Leejam Sports Company

Investor Presentation

FY 2019

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Ministry of Sports announce the closure of Private Gyms and Sports Centers

Referring to Ministry of Sport Announcement of the suspension of sports activity in the Kingdom with various sports, all tournaments and competitions, as well as the closure of private sports centers and studious effective Sunday 15th of March 2020 until further notice as necessary preventive measures to prevent the spread of the coronavirus (COVID-19) in order to preserve the health of citizens and residents of Saudi Arabia, Leejam Sports Company (Fitness Time) ("the Company") announces to its valued shareholders that all its sports centers in Saudi Arabia have been closed effective Sunday 15 March 2020 until further notice.

The company will continue, through various means of communication, to raise sports and health awareness and encourage exercising from home.

The company is in the process of evaluating the financial impact of the closure of its Centers. Any further developments in this regard will be announced later.

Our Best wishes for health and wellness for all.

Impact of Corona Virus on LEEJAM

Cashflow

- Holding on to Cash
- Delay Non-Critical Expenses and CAPEX
- Continue payment to our employees

Our Customer

- Free Freeze until further notice
- Exercise from home
- Online content being develop

Our Employees

- Travel Ban for Employees
- Strict Quarantine for employees returning from vacation
- Work from Home

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Company Profile

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

25%

Active Female Member

31 Female Centers as of, Dec 2019

132

Operational Fitness Centers

(December 2019)

Added 10 Centers during 2019

283K

As at Dec 2019

Added 67K (net) during 2019

Key Metrics

Revenue

942 SAR
FY 2019
18% Growth

800 SAR
FY 2018

Net Income

206 SAR
FY 2019
14% Growth

180 SAR
FY 2018

EBITDA

470 SAR
FY 2019
50% Growth

313 SAR
FY 2018

Net Income

69 SAR
Q4 2019
26% Growth

55 SAR
Q4 2018

Corporate

280+
Corporate Customers

41K
Corporate Members

Members Count

283K
Active Member
Dec 2019
30% Growth

217k
Active Member
Dec 2018

LEEJAM

Participated in Fitness Events in 2019

Winter Football Championship

Extreme FT Championship

Swimming Championship

Basketball 3x3 Championship

Extreme FT Championship

Strongest man Championship

Tahadi event

Ramadan Challenge Championship

Billiards Championship

Walking is healthy event

National Day event

Partnership with Amir Khan

Fitness Time won the Fitness Brand of the year across the region

Macro KSA Environment

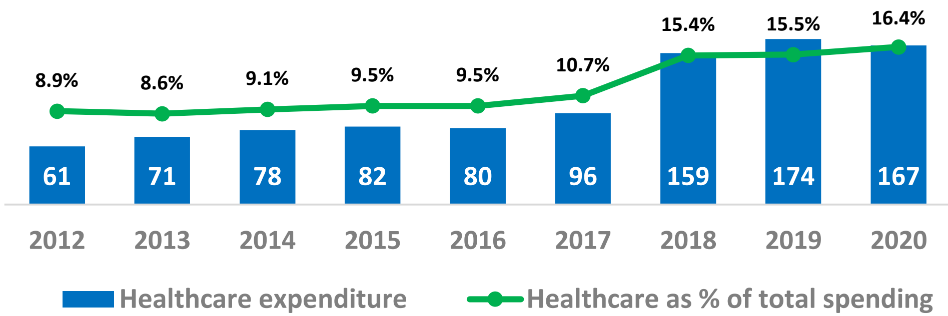
Government initiatives aim at supporting the health and fitness sector

Indicator	Male	Female	Total
Prevalence of obesity	31%	42%	34%
Prevalence of diabetes	17%	21%	19%
Prevalence of hypertension - hypertensive (2013)	18%	13%	15%
Prevalence of hypertension - borderline (2013)	47%	34%	41%
Prevalence of high cholesterol - hypercholesteraemic (2013)	10%	7%	9%
Prevalence of high cholesterol - borderline (2013)	20%	21%	20%

Source: World Health Organisation, International Diabetes Federation, NCBC Research

As part of the Vision 2030, the Saudi Government plans to promote a healthier lifestyle among its citizens with a goal of increasing the participation rate in sports or physical activity among citizens from 13% in 2016 (men 20% and women 7%) to 20% by 2020 and 40% by 2030.

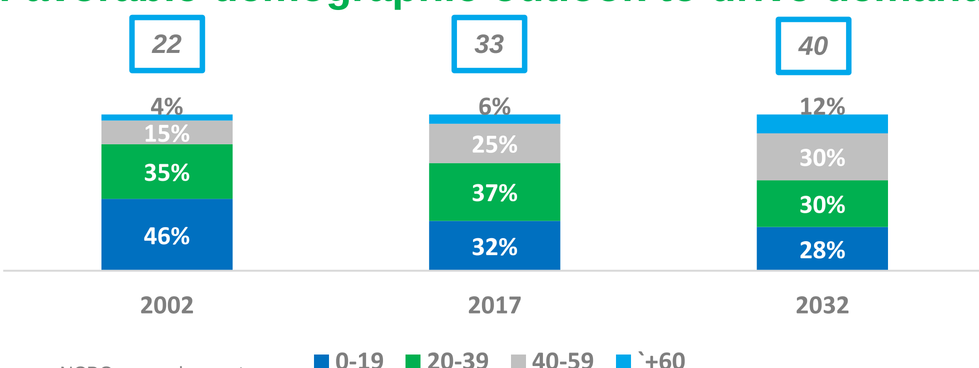
Healthcare spending to drive fitness sector growth



The government's expenditure on healthcare has increased over the past few years at a CAGR of 16%.

Saudi has a young population, with c70% of the population currently under the age of 40 years. This is accompanied by relatively high purchasing power (including females) and a general move towards healthier lifestyles.

Favorable demographic outlook to drive demand for fitness industry



NCBC research report

Leejam's Mission Statement is to "Steer Society Towards Healthy Lifestyle and Encourage People to Exercise Daily."

We are focused on providing value to the community, and this is a core KPI for every facility that we operate across our expansive network.

Diverse Brand Portfolio to Serve the Market

Male Brands	Female Brands	Other Brands
وقت اللياقة FITNESS TIME PLUS	وقت اللياقة FITNESS TIME LADIES PLUS	وقت اللياقة FITNESS TIME WELLNESS
وقت اللياقة FITNESS TIME	وقت اللياقة FITNESS TIME LADIES	وقت اللياقة FITNESS TIME JUNIOR
وقت اللياقة FITNESS TIME PRO	وقت اللياقة FITNESS TIME LADIES PRO	وقت اللياقة FITNESS TIME BASIC

Key Milestones

2005
- Start Planning Phase
- First “Fitness Time” center opens in Tabuk

2007
- First “Fitness Time” standalone concept opens in Jeddah

2008
- Leejam Sports Company is established and acquires the Fitness Time brand

2009
- Introduction of Fitness Time Pro category

2010
- Introduction of Fitness Time Plus and Fitness Time Junior brands

2011
- The Company opens its 50th fitness center

2013
- Investcorp acquires 25.1% stake in Leejam

2015
- Intro of PT
- UAE launch
- Exclusive partnership with FC Barcelona
- MBR Award for Sports Creativity

2016
- The Company opens its 100th fitness centre
- Ranked in Global “Top 25” by IHRSA

2017
- Launch of female fitness centers

2018
- Listing of 30% shares on Tadawul (IPO) in September 2018
- Ranked 15th in global top 25 by IHRSA

2019
- Fitness Time won the Fitness Brand of the year across the region

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Leejam Strategy

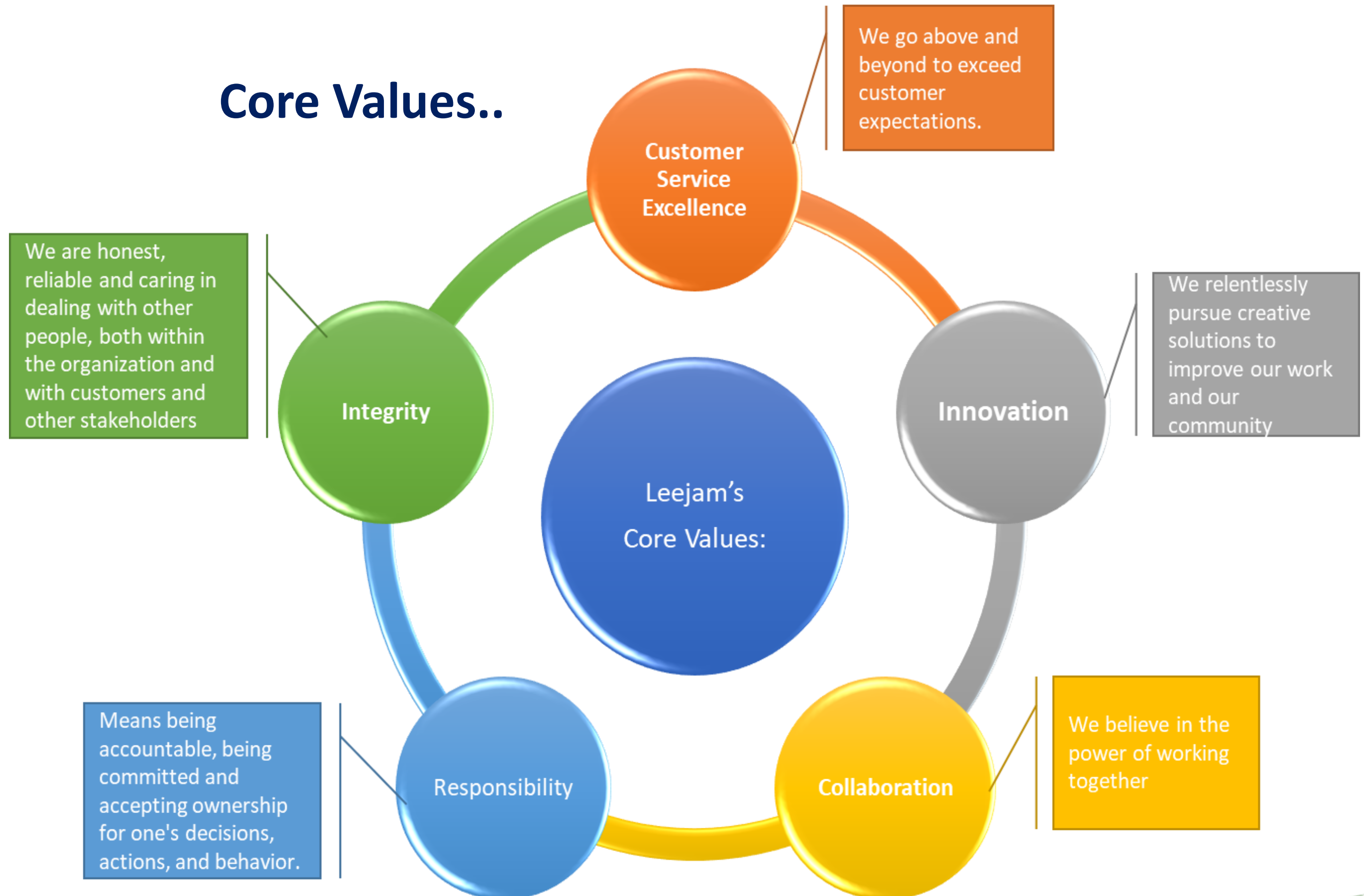
OUR VISION..

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..

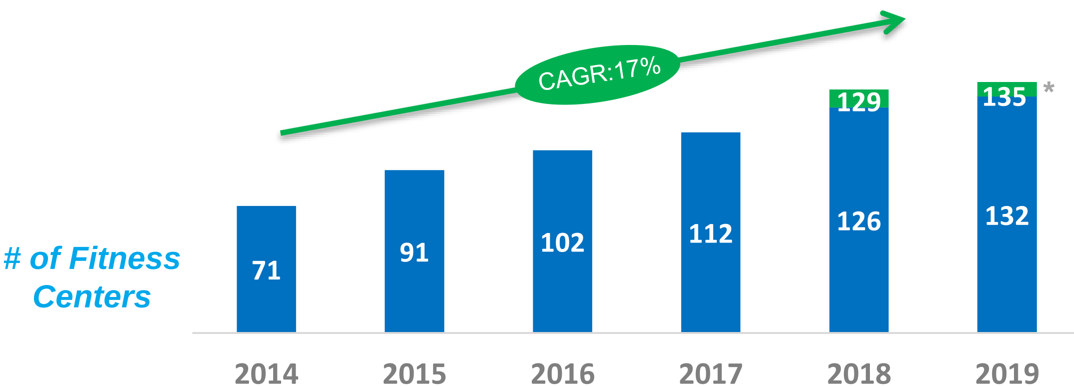


Leejam Strategic Pillars

Market Leader with Strong Scale Advantage

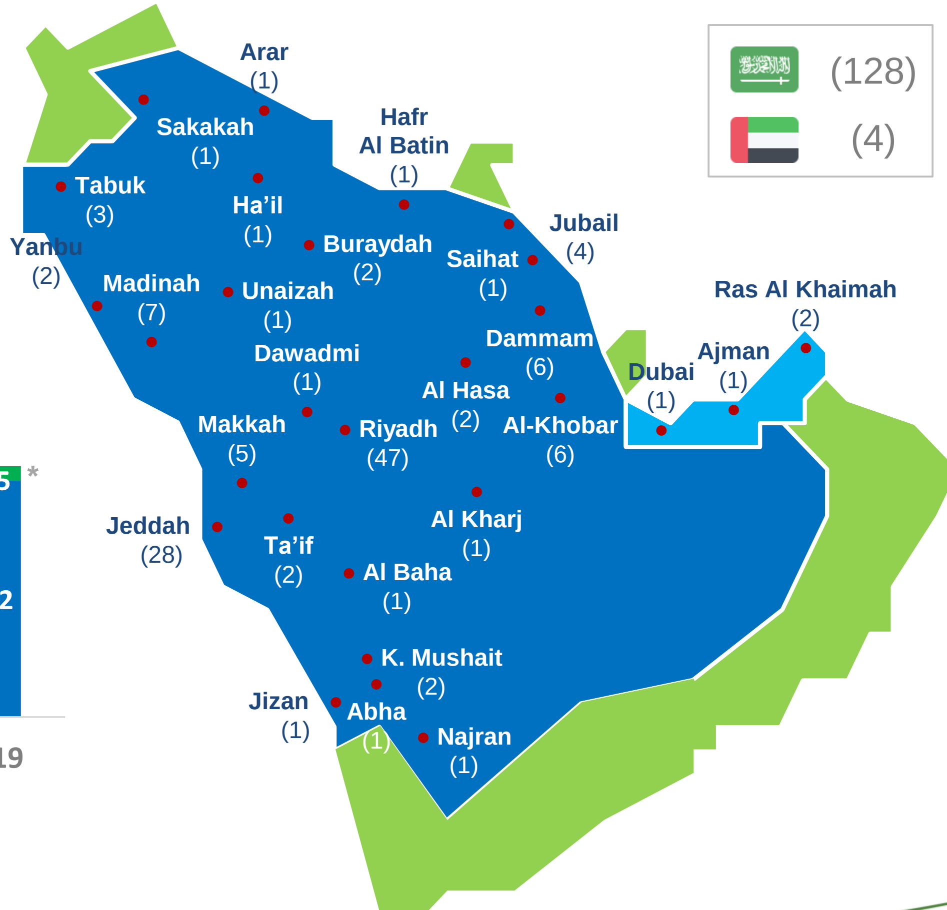
Strong geographical footprint with presence in 28 cities

Fitness Centres Evolution



Source: Company
* As of 31 December 2019, 3 centers are currently closed for conversion to female centers.

Geographic Footprint
(as of 31 December 2019)



Segmented Concept, Recognised Brand (1/3)

Key Features

	Fitness Time Plus	Fitness Time	Fitness Time Pro	Fitness Time Junior	Fitness Time Ladies Plus	Fitness Time Ladies	Fitness Time Ladies Pro
Targeted at (age)	Males 25yrs+	Males 16yrs+	Males 16yrs+	Male Junior	Females 25yrs+	Females 16yrs+	Females 16yrs+
# of Fitness Centres[1] – KSA	2	50	40	3	1	24	5
# of Fitness Centres[1] – UAE	-	1	2	0	-	-	1
12-month Price (SAR)[2]	8,925*	4,988*	3,255*	3728*	8,925*	4,988*	3,255*

Facilities

	Fitness Time Plus	Fitness Time	Fitness Time Pro	Fitness Time Junior	Fitness Time Ladies Plus	Fitness Time Ladies	Fitness Time Ladies Pro
Cardio	✓	✓	✓	✓	✓	✓	✓
Strength	✓	✓	✓	✓	✓	✓	✓
Swimming Pool	✓	✓	✓	✓	✓	✓	✓
Jacuzzi, Sauna, Steam	✓	✓	✓	-	✓	✓	✓
Courts	✓	✓	✓	✓	✓	✓	✓
Squash	✓	✓	-	-	✓	✓	-
Towels, slippers, etc.	✓	✓	-	-	✓	-	-
Business Centre	✓	✓	-	-	✓	✓	-
Lounge and other amenities	✓	✓	-	-	✓	✓	-

Apart from above, the Company has 3 Corporate wellness & 1 Kidzenia (for kids). Total 132 locations.

[1] As of 31 December 2019
[2] Standard prices as of 31 December 2019 * VAT Inclusive

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Segmented Concept, Recognised Brand (2/3)

State-of–art Spacious Facilities with a Customized Service Offering

Floor Trainers	▪ Available in each center to assist with equipment use, fitness regime etc. ▪ >1100 Floor Trainers in the current network	**Special Events**	▪ Competitions and tournaments organised on a regular basis for members ▪ Over 13k participants in 2019 across 10+ sports events
Personal Training	▪ 1-on-1 coaching from a qualified instructor ▪ Available in 98 centers, with over 214 Personal Trainers ▪ 47% revenue growth vs. LY	**New Exercise Concepts**	▪ New home-grown concepts introduced - eXtreme Fitness - eXtreme Boxing - eXtreme Bootcamp - HIIT
Group Classes	▪ Diverse GX programming available across the network; >20 different class types ▪ 209K GX classes in 2018, 3.4M Attendees ▪ Growth of 28% GX classes / Month and 44% in number of Attendees	**Industry-Leading Equipment**	TRUE, LifeFitness, TRX, FREEMOTION FITNESS, TECHNOGYM, HOIST, Schwinn, IVANKO Engineered Passion, ROGUE, SCHWINN FITNESS

[1] as of 31 of December 2019

Segmented Concept, Recognised Brand (3/3)

Corporate Business

- The Company delivers services to corporate partners under the Fitness Time Wellness umbrella
- Fitness Time is an attractive partner for large corporate clients given its country wide footprint in 28 cities in KSA & UAE
- Opportunity to enhance corporate business by targeting female employees
- Further opportunity as companies seek to rollout corporate wellness programs
- Latest initiatives included partnerships with major government and private entities.

Key Statistics

Number of corporates as B2B and B2C clients
(December 2019)

280+

Number of corporate members
(December 2019)

41K Approx.

Corporate Revenue
(FY 2019, SAR)

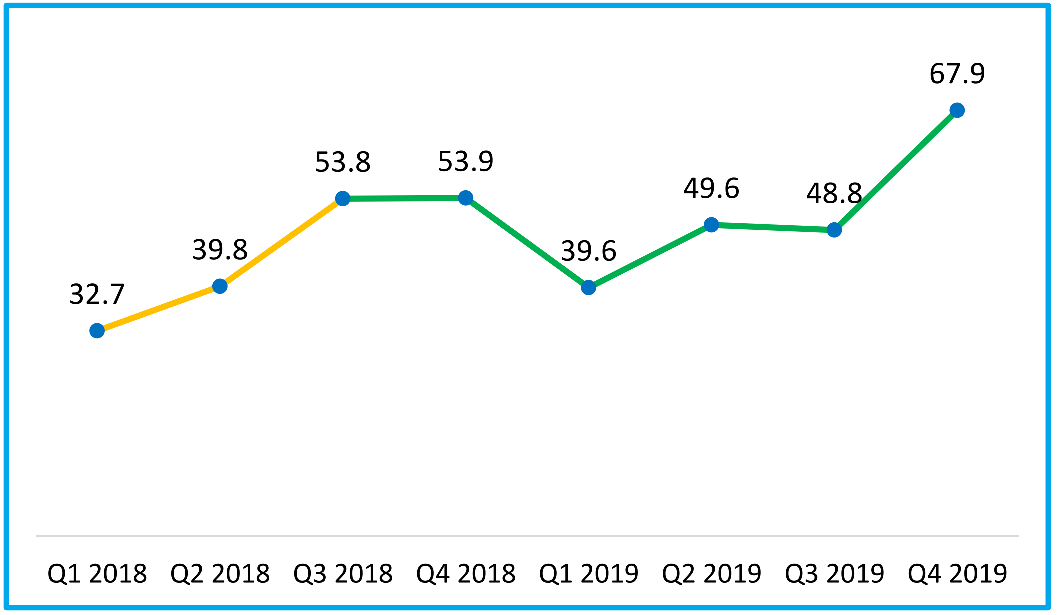
SAR 127.2M

(Growth by 18%)

SAR 107.6M
(FY 2018, SAR)

Performance since IPO (Sept 2018)

Net Income
(SAR million)



Key Message

- Consecutive growth in results post IPO LY on Sept 10, 2018.
- New Strategy in place with 5 key pillars.
- Opening of 10 centers over last 12 month (8% of our entire portfolio).
- New initiatives include launch of GEMs program, WWYB (we want you back), mobile application etc.
- Focus on YOY expansion with opening of ave. 15 centers each year (in particular female centers).
- Focus on social and digital media.
- Gradually improving the realized prices, lower campaign days and more long term membership mix.
- Enhancing customer experience and growing member base.

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Board Members

Board Members

Ali Al-Sagri
Chairman

Hamad Al-Sagri
Board Member (Executive)
Vice Chairman & MD

Dr. Mohammed Al-Kinani
Board Member (independent)

Hisham Al-Khaldi
Board Member (independent)

Tareq Al-Angari
Board Member (independent)

Abdulelah Al-Nemr
Board Member (independent)

Hessah Al-Sagri
Board Member (non- Executive)

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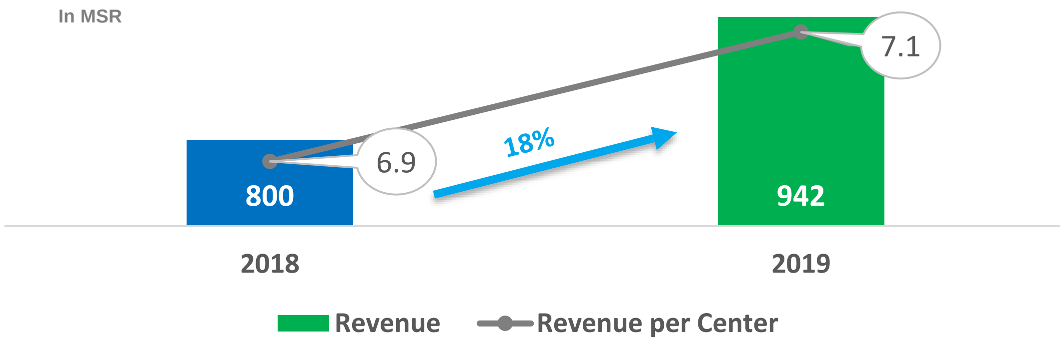
Financial Performance

Revenue and Net Income

Revenue
(SAR million)

	2018	2019
# of Fitness Centres	126	132
- new Male Centres	4	5
- new & Converted Female Centres	18	5

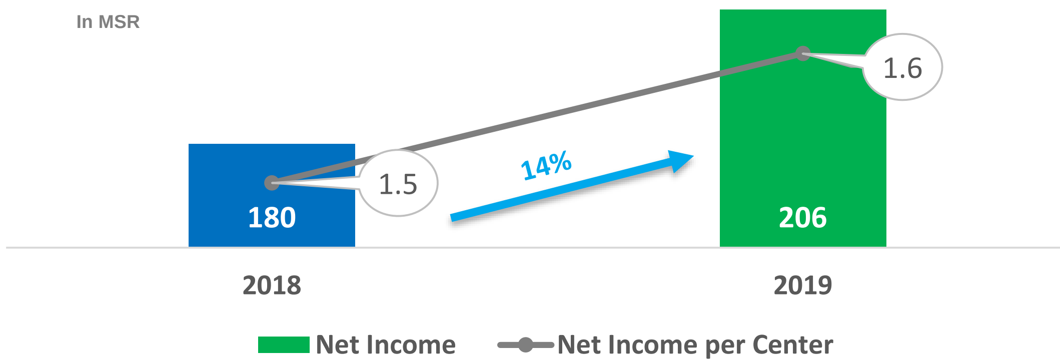


Key Messages:

- CY Revenue was 18% higher vs. LY, mainly due to:
  - 10 new centers openings in CY,
  - Ramping-up of 22 non-LFL centers opened LY,
  - LFL subs. Income growth of 8% : first time since 2016, and new initiatives (WWYB, GEMS program etc.),
  - 47% growth in personnel training revenue (more number of PT centers and improving utilizations rates), and
  - 18% increase in corporate revenue (corporate clients & member base).

Net Income
(SAR million)

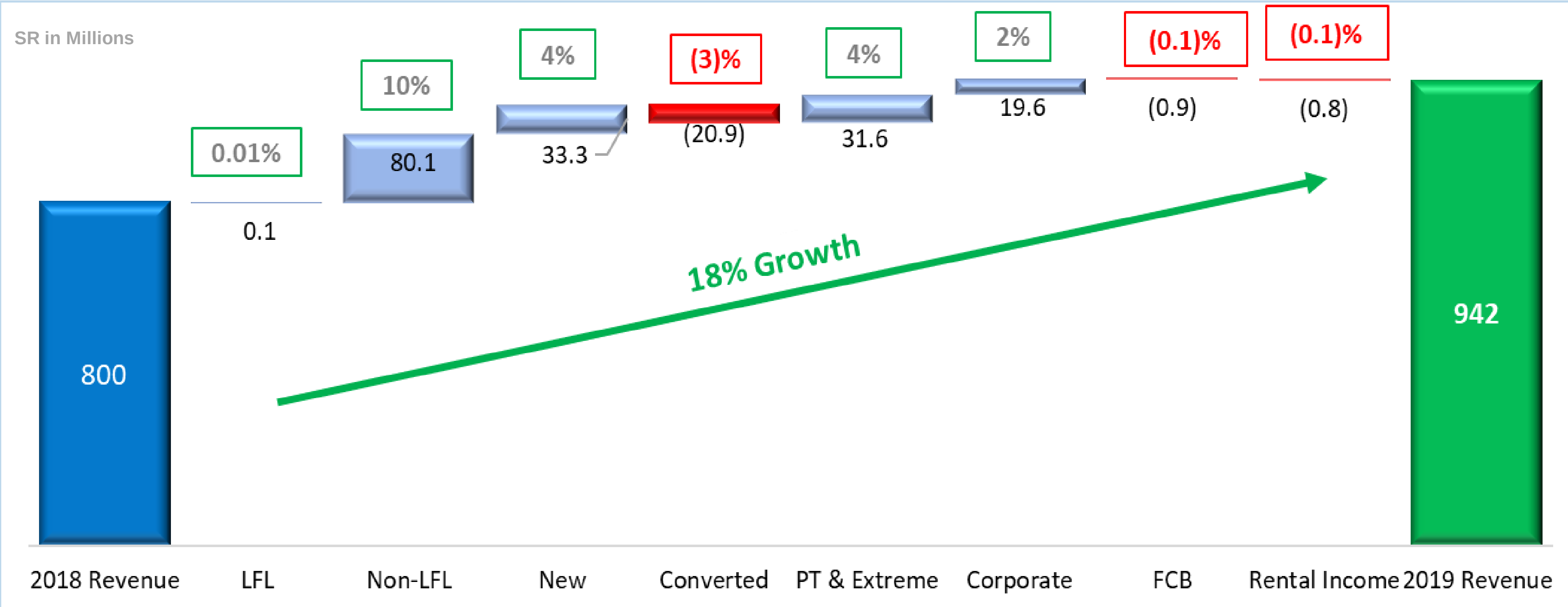
	2018	2019
Net Margin %	23%	22%



Key Messages:

- 14% 2019 net income growth primarily driven by:
  - Revenue growth from LFL, non-LFL centers & new female center openings.
  - Cost control initiatives & improving operational efficiencies.
  - Partly offset by:
    - Higher operating costs (more number of centers), and
    - Negative rent adjustment of IFRS 16 (SR 8M).
- 2019 performance was partly stressed due to ramping-up of 10 centers opened in the last 12 months, being 8% of our entire portfolio since opening of 1st fitness center in 2005.

2019 vs. 2018 Revenue Bridge



Key Messages:

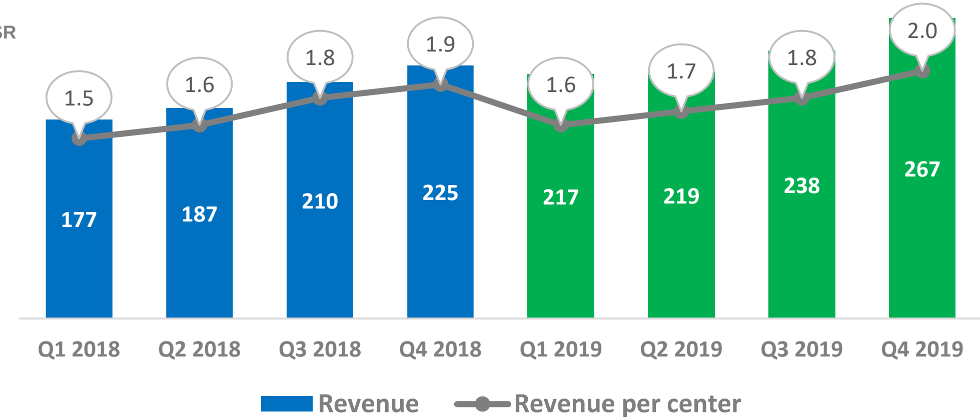
- Increase in LFL revenue mainly driven by higher LFL subs. income by 8% vs. H1 LY full impact to appear in 2020.
- Non- LFL includes 22 centers opened during 2018.
- Increase in PT revenue mainly due to roll-out of additional PT centers (CY: 98 vs. LY: 83) and improving PT utilization rate.
- Increase in corporate driven by increase in member base 41K.

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
# of Fitness Centres	117	112	115	126	134	132	133	132
- new Male Centres	2	0	0	2	4	1	0	0
- new & Converted Female Centres	1	5	2	10	3	1	0	1

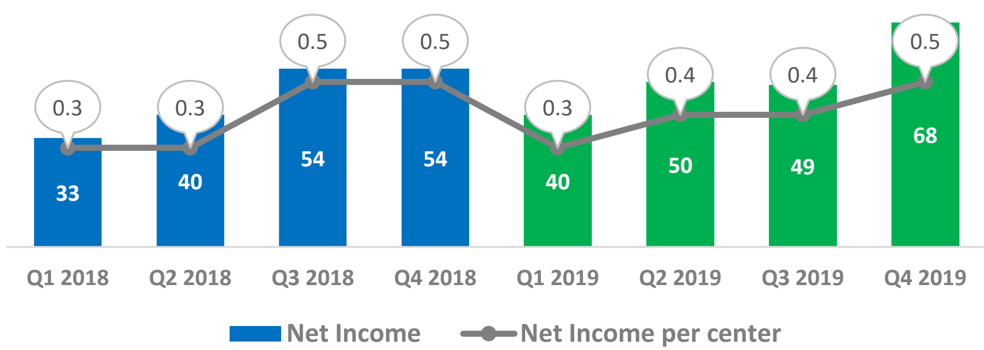


Key Messages:

- QoQ growth continues with 19% revenue growth vs Q4 LY(LFL growth and ramping up of centers)
- Q4 revenue increased by net SR 29M (12%) compared to Q3 CY mainly due to;
  - Growth in membership revenue (ramping up of 9 new center openings of first half in current year, non-LFL centers opened last year and growth in the LFL centers)

Net Income
(SAR million)

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



Key Messages:

- Increase in net income by SR 19M vs Q3 CY was mainly driven by;
  - Net revenue growth of SR 29M,
  - Cost control initiatives, lower selling & marketing, salaries and benefits and administrative expenses.

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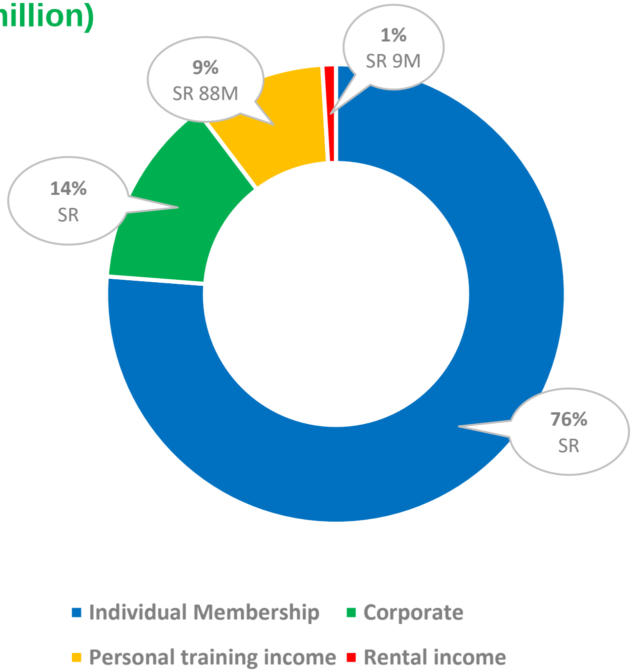
Revenue Break-Down

Revenue by Type

(%, 2019)
(SAR million)

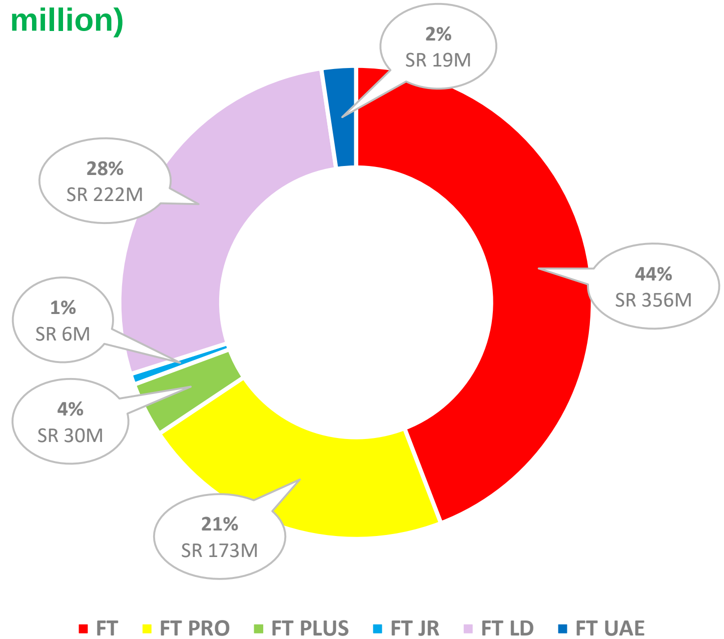


Revenue Breakdown	LY	CY	Δ	Δ%
Individual Membership	623	718	95	15%
Corporate	108	127	20	18%
Personal training income	60	88	28	47%
Rental income	10	9	(1)	(8%)
Total	**940**	**1,183**	**244**	**26%**

Source: Company

Center Revenue by Brand

(%, 2019)
(SAR million)



No. of centers by category

Category	2019	2018	2017	2016
FT Men	53	49	50	48
PRO Men	42	41	42	40
Plus Men	2	4	4	3
Junior	3	4	8	9
Basic	0	0	0	1
Kidizenia	1	2	0	1
FT Female	24	20	4	0
PRO Female	6	6	4	0
Plus Female	1	0	0	0
Total	**132**	**126**	**112**	**102**

Q4 vs Q3 2019 P&L

Statement of Profit / (Loss) In SRM	Q4 2018	Q4 2019	Q3 2019	Δ	Δ%
Revenue	225.1	267.4	238.4	29.0	12%
Costs of revenue	131.0	149.7	153.3	3.7	2%
Gross profit	**94.1**	**117.7**	**85.0**	**32.6**	**38%**
Gross profit Margin	***42%***	***44%***	***36%***	***8%***	***8%***
Advertising and marketing expenses	5.0	9.1	3.2	(5.9)	(65%)
General and administrative expenses	34.6	26.4	19.1	(7.3)	(28%)
Impairment loss on trade receivables	1.2	(0.8)	0.7	1.5	(192%)
Other income	6.1	2.2	3.1	(0.8)	(27%)
Operating profit	**59.4**	**85.2**	**65.1**	**20.1**	**31%**
Operating profit Margin	***26%***	***32%***	***27%***	***5%***	***5%***
Finance costs	5.5	15.1	15.0	(0.1)	(1%)
Net profit before Zakat	**53.9**	**70.1**	**50.1**	**20.0**	**40%**
Net profit before Zakat Margin	***24%***	***26%***	***21%***	***5%***	***5%***
Zakat	0.0	2.1	1.3	(0.9)	(41%)
Net profit	**54**	**68**	**48.8**	**19.1**	**39%**
Net profit Margin	***24%***	***25%***	***20%***	***5%***	***5%***
Earnings per share- basic and diluted	1.0	1.3	0.9	0.3	35%

Key Messages:

- CY Q4 Net income was higher by 39% vs. Q3 driven by 12% revenue growth coupled by lower cost of revenue by 2% mainly attributable to lower repair and maintenance cost and lower personnel cost due to lower commission.
- Revenue increase mainly due to;
  - Higher membership revenue by SR 25.6M (12%) due to the ramping up of 10 new center openings of H1 CY and non-LFL centers of last year,
  - Increase in Personal Training (PT) revenue by SR 3.3M (15%) due to High session conductions.
- Advertising & marketing expenses were slightly lower due to media spend.
- SG&A expenses were higher due to high staff cost, and work permit fees
- Other income decreased by SR 0.8M due to lower internal advertising.

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2019 P&L

Statement of Profit / (Loss) In SRM	2019	2018	Δ	Δ%
Revenue	942.1	799.9	142.1	18%
Costs of revenue	582.8	494.6	(88.2)	(15%)
Gross profit	**359.3**	**305.3**	**54.0**	**18%**
Gross profit Margin	***38%***	***38%***	***(0%)***	***(0%)***
Advertising and marketing expenses	19.3	21.4	2.1	11%
General and administrative expenses	80.0	91.7	11.7	15%
Impairment loss on trade receivables	0.9	2.2	1.3	140%
Other income	10.3	13.1	(2.8)	(22%)
Operating profit	**269.3**	**203.1**	**66.2**	**33%**
Operating profit Margin	***29%***	***25%***	***3%***	***3%***
Finance costs	57.7	21.1	(36.6)	(63%)
Net profit before Zakat	**211.6**	**182.1**	**29.6**	**16%**
Net profit before Zakat Margin	***22%***	***23%***	***(0%)***	***(0%)***
Zakat	5.7	2.0	(3.8)	(66%)
Net profit	**205.9**	**180.1**	**25.8**	**14%**
Net profit Margin	***22%***	***23%***	***(1%)***	***(1%)***
Earnings per share- basic and diluted	3.9	3.4	0.5	14%

Key Messages:

- 2019 Net income was higher by 14% vs. LY due to increase in number of operating centers, resulting in 18% growth of revenue.
- Increase in revenue was mainly due to;
  - Higher membership revenue attributable to 10 new center openings and ramping up of non-LFL centers opened LY,
  - 8% growth in subs. Incomer of LFL centers, and
  - Increase in Personal Training (PT) revenue.
  - Partly offset by lower rental income (due to expiration of centers real estate contracts)
- Increase in cost of revenue was driven by higher number of operating centers, female staff cost, higher consumable, increase maintenance works & rising Government levies, coupled by rent adjustment under IFRS 16 for leases (net impact SR 8M).
- Advertising & marketing was lower by SR 2.1M mainly due to lower expenditure (more social media), lower campaigns and completion of FCB agreement in June LY.
- SG&A expenses lower by SR 11.7M mainly due to;
  - Decrease in staff cost and assets write-offs on female center conversion LY.
  - Partly offset by increase in professional fees and employees work permit cost.
- Finance cost was higher by SR 36.6M mainly due to IFRS 16 impact.

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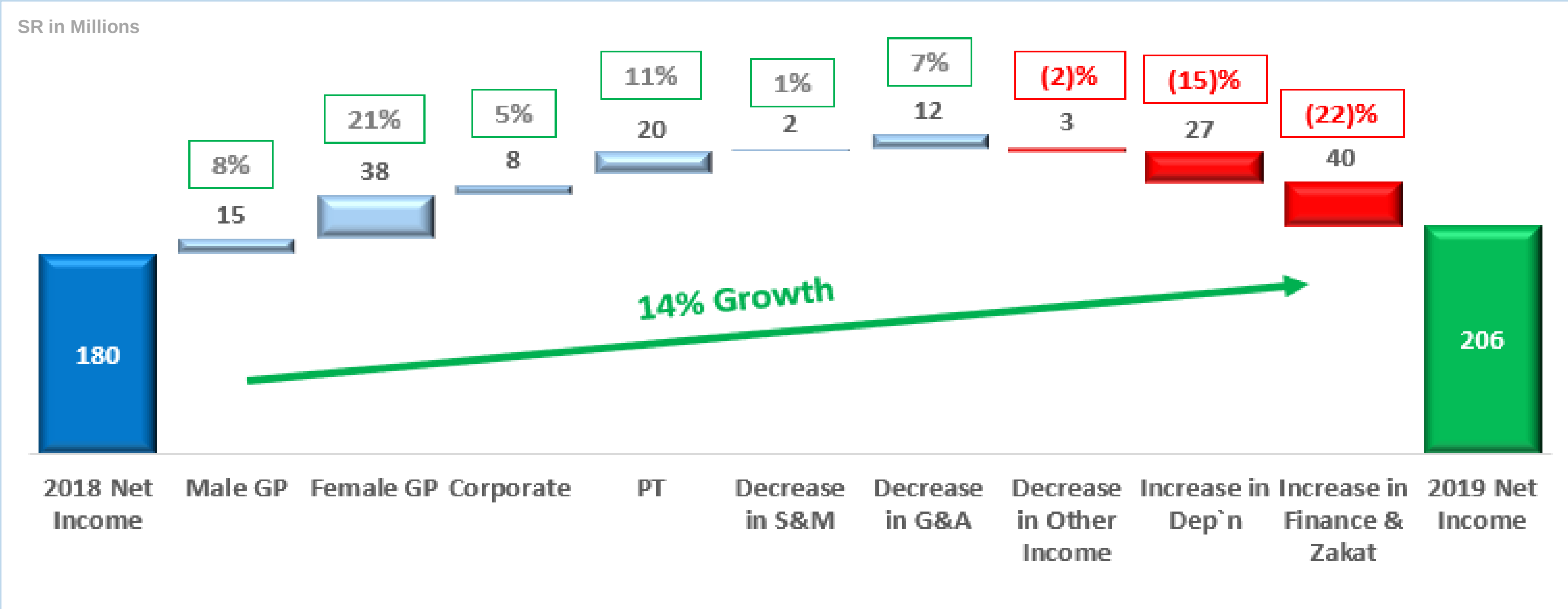
2019 vs. 2018 Net Income Bridge

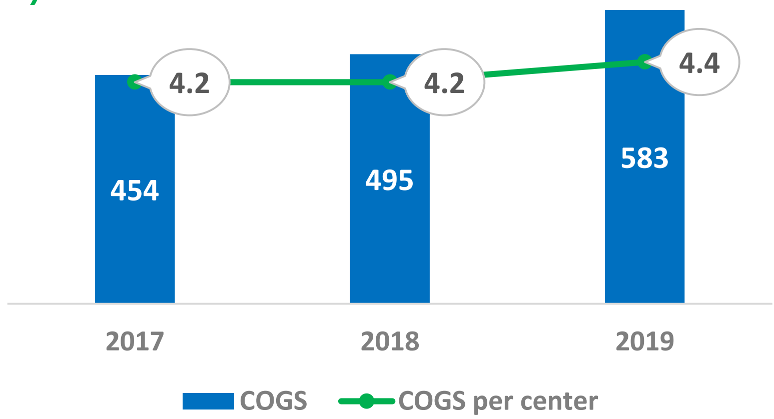


Key Messages:

- Male GP is showing growth of SR 15M mainly due to ramping-up of 2018 openings and better performance of LFL clubs (mainly male.
- Increase in female segment is mainly driven by ramping- up of 2018 openings and opening of new clubs during 2019.
- PT higher revenue is mainly due to more no. of clubs doing PT and enhancement of utilization per trainer.
- Lower other income is mainly due to expiration of specific rental contract.
- Depreciation was higher due to more no. of operational clubs while finance cost is increasing driven by higher loans to support club expansion plan

COGS & SG&A

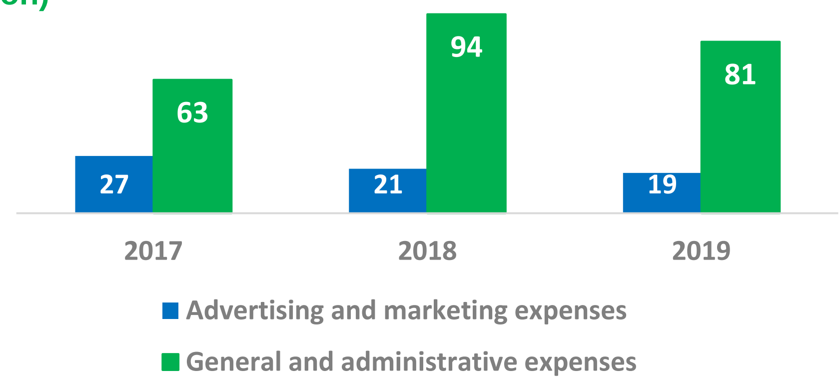
COGS
(SAR million)



Key Messages:

- 5% increase in average COGS / center is mainly due to higher operational cost of female centers (15-20% higher female salaries vs. male counterpart), depreciation under IFRS 16, consumables, repairs, rising government levies and cost of outsourced cleaners & security guards (legal requirement),

SG&A
(SAR million)



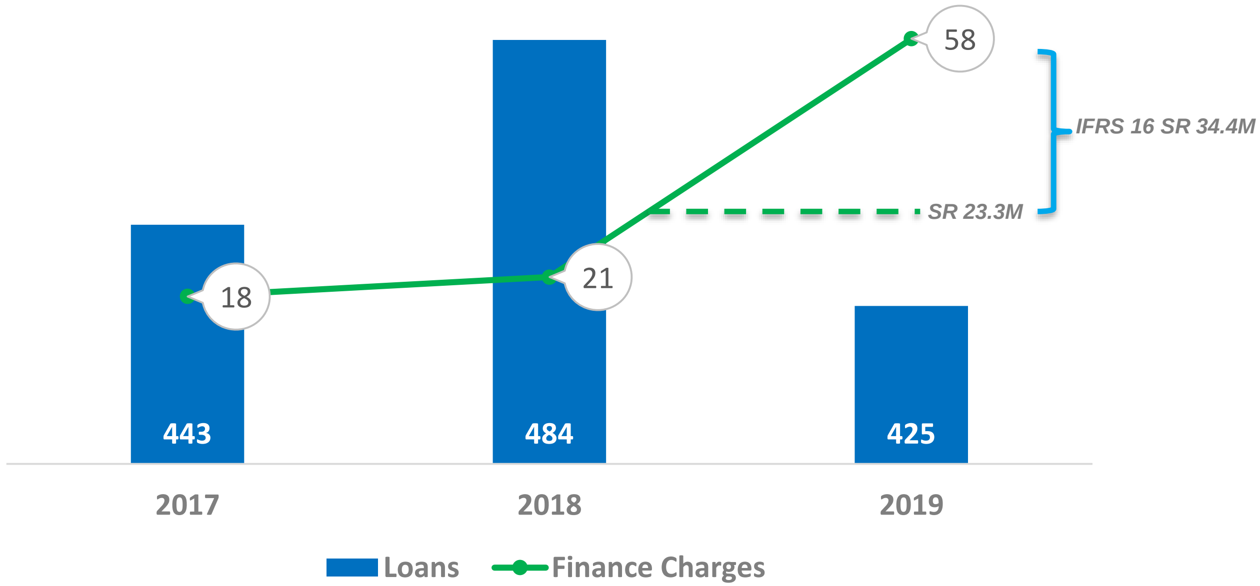
Key Messages:

- Decrease in advertising & marketing cost (10% lower vs. LY) mainly due to lower campaigns & shorter durations, lower media spend and non- renewal of FCB contract.
- General and administrative expenses were lower by 14% due to:
  - Decrease in staff cost and assets write offs for female center conversion.
  - Partly offset by increase in professional fees and rising employees work permit cost.

Loans & Finance Charges

Loans and Finance Charges

(SAR million)



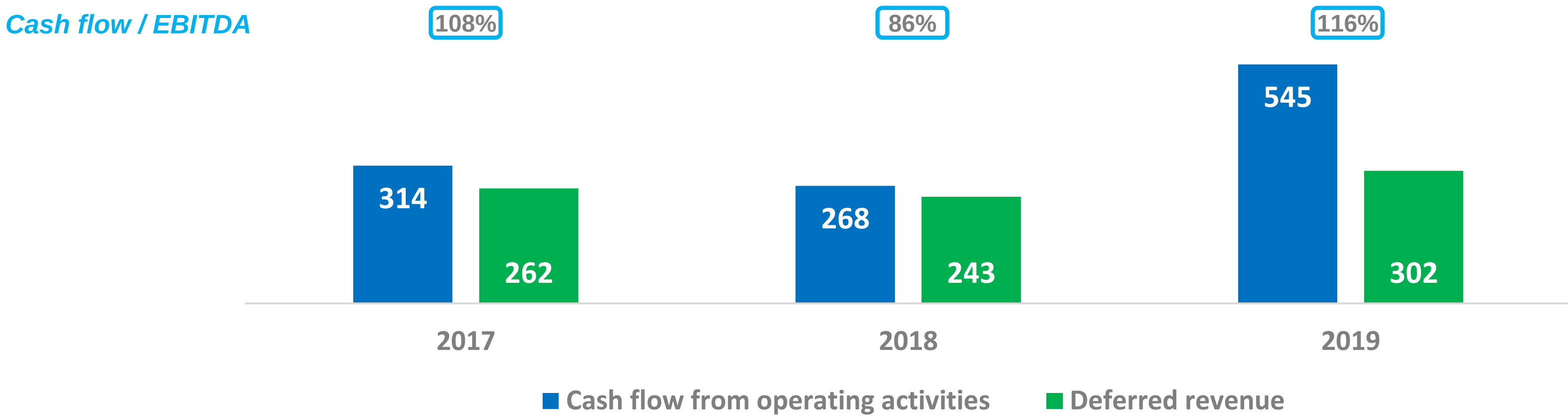
Key Messages:

- ❖ 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%.
- ❖ Increase in 2019 Finance charges mainly due to recording of interest expense of SR 34.4M on lease liabilities as per IFRS 16.

Cash Generation & Returns

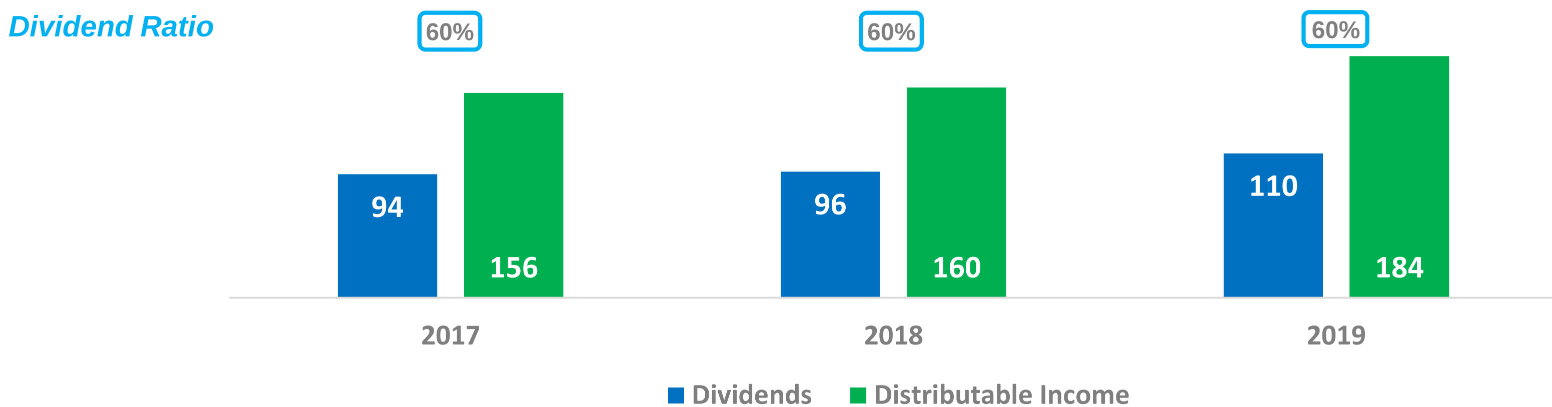
Cash Flow From Operations

(SAR million)



Dividend Declared and Pay-out

(SAR million)

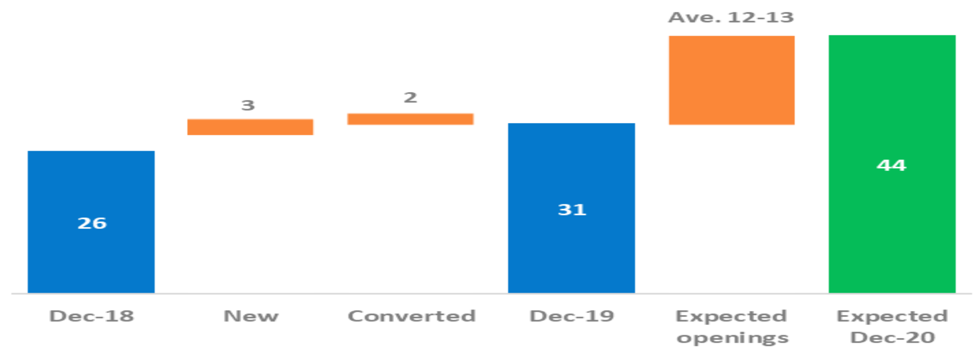


- Company continues to pay 60% dividend of distributable income (54% of net income).
- Q4 2019 dividend not announced yet due to Board meeting scheduled end of the month.

2019 Male & Female Segments

Female Centers continue to make Material Contribution in 2019

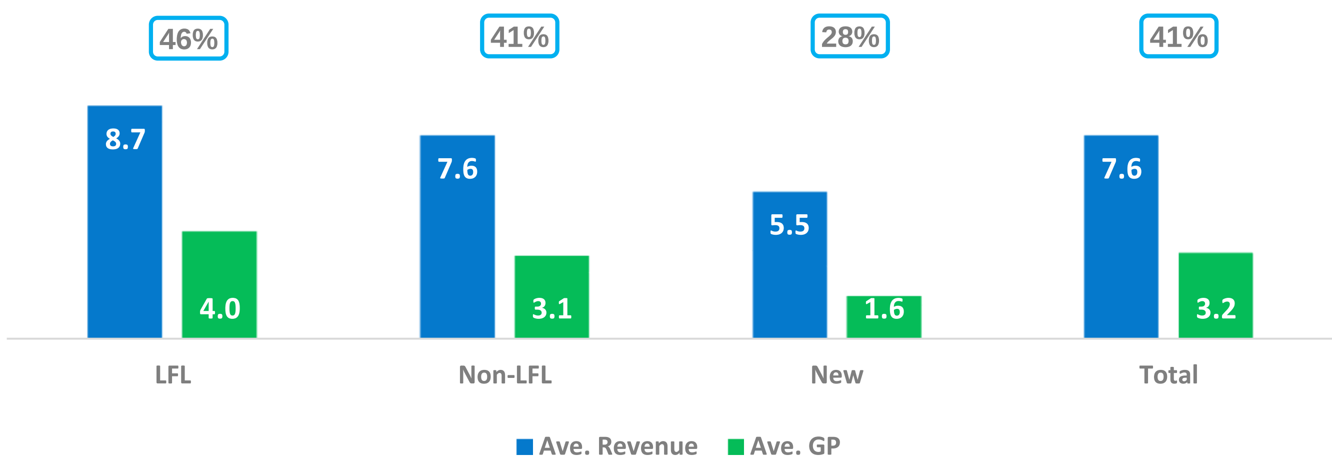
Female Centers Openings



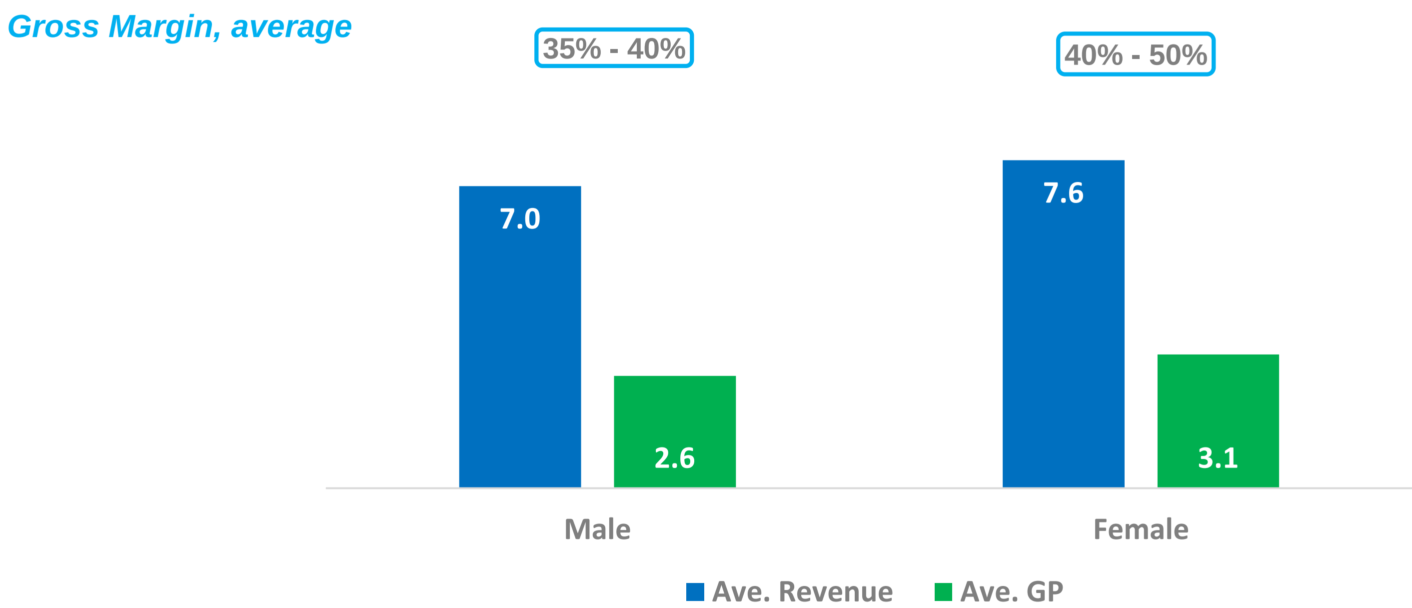
CY Female centers Ramp-up Evolution

Revenue and Gross Profit per centre (SAR million)

Gross Margin



Male vs. Female Centres Performance
Based on 2019 performance
Revenue and Gross Profit per centre (SAR million)



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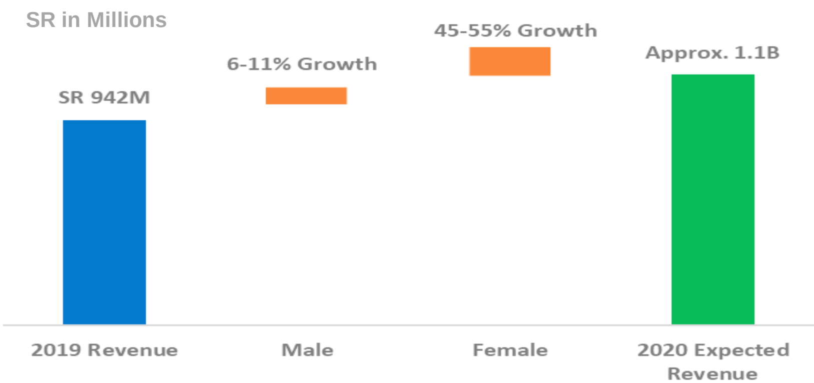
Outlook FY 2020

Outlook FY 2020

No. of centres Growth

Revenue Growth



Tentative Guidance:

- 2019 revenue & net income witnessed 18% & 14% growth vs. LY, despite ramping-up of 10 centers opened in last 12 months. The momentum is expected to continue during 2020, with revenue growth of 15-20% driven by:
  - Further opening of 7-9 male centers & 14-16 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 rising external costs, with opening of new centers, we expect QoQ growth in 2020.

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Q&A

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