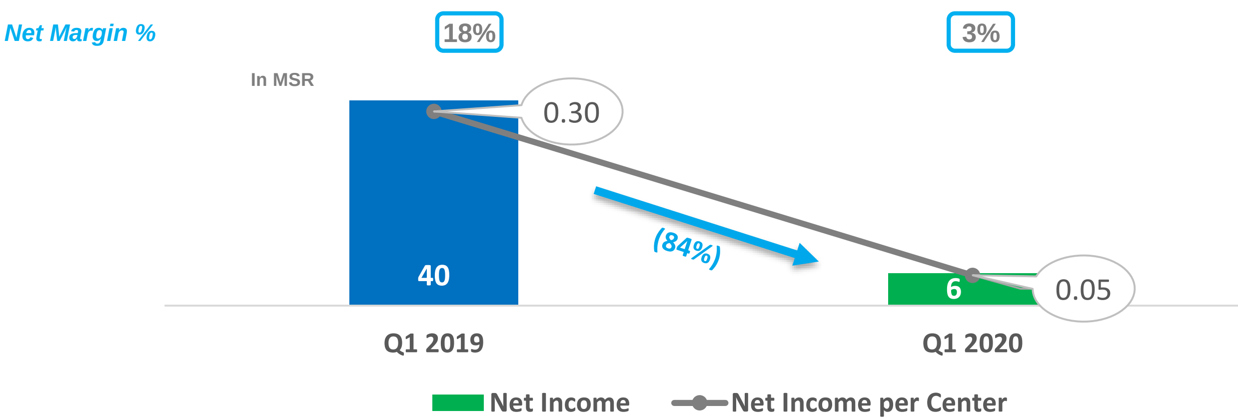


Key Messages:

❖ CY Revenue was 10% lower vs. LY, mainly due to:

- Impact of covid-19 pandemic approx.. SR 44M.
- Excluding the impact of covid-19 revenue of Q1 2020 would have been SR 240M with a growth of 11% mainly driven by::
  - LFL growth of 14% vs. LY mainly due to higher deferred revenue.
  - Ramp-up of Non-LFL centers opened during LY.
  - Revenue from of new centers opened in Q1 2020.

Net Income
(SAR million)



Key Messages:

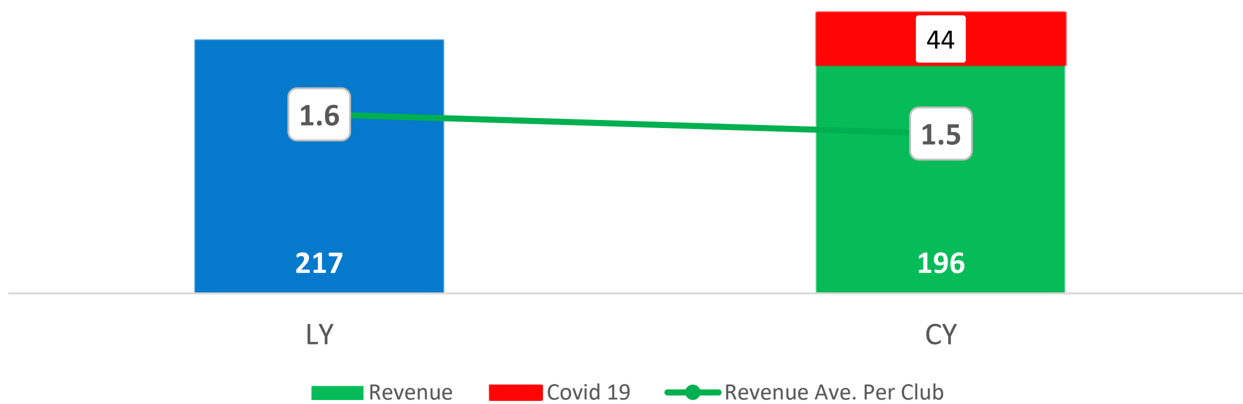
❖ 84% Q1 2020 net income decline primarily driven by:

- Impact of covid-19 pandemic
- Not recognizing revenue during lockdown period, however cost were there.

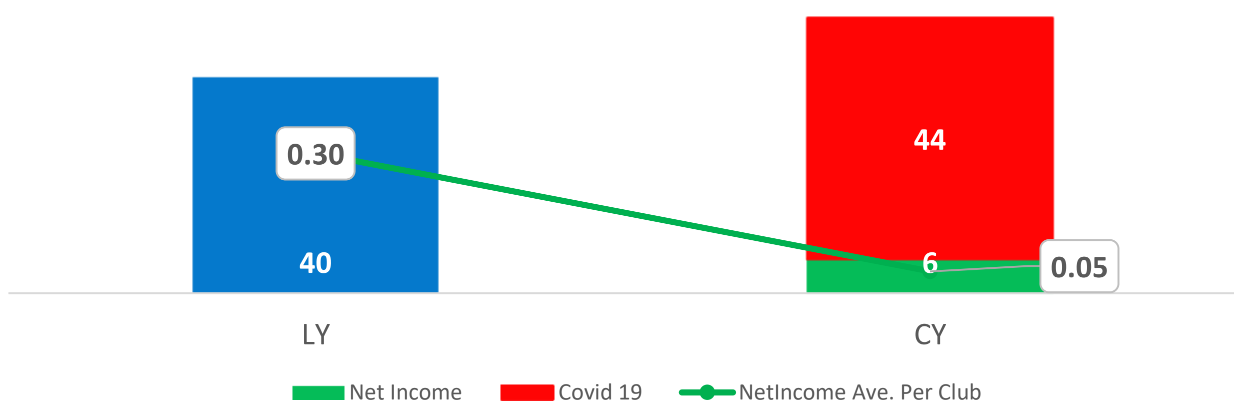
Excluding the impact of covid-19 net income of Q1 2020 would have been SR 50.6M with a growth 28%.

Revenue and Net Income . Excl. covid-19 Impact

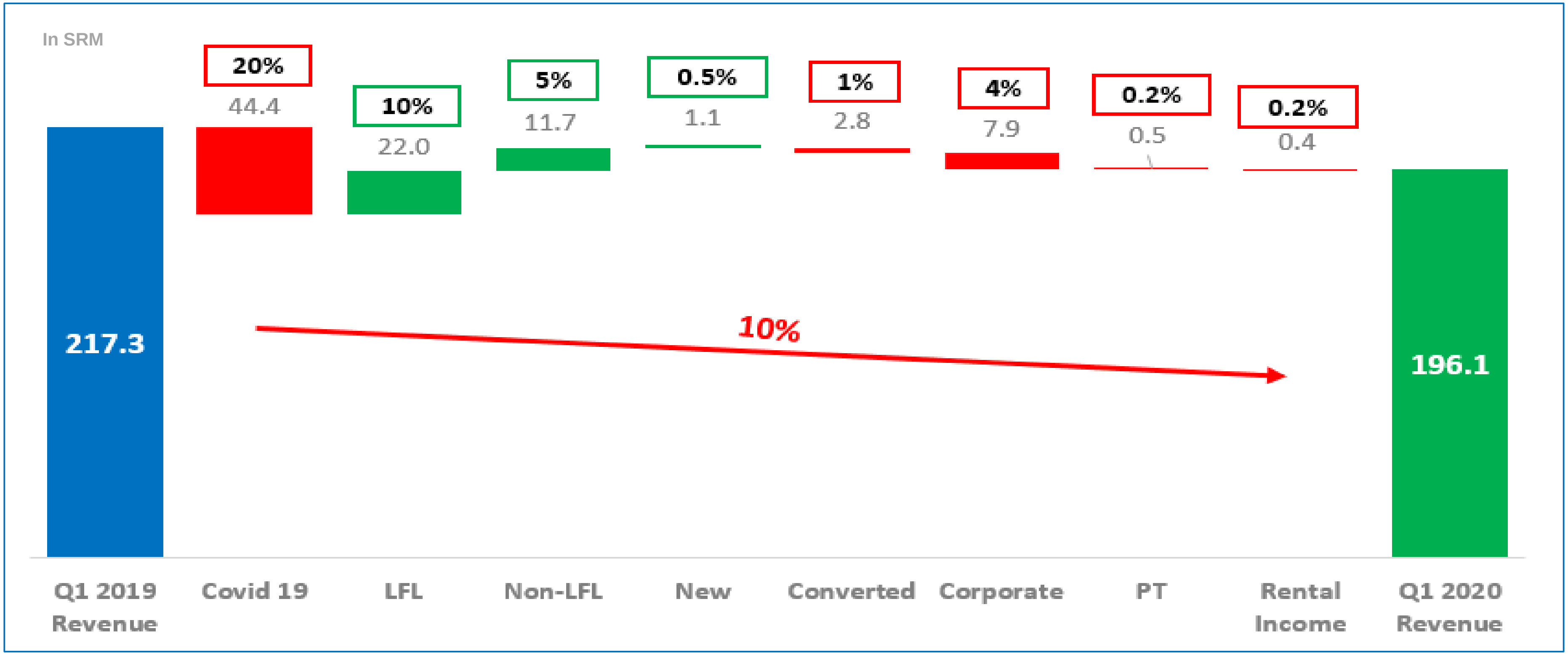
Revenue
(SAR million)



Net Income
(SAR million)



Q1 2020 vs. Q1 2019 Revenue Bridge



Key Messages:

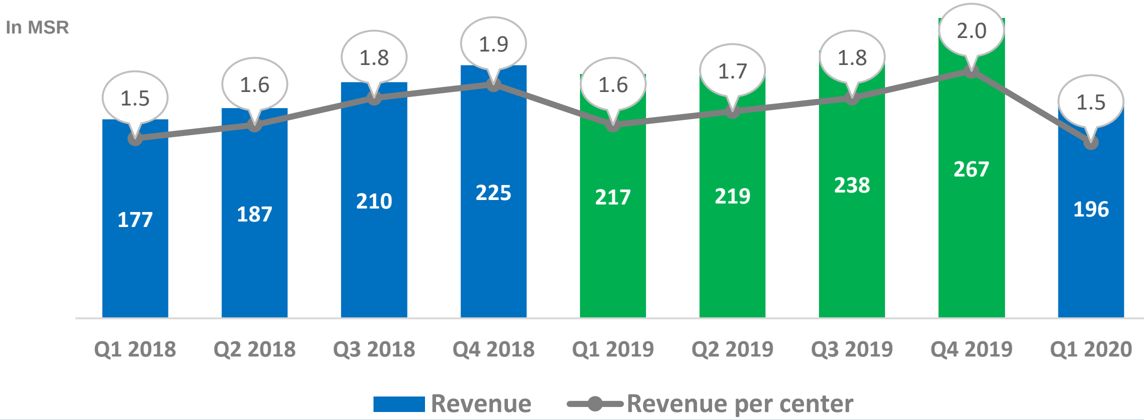
- Decrease in LFL revenue mainly driven by lower LFL subs. income by 40% vs. LY, mainly due to shorter campaigns and lower discounts during Jan and Feb and the fact that all clubs were closed since 16 Mar 20 (impact of covid-19 pandemic).
- Non- LFL includes 10 centers opened during 2019 mainly female clubs.
- Increase in PT subs. Income is not reflected in PT revenue mainly due to clubs closure. PT clubs has increased by 12 (CY: 98 vs. LY: 86) and improving PT utilization rate.

Notes:
LFL Centers are the centers operational for 24 month and above.
Non-LFL Centers are that were opened during last year.
New Centers: are centers that were opened during current year.

QOQ Growth

Revenue
(SAR million)

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
# of Fitness Centres	117	112	115	126	134	132	133	132	134
- new Male Centres	2	0	0	2	4	1	0	0	0
- new & Converted Female Centres	1	5	2	10	3	1	0	1	2

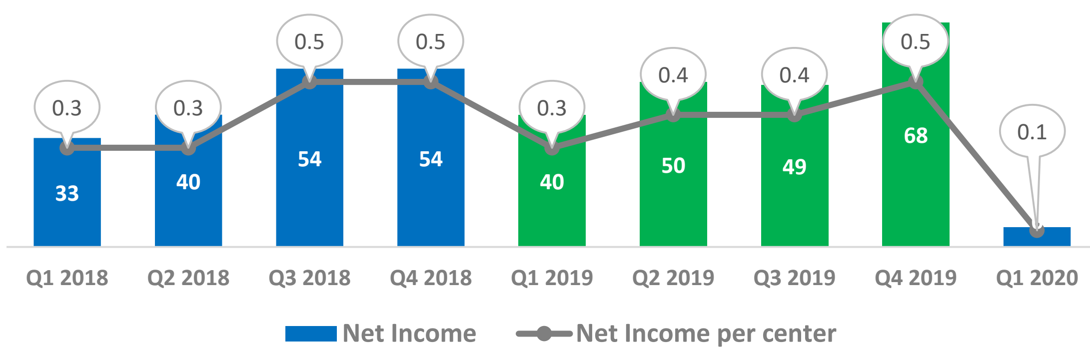


Key Messages:

- Excluding impact of covid-19 pandemic, Q1 2020 revenue would have a growth of 11% vs. Q1 2019

Net Income
(SAR million)

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Net Margin %	18%	21%	26%	24%	18%	23%	20%	25%	3%



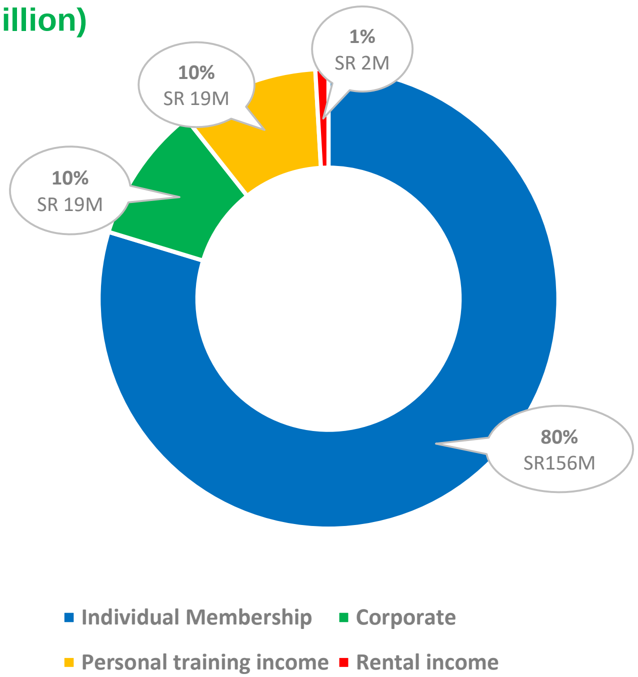
Key Messages:

- Excluding impact of covid-19 pandemic, Q1 2020 net income would have a growth of 28% vs. Q1 2019

Revenue Break-Down

Revenue by Type

(%, Q1 2020)
(SAR million)

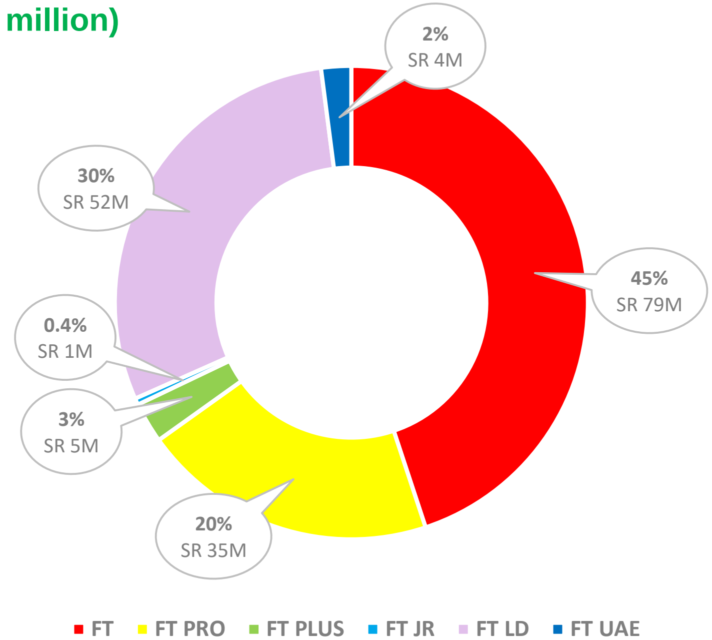


Revenue Breakdown	LY	CY	Δ	Δ%
Individual Membership	163	156	(7)	(4%)
Corporate	30	19	(12)	(38%)
Personal training income	22	19	(2)	(11%)
Rental income	2	2	(0)	(19%)
Total	**217**	**196**	**(21)**	**(10%)**

Source: Company

Center Revenue by Brand

(%, Q1 2020)
(SAR million)



No. of centers by category

Category	Q1 2020	2019	2018	2017
FT Men	53	53	49	50
PRO Men	42	42	41	42
Plus Men	2	2	4	4
Junior	3	3	4	8
Basic	0	0	0	0
Kidizenia	1	1	2	0
FT Female	26	24	20	4
PRO Female	6	6	6	4
Plus Female	1	1	0	0
Total	**134**	**132**	**126**	**112**

Q1 2020 vs Q4 2019 P&L

Statement of Profit / (Loss) In SRM	Q1 2019	Q1 2020	Q4 2019	Δ	Δ%
Revenue	217.3	196.1	267.4	(71.2)	(27%)
Costs of revenue	142.2	145.5	149.7	4.2	(3%)
Gross profit	**75.1**	**50.6**	**117.7**	**(67.0)**	**(57%)**
Gross profit Margin	***35%***	***26%***	***44%***	***(18%)***	***(18%)***
Advertising and marketing expenses	3.6	8.6	9.1	0.4	(5%)
General and administrative expenses	20.2	20.9	26.4	5.5	(21%)
Impairment loss on trade receivables	0.1	0.3	0.8	0.5	63%
Other income	2.4	1.6	2.2	(0.7)	(30%)
Operating profit	**53.6**	**22.3**	**83.6**	**(61.3)**	**(73%)**
Operating profit Margin	***25%***	***11%***	***31%***	***(20%)***	***(20%)***
Finance costs	13.0	15.7	15.1	0.6	(4%)
Net profit before Zakat	**40.6**	**6.6**	**68.5**	**(61.9)**	**(90%)**
Net profit before Zakat Margin	***19%***	***3%***	***26%***	***(22%)***	***(22%)***
Zakat	1.0	0.2	2.1	(2.0)	92%
Net profit	**40**	**6**	**66**	**(60.0)**	**(90%)**
Net profit Margin	***18%***	***3%***	***25%***	***(22%)***	***(22%)***
Covid 19 Impact	**0**	**44**	**0**	**44.4**	**0%**
Net Income Excl. Covid 19 Impact	**40**	**51**	**66**	**(15.6)**	**(23%)**
Net Income Excl. Covid 19 Impact Margin	**18%**	**26%**	**25%**	***1%***	***1%***
Earnings per share- basic and diluted	0.8	0.1	1.3	(1.1)	(90%)

Key Messages:

- CY Q1 Net income was lower by 22% vs. Q4 LY driven by 27% revenue decline partly offset by lower cost of revenue by 3% mainly attributable to lower personnel cost due to lower commission and lower utilities (lower no of operation days).
- Revenue decrease mainly due to; Lower membership revenue by SR 64.9M (27%), decrease in PT revenue by SR 5.8M (23%) and lower rental income by SR 0.6M (24%) mainly due to closure of all clubs since 16 Mar 2020 as precaution from spreading covid-19 pandemic.
- Advertising & marketing expenses were slightly lower due to media spend.
- SG&A expenses were lower due to low staff cost, and government cost.
- Other income decreased by SR 0.7M due to lower internal advertising.

لجام
LEEJAM

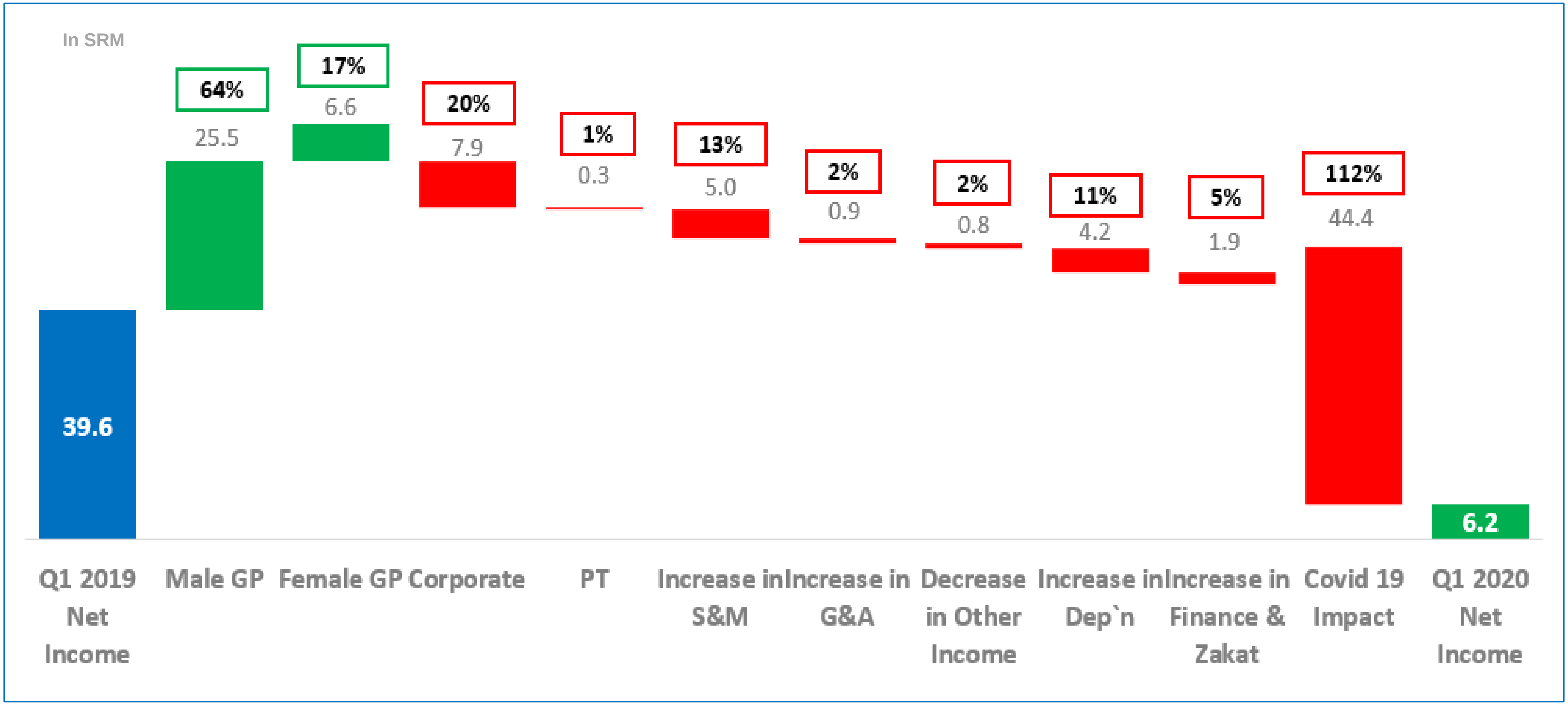
Q1 2020 P&L

Statement of Profit / (Loss) In SRM	Q1 2020	Q1 2019	Δ	Δ%
Revenue	196.1	217.3	(21.2)	(10%)
Costs of revenue	145.5	142.2	(3.2)	2%
Gross profit	**50.6**	**75.1**	**(24.5)**	**(33%)**
Gross profit Margin	***26%***	***35%***	***(9%)***	***(9%)***
Advertising and marketing expenses	8.6	3.6	(5.0)	140%
General and administrative expenses	20.9	20.2	(0.8)	4%
Impairment loss on trade receivables	0.3	0.1	(0.1)	(100%)
Other income	1.6	2.4	(0.8)	(34%)
Operating profit	**22.3**	**53.6**	**(31.2)**	**(58%)**
Operating profit Margin	***11%***	***25%***	***(13%)***	***(13%)***
Finance costs	15.7	13.0	2.8	(21%)
Net profit before Zakat	**6.6**	**40.6**	**(34.0)**	**(84%)**
Net profit before Zakat Margin	***3%***	***19%***	***(15%)***	***(15%)***
Zakat	0.2	1.0	(0.8)	83%
Net profit	**6**	**40**	**(33.1)**	**(84%)**
Net profit Margin	***3%***	***18%***	***(15%)***	***(15%)***
Covid 19 Impact	**44**	**0**	**44.4**	**0%**
Net Income Excl. Covid 19 Impact	**51**	**40**	**11.2**	**28%**
Net Income Excl. Covid 19 Impact Margin	**26%**	**18%**	***8%***	***8%***
Earnings per share- basic and diluted	0.1	0.8	(0.6)	(84%)

Key Messages:

- Revenue decline of SR 21M (10%) mainly due to lower subs, income by SR 61M (28%) due to lower Jan and Feb sales and closure of all clubs since 16 Mar 2020 due to covid-19 pandemic.
- Cost of revenue increased by SR 3.2M (2%) mainly due to increase in number of clubs, increase in depreciation, consumables, Govt expenses and Cleaning Charges
- Higher Advertising expenses of by SR 5.0M (140%) driven by increased marketing activities mainly higher social media presence.
- Increase in G&A expenses is mainly due to higher salaries (more HC incl. senior management positions) and higher provisions (doubtful debt and PP&E written off).
- Finance cost higher by SR 2.7M mainly due to increase number of operational clubs and higher loans balance to support expansion plan.

Q1 2020 vs. Q1 2019 Net Income Bridge

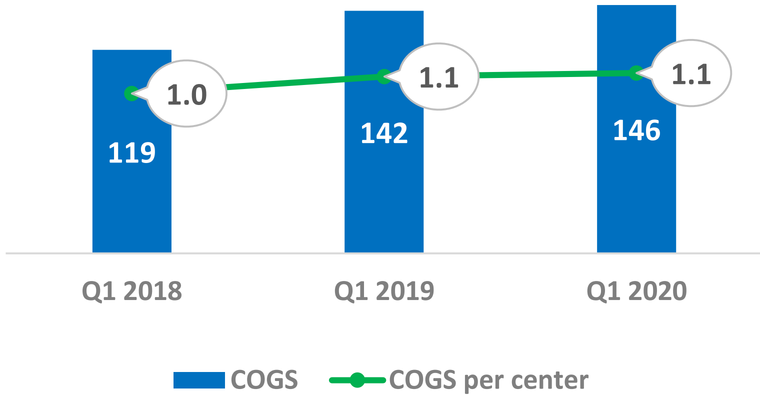


Key Messages:

❖ Due to the deep impact of covid-19 pandemic all business segment is showing decline compared to LY, as all clubs including all activities were subject to closure since 16 Mar 2020.

COGS & SG&A

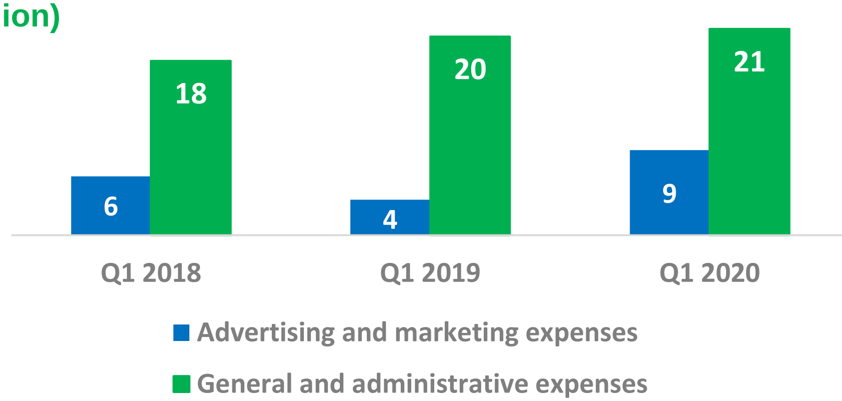
COGS
(SAR million)



Key Messages:

- 1% increase in average COGS / center is mainly due to higher operational cost of female centers (15-20% higher female salaries vs. male counterpart), consumables, repairs, rising government levies and cost of outsourced cleaners & security guards (legal requirement),

SG&A
(SAR million)

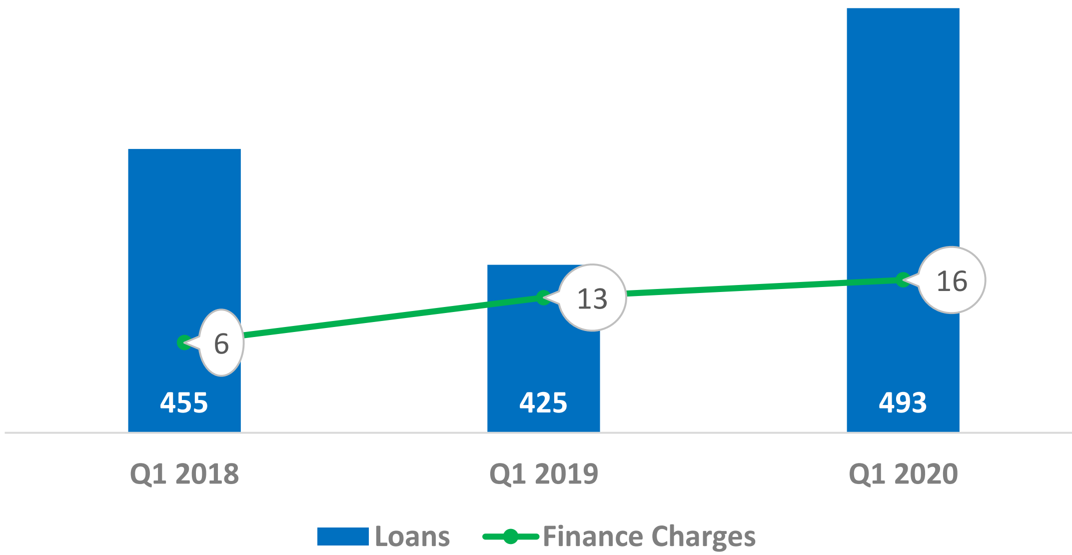


Key Messages:

- Increase in advertising & marketing cost mainly due to higher campaigns & longer durations, higher media spend and more activities to enhance customers awareness that will lead to improvements in realized price.
- General and administrative expenses were slightly higher by 4% due to:
  - Increase in staff cost and provisions for female center conversion and increase in professional fees and rising employees work permit cost.

Loans & Finance Charges

Loans and Finance Charges
(SAR million)



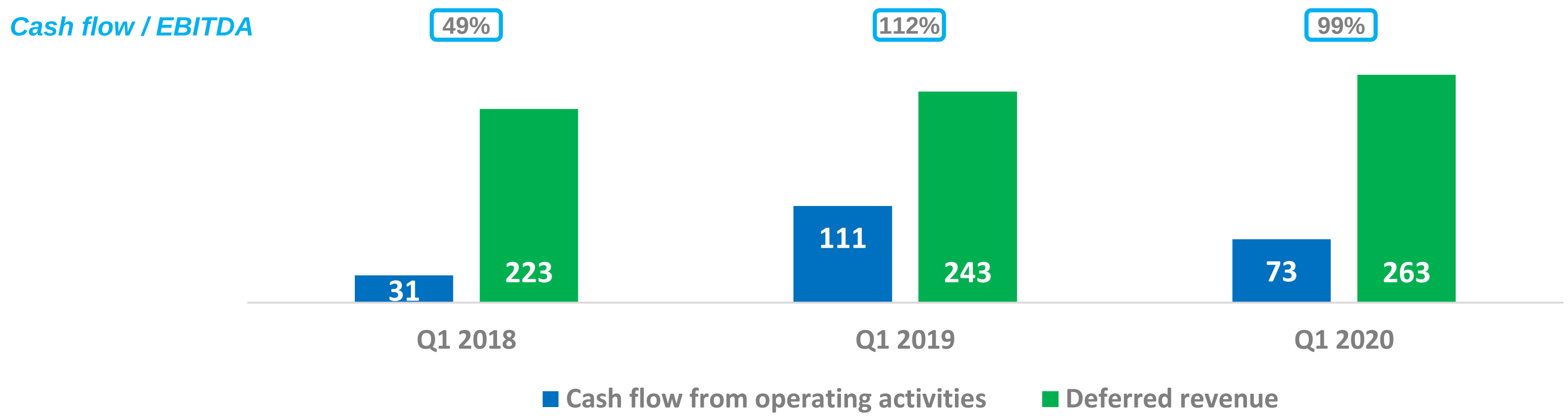
Key Messages:

- YOY Increase in loans to support center expansion.
- Approximate 50-60% split by managing the portfolio between floating & fixed rated borrowings.
- Weighted average cost of borrowings approximate 4%.

Cash Generation & Returns

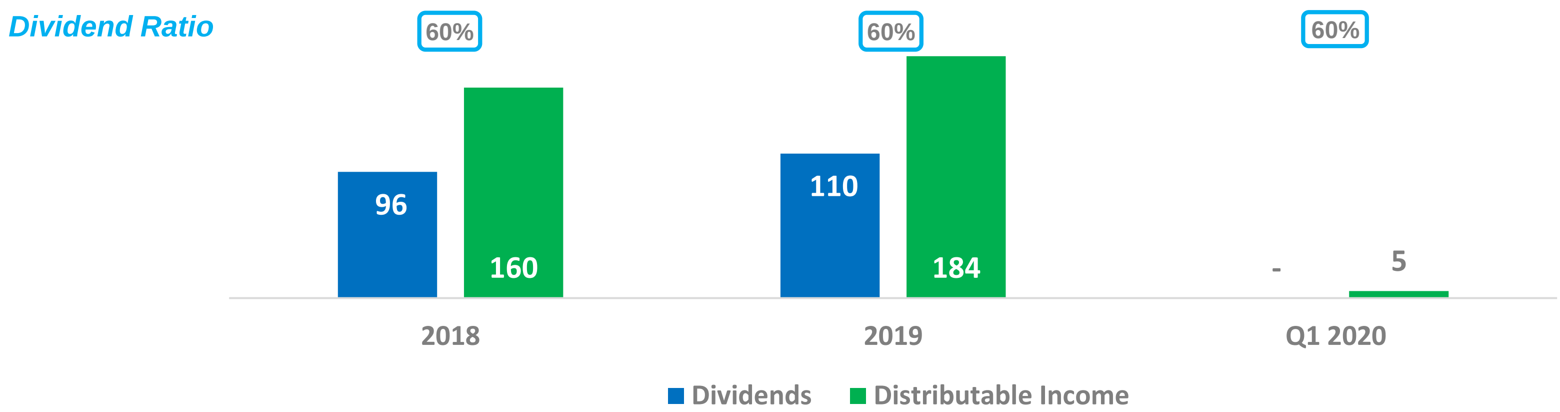
Cash Flow From Operations

(SAR million)



Dividend Declared and Pay-out

(SAR million)

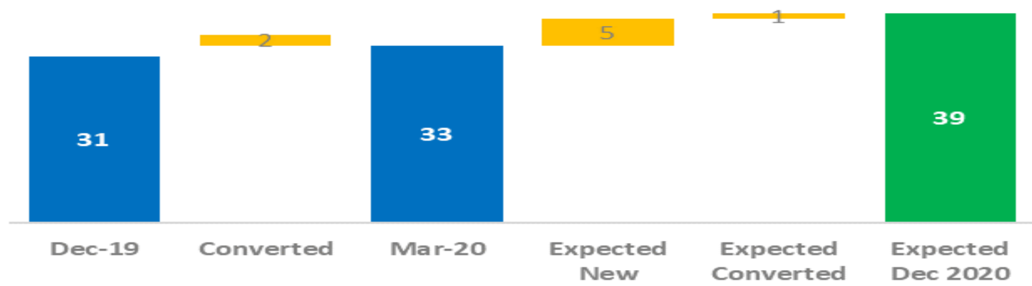


- Company continues to pay 60% dividend of distributable income (54% of net income).
- Q4 2019 dividend not announced yet due to Board meeting scheduled end of the month.

Q1 2020 Male & Female Segments

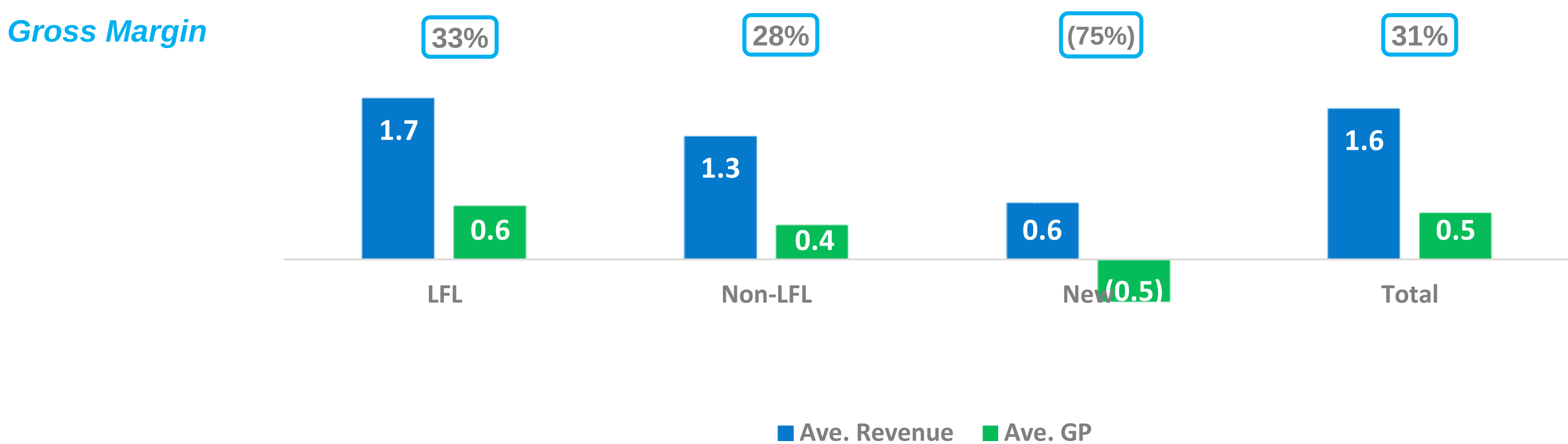
Female Centers continue to make Material Contribution in Q1 2020

Female Centers Openings



CY Female centers Ramp-up Evolution

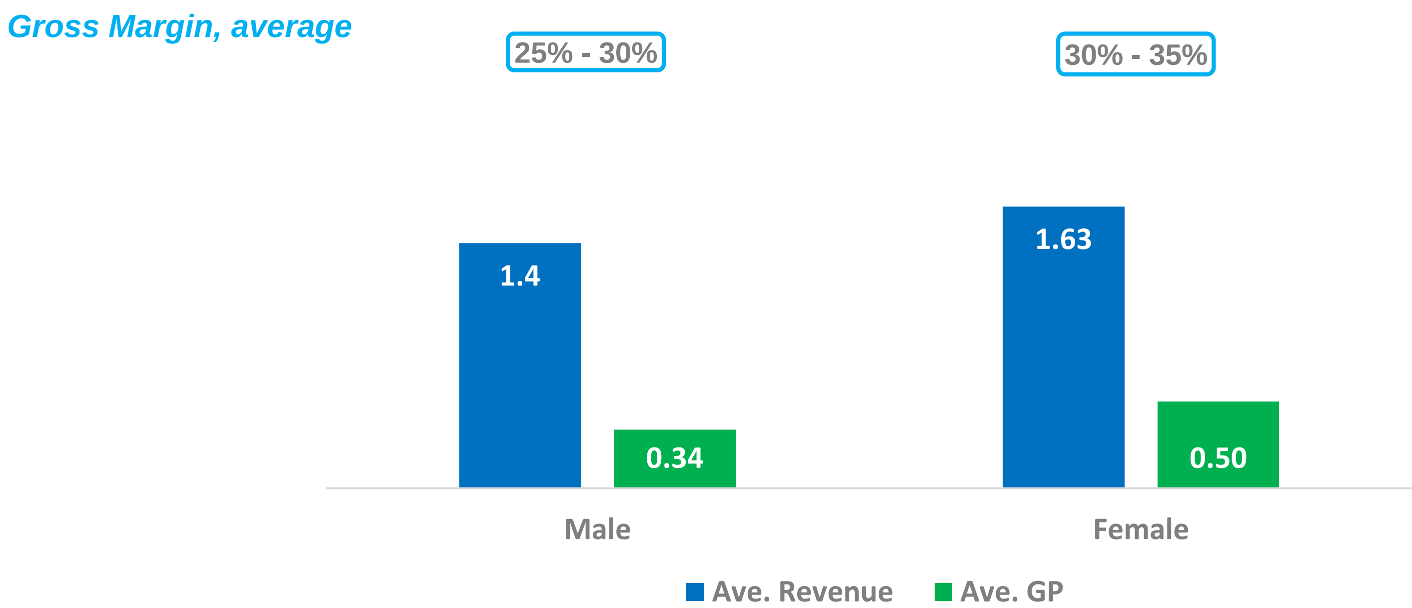
Revenue and Gross Profit per centre (SAR million)



Male vs. Female Centres Performance

Based on Q1 2020 performance

Revenue and Gross Profit per centre (SAR million)



4

Outlook FY 2020

Outlook FY 2020

No. of centres Growth

Tentative Guidance:

- 2020 growth will be driven by:
  - further opening of 0-2 male centers & 4-6 female centers
  - Continuing LFL growth and ramp up of non-LFL & new centers
  - expanding corporate & PT business
  - gradual improvement of realized prices
  - focus on bringing back members who left Fitness Time
  - cost control, and improving customer experience, member retention & services.
- Despite the impact of covid-19, we expect QoQ growth in 2020 after reopening.

5

Q&A

DISCLAIMER

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

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