

**LEEJAM SPORTS COMPANY AND ITS SUBSIDIARIES  
(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024**

# LEEJAM SPORTS COMPANY (A Saudi Joint Stock Company)

## INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

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

### Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of Leejam Sports Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2024, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three months period ended 31 March 2024, and the related interim condensed consolidated statements of changes in equity and cash flows for the three months period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated 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*", as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services



Hesham A. Alatiqi  
Certified Public Accountant  
License No. (523)



Riyadh: 2 Thul-Qi'dah 1445H  
(10 May 2024)

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
 (UNAUDITED)  
 FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

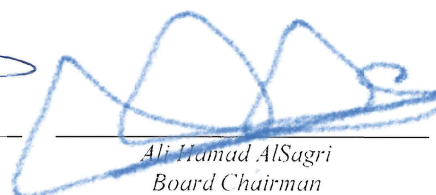
		<i>For the three-months period ended 31 March</i>	
		2024	2023 (Restated – note 2A)
	Note	SR	SR
Revenue	6	343,540,963	276,972,367
Cost of revenue	7	<u>(204,148,002)</u>	<u>(168,303,427)</u>
<b>GROSS PROFIT</b>		<b>139,392,961</b>	<b>108,668,940</b>
General and administrative expenses		(31,173,831)	(27,579,787)
Advertising and marketing expenses		(8,594,721)	(3,067,098)
Allowance for expected credit losses		<u>(949,761)</u>	<u>-</u>
<b>OPERATING PROFIT</b>		<b>98,674,648</b>	<b>78,022,055</b>
Other income		4,866,823	-
Gain on lease modification		8,998,700	-
Reversal of impairment of non-financial assets		4,733,842	-
Finance cost		(22,168,705)	(17,490,297)
Share in net results of investment in an associate		(1,713,567)	-
Profit from short term Murabaha		<u>3,493,561</u>	<u>3,677,558</u>
<b>PROFIT BEFORE ZAKAT AND INCOME TAX</b>		<b>96,885,302</b>	<b>64,209,316</b>
Zakat and income tax	17	<u>(2,706,817)</u>	<u>(1,581,210)</u>
<b>PROFIT FOR THE PERIOD</b>		<b><u>94,178,485</u></b>	<b><u>62,628,106</u></b>
<b>NET PROFIT ATTRIBUTABLE TO:</b>			
Equity holders of the parent company		94,220,650	62,628,106
Non- Controlling Interests		<u>(42,165)</u>	<u>-</u>
		<b><u>94,178,485</u></b>	<b><u>62,628,106</u></b>
<b>EARNINGS PER SHARE</b>			
Basic and diluted earnings per share	8	<u>1.80</u>	<u>1.20</u>



Assim Al Attas  
Chief Financial Officer



Adnan Abdullah Al Khalaf  
Chief Executive Officer



Ali Hamad AlSagri  
Board 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 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 (UNAUDITED)  
 FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

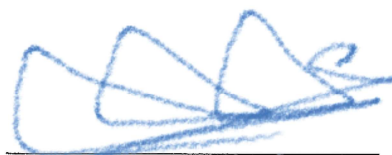
	2024 SR	2023 (Restated – note 24) SR
Net profit for the period	94,178,485	62,628,106
Other comprehensive income		
Item that will not be reclassified to statement of profit or loss in subsequent periods:		
Gain on equity instrument designated at fair value through other comprehensive income	92,318	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>94,270,803</u>	<u>62,628,106</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>		
Equity holders of the parent company	94,312,968	62,628,106
Non- Controlling Interest	(42,165)	-
	<u>94,270,803</u>	<u>62,628,106</u>



Assim Al Attas  
Chief Financial Officer



Adnan Abdullah Al Khalaf  
Chief Executive Officer



Ali Hamad AlSagri  
Board Chairman

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(UNAUDITED)

AS AT 31 MARCH 2024

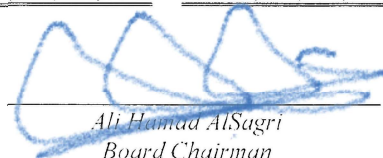
	Note	31 March 2024 SR (Unaudited)	31 December 2023 SR (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	9	1,851,978,698	1,705,519,606
Right-of-use assets	10	1,187,030,292	1,152,169,605
Intangible assets		4,907,262	3,935,499
Investment in associate	11	5,971,458	1,845,765
Goodwill	5	14,494,955	11,932,513
Financial assets at fair value through OCI		92,318	-
Advances to suppliers and contractors		86,223,676	100,970,616
<b>TOTAL NON- CURRENT ASSETS</b>		<b>3,150,698,659</b>	<b>2,976,373,604</b>
<b>CURRENT ASSETS</b>			
Inventories		20,078,676	15,011,177
Prepayments and other current assets		86,852,352	103,939,351
Trade receivables	13	29,775,904	29,083,762
Cash and cash equivalents	14	297,345,307	276,810,098
<b>TOTAL CURRENT ASSETS</b>		<b>434,052,239</b>	<b>424,844,388</b>
<b>TOTAL ASSETS</b>		<b>3,584,750,898</b>	<b>3,401,217,992</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		523,833,610	523,833,610
Statutory reserve		135,596,952	135,596,952
Retained earnings		454,352,769	429,801,989
Fair value reserve of financial assets at FVOCI		92,318	-
<b>EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>		<b>1,113,875,649</b>	<b>1,089,232,551</b>
Non-controlling interests		6,410,538	2,530,051
<b>TOTAL EQUITY</b>		<b>1,120,286,187</b>	<b>1,091,762,602</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	15	310,144,706	180,207,547
Lease liabilities	10	1,185,398,876	1,178,488,669
Employees' end of service benefits		52,179,283	49,803,255
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,547,722,865</b>	<b>1,408,499,471</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	15	164,253,636	122,601,656
Lease liabilities	10	123,287,793	114,052,331
Accounts payable		117,095,449	104,641,011
Accrued expenses and other current liabilities	16	97,909,875	105,276,723
Deferred revenue		400,727,636	443,623,557
Provision for zakat and income tax	17	13,467,457	10,760,641
<b>TOTAL CURRENT LIABILITIES</b>		<b>916,741,846</b>	<b>900,955,919</b>
<b>TOTAL LIABILITIES</b>		<b>2,464,464,711</b>	<b>2,309,455,390</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,584,750,898</b>	<b>3,401,217,992</b>



Assim Al Attas  
Chief Financial Officer



Adnan Abdullah Al Khalaf  
Chief Executive Officer



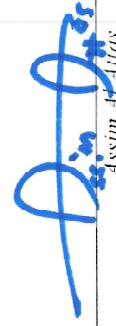
Ali Hamad AlSagri  
Board Chairman


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

LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

	Share Capital		Statutory Reserve		Retained earnings		Fair value reserve of financial assets at FVOCI		Non-Controlling Interest ("NCI")		Total	
	SR		SR		SR		SR		SR		SR	
As at 31 December 2022— as previously reported	523,833,610		102,349,153		312,356,345		-		-		938,539,108	
Impact of restatement (note 24)	-		(2,376,614)		(21,389,529)		-		-		(23,766,143)	
As at 31 December 2022 – as restated (Audited)	523,833,610		99,972,539		290,966,816		-		-		914,772,965	
Profit for the period, as restated	-		-		62,628,106		-		-		62,628,106	
Other comprehensive income	-		-		-		-		-		-	
Total comprehensive income for the period, as restated	-		-		62,628,106		-		-		62,628,106	
Dividends (note 22)	-		-		(58,145,530)		-		-		(58,145,530)	
As at 31 March 2023, as restated (Unaudited)	523,833,610		99,972,539		295,449,392		-		-		919,255,541	
As at 31 December 2023 (Audited)	523,833,610		135,596,952		429,801,989		-		2,530,051		1,091,762,602	
Profit (loss) for the period	-		-		94,220,650		-		(42,165)		94,178,485	
Other comprehensive income	-		-		-		92,318		-		92,318	
Total comprehensive income for the period	-		-		94,220,650		92,318		(42,165)		94,270,803	
Dividends (note 22)	-		-		(69,669,870)		-		-		(69,669,870)	
Acquisition of Subsidiary	-		-		-		-		3,731,705		3,731,705	
Additional investment by NCI	-		-		-		-		190,947		190,947	
As at 31 March 2024 (Unaudited)	523,833,610		135,596,952		454,352,769		92,318		6,410,538		1,120,286,187	

  
Assim Al-Hitas  
Chief Financial Officer

  
Adnan Abdullah Al Khalaf  
Chief Executive Officer

  
Ali Hamed Al-Sagari  
Board Chairman

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

**LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UNAUDITED)**  
**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024**

		<i>For the three-months period ended</i>	
		<i>31 March</i>	
		<i>2024</i>	<i>2023</i>
		<i>SR</i>	<i>SR</i>
			<i>(Restated – note 24)</i>
	<i>Note</i>		<i>SR</i>
<b>OPERATING ACTIVITIES</b>			
Profit before zakat and income tax		<b>96,885,302</b>	64,209,316
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation of property and equipment	9	<b>41,969,740</b>	39,068,244
Depreciation of right-of-use assets	10	<b>27,205,070</b>	20,058,605
Amortization of intangible assets		<b>397,749</b>	351,618
Allowance for expected credit losses		<b>949,761</b>	-
Finance costs		<b>22,168,705</b>	17,490,297
Reversal of impairment of non-financial assets		<b>(4,733,842)</b>	-
Profit from short term Murabaha		<b>(3,493,561)</b>	(3,677,558)
Gain on lease modification		<b>(8,998,700)</b>	-
Gain on disposal of property and equipment		<b>(440,170)</b>	-
Share in net results of investment in an associate		<b>1,713,567</b>	
Provision for employees' end of service benefits		<b>2,245,075</b>	1,920,573
		<b>175,868,696</b>	139,421,095
Working capital changes:			
Inventories		<b>(5,067,499)</b>	(1,774,215)
Prepayments and other current assets		<b>21,086,181</b>	(8,100,476)
Trade receivables		<b>(1,074,744)</b>	3,396,705
Accounts payable		<b>9,837,251</b>	(3,011,493)
Accrued expenses and other current liabilities		<b>(8,474,022)</b>	(5,621,311)
Deferred revenue		<b>(47,087,278)</b>	(11,016,677)
<b>Cash from operations</b>		<b>145,088,585</b>	113,293,628
Employees' end of service benefits paid		<b>(556,339)</b>	(1,218,099)
<b>Net cash from operating activities</b>		<b>144,532,246</b>	112,075,529
<b>INVESTING ACTIVITIES</b>			
Property and equipment	9	<b>(174,225,151)</b>	(47,019,178)
Advances to suppliers and contractors		<b>14,746,940</b>	1,643,560
Intangible assets		<b>(1,339,419)</b>	(235,579)
Proceeds from short term Murabaha profit		<b>2,799,167</b>	2,304,366
Acquisition of a subsidiary	5	<b>(7,141,772)</b>	-
Proceeds from disposal of property and equipment		<b>1,991,145</b>	-
Investment in an associate		<b>(5,839,260)</b>	-
<b>Net cash used in investing activities</b>		<b>(169,008,350)</b>	(43,306,831)

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



LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)  
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
 (UNAUDITED) (continued)  
 FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

	<i>For the three-months period ended</i>	
	<i>31 March</i>	
	<u>2024</u>	<u>2023</u>
	<i>SR</i>	<i>SR</i>
		<i>(Restated – note 24)</i>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	261,374,500	33,851,913
Repayments of borrowings	(90,049,219)	(29,187,151)
Transaction with NCI	190,947	-
Finance cost paid	(11,527,054)	(8,012,382)
Dividend paid	(69,669,870)	(58,145,530)
Payment of lease liabilities	(45,307,991)	(24,021,978)
<b>Net cash from (used in) financing activities</b>	<u>45,011,313</u>	<u>(85,515,128)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	<u>20,535,209</u>	<u>(16,746,430)</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>276,810,098</u>	<u>300,626,898</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>297,345,307</u>	<u>283,880,468</u>
 <b><u>SIGNIFICANT NON-CASH TRANSACTIONS</u></b>		
Additions to right-of-use assets and corresponding lease liability	50,806,960	-
Capitalization of borrowing cost	350,000	41,865
Interest on lease liabilities capitalized for under construction fitness centers	2,694,911	259,105



*Assim Al Attas*  
 Chief Financial Officer



*Adnan Abdullah Al Khalaf*  
 Chief Executive Officer



*Ali Hamad AlSagri*  
 Board Chairman

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

# LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

### 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 Al-Thani 1429H (corresponding to 5 May 2008) and registered under Commercial Registration (CR) numbered 4030180323 dated 19 Jumada Al-Alkhirah 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. In 2012, The Company’s head office was transferred from Jeddah to Riyadh, the Company obtained amended CR numbered 1010337986 dated 14 Jumada Al-Alkhirah 1433H (corresponding to 6 May 2012).

The objectives of the Company and its subsidiaries (“the Group”) 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 Group needs to use. The Group’s operations are located in the Kingdom of Saudi Arabia and United Arab Emirates.

The subsidiaries included in these interim condensed consolidated financial statements are as follows:

<i>Name</i>	<i>Country of incorporation</i>	<i>Ownership percentage</i>			
		<b>31 March 2024</b>		31 December 2023	
		<i>Direct</i>	<i>Indirect</i>	<i>Direct</i>	<i>Indirect</i>
Al Rasn investment Company	Kingdom of Saudi Arabia	<b>100%</b>	-	100%	-
Altathir Al-Riyadiyah Company	Kingdom of Saudi Arabia	-	<b>100%</b>	-	100%
Padel X Sports Company	Kingdom of Saudi Arabia	-	<b>51%</b>	-	51%
Champs Sports and Fitness Club LLC Company	United Arab Emirates	-	<b>60%</b>	-	-

The Group 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 Group for a nominal fee. Fitness Time discontinued its operations after the trademark was transferred to the Group. The management believes that Fitness Time is immaterial to the Group; hence, does not consolidate the results of operations of Fitness Time and its financial position in the consolidated financial statements of the Group.

The interim condensed consolidated financial statements of the Group for the three months period ended 31 March 2024 were authorized for issuance in accordance with the Board of Directors resolution on 26 Shawwal 1445 (corresponding to 5 May 2024).

### 2. BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as endorsed in the 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 consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2023. In addition the results of the operations for the period ended 31 March 2024 do not necessarily represent an indicator for the results of the operations for the year ending 31 December 2024.

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

# LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

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

The preparation of the Group's interim condensed consolidated 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 2024, management believes that, all judgments and sources of estimation uncertainty remain similar to those disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2023.

### 4. MATERIAL ACCOUNTING POLICY INFORMATION AND NEW AND AMENDED STANDARDS AND INTERPRETATIONS

#### 4.1 *Material accounting policy information*

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

#### 4.2 *New standards, amendments to standards and interpretations applicable from 1 January 2024*

Following are the standards and amendments effective on 1 January 2024 or after (unless otherwise stated) and do not have a material impact on the Group's interim condensed consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

In January 2020 and October 2022, the Board issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

The new standard had no impact on the Group's interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED) (continued)  
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

**4. MATERIAL ACCOUNTING POLICY INFORMATION AND NEW AND AMENDED STANDARDS AND INTERPRETATIONS (continued)**

**4.2 New standards, amendments to standards and interpretations applicable from 1 January 2024 (continued)**

Amendments to IFRS (16): Lease Liability in a Sale and Leaseback

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

**4.3 Standards and amendments issued and not yet effective**

The new amended, issued standards and interpretations, which are not effective yet have not been adopted early by the Group and will be adopted on their effective date as applicable. The adoption of these standards and interpretations is not expected to have any material impact on the Group on the effective date.

<b>Standard, Amendment or Interpretation</b>	<b>Effective date</b>
- Lack of exchangeability - Amendments to IAS 21	1 January 2025
- IFRS 18: Presentation and Disclosure in Financial Statements – Replaces IAS (1) Presentation of Financial Statements.	1 January 2027

# LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

### 5 ACQUISITIONS OF A SUBSIDIARY

On 1 Rajab 1445H (corresponding to 1 February 2024), Al Rasn investment Company acquired 60% stake in Champs Sports and Fitness Club LLC having commercial license numbered 865400 issued by the Dubai Economy Department, with head office registered in Dubai, United Arab Emirates. Transaction costs of SR 17,266 were expensed and are included in general and administrative expenses. It is engaged in engaged in the provision of comprehensive fitness and wellness services including but not limited to gym, fitness classes, basketball academy, football academy and facilities rentals.

The acquisition value amounted to SR 8.16 million. The interim condensed consolidated financial statements include the results of Champs Sports and Fitness Club LLC from the acquisition date.

The following table shows book value of total assets acquired and liabilities assumed at acquisition date:

	<i>1 February 2024 SR (Unaudited)</i>
<b>Assets</b>	
Property and equipment	12,709,745
Right-of-use assets	6,524,955
Intangible assets	30,093
Prepayments and other current assets	3,304,788
Trade receivables *	567,159
Cash and cash equivalents	1,018,228
<b>Total assets</b>	<u>24,154,968</u>
<b>Liabilities</b>	
Borrowings	263,858
Lease liabilities	6,524,955
Employees' end of service benefits	150,125
Trade payables	2,617,187
Deferred revenue	4,191,357
Accrued expenses and other current liabilities	1,078,223
<b>Total liabilities</b>	<u>14,825,705</u>
Total identifiable net assets at book value	<u>9,329,263</u>
Group share in net assets acquired @ 60%	<u>5,597,558</u>
Provisional goodwill arising on acquisition	<u>2,562,442</u>
Purchase consideration paid	<u>8,160,000</u>

\*The book value and gross amount of the trade receivables amounts to SR 567,159 and it is expected to be fully collected.

Analysis of cash flows on acquisition:

	<i>1 February 2024 SR (Unaudited)</i>
Net cash acquired with the subsidiary (included in cash flows from investing activities)	1,018,228
Cash paid	(8,160,000)
Net cash outflow on acquisition	<u>(7,141,772)</u>
	<i>Goodwill SR</i>
<b>Gross carrying amount of goodwill:</b>	
At 31 December 2023 (audited) (note a)	11,932,513
Acquisition of a subsidiary	2,562,442
At 31 March 2024 (unaudited)	<u>14,494,955</u>

# LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

### 5. ACQUISITION OF A SUBSIDIARY (continued)

The Group is currently in the process of allocating the purchase consideration to Champs Sports and Fitness Club LLC's assets and liabilities. The process is expected to be completed within 12 month from the acquisition date whereby part of the goodwill balance may be reclassified to certain other assets identified during the process.

A reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period is presented below:

- a) The balance as at 31 December 2023 included provisional goodwill of SR 7,134,890 related to the acquisition of Altathir Al-Riyadiyah Company on 25 Thul-Qi'dah 1444H (corresponding to 14 June 2023), currently the Group is in the process of allocating the purchase consideration to the Altathir Al-Riyadiyah Company's assets and liabilities. The process is expected to be completed within 12 month from the acquisition date whereby part of the goodwill balance may be reclassified to certain other assets identified during the process.

### 6. REVENUE

	<i>For the three-months period ended 31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Type of services</i>		
Subscriptions and membership	<b>284,697,953</b>	239,152,108
Personal training	<b>48,051,953</b>	32,191,831
Rental income	<b>4,483,902</b>	3,921,798
Others	<b>6,307,155</b>	1,706,630
	<b><u>343,540,963</u></b>	<u>276,972,367</u>

Set out below is the disaggregation of the Group'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>Subscriptions and membership</i>		<i>Personal training</i>		<i>Rental income</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>For the three-months period ended 31 March</i>					
	<i>SR (Unaudited)</i>					
<i>Types of customers</i>						
Male centers	<b>212,908,115</b>	183,335,874	<b>30,701,518</b>	21,359,517	<b>2,476,558</b>	2,254,149
Female centers	<b>68,456,931</b>	55,816,234	<b>16,864,166</b>	10,832,314	<b>1,092,505</b>	1,667,649
Other Business	<b>3,332,907</b>	-	<b>486,269</b>	-	<b>914,839</b>	-
	<b><u>284,697,953</u></b>	<u>239,152,108</u>	<b><u>48,051,953</u></b>	<u>32,191,831</u>	<b><u>4,483,902</u></b>	<u>3,921,798</u>

In addition, the Group separately presents segment information in accordance with IFRS-8 (note 19).

# LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

### 7. COST OF REVENUE

	<i>For the three-months period ended 31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>(Restated – note 24)</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Salaries and related benefits	79,273,693	63,872,037
Depreciation of property and equipment	40,772,593	37,804,085
Depreciation of right-of-use assets	27,113,889	19,598,943
Cleaning and maintenance	23,927,944	19,641,003
Utilities	18,596,350	17,595,342
Others	14,463,533	9,792,017
	<u>204,148,002</u>	<u>168,303,427</u>

### 8 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit the period ended 31 March 2024 and 31 March 2023, by the weighted average number of shares outstanding at the end of the respective period, which consisted of 52.383 million shares as at 31 March 2024 (31 March 2023: 52.383 million shares).

### 9. PROPERTY AND EQUIPMENT

During the three-months period ended 31 March 2024, the Group has purchased assets with a cost of SR 174.2 million (three-months period ended 31 March 2023: SR 47 million). Depreciation charge for the three months period ended 31 March 2024 amounted to SR 42 million (three-months period ended 31 March 2023: SR 39.07 million).

The borrowing costs capitalised under capital work in progress during the period amounted to SR 0.35 million (three-months period ended 31 March 2024: SR 0.04 million).

As at 31 March 2024 and 31 December 2023, the Group had secured borrowings against mortgages on land (note 15) owned by the Group with a cost of SR 58.5 million.

### 10. LEASES

Expense recognised in the interim condensed consolidated 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>2024</i>	<i>2023</i>
	<i>SR</i>	<i>(Restated – note 24)</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Depreciation on right-of-use assets:</i>		
Depreciation charge for the period	27,206,731	20,058,605
Interest expense on lease liabilities		
Interest expense for the period	13,120,445	9,325,772
Capitalised to under construction fitness centers	(2,694,911)	(259,105)
	<u>10,425,534</u>	<u>9,066,667</u>
Total amount recognized in profit or loss	<u>37,632,265</u>	<u>29,125,272</u>

# LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

### 11. INVESTMENT IN ASSOCIATE

On 25 Dhu Al-Qi'dah 1444H (corresponding to 14 June 2023), the Group made an arrangement with Burjeel Holding Company to establish an entity named as Integrated Medical Care Services Company ("Investee Company"). According to the laws of the Kingdom of Saudi Arabia, the Company and Burjeel Holding Company both will hold 50% ownership in the investee company. The Group has assessed whether this arrangement is in the nature of joint venture or an associate.

For this purpose, the Group assesses whether it has significant influence or control not only on the basis of its ownership percentage but also on the existence of qualitative factors such as representation of the board of directors of the investee, its participation in decision making processes, interchange of managerial personnel and access to technical information. Burjeel Holding Company has higher representation in board of directors of the Investee Company and hence has power over the Investee Company and thus concluded to have control over the Investee Company. Since the Group does not have control over the entity based on qualitative factors, the Group considers this investment as investment in associate accounted under the equity method.

Integrated Medical Care Services Company has been incorporated as per Saudi Regulations and registered in Riyadh under commercial registration number 1010888848 on 25 Dhu Al-Qi'dah 1444H (corresponding to 14 June 2023), with a share capital at an amount of SR 100,000 divided into 100 shares with SR 1,000 each. This partnership aimed to establish and operate a network of physiotherapy, rehabilitation and sports health care clinics within and outside the Company's centers in the Kingdom. It will also include the provision of physiotherapy and related wellness services, with a special focus on sports medicine and advanced rehabilitation therapies.

The following is the carrying amount of the Group's investment in associate:

	<i>Ownership</i>		<i>31 March 2024</i>	<i>31 December 2023</i>
	<i>31 March 2024</i>	<i>31 December 2023</i>		
	<i>%</i>	<i>%</i>	<i>SR</i>	<i>SR</i>
			<i>(Unaudited)</i>	<i>(Audited)</i>
Integrated Medical Care Services Company	<b>50%</b>	50%	<b>5,971,458</b>	1,845,765

### 12. RELATED PARTIES TRANSACTIONS AND BALANCES

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

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

<i>Name of Related party</i>	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>2024 SR</i>	<i>2023 SR</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Key management personnel	Key management personnel	Salaries and other benefits	<b>1,459,015</b>	1,356,651
		Post-employment benefits	<b>54,038</b>	51,351
Board of Directors Hamad Ali AlSagri	Directors	Remuneration	<b>785,562</b>	806,124
		Lease rentals paid to a shareholder	<b>3,400,000</b>	3,400,000
AlSagri Holding Dhaq Almanzel	Shareholder affiliate	Subscriptions sold	<b>37,702</b>	61,797
Trading Est Afaq Al-Anaqah	Shareholder affiliate	Purchase of furniture	<b>124,800</b>	-
Trading	Shareholder affiliate	Purchase of supplies	<b>3,497,505</b>	-



# LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

### 12. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Amounts due from related party - (included in trade receivables) are as follows:

	<i>31 March</i> <i>2024</i> <i>SR</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2023</i> <i>SR</i> <i>(Audited)</i>
AlSagri Holding	<u>99,047</u>	<u>61,345</u>

Amounts due to related party - (included in trade payable) are as follows:

	<i>31 March</i> <i>2024</i> <i>SR</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2023</i> <i>SR</i> <i>(Audited)</i>
Afaq Al-Anaqah Trading	<u>3,497,505</u>	<u>-</u>

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 to be settled in cash.

### 13. TRADE RECEIVABLES

	<i>31 March</i> <i>2024</i> <i>SR</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2023</i> <i>SR</i> <i>(Audited)</i>
Subscriptions and membership receivables	24,478,415	23,307,565
Rental receivables	<u>13,277,545</u>	<u>12,806,492</u>
	<b>37,755,960</b>	<b>36,114,057</b>
Less: Allowance for expected credit losses		
- Subscriptions and membership receivables	(5,664)	(5,664)
- Rental receivables	<u>(7,974,392)</u>	<u>(7,024,631)</u>
	<u><b>29,775,904</b></u>	<u><b>29,083,762</b></u>

### 14 CASH AND CASH EQUIVALENTS

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

	<i>31 March</i> <i>2024</i> <i>SR</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2023</i> <i>SR</i> <i>(Audited)</i>
Cash in hand	332,432	268,049
Cash at bank – current accounts	192,012,875	86,542,049
Short term deposits (note a)	<u>105,000,000</u>	<u>190,000,000</u>
	<u><b>297,345,307</b></u>	<u><b>276,810,098</b></u>

- a) These are placed in Islamic Murabaha accounts with a local bank and are based on prevailing market rates having original maturity of less than three months.

# LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

### 15. BORROWINGS

	<i>31 March 2024 SR (Unaudited)</i>	<i>31 December 2023 SR (Audited)</i>
Non-current portion of long-term borrowings	<b>310,144,706</b>	180,207,547
Current portion of long-term borrowings	<b>164,253,636</b>	122,601,656
	<b><u>474,398,342</u></b>	<u>302,809,203</u>

As at 31 March 2024, the Group had unutilized bank financing facilities amounting to SR 861.63 million (31 December 2023: SR 1,048 million) to manage its short-term and long-term liquidity requirements and for construction of the fitness centers. The facilities have been secured by promissory note issued by the Group.

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 Group to maintain certain levels of current and leverage ratios and also notify the bank of any breach or probable breach immediately. As at 31 March 2024 the Group is in compliance with borrowings covenants.

As at 31 March 2024 and 31 December 2023, the Group had secured borrowings against mortgages on land (note 9) owned by the Group with a cost of SR 58.5 million.

### 16 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>31 March 2024 SR (Unaudited)</i>	<i>31 December 2023 SR (Audited)</i>
Accrued expenses	<b>90,446,719</b>	91,463,986
Value added tax (VAT) payable	<b>4,936,384</b>	13,192,866
Advances from customers	<b>2,526,772</b>	619,871
	<b><u>97,909,875</u></b>	<u>105,276,723</u>

### 17 ZAKAT AND INCOME TAX

#### 17.1 Charge for the period

During the period, zakat and income tax charge of SR 2.7 million (three-months period ended 31 March 2023: SR 1.58 million) has been recognized in the interim condensed consolidated statement of profit or loss.

#### 17.2 Status of assessments

The Group has submitted its zakat returns for the years up to 2023. The Group has received final assessments from the Zakat, Tax and Customs Authority ("ZATCA") for the years up to 2014.

However, the Group received notification from ZATCA on 30 April 2021 for the years 2015, 2016, 2017 and 2018 claiming an additional liability regarding the ownership of shares by Target Opportunities for Trading Company, one of the shareholders in the Group, for the said years, that there are certain taxes on the Group. ZATCA's view based on certain assumptions, is that the Group is partially subject to income tax. ZATCA assumed that the aforementioned former shareholder is owned directly or indirectly by investment funds that could be ultimately owned by non-GCC nationals and accordingly, the estimated amount of income tax exposure based on the notification for the years 2015, 2016, 2017 and 2018 is SR 32.7 million excluding late payment penalties. The former shareholder was a shareholder of the Group until and including the year ended 31 December 2018.

# LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

### 17 ZAKAT AND INCOME TAX (continued)

#### 17.2 Status of assessments (continued)

The Group filed an objection with ZATCA against this assessment. ZATCA did not respond to the objection. Accordingly, the Group filed a lawsuit against ZATCA before the General Secretariate of Zakat, Tax and Customs Committees "GSTC" and during the year 2022, the GSTC issued its ruling in favor of ZATCA. During 2022, the Group filed an appeal against this ruling which was rejected. The Group has filed a cassation appeal as a final stage in the litigation process and the request is still being processed.

The management position is that the Group is a 100% zakatable Group on the basis of its ownership structure with all direct and indirect shareholders being either GCC nationals, or companies that were established within the GCC and whose shareholders consist wholly of GCC nationals. Further, dividend distribution to the above-mentioned former shareholder, in management view, was not subject to withholding tax as it is a resident Company in the Kingdom of Saudi Arabia (as a Saudi limited liability Company on the basis of the incorporation documents).

However, the Group recorded a liability of SR 32.7 million as a result of rejection of the appeal. The above-mentioned former shareholder has provided to the Group an indemnity undertaking letter to bear any amounts related to the liability that might be imposed on the Group by ZATCA in connection with the above matter. Therefore, based on the management assessment and formal advice received from an independent legal advisor, an equal amount of reimbursable receivable is recorded from the above-mentioned former shareholder as of 31 March 2024.

The Group's zakat assessments for the years from 2019 to 2023 are currently under review by the ZATCA. ZATCA raised some queries related to these years, which were responded. ZATCA has not issued a final assessment to date.

### 18. CONTINGENCIES AND COMMITMENTS

#### 18.1 Contingencies

In the normal course of the business, the Group's certain suppliers and contractors have commenced an action against the Group for claims and additional payments. The Group has consulted its legal advisor and for probable cash out flows, adequate provisions have been recorded. For certain cases where the legal counsel has advised that it is only possible, but not probable, that the action will succeed, no provision for any liability has been made in these interim condensed financial statements.

The Group's bankers have issued letters of guarantees amounting to SR 11.1 million as at 31 March 2024 (31 December 2023: SR 10.6 million) against land lease and letter of credit amounting to SR 92.6 million as at 31 March 2024 (31 December 2023: SR 104.93 million).

#### 18.2 Capital commitments

The Group has capital commitments on contracts for setting up fitness centers amounting to SR 178.8 million as at 31 March 2024 (31 December 2023: SR 102.7 million).

### 19 SEGMENTAL INFORMATION

#### 19.1 Geographical segments

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

- Kingdom of Saudi Arabia
- United Arab Emirates

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

# LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

### 19 SEGMENTAL INFORMATION (continued)

#### 19.1 Geographical segments

The following tables present revenue and profit (loss) information for the operating segments for three-months period ended 31 March 2024 and 2023, respectively:

	<i>Local Region – KSA</i>		<i>International Region – UAE</i>		<i>Total</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<b><i>SR (Unaudited)</i></b>					
Revenue	<b>330,615,395</b>	269,842,521	<b>12,925,568</b>	7,129,846	<b>343,540,963</b>	276,972,367
Depreciation						
- property & equipment	<b>(38,803,938)</b>	(36,407,770)	<b>(1,968,655)</b>	(1,396,315)	<b>(40,772,593)</b>	(37,804,085)
- right-of-use assets	<b>(25,809,652)</b>	(19,086,803)	<b>(1,304,237)</b>	(512,140)	<b>(27,113,889)</b>	(19,598,943)
Other operating costs	<b>(129,711,301)</b>	(107,379,014)	<b>(6,550,219)</b>	(3,521,385)	<b>(136,261,520)</b>	(110,900,399)
Segment profit	<b>136,290,504</b>	106,968,934	<b>3,102,457</b>	1,700,006	<b>139,392,961</b>	108,668,940

During the period ended 31 March 2024, the group redefined its geographic zones. Revenue and cost of revenue breakdown by geographic zone is as follows:

- Kingdom of Saudi Arabia
- United Arab Emirates

The financial information relating to previous periods has been restated to reflect this change.

#### 19.2 Market segments

The following tables present revenue and profit information for the market segments:

For the period ended 31 March 2024

	<i>Fitness Time</i>			<i>Total</i>
	<i>Male</i>	<i>Female</i>	<i>Other Business</i>	
	<b><i>SR (Unaudited)</i></b>			
Revenues	<b>248,231,541</b>	<b>87,486,390</b>	<b>7,823,032</b>	<b>343,540,963</b>
Depreciation on property and equipment	<b>(27,232,671)</b>	<b>(12,834,668)</b>	<b>(705,254)</b>	<b>(40,772,593)</b>
Depreciation of right-of-use assets	<b>(19,189,974)</b>	<b>(7,328,372)</b>	<b>(595,543)</b>	<b>(27,113,889)</b>
Other Operating costs	<b>(96,800,072)</b>	<b>(35,065,114)</b>	<b>(4,396,334)</b>	<b>(136,261,520)</b>
Segment profit	<b>105,008,824</b>	<b>32,258,236</b>	<b>2,125,901</b>	<b>139,392,961</b>

For the period ended 31 March 2023

	<i>Fitness Time</i>			<i>Total</i>
	<i>Male</i>	<i>Female</i>	<i>Other Business</i>	
	<b><i>SR (Unaudited)</i></b>			
Revenues	208,113,142	68,859,225	-	276,972,367
Depreciation on property and equipment	(25,685,680)	(12,118,405)	-	(37,804,085)
Depreciation of right-of-use assets	(14,205,173)	(5,393,770)	-	(19,598,943)
Other Operating costs	(82,720,899)	(28,179,500)	-	(110,900,399)
Segment profit	85,501,390	23,167,550	-	108,668,940

# LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

### 19 SEGMENTAL INFORMATION (continued)

#### 19.3 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 Group level. Below is the reconciliation

	<i>For the three-months period ended 31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Segment profit	139,392,961	108,668,940
Unallocated head office costs		
Advertising and marketing expenses	(8,594,721)	(3,067,098)
Finance costs	(22,168,705)	(17,490,297)
Profit from short term Murabaha	3,493,561	3,677,558
General and administration expenses	(15,237,794)	(27,579,787)
Profit before zakat	<u>96,885,302</u>	<u>64,209,316</u>

#### 19.4 Seasonality of the Group's business

The Group'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 Group offers attractive discounts to its customers on Saudi National Day (i.e. 23 September), the revenue against which is primarily recognised in the fourth quarter of the year which ultimately boosts the Group's revenue and profitability and improves the financial performance of the Group during the last quarter of the year.

### 20. LIQUIDITY RISK AND GOING CONCERN

Liquidity risk is the risk that the Group 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 consolidated statement of financial position date, management assessment of adjusted gearing ratio and adjusted current ratio were as follows:

	<i>31 March 2024</i>	<i>31 December 2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Equity	1,120,286,187	1,091,762,602
Liabilities (excluding deferred revenue)	2,063,737,075	1,865,831,833
Total capital structure (excluding deferred revenue)	3,184,023,262	2,957,594,435
Gearing ratio	64.82%	63.1%
Current ratio (excluding deferred revenue)	0.84	0.93

As at 31 March, the management also analyses the liquidity risk as follows:

	<i>31 March 2024</i>	<i>31 December 2023</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Current financial assets	327,121,211	305,893,860
Current liabilities excluding deferred revenue	(462,372,242)	(400,047,629)
Adjusted net current financial liability position	<u>(135,251,031)</u>	<u>(94,153,769)</u>

# LEEJAM SPORTS COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

### 20. LIQUIDITY RISK AND GOING CONCERN (continued)

The Group manages its liquidity risk by ensuring sufficient un-availed borrowing facilities. As of 31 March 2024, unutilized bank borrowing facilities of SR 861.63 million (31 December 2023: SR 1,048 million) were available from multiple banks for managing the working capital requirements. Moreover, the Group generated SR 144.4 million of cash flows from operating activities.

In relation to liquidity risk and going concern assessment of the Group, the management has developed comprehensive cash flow projections ensuring the existence of sufficient funds in order to meet the Group'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 Group's ability to continue as going concern. Therefore, these condensed interim consolidated financial statements have been prepared on a going concern basis.

### 21. CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

The Group's capital and financial risk management strategies have not changed significantly since the last year end. All financial assets and financial liabilities of the Group are classified and measured at amortized cost.

### 22. DIVIDENDS

In its meeting held on 14 Shawwal 1444H (corresponding to 4 May 2023), the Ordinary General Assembly of the Group has authorized the Board of Directors to distribute interim dividends on a quarterly or semi-annual basis for the fiscal year 2023.

On 8 Ramadan 1445H (corresponding to 18 March 2024), the Board of Directors, resolved to distribute cash dividend of SR 1.33 per share amounting to SR 69.7 million for the fourth quarter of 2023.

On 17 Sha'ban 1444H (corresponding to 9 March 2023), the Board of Directors, resolved to distribute interim cash dividends of SR 1.11 per share amounting to SR 58.14 million for the fourth quarter of 2022.

### 23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group has assessed that fair value of the financial instruments, comprising of trade and other receivables, short-borrowings, cash and cash equivalents, accounts payables and other current liabilities approximate 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 Group 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 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 CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024

### 24. RESTATEMENT

The Group, in its normal course of business, obtains lands on leases and constructs buildings on them. Since the adoption of IFRS 16, the Group had been capitalising the depreciation of right-of-use assets related to the lands to the cost of buildings during the time of construction. In November 2023, SOCPA's clarification related to the capitalisation of depreciation of right of use assets, in relation to a leased land, to the cost of building during the construction period surfaced as a result of an enquiry it received. As a consequence, the Group applied the SOCPA's clarification retrospectively by restating prior years. Hence, cost of revenue was understated during those years. Based on the surfaced clarification, the Group has accounted for the effect of this clarification in these interim condensed consolidated financial statements in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The resultant impact of the above-mentioned restatement on each of the impacted interim condensed consolidated financial statements line items for the prior periods is reflected in the table below:

#### Effect on the interim condensed consolidated statements of profit or loss and comprehensive income for the three-months period ended 31 March 2023

	<i>As previously reported</i> <b>SR</b>	<i>Restatement</i> <b>SR</b>	<i>As restated</i> <b>SR</b>
Cost of revenue	168,268,761	34,666	168,303,427
Profit for the period	62,662,772	(34,666)	62,628,106
Basic and diluted earnings per share	1.20	(0.00)	1.20

#### Effect on the interim condensed consolidated statement of changes in equity as of 31 December 2022

	<i>As previously reported</i> <b>SR</b>	<i>Restatement</i> <b>SR</b>	<i>As restated</i> <b>SR</b>
Retained earnings	312,356,345	(21,389,529)	290,966,816
Statutory reserve	102,349,153	(2,376,614)	99,972,539

### 25. EVENTS AFTER THE REPORTING PERIOD

On 26 Shawwal 1445 (corresponding to 5 May 2024), the Board of Directors, resolved to distribute interim cash dividend of SR 0.97 per share amounting to SR 50.81 million for the three-months period ended 31 March 2024.

Other than disclosed above, there have been no further significant subsequent events since the period ended 31 March 2024 that would have a material impact on the financial position of the Group as reflected in these interim condensed consolidated financial statements.