

TASI

FITNESS CLUBS

1Q26 Financials Review

LEEJAM AB saw continued pressure on margins, member count and revenue. Despite expansion, total member count declined and per-center metrics deteriorated. **SPORTCLU AB** on the other hand witnessed operating growth across all fronts including total members and per-center/per-member metrics, which resulted in core profitability growth despite absence of Sports Solutions revenue. We downgrade our rating on LEEJAM AB to **HOLD** with a revised TP of SAR 128.

Stocks covered	Rating	Target Price
LEEJAM AB	Downgrade to HOLD	SAR 128
SPORTCLU AB	<i>Not Rated</i>	n/a



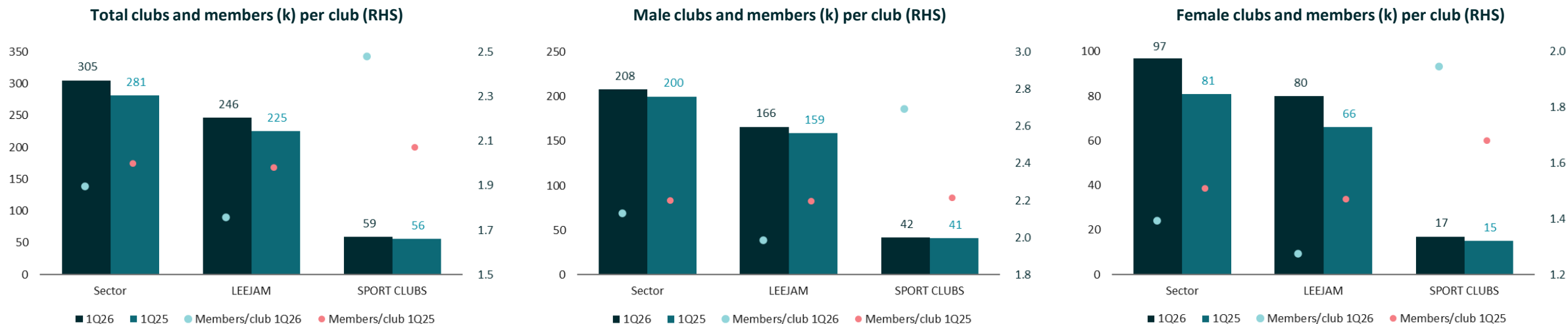
SECTOR AGGREGATE FINANCIALS

Leejam's stagnant revenue and lower margins reflect on overall sector numbers

SAR mn	Quarterly					Rolling 4 quarters		
	1Q26	4Q25	1Q25	Q/Q	Y/Y	Mar-26	Mar-25	Y/Y
Subscriptions	385	457	373	-15.7%	3.4%	1,686	1,558	8.2%
Personal training	55	62	52	-12.2%	4.6%	248	229	8.3%
Total Revenue	455	535	451	-14.9%	0.9%	1,995	1,867	6.8%
Gross Profit	139	216	147	-35.4%	-5.1%	720	710	1.4%
Operating expenses	50	69	47	-26.6%	6.1%	228	204	11.8%
Operating profit	89	147	99	-39.3%	-10.3%	487	502	-3.0%
EBITDA	196	252	199	-22.2%	-1.6%	903	891	1.4%
Finance costs	36	41	30	-12.1%	20.2%	151	125	21.0%
Net Income	53	93	74	-43.0%	-28.3%	325	469	-30.7%
Gross margin	30.6%	40.3%	32.5%	-970 bps	-194 bps	36.1%	38.0%	-194 bps
Operating margin	19.6%	27.4%	22.0%	-784 bps	-244 bps	24.4%	26.9%	-249 bps
EBITDA margin	43.0%	47.1%	44.2%	-404 bps	-111 bps	45.3%	47.7%	-244 bps
Net margin	11.7%	17.4%	16.5%	-575 bps	-477 bps	16.3%	25.1%	-884 bps
Operating exp./Revenue	11.0%	12.8%	10.5%	-176 bps	54 bps	11.4%	10.9%	51 bps
Interest coverage	2.4	3.5	3.3	(1.10)	0.26	3.2	4.0	(0.80)
Net debt/EBITDA	3.0	2.3	2.9	0.70	(0.57)	2.6	2.6	0.03

CLUBS AND MEMBERSHIP PER CLUB (period end)

Both companies expanded their geographic presence, however only Sport Clubs Co. saw growth in total and per center membership

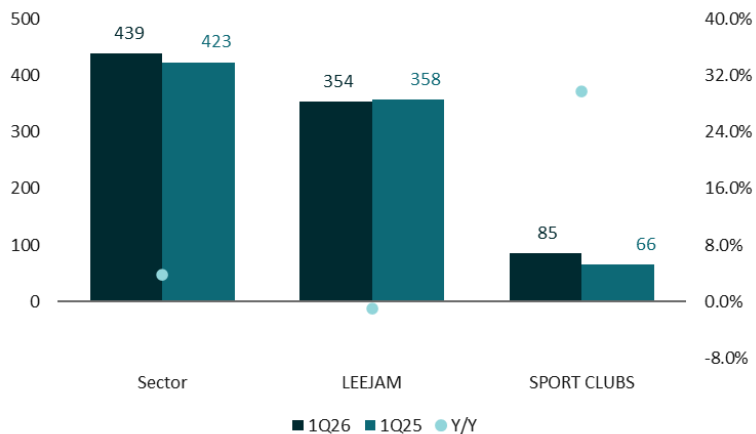


- Total clubs operated by the two companies reached **305 clubs** by end of 1Q26, however members per club **declined to 1.9k** from 2.0k last year. This was mainly due to decline in LEEJAM AB’s overall membership by 3.1% Y/Y and decline in members per club by 11.4%. The decline in member per club for LEEJAM wasn’t simply due to an increase in mix of female clubs – since both female and male clubs saw a decline in members per club. LEEJAM AB operated 246 total clubs by quarter end. In contrast, SPORTCLU AB’s overall membership **increased by 26% Y/Y** and member count per club **increased by 19.6% Y/Y to 2.5k**. The company operated 59 clubs by quarter end.
- Total male clubs increased to 208 clubs (vs. 200 last year), with 166 operated by LEEJAM AB and 42 operated by SPORTCLU AB. SPORTCLU AB saw a **sharp increase in member per club to 2.7k** vs 2.2k last year (+21.5% Y/Y). This was alongside a net increase in number of clubs by 1 Y/Y. This increase was attributed to a growing share of ‘new identity’ clubs which carry higher member density versus older clubs. LEEJAM AB, on the other hand, saw a decline in male membership per club to **2.0k (-9.4% Y/Y)**, as the company increased total male clubs to 166.
- Female clubs saw a sharper increase over the year vs. male clubs, with total female clubs increasing to 97 vs. 81 last year. Members per club, however, **declined to 1.4k vs. 1.5k** last year, mainly as LEEJAM AB saw its member count per club **drop to 1.3k vs. 1.5k (-13.2% Y/Y)**. SPORTCLU AB was operating 17 female clubs at period end vs. 15 last year and also saw **average membership per club increase to 1.9k** from 1.7k last year (+15.8% Y/Y).

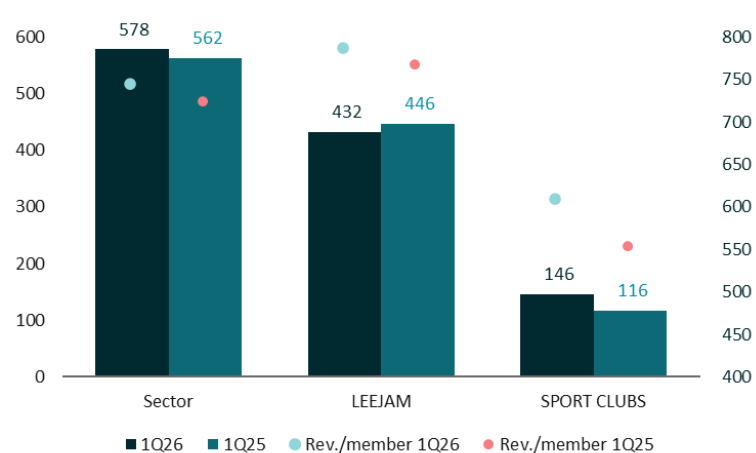
CORE REVENUE AND MEMBERSHIP

LEEJAM AB's revenue and membership growth falters as SPORTCLU AB sees higher numbers across male and female segments

Core revenue* (SAR mn)

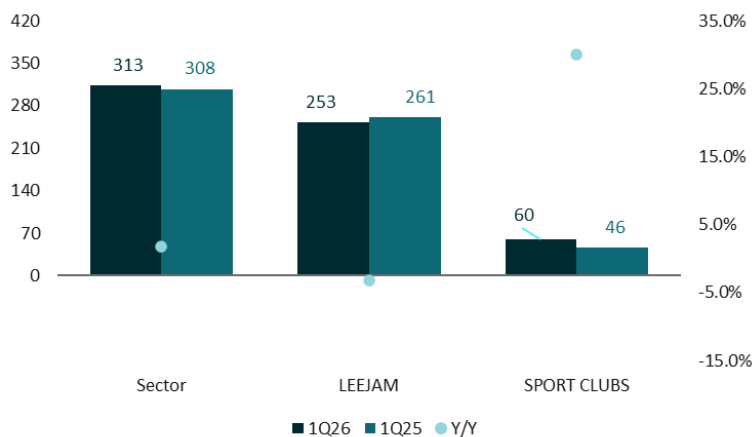


Total members (k) and revenue per member (SAR) (RHS)

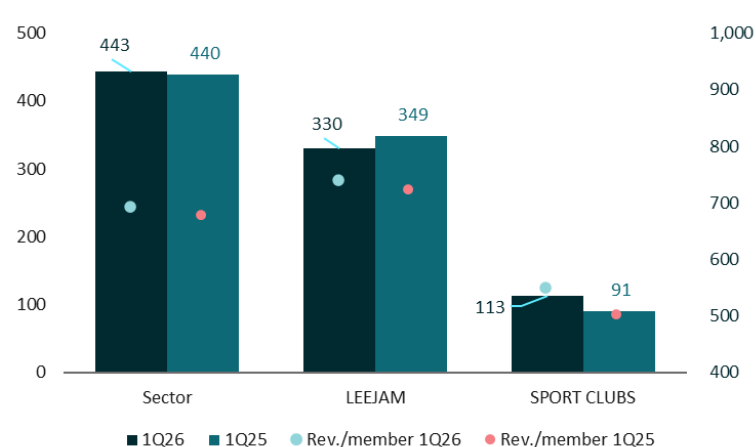


- LEEJAM AB's core revenue **dropped 1% Y/Y** while SPORCLU AB's core revenue **increased by 29.8% Y/Y**. While SPORCLU AB's training revenue was unusually low last year due to temporary suspension in training, **subscription revenue was still up by 21% Y/Y**. LEEJAM AB's subscription revenue was **flat Y/Y**.
- Total membership was **down for LEEJAM AB by 3% Y/Y** to 432k members, while SPORTCLU AB's total membership **increased by 26% Y/Y** to 146k members.
- Revenue per member was higher for both companies; LEEJAM AB saw a **2.5% increase Y/Y**, while SPORTCLU AB saw a **10% increase Y/Y**. Both companies had increased prices last year end of 1Q, however for SPORTCLU the impact is also due to higher share of newer clubs in the mix (which have better pricing).

Male revenue (SAR mn)



Male members (k) and revenue per member (SAR) (RHS)



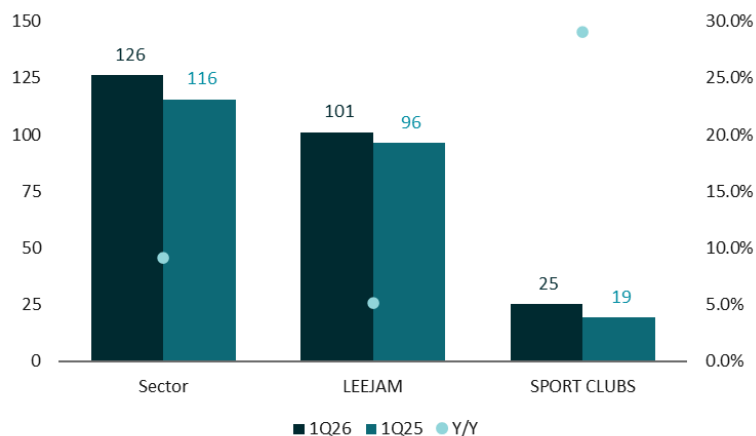
- LEEJAM AB's male revenue **declined by 3% Y/Y**, as male membership **decreased by 5.4%** to 330k members. SPORTCLU AB saw male membership **grew by 24.5%** to 113k members and **male revenue increase by 30% Y/Y**.
- Revenue per male member **increased for LEEJAM AB by 2.1% Y/Y**, while that for SPORTCLU AB **increased by 9.2% Y/Y**. This is attributable to pricing impact and also increasing share of newer clubs for SPORTCLU AB.

* Subscription and personal training

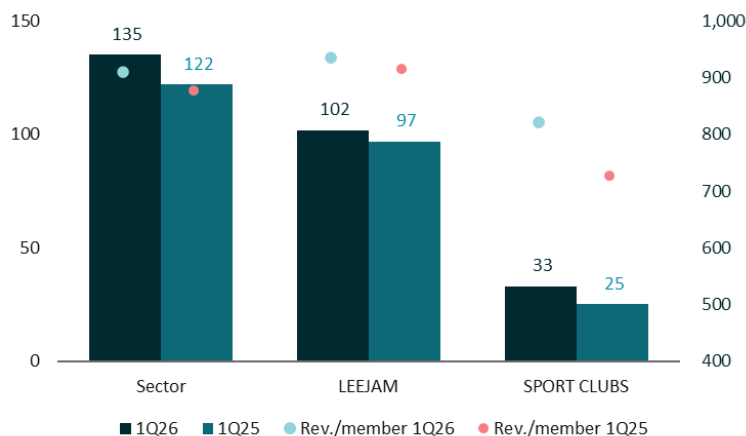
CORE REVENUE AND MEMBERSHIP

LEEJAM AB's revenue and membership growth falters as SPORTCLU AB sees higher numbers across male and female segments

Female Revenue (SAR mn)

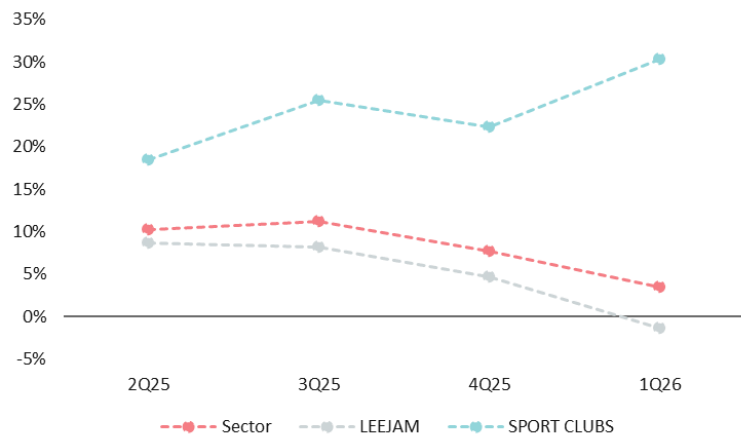


Female members (k) and revenue per member (SAR) (RHS)



- Female revenue increased for both companies Y/Y, although LEEJAM AB saw slower growth vs. SPORTSCLU AB. LEEJAM AB's female membership **increased by 5.2% Y/Y** to 102k members while female revenue **increased by 5.1% Y/Y**. SPORTCL AB saw female membership **increasing by 31.2% Y/Y** to 33k members and female revenue **growth of 29.1% Y/Y**.
- Revenue per female member **increased by 2.2%** for LEEJAM AB and **12.8%** for SPORTCLU AB.

Rolling 4Q Y/Y revenue growth

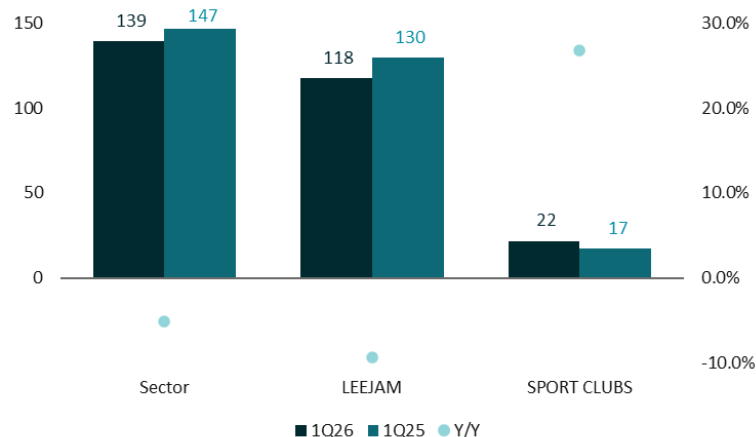


- On a 4Q rolling basis, SPORTCLU AB has seen **consistent and increasing revenue growth**, while LEEJAM AB's revenue growth has stalled over the last four quarters, **turning negative in 1Q26**.
- For LEEJAM AB, the key factor has been the declining membership count per club, as the company has been launching new centers that are still in ramp up phase and existing clubs have also seen pressure in membership. For SPORTCLU AB, the expansion in club count has been slower while the new clubs also have better per-club metrics, resulting in improved revenue.

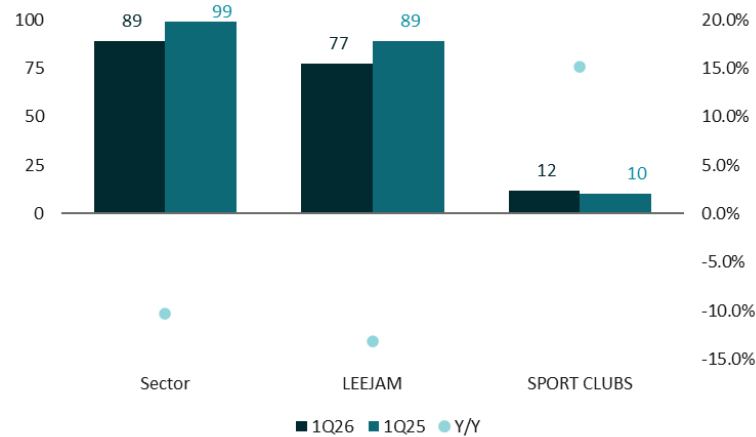
OPERATING PROFITABILITY AND MARGINS

LEEJAM AB's profitability and margins came under pressure while SPORTCLU AB saw higher margins and profits

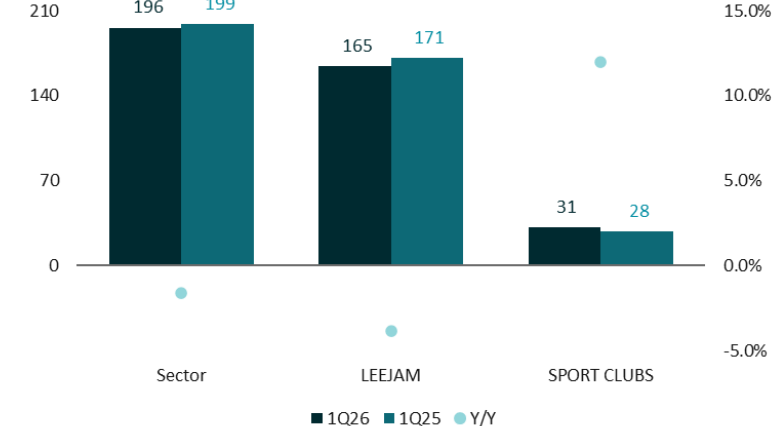
Gross Profit (SAR mn)



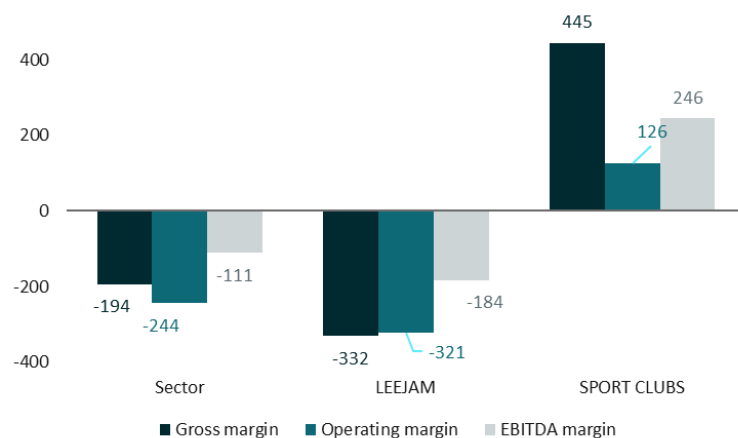
Operating Profit (SAR mn)



EBITDA (SAR mn)



Y/Y Margin change (bps)



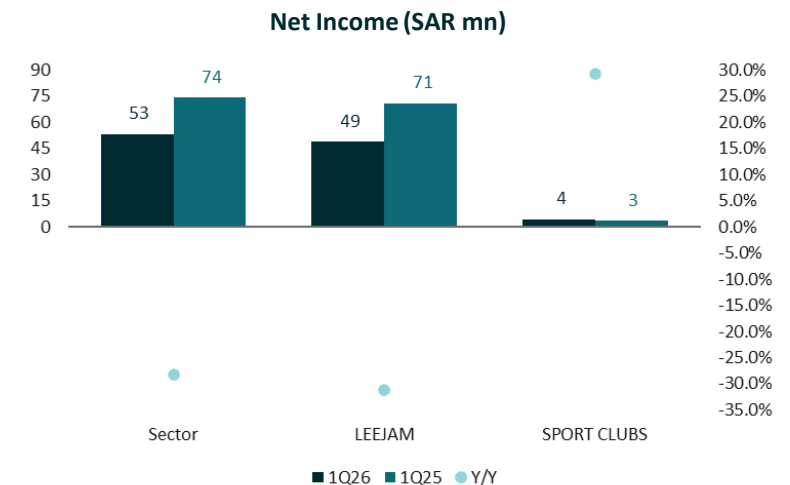
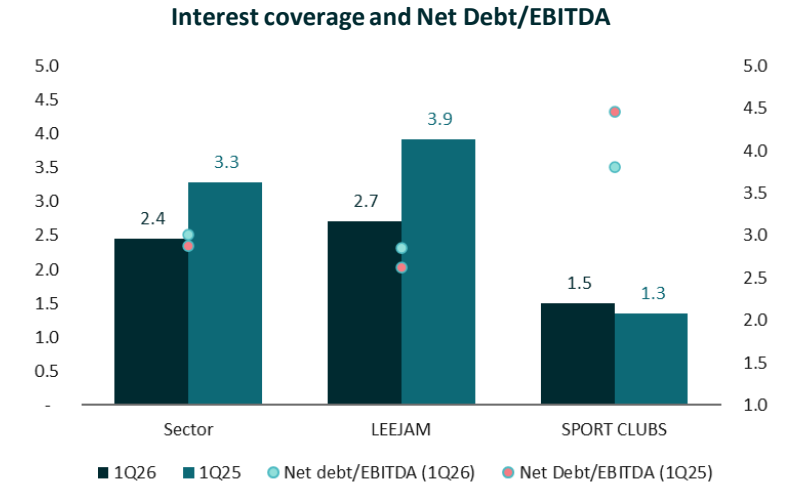
- LEEJAM AB's profitability remained under pressure across the board; **gross profit was down by 9.3%, operating profit was down by 13.2% and EBITDA was down by 3.8%**. Even as the company added 21 clubs Y/Y (net basis), the EBITDA decline is due to worsening per club metrics and LFL pressure. The decline in per club membership resulted in a dent to the company's margins which pressured profitability amid stalled revenue.
- LEEJAM AB's gross, operating and EBITDA margin **contracted by 332 bps, 321 bps and 184 bps Y/Y**, respectively. This is due to a decline in member count per club, as the membership growth has not kept pace with club expansion.
- SPORTCLU AB exhibited a different picture; **gross profit, operating profit and EBITDA increased by 26.7%, 15.2% and 12% Y/Y**, respectively. This was due to core revenue growth and improved per-club metrics, despite the absence of Sport Solutions segment revenue (~SAR 17mn last year). With improving per-club metrics and higher revenue per member, margins increased across the board for SPORTCLU AB, with **gross margin up 445bps, operating margin up 126bps and EBITDA margin up 246bps Y/Y**.

* Subscription and personal training

SECTOR LEVERAGE (incl. leases) AND BOTTOMLINE PROFITABILITY

SPORTCLU AB's leverage ratios improved but it still remains higher leveraged vs. LEEJAM AB

- **Total debt** for both companies increased by 8.7% Y/Y to SAR ~2.6bn. The increase in debt was sharper for LEEJAM AB at ~10.6% vs. SPORTCLU AB at ~1.6%. However, LEEJAM's pace of expansions has also been faster resulting in sharper debt growth. SPORTCLU AB consolidated existing center performance via increasing share of better performing clubs while also expanding at a slower pace vs. LEEJAM. As a result, SPORTCLU AB saw improvement in debt ratios while LEEJAM AB's debt burden increased. SPORTCLU AB however, still remains more leveraged compared to LEEJAM AB.
- **LEEJAM AB's Net debt/EBITDA ratio increased vs. last year to 2.9x** while SPORTCLU AB's Net Debt/EBITDA declined to **3.8x**. **Finance cost burden increased** for LEEJAM AB with the increase in leverage ratios as interest rate coverage declined from 3.9x to 2.7x. This was also attributable to higher leasing rates for renewed leases for LEEJAM AB. SPORTCLU AB saw improvement in interest coverage to **1.5x vs. 1.3x last year**.
- LEEJAM AB's net income **declined 31% Y/Y** due to operating profitability decline and increased finance cost burden. SPORTCLU AB saw a **29% increase in bottom-line** due to operating profit growth as well as lower finance cost burden.



TASI

Leejam Sports Co. (LEEJAM SPORTS)

1Q26 Financials Review

Bloomberg	LEEJAM AB
Rating	HOLD
Market Price	81.4
12-month Target Price	128
Upside / Downside	57.2%
Mkt Cap (SAR mn)	4,114.7
52 week High/Low	151.7/75.7

21 MAY 2026



Leejam Sports Co. (HOLD, TP: SAR 128, 1830.SE) 1Q26 Results Review

Lower member count pressures revenue and margins

LEEJAM reported 1Q26 net income of SAR 49mn (EPS: SAR 0.97), down by 31% Y/Y. Margin pressure due to stagnant revenue amid continued club openings resulted in the decline in profitability. Gross profit was down by 9.3% Y/Y to SAR 118mn while gross margin contracted 332bps Y/Y. Operating profit declined 13.2% Y/Y to SAR 77mn and operating margin contracted 321bps Y/Y.

- Revenue was flat Y/Y at SAR 369mn. Subscription revenue remain flat at SAR 312mn while personal training revenue declined 9.6% Y/Y to SAR 43mn. LFL growth was under pressure while the newer clubs also remained in ramp-up phase, which caused per-center membership count to decline by 11.4% Y/Y. Male revenue was down by 3.3% Y/Y to SAR 253mn as total male member count declined 5.4% Y/Y to 330k members. Female revenue was up 5.1% Y/Y to SAR 101mn and total female members were up by 5.2% Y/Y to 102k. The company attributed a higher share of expiring memberships during the quarter to the decline in male members. Total member count resultantly declined 3.1% Y/Y to 432k members. The decline in personal training revenue was likely due to operational changes done earlier, where floor trainers were also selling PT programs, instead of through a dedicated sales function.
- At the end of the quarter, the company operated 246 clubs total, with 166 male clubs and 80 female clubs. Male member density per club was down by 9.4% Y/Y while female member density per club was down by 13.2% Y/Y.
- Gross profit declined 9.3% Y/Y to SAR 118mn, with gross margin down 332bps Y/Y to 31.8%. This was the lowest gross margin posted by the company since 2021 when Covid normalization began. The key reason for decline in margin is the lower member density per club. Revenue per member was up by ~2.5% Y/Y, most likely due to change in subscription mix as well as the price increase done last year. However, overall member density was down by 11.4% which results in increased fixed cost burden per club.
- Operating profit was down by 13.2% Y/Y while EBITDA declined 3.8% Y/Y. Operating and EBITDA margins contracted 321bps and 184bps respectively. This is even as operating expenses remained largely flat, since gross margin pressure reflected in lower operating margins. Finance costs increased ~26% Y/Y as overall debt climbed 10.6%. Renewal of expiring leases at higher rates is a likely driver of higher finance costs.
- LEEJAM's latest round of expansion post 2024 has yielded underwhelming results; member density per club has been on a declining trend in 2025 and 1Q26, while a similar trend has been seen in average revenue per member. LFL pressure has also become evident in recent quarters, after mostly the newer club launches used to be a drag on earnings. The newer centers (launched after 2023 year end) were posting sub-20% gross margin in 2025, indicating that margin pressure is likely to continue as the company keeps rolling out 25-30 clubs annually. Indication from management is still firm on the expansion pipeline of 130+ new centers over 5 years, and we believe that unless newer locations offer significantly improved per club member metrics, the continued expansion would prolong the margin pressure. This is further exacerbated by leasing renewals at much higher rates; renewed leases in 2026 are at ~112% higher annual rent while further renewals are under discussion, against the backdrop of limited pricing power due to competition. We also remain skeptical of the consultant-driven location selection which further obscures management's approach to site selection. These factors create heightened margin uncertainty for the company. We however remain bullish on the market in general, given that peers have been able to grow their memberships despite competition. Consequently we continue to see value in the stock at current price, however we downgrade our call to HOLD due to i) declining margin trajectory amid continued expansion and lease renewals and ii) slow ramp-up of new locations resulting in declining average member count per club. Factors that can upgrade our call on the stock include recovery in per-club membership metrics in subsequent quarters on a Y/Y basis or active management decision to slow down the roll-out of new clubs allowing for margin recovery to drive earnings. We revise our longer term gross margin assumption to ~38% vs. ~41% and also lower longer term member count per center. Our revised TP for the stock is SAR 128/sh.

Rating and Risks

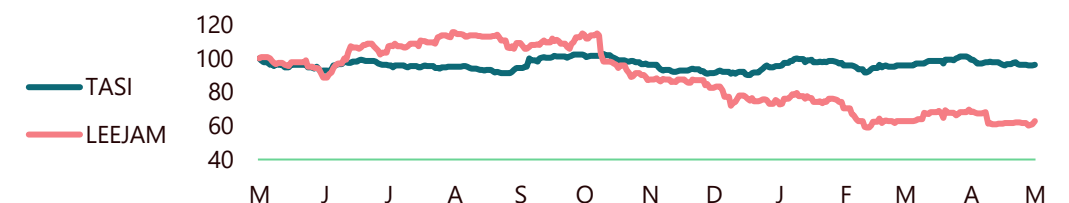
We are HOLD rated on LEEJAM and our 12-month price target is SAR 128. Upside risks include swift recovery of membership count. Downside risks include continued pressure on margins, poor site selection for expansions and significant increase in leasing rates for older sites.

SAR mn	1Q26	4Q25	1Q25	Q/Q	Y/Y
Subscriptions	312	368	312	-15.2%	0.0%
Personal training	43	51	48	-15.3%	-9.6%
Total Revenue	369	431	369	-14.3%	0.1%
Gross Profit	118	181	130	-35.2%	-9.3%
Operating expenses	40	58	40	-31.1%	-0.8%
Operating profit	77	123	89	-36.9%	-13.2%
EBITDA	165	209	171	-21.2%	-3.8%
Finance costs	29	32	23	-9.6%	25.7%
Net Income	49	79	71	-38.0%	-31.1%
EPS	0.97	1.56	1.40	-38.0%	-31.1%

Gross margin	31.8%	42.1%	35.1%	-1,023 bps	-332 bps
Operating margin	20.9%	28.5%	24.2%	-751 bps	-321 bps
EBITDA margin	44.6%	48.5%	46.4%	-389 bps	-184 bps
Net margin	13.2%	18.3%	19.2%	-505 bps	-600 bps

Forecasts	12/25 A	12/26 E	12/27 E	12/28 E
Revenue (SAR mn)	1,614	1,627	1,790	1,982
EBITDA (SAR mn)	758	747	819	907
Net Income (SAR mn)	305	274	294	324
EPS (SAR)	6.0	5.4	5.8	6.4
DPS (SAR)	3.9	3.8	3.8	4.2
PER (x)	13.5	15.0	14.0	12.7
Dividend Yield (%)	4.8	4.7	4.6	5.1

Price Chart



Leejam Sports Co. : Summary Financials

SAR mn	A Dec-24	A Dec-25	A Dec-26	A Dec-27	A Dec-28
	Actual	Actual	Forecast	Forecast	Forecast
Income Statement					
Subscriptions	1,269	1,364	1,372	1,508	1,668
Personal training	195	207	205	227	253
Rental income	20	27	32	35	39
Others	18	16	18	20	22
Total Revenue	1,501	1,614	1,627	1,790	1,982
Gross Profit	623	615	596	652	720
Operating Profit	447	423	398	431	475
EBITDA	740	758	747	819	907
Finance costs	91	109	115	126	139
Profit after tax	457	305	274	294	324
EPS	9.0	6.0	5.4	5.8	6.4
DPS	-	3.9	3.8	3.8	4.2
Balance Sheet					
Fixed Assets	3,440	3,683	3,994	4,457	4,903
Current assets	281	328	307	323	376
Total assets	3,721	4,011	4,301	4,780	5,278
Current portion of long term loans	105	122	144	152	165
Current portion of lease liabilities	101	117	128	147	165
Total Current Liabilities	915	939	991	1,088	1,202
Long term Loans	226	426	503	561	609
Lease Liabilities	1,276	1,366	1,492	1,703	1,917
Total Non Current Liabilities	1,568	1,868	2,077	2,356	2,627
Total Liabilities	2,483	2,808	3,068	3,444	3,829
Total Equity	1,238	1,203	1,233	1,336	1,449
Total Equity and Liabilities	3,721	4,011	4,301	4,780	5,278

SAR mn	A Dec-24	A Dec-25	A Dec-26	A Dec-27	A Dec-28
	Actual	Actual	Forecast	Forecast	Forecast
Cashflows					
Operating cashflows	779	760	764	873	969
Total Capex	635	560	645	825	850
Free cashflow to firm	149	254	125	48	119
Cashflow to lenders	(11)	(143)	(102)	(147)	(131)
Cashflow to equity holders	305	336	243	191	211
Increase in cash and equivalents	(171)	64	(11)	4	39
Ratios					
Gross Margin	41.5%	38.1%	36.7%	36.4%	36.3%
Operating Margin	29.8%	26.2%	24.4%	24.1%	24.0%
EBITDA Margin	49.3%	47.0%	45.9%	45.8%	45.8%
Net Margin	30.2%	18.7%	16.8%	16.4%	16.3%
Return on Equity	39.1%	24.8%	22.6%	23.3%	23.9%
Interest Coverage	4.9	3.9	3.4	3.4	3.4
Net debt/EBITDA	2.2	2.5	2.8	3.0	3.0
Debt to Assets	0.5	0.5	0.5	0.5	0.5

Rating Framework

Buy

Shares of the companies under coverage in this report are expected to outperform relative to the sector or the broader market.

Hold

Shares of the companies under coverage in this report are expected to perform in line with the sector or the broader market.

Sell

Shares of the companies under coverage in this report are expected to underperform relative to the sector or the broader market.

Saudi Fransi Capital

(Closed Joint Stock Company Owned by Banque Saudi Fransi)

Authorized and regulated under Capital Market Authority license 11153-37. The company is operating under commercial registration 1010231217 with a paid up capital of SAR 500,000,000.

Head Office

8092 King Fahd Road | Riyadh 12313-3735 | Kingdom of Saudi Arabia

Mailing Address

P.O. Box 23454 Riyadh 11426 | Kingdom of Saudi Arabia

Tel: +966 11 282 6828 | 800 125 9999

www.bsfcapital.sa

Important Disclaimer

This report is prepared by Saudi Fransi Capital (“SFC”), a fully-fledged investment firm providing investment banking, asset management, securities brokerage, research, and custody services. SFC, and its affiliate, might conduct business relationships with the company that is subject of this report and/ or own its security.

This report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. Accordingly, no representation or warranty, express or implied, is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this report.

This report is intended for general information purposes only, and may not be reproduced or redistributed to any other person. This report is not intended as an offer or solicitation with respect to the purchase or sale of any security. This report is not intended to take into account any investment suitability needs of the recipient. In particular, this report is not customized to the specific investment objectives, financial situation, risk appetite or other needs of any person who may receive this report. SFC strongly advises every potential investor to seek professional legal, accounting and financial guidance when determining whether an investment in a security is appropriate to his or her needs.

To the maximum extent permitted by applicable law and regulation, SFC shall not be liable for any loss that may arise from the use of this report or its contents or otherwise arising in connection therewith. Any financial projections, fair value estimates and statements regarding future prospects contained in this report may not be realized. All opinions and estimates included in this report constitute SFC’s judgment as of the date of production of this report, and are subject to change without notice. Past performance of any investment is not indicative of future results. The value of securities, the income from them, the prices and currencies of securities, can go down as well as up. An investor may get back less than what he or she originally invested. Additionally, fees may apply on investments in securities. Changes in currency rates may have an adverse effect on the value, price or income of a security. No part of this report may be reproduced without the written permission of SFC. Neither this report nor any copy hereof may be distributed in any jurisdiction outside the Kingdom of Saudi Arabia where its distribution may be restricted by law. Persons who receive this report should make themselves aware of, and adhere to, any such restrictions. By accepting this report, the recipient agrees to be bound by the foregoing limitations.