

FIT FOR GROWTH



Investor
Presentation
FY 2020


LEEJAM



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.



1

Overview

2

COVID-19

3

**Executive
Summary**

4

**Financial
Performance**

5

**Outlook
FY 2020**

6

Q&A



1. Overview

Vision, Mission, and Values

Vision

To be the people's favorite and most accessible wellness club

Mission

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

Values



Leejam Strategic Pillars

Unrivalled Customer Experience

Achieve recognition for our exceptional member experience and industry leading standards

Provide extensive access to Fitness Time Support

Provide seamless member onboarding experience to ensure customer satisfaction

Be proactive in listening to feedback through frequent customer satisfaction surveys

Foster a customer-focused culture through training, e-learning and regular testing and assessment

Focusing on our People

Become the 'Employer of Choice' that offers a positive and motivated working culture

Provide clear and effective structures that reward hard work through shared success

Attract the best talent, retain existing talent and grow our own career development strategy

Develop a Leejam Academy for our staff to receive world class training and development

Class Leading Tech

Deliver a best-in-class consumer app that will build our relationship with members and prospects, and help brand loyalty

Adopt Smart Gym and provide a cashless and streamlined user experience for our members

Automate business processes and systems to enhance efficiency and collaboration

Create an employee app that will engage our staff members, support training and be a information hub

Growth

Increase the rate of expansion of our clubs through traditional clubs, Corporate Wellness partnerships and Small Gym concepts for men and ladies

Maintain a balance between brand quality, investment and operational excellence during expansion

Develop secondary income lines like spas, cafes and sports nutrition retail

Analyze pricing policy to deliver no loss-making clubs and maximize income opportunities

Increase club membership to 500K members by 2025

Maintain our rigorous approach to property acquisition and ensure sites deliver consistent performance

Focus on sales and member retention

Quality

Build systems that guarantee a high degree of quality standards throughout the business

Introduce quality control measures audited by third parties, including Mystery shop, NPS; which are linked to our management development and rewards

Innovate our Group Exercise, Indoor Cycling, HIIT Studios and Gyms to strengthen our position as market leader

Partner with top brands that add value for our members

Introduce cutting edge data analytics that will benefit members and the business

Business Model



VISION AND MISSION

VISION
To be the people's favorite and most accessible wellness club.

MISSION
To steer society towards a healthy lifestyle and encourage people to exercise daily

INPUTS

FINANCE

CUSTOMER SERVICE

OUR PEOPLE

OPERATIONAL EFFICIENCY

BRANDS



OUR VALUE PROPOSITION

- Long term lease of land and construction of high-quality gyms with state-of-the-art fit-out design and facilities
- High value membership
- Strategic locations
- Certified trainers and experts
- Brands catering to various KSA demographics
- Internationally certified training programs
- Capture female fitness opportunity

SERVICES & FEATURES

- TRAINING**
- Cardio
 - Strength
 - PT sessions
 - CrossFit Style
 - HIIT
 - Extreme Boxing

- FACILITIES**
- Jacuzzi
 - Sauna
 - Steam
 - Courts
 - Squash
 - Lounges
 - Business centers

- AMENITIES**
- Showers
 - Lockers
 - Towels
 - Slippers



THE VALUE WE CREATE



MEMBERSHIP GROWTH AND CUSTOMER LOYALTY



SUSTAINABLE RETURNS FOR SHAREHOLDERS



HEALTHY SOCIETY



INCREASE MARKET SHARE

MARKET DYNAMICS

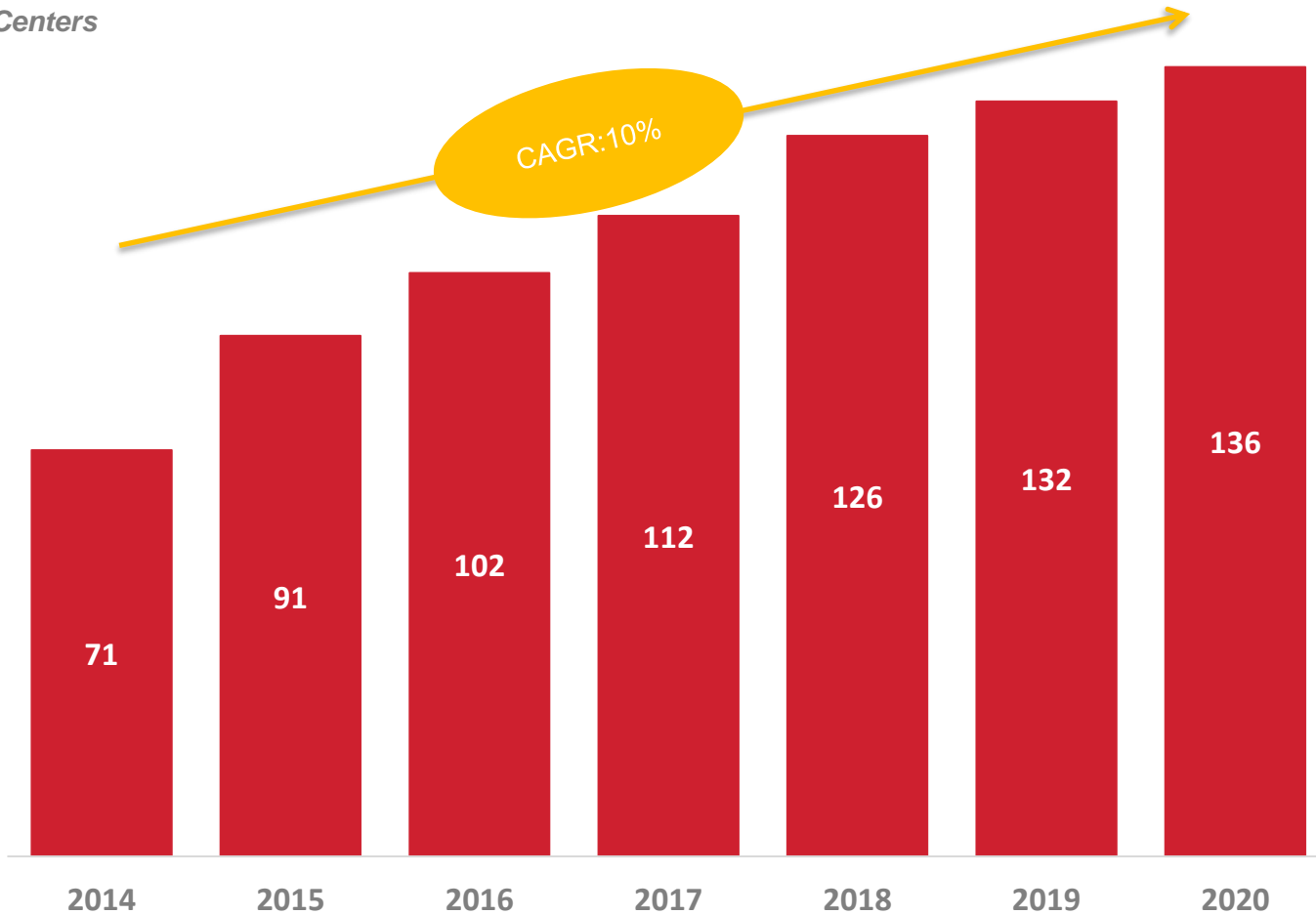
UNDERPINNED BY OUR DILIGENT RISK MANAGEMENT, BEST PRACTICE GOVERNANCE AND STRONG VALUES



Market Leader with Strong Scale Advantage,

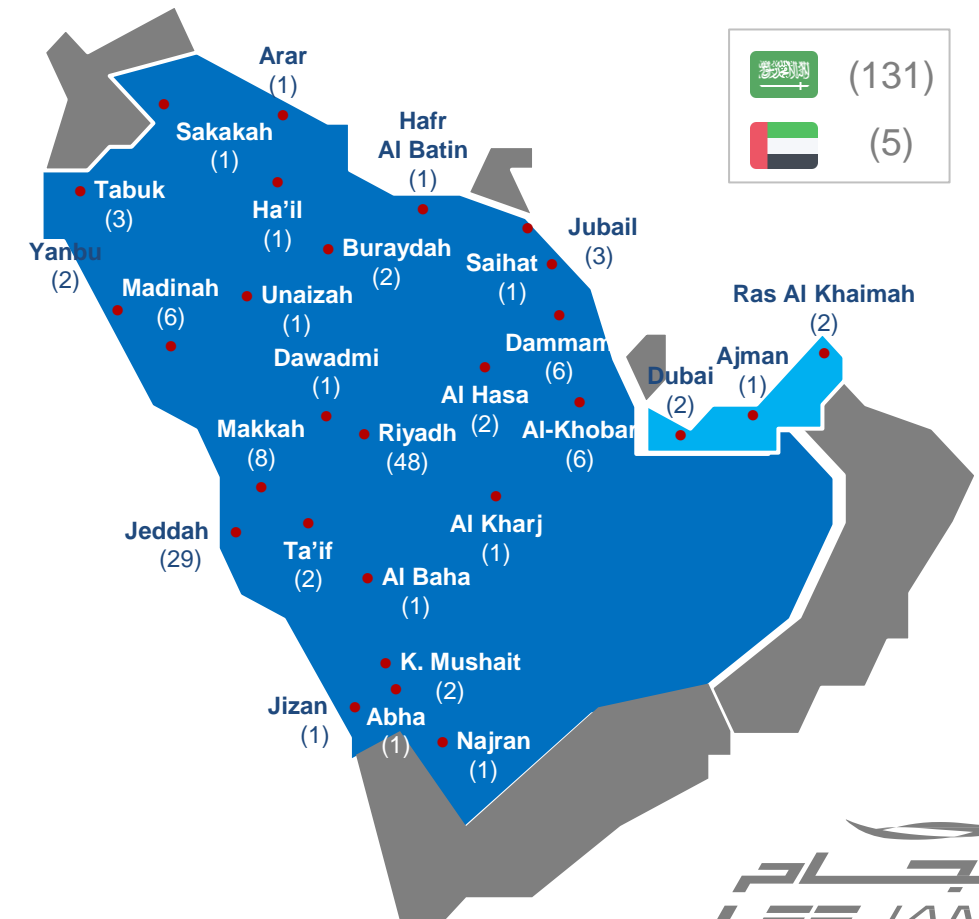
Fitness Centres Evolution

of Fitness Centers



Strong geographical footprint with presence in 28 cities

Geographic Footprint (as of 31 December 2020)



Source: Company
 • 12 Centers opened during 2020

A Proud Saudi Brand & Largest Fitness center operator in the Region



136

Operational Fitness Centers
(December 2020)
Added 12 Centers during FY 2020



38

Female Centers as of, December 2020
With



265K

Active Members as of December 2020
Compared to 283K as of December 2019



Total No. of Employees
Both Full & Part time

3,568

As of 31 December 2020
Compared to 3,718 as of 31 December 2019



Corporate

December 2020

180+

Corporate
Customers

9K

Corporate Members
41K as of December 2019

18M

Visits in 2020



Introducing
X45 & GT Classes in Q4
2020



Received Best Fitness Brand
in the UAE by Fit Awards



Improved security and
customer experience

Financial Highlights



Revenue (IN SAR)		Gross Profit (IN SAR)	
FY 2020	660M	FY 2020	129M
FY 2019	945M	FY 2019	360M
EBITDA (IN SAR)		Net Income (IN SAR)	
FY 2020	200M	FY 2020	(59)M
FY 2019	464M	FY 2019	206M

Write Off

During year 2020, Leejam Company's management conducted comprehensive assessment for its sports and other equipment, spare parts and consumables items. The study included physical count for certain assets, determining the assets condition, evaluating the operational status and the potential future economic benefits for these assets.

Junior Equipment and Old equipment

For sports and other equipment, the study identified assets require substantial repairing costs exceed its potential economic benefits, unused items do not meet the gym members expectations, assets undermine Leejam's image in the market due to frequent breakdowns, in addition to all Junior clubs sports equipment which has minimal recoverable amount, neither value in use nor selling in the market due the absence of prospective buyers for these highly specialized and low desirability products. Leejam Company management write off the Junior and old Equipment of net book value amount to SR 34.3m

Consumable and spare parts

For Consumables and spare parts: - the physical count and technical analysis identified damaged, expired and unusable spare parts amounting to SR 2.6 m.

Mubaraz Academy

The management believe that the Mubaraz site is not feasible for opening academy. The Management decided not to spend any further cost, therefore write off the cost of SR 5.3M and reassess the property.

Depreciation Policy: Management believe that our current depreciation policy doesn't require any changes. And our New TechnoGym Equipment will last 10Years with full maintenance and Warranty Covered by TechnoGym.

Business Review

OUR BRANDS



51

Clubs



2

Clubs



40

Clubs



4

Clubs



1

Club



30

Clubs



5

Clubs



1

Clubs



2

Clubs

136
locations

28
Cities in Saudi Arabia
& the UAE



2. COVID-19

COVID-19



Market Condition

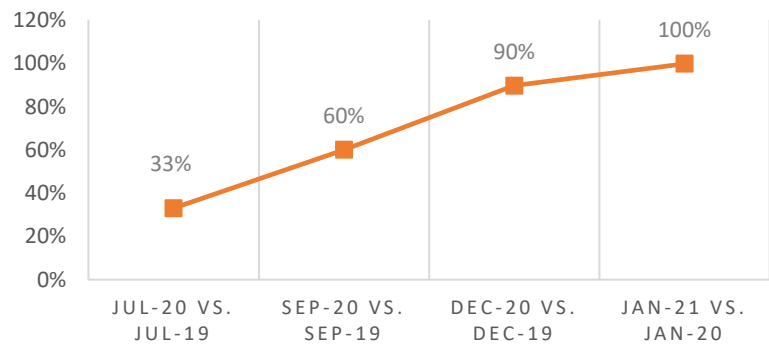


- Saudi Government Announced Precautionary Measures that Includes Closing Gyms for 30 Days starting Thursday, February 4th-Y 2021

Footfall Posts Lockdown



FOOTFALL POST LOCKDOWN



- Total Member attendance Reach 100% in January 2021 vs. January 2020, an increase from 33% in July 2020 vs. July 2019.

Additional Cost & Cost Saving



- Rental waive and discounting requests submitted by Leejam to all Landlords resulted in SR 8.1M in Y 2020, and expected around SR 3M in coming Quarters

Financial Health



- Holding to adequate cash of SR 258M at end of December 2020
- Available Bank facilities to be utilized to ensure continuity of business which includes SR 45M of working capital and SR 258M to support expansion plan



3. Executive Summary

Key Metrics

Revenue

SAR
230 M
Q4 2020
(15%)

270 M

Q4 2019

Gross Income

79 M
Q4 2020
(34%)

119 M

Q4 2019

EBITDA

61 M
Q4 2020
(53%)

130 M

Q4 2019

Net Income

(0.5) M
Q4 2020
(101%)

68 M

Q4 2019

Members Count

265K
Active Member
December 2020
(7%)

283K
Active Member
December 2019



4. Financial Performance

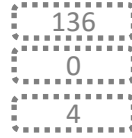
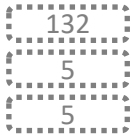
Revenue and Net Income – FY 2020

Revenue

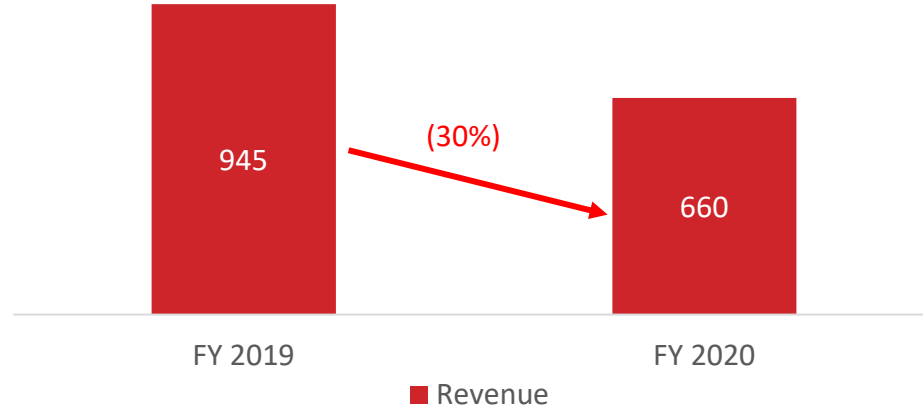
of Fitness Centres

- new Male Centres

- new & Converted Female Centres



In M SR



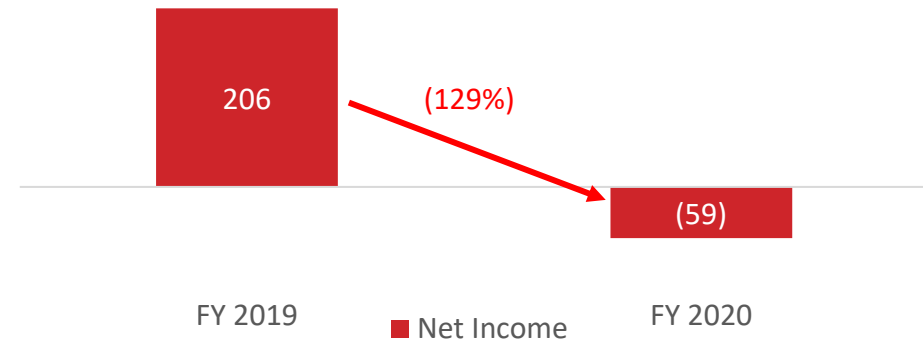
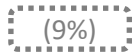
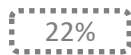
Key Messages:

- ❖ CY Revenue was 30% lower vs. LY, mainly due to:
 - Impact of Covid-19 pandemic approx. SR 285M.
 - Excluding the impact of Covid-19, revenue of FY 2020 would have been SR 945M, mainly driven by:
 - Ramp-up of non-LFL centers (10 centers were opened during 2019) and contribution of new centers.

Net Income

Net Margin %

In MSR



Key Messages:

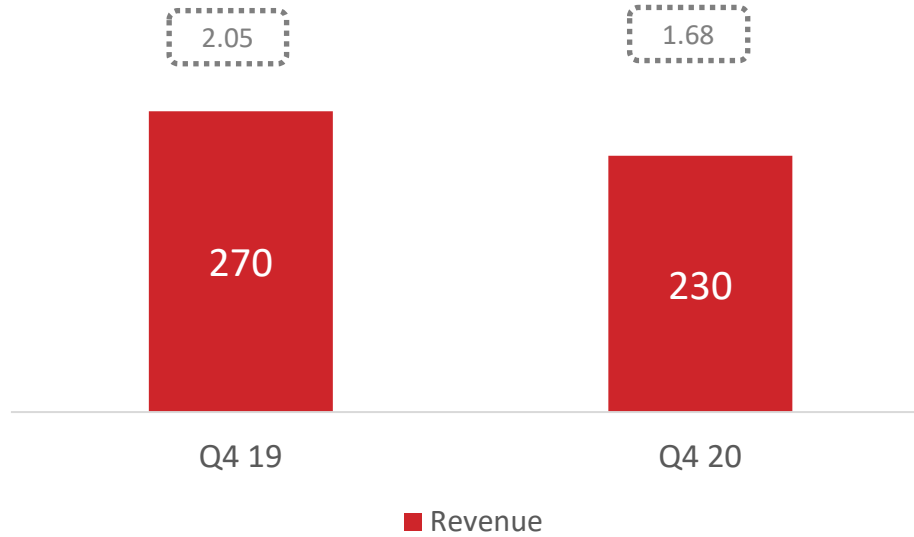
- ❖ 129% decline of the FY 2020 net income primarily driven by:
 - Impact of Covid-19 pandemic approx. SR 177M
 - Not recognizing revenue during lockdown period, however cost were there.
 - One-off of SR 43M related to Write Off

Revenue and Net Income – Q4 2020

Revenue

Ave. Revenue per Club

In MSR



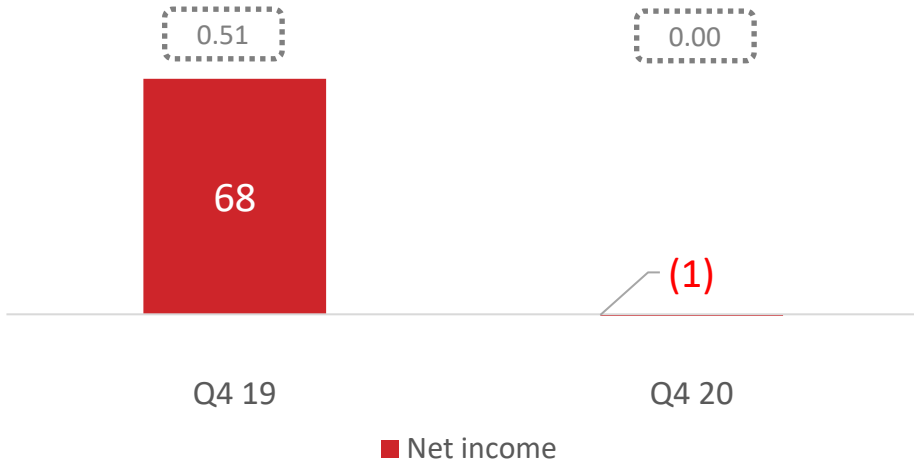
Key Messages:

- ❖ CY Q4 Revenue was 15% lower vs. LY Q4, mainly due to:
 - Decline in subs. Income and impact of post covid-19 market conditions.
 - Provided that subs. Income and active members are declining compared to LY, PT revenue is slightly increasing driven by more conduction during Q4.

Net Income

Ave. Net Income Per Club

In MSR



Key Messages:

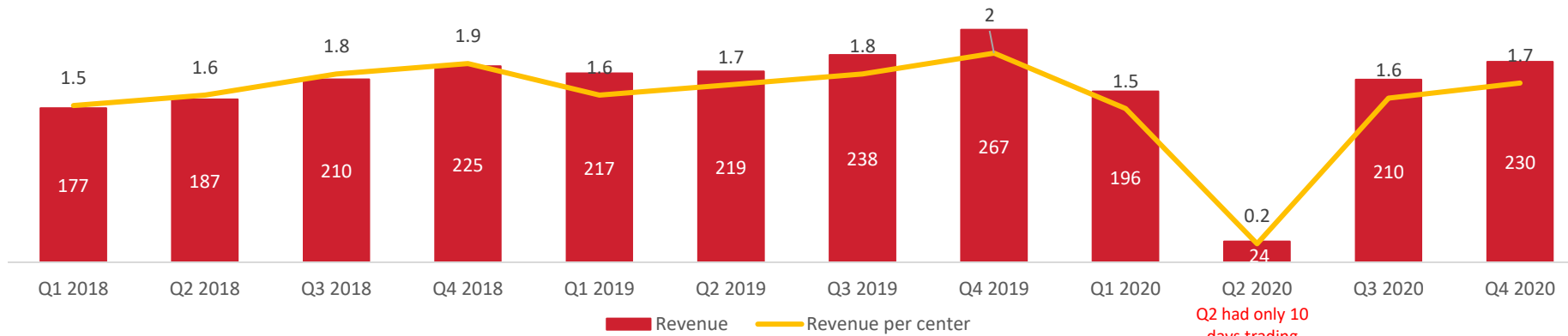
- ❖ CY Q4 Net income was impacted by post covid-19 market conditions as subscription income was low comparing last year same quarter and one-off item.
- ❖ Partly offset by
 - Lower Advertising expenses & G&A to LY, mainly due to lower professional fees & rationalizing marketing activities & Cost.

QoQ Growth (SAR million)

Revenue

of Fitness Centres
 - new Male Centres
 - new & Converted Female Centres

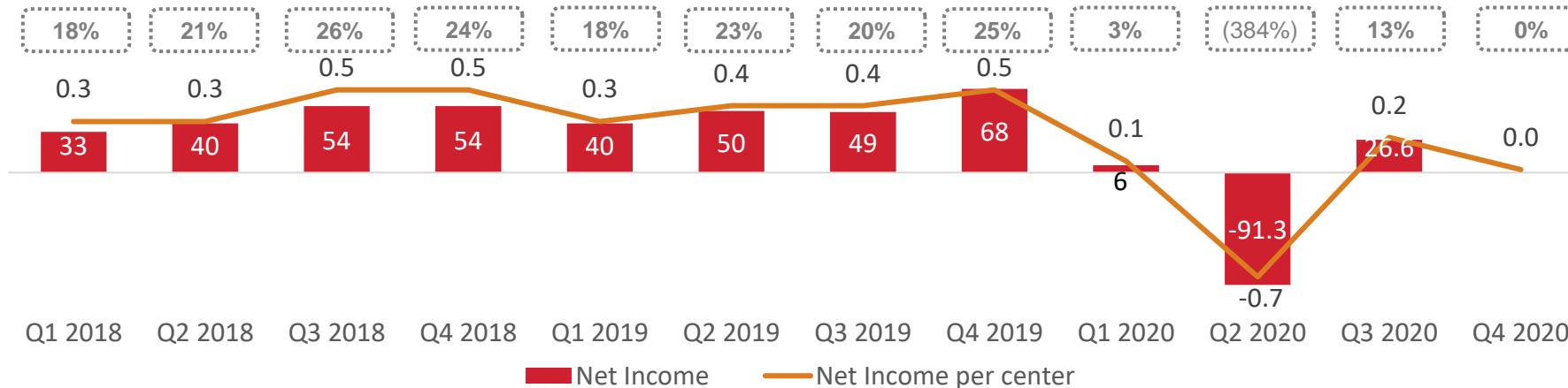
117	112	115	126	134	132	133	132	134	134	136	136
2	0	0	2	4	1	0	0	0	0	0	0
1	5	2	10	3	1	0	1	2	2	4	2



In MSR

Net Income

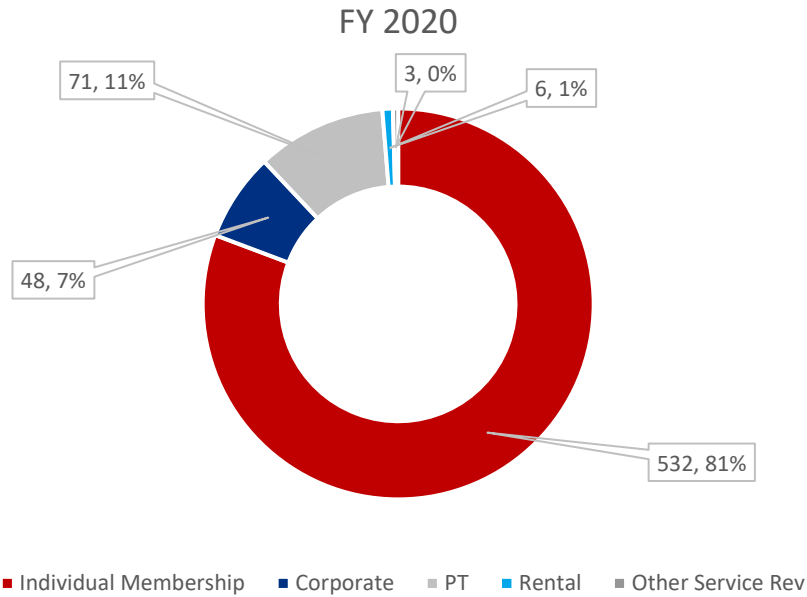
Net Margin %



Revenue Break-Down

Revenue by Type

(%, FY 2020)
(SAR million)

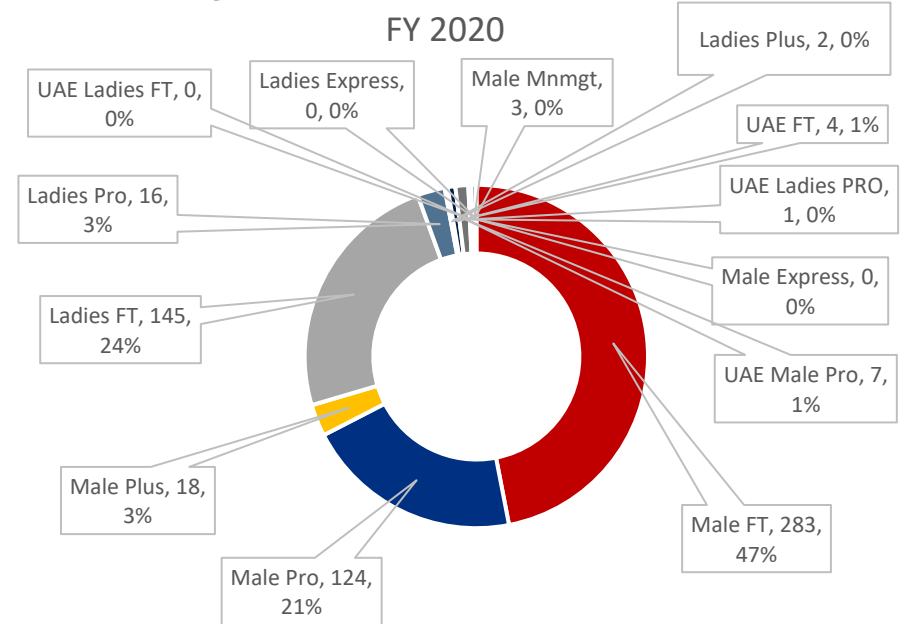


Revenue Breakdown	CY	LY	Δ	Δ%
Individual Membership	532	718	-186	(25.9%)
Corporate	48	127	-79	(62.4%)
Personal training income	71	88	-17	(19.4%)
Rental income	6	9	-3	(37.0%)
Other Service Rev	3	3	0	(6.6%)
Total	660	942	(285)	(30.3%)

Source: Company

Center Revenue by Brand

(%, FY 2020)
(SAR million)



No. of centers by category

Category	2020	2019	2018	2017
FT Men	51	53	49	50
PRO Men	39	42	41	42
Plus Men	2	2	4	4
Junior	0	4	6	8
FT Ladies	30	24	20	4
PRO Ladies	6	6	6	4
Plus Ladies	1	1	0	0
Corporate Wellness	2	2	2	-
Xpress Men	4	-	-	-
Xpress Ladies	1	-	-	-
Total	136	132	126	112

Q4 Marketing Campaigns

2020 Vs 2019 Campaigns		Campaign Days	3mo	6mo	12mo
October					
2019	Added Value & Referral Campaign	21	SR.100 Gift Voucher	SR.100 Gift Voucher	SR.100 Gift Voucher + (SR.500 for 12mo Only)
2020	October Campaign	16	10%	25%	40%
November					
2019	Added Value Campaign	21			Gift Voucher (SR.500 for 12mo Only)
2020	Squat Wolf Campaign	7	SR.600 Squat Wolf Credit	SR.1000 Squat Wolf Credit	SR.2000 Squat Wolf Credit
December					
2019	December Campaign	31	3mo at price of 2mo	6mo at price of 5mo	12mo at price of 9mo
2020	Double Days Campaign	31	3mo (90 Days Free)	6mo (180 Days Free)	12mo (360 Days Free)

FY 2020 P&L

SR M	FY 2019	FY 2020	Δ	Δ%
Revenue	944.9	659.6	(285.3)	(30.19%)
Cost of revenue	584.7	530.8	(53.9)	(9.22%)
Gross profit	360.2	128.8	(231.4)	(64.24%)
Gross profit Margin	38.12%	19.53%	(18.59%)	(18.59%)
General and administrative expenses	74.1	76.9	2.8	3.74%
Advertising and marketing expenses	19.3	16.5	(2.9)	(14.85%)
Impairment loss on fixed assets and advances to suppliers	9.2	43.6	34.4	374.87%
Impairment loss on financial assets	0.9	2.3	1.4	152.69%
Other (expenses) / income, net	7.4	4.5	(3.0)	(40.13%)
Operating income	264.0	(6.1)	(270.1)	(102.29%)
Operating income Margin	27.94%	(0.92%)	(28.86%)	(28.86%)
Finance charges	52.4	52.7	0.3	0.51%
Net income before Zakat	211.6	(58.7)	(270.4)	(127.75%)
Zakat	5.7	0.0	(5.7)	(100.00%)
Net income	205.9	(58.7)	(264.6)	(128.52%)
Net income Margin	21.79%	(8.90%)	(30.69%)	(30.69%)
Basic earnings per shares	3.93	-1.12		
Total Comprehensive income for the year	204.3	(60.0)	(264.2)	(129.35%)
Total Comprehensive income Margin	21.62%	(9.09%)	(30.71%)	(30.71%)
EBITDA	464.3	199.7	(264.6)	(56.98%)
EBITDA Margin	49.1%	30.28%	(18.86%)	(18.86%)

Key Messages:

- ❖ Revenue decline of SR 285M (30%) mainly due to closure of all clubs since 16th Mar until Jun 21st, 2020 due to covid-19 pandemic.
- ❖ Cost of revenue decreased by SR 54M (9%) mainly due to decrease in salaries, utilities, cleaning, consumables and security and partly offset by increase in government expenses (high iqama, work permit and licenses fees).
- ❖ Lower Advertising expenses of by SR 2.9M (15%) driven by decreasing marketing activities due to closure of all clubs since 16th Mar until Jun 21st, 2020 due to covid-19 pandemic.
- ❖ G&A expenses is lower by 4% same LY, mainly due to lower salaries and government expenses, offset by increase professional fees, FA provision and other costs.
- ❖ Impairment loss on fixed assets was SR 34.4M higher due to write-off of equipment, consumables, and other assets.
- ❖ Other Income decreased by SR 3M mainly due to the decrease of Rental income due to terminating rental contracts and granting rent concessions to lessee during the year.

Q4 2020 P&L

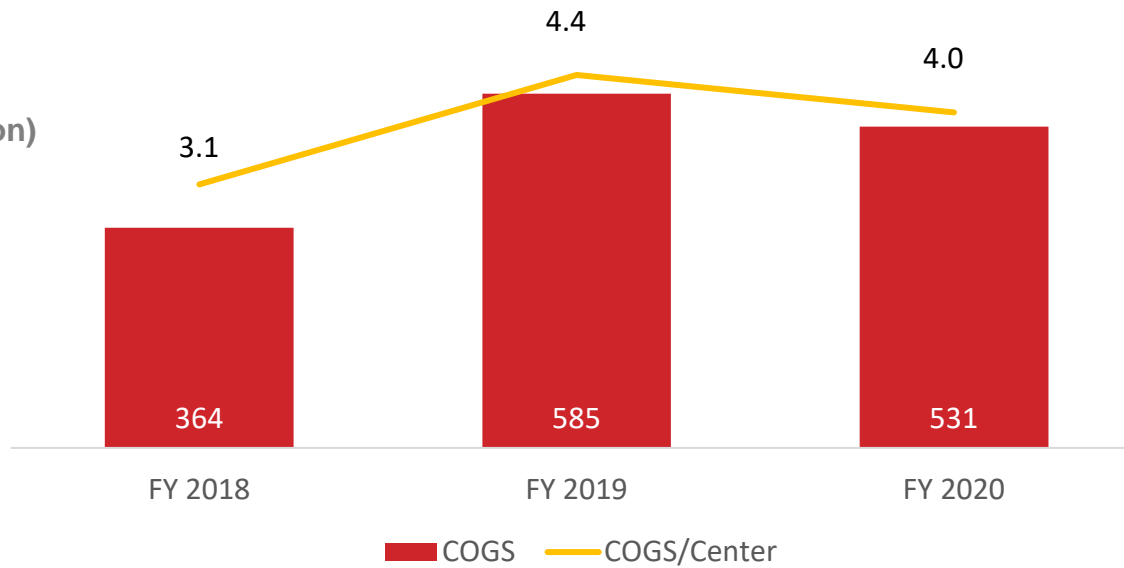
SR M	Q4 19	Q4 20	Δ	Δ%
Revenue	270.2	230.2	(40.0)	(14.80%)
Cost of revenue	151.7	151.7	0.1	0.05%
Gross profit	118.6	78.5	(40.1)	(33.80%)
Gross profit Margin	43.88%	34.09%	(9.78%)	(9.78%)
General and administrative expenses	18.9	17.2	(1.6)	(8.73%)
Advertising and marketing expenses	9.1	3.1	(6.0)	(65.69%)
Impairment loss on fixed assets and advances to suppliers	9.2	43.6	34.4	374.87%
Impairment loss on financial assets	0.9	2.3	1.4	152.69%
Other (expenses) / income, net	(0.6)	(3.5)	(2.9)	460.19%
Operating income	79.9	8.7	(71.2)	(89.12%)
Operating income Margin	29.57%	3.78%	(25.79%)	(25.79%)
Finance charges	9.8	9.2	(0.6)	(6.34%)
Net income before Zakat	70.1	(0.5)	(70.6)	(100.73%)
Zakat	2.1	0.0	(2.1)	(100.00%)
Net income	67.9	(0.5)	(68.4)	(100.76%)
Net income Margin	25.14%	(0.22%)	(25.36%)	(25.36%)
Basic earnings per shares	1.30	0.00		
Total Comprehensive income for the year	67.9	2.1	(65.8)	(96.84%)
Total Comprehensive income Margin	7.19%	0.33%	(6.86%)	(6.86%)
EBITDA	130.3	61.0	(69.4)	(53.21%)
EBITDA Margin	48.2%	26.49%	(21.74%)	(21.74%)

Key Messages:

- ❖ Revenue decline of SR 40M (15%) mainly due to adverse market conditions post covid-19 pandemic.
- ❖ Cost of revenue almost the same with slight increase due to higher hygiene cost.
- ❖ Advertising expenses decreased by SR 1.6M (9%) driven by rationalizing marketing activities & Cost.
- ❖ Decrease in G&A expenses is mainly due lower professional fees.
- ❖ Finance cost lower by SR 0.6M mainly due to decrease in SIBOR Rate and lower bank commission due to less Subscription.

COGS & SG&A

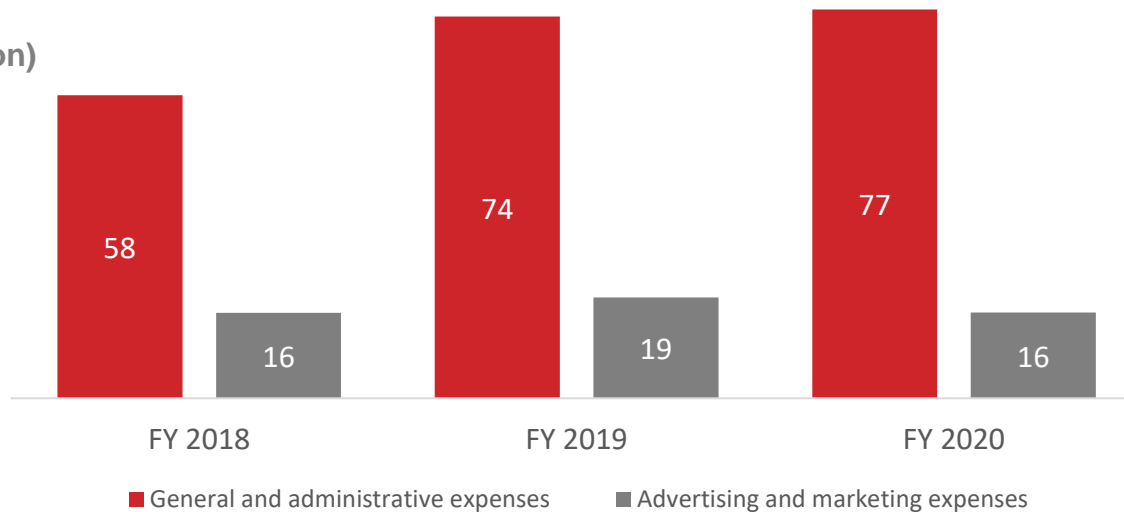
COGS (SAR million)



Key Messages:

- ❖ 9% decrease in average COGS / center is mainly driven by:
 - Lower salaries and benefits (lower allowances and commissions), decrease in utilities, cleaning expenses, consumables and security, partly offset by increase in government expenses (higher iqama, work permit and licenses fees).

SG&A (SAR million)



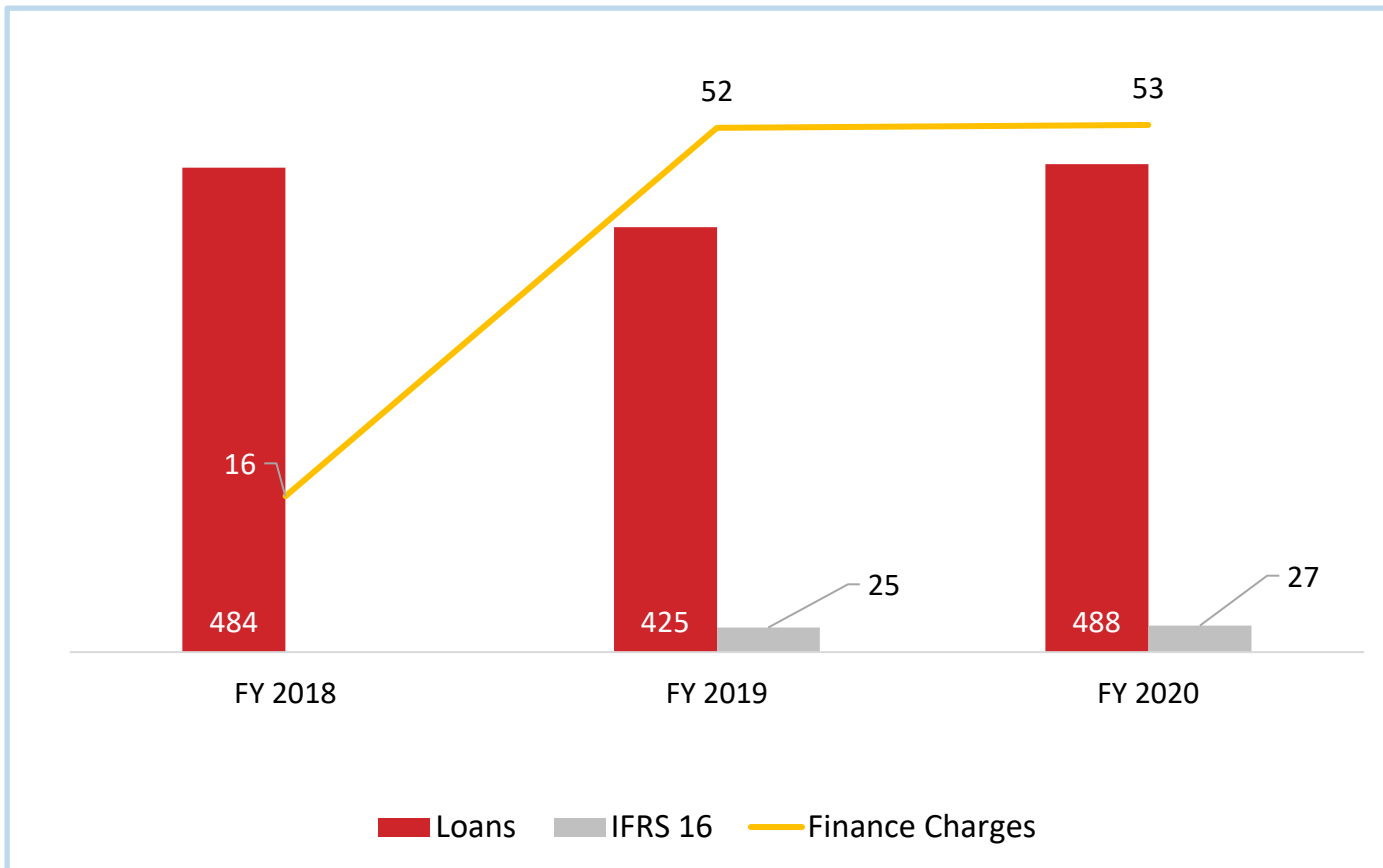
Key Messages:

- ❖ Decrease in advertising & marketing cost mainly due decreasing marketing activities due to closure of all clubs since 16th Mar until Jun 21st, 2020 due to covid-19 pandemic.
- ❖ General and administrative expenses were higher by 4% due higher Government & sponsorship expenses.

Loans & Finance Charges

Loans and Finance Charges

(SAR million)

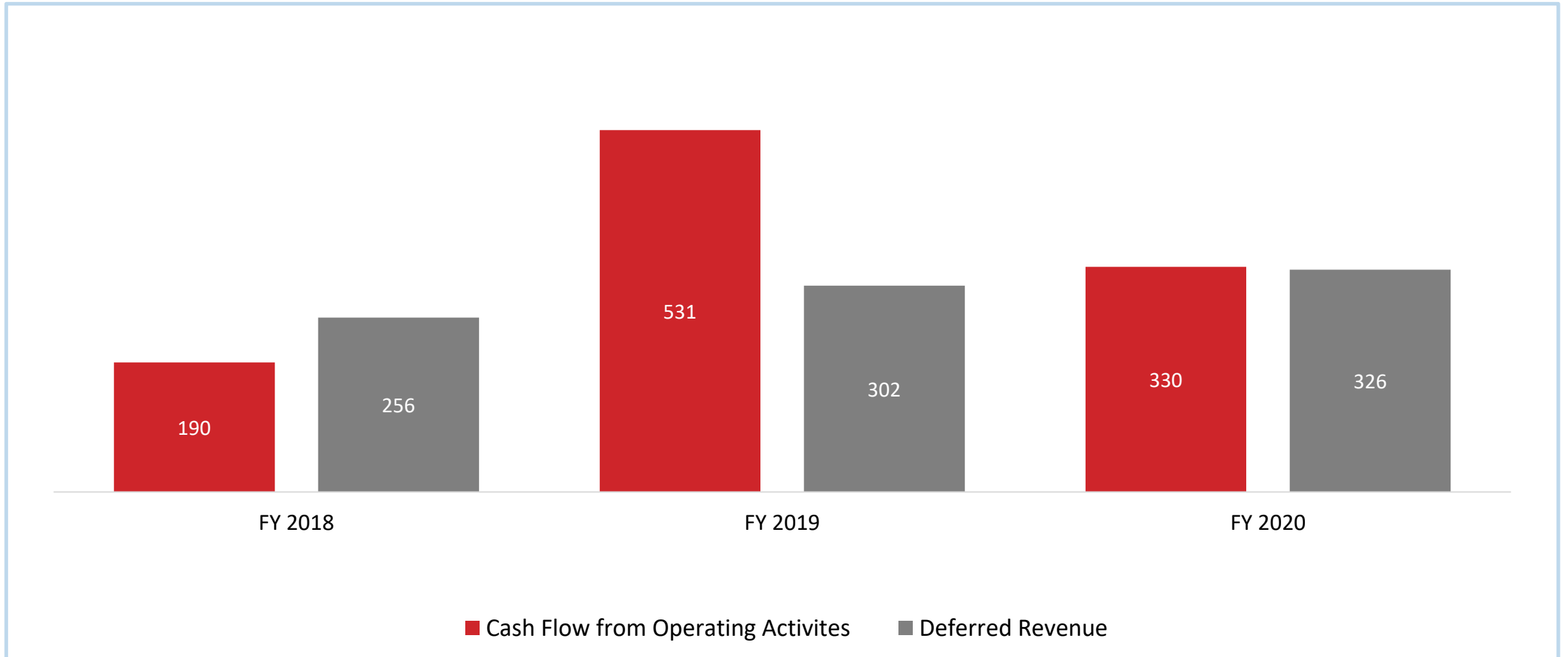


Key Messages:

- ❖ YOY Increase in loans to support center expansion.
- ❖ Overall bank loan increased by SR 63M, however Cash increased by SR 190M
- ❖ Approximate 50-60% split by managing the portfolio between floating & fixed rated borrowings.
- ❖ Weighted average cost of borrowings approximate 2.37% during Y 2020 comparing last year of 4.0% due to decrease in SIBOR and better negotiation of interest rates during Y 2020.

Cash Generation

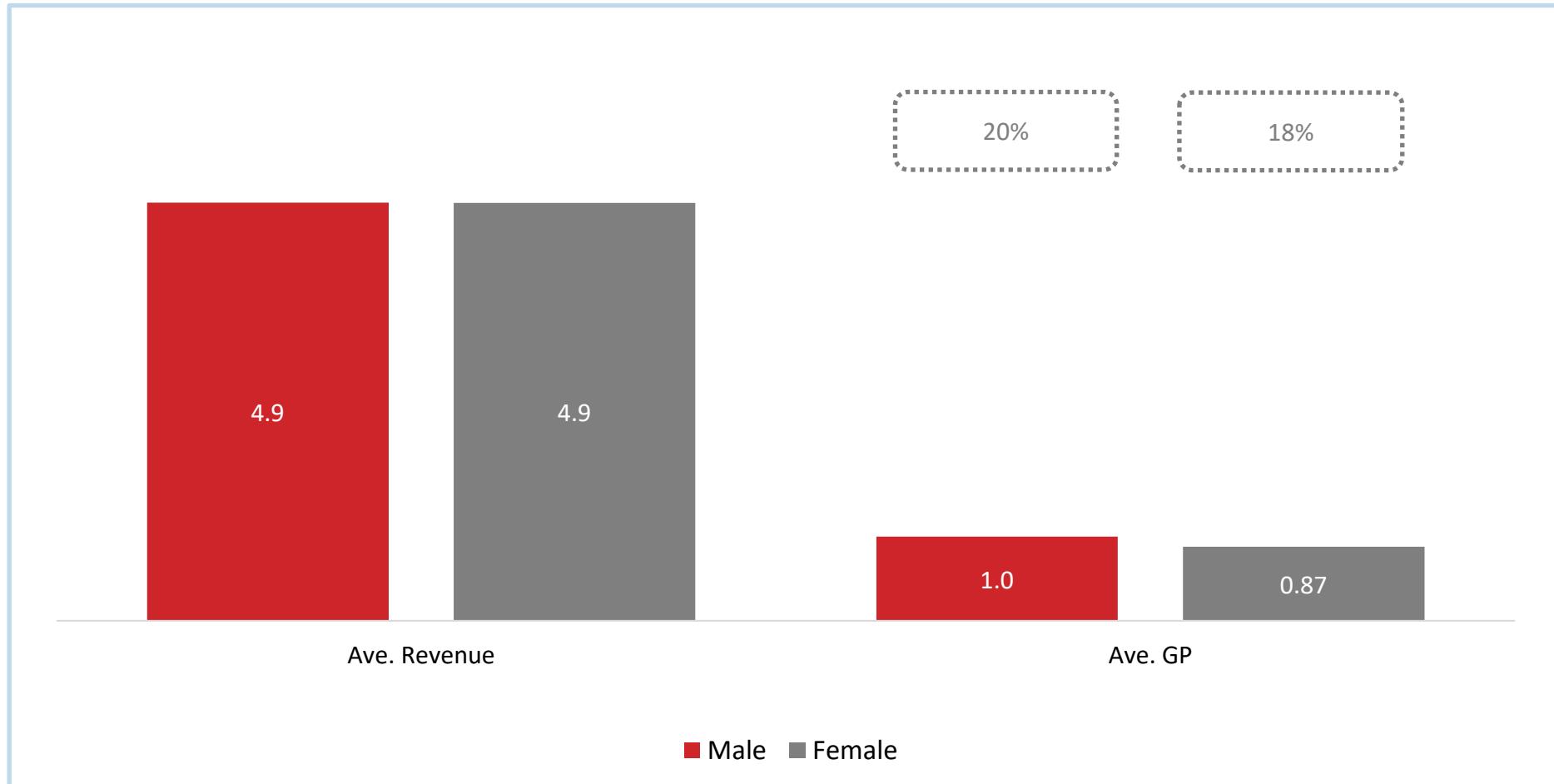
Cash Flow From Operations & Deferred Revenue (SAR million)



Male vs. Female Centres Performance

Based on Q4 2020 performance
Revenue and Gross Profit per centre (SAR million)

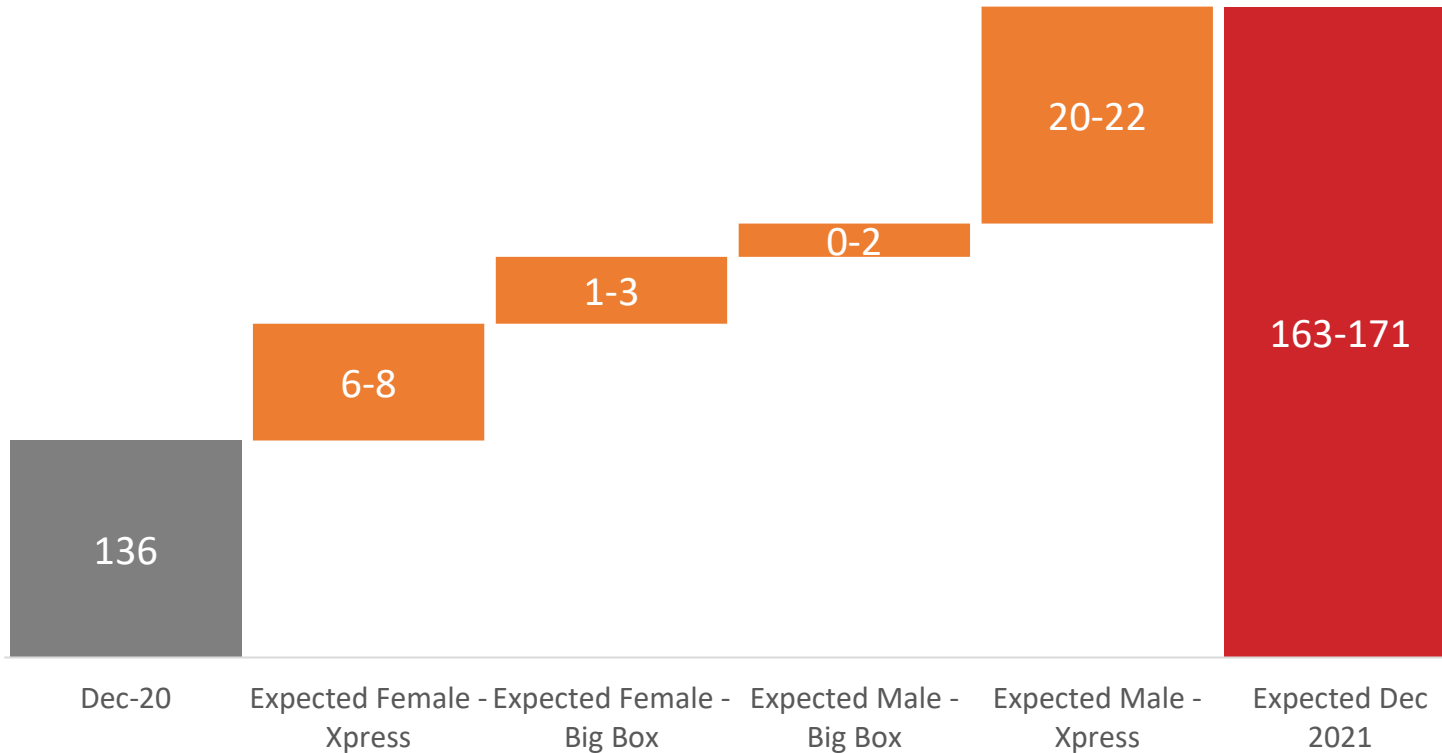
% Gross Margin, average





5. Outlook FY 2020

No. of centres Growth



Tentative Guidance:

❖ 2021 growth will be driven by:

- Further opening of 26-30 Xpress Clubs
- Further opening of 2-4 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.



Thank you

6. Q&A

