Leejam Sports Co.

November 02, 2026

Margin pressure from new-center ramp-up drives 11% YoY profit decline.

Last Price: SAR 84.7 | YoY Performance: -33.7%

3Q26 FIRST TAKE

KEY TAKEAWAYS

- Leejam posted a net profit of SAR 72.0 mn in 3Q26, down 11.1% YoY but up 14.3% QoQ. The result came 10.0% below our estimate of SAR 80.0 mn, mainly because gross margin was weaker than we expected. Reported profit includes a SAR 22.6 mn gain on land disposal, partly offset by SAR 16 mn of one-off expenses. Excluding non-recurring items, adjusted net profit fell 19% YoY to SAR 65 mn, from SAR 80 mn.
- Revenue rose 2.7% YoY (+9.7% QoQ) to SAR 451 mn, 5.3% below our estimate of SAR 476 mn. Subscription revenue grew 2.8% YoY to SAR 381 mn, with active members up 5% YoY to 558K. Men's centres revenue fell 3.3% YoY to SAR 311 mn, partly because rental income was moved to "Other Business". Revenue per average men's centre declined 8% YoY to SAR 2.0 mn. Ladies' centres revenue grew 14.4% YoY to SAR 124 mn and now makes up 27% of the total. Other business revenue (rentals and padel) nearly doubled to SAR 16 mn, from SAR 8.8 mn.
- Gross margin contracted 4.1 ppts YoY to 34.6%, below our estimate of 35.4%. The 18 net new centres added over the past twelve months are still ramping up: they carry a full cost base but generate less revenue than mature centres. Gross profit fell 8.2% YoY to SAR 156 mn.
- Operating profit fell 16.1% YoY to SAR 99 mn. Operating margin was 22.0%, down from 26.9% in 3Q25. G&A and selling expenses rose 9% YoY on continued IT and marketing investment. Finance costs rose 4% on higher average borrowings and higher lease liabilities. Net margin came in at 16.0%, versus 18.5% in 3Q25.
- The network reached 232 centres (154 men's, 78 ladies'), up from 214 a year ago. Deferred revenue hit a record SAR 740 mn, up 19% YoY and 35% from December 2025, which gives good visibility on 4Q26 revenue. 9M26 free cash flow rose 63% YoY to SAR 619 mn as capex fell to SAR 138 mn. Cash stood at SAR 605 mn after SAR 115 mn of dividends and SAR 179 mn of share buybacks. The board approved a 3Q26 dividend of SAR 0.89/share.
- Based on our last update, we maintain a 'Neutral' stance on the stock, with a target price of SAR 86.6/share. The stock is currently trading at a 2027f P/E and P/B of 38.0x and 3.7x, respectively.

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Issuer Information

Bloomberg Code	**LEEJAM AB**
Last Price (SAR)	**84.7**
No of Shares (mn)	**52.4**
Market Cap bn (SAR/USD)	**4.4 / 1.2**
52-week High / Low (SAR)	**127.7 / 69.8**
12-month ADTV (mn) (SAR/USD)	**11.8 / 3.1**
Free Float (%)	**40.8**
Foreign Holdings (%)	**6.7**

Last price as of November 1, 2026

Relative Price Performance



Source: Bloomberg, anbc research

Financials (SAR mn)	3Q26A	3Q26E*	Var (%)	3Q25A	YoY (%)	2Q26A	QoQ (%)
Revenue	451	476	(5.3)	439	2.7	411	9.7
Cost of Revenues (COGS)	(295)	(308)	(4.1)	(269)	9.7	(270)	9.3
Gross Profit	156	168	(7.3)	170	(8.2)	141	10.6
Gross Margin (%)	***34.6%***	***35.4%***		***38.7%***		***32.0%***	
Operating Expenses	(57)	(57)	0.9	(52)	9.6	(48)	18.8
Operating Profit	99	112	(11.5)	118	(16.1)	93	6.5
Operating Margin (%)	***22.0%***	***23.5%***		***26.9%***		***21.1%***	
Net Profit	72	80	(9.9)	81	(11.1)	63	14.3
Net Margin (%)	***16.0%***	***16.8%***		***18.5%***		***14.3%***	
EPS (SAR)	1.37	1.52		1.57		1.2	

**anbc estimate*
Source: Company Financials, anbc research

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