

Minutes of the meeting of the Ordinary General Assembly of Leejam Sports Company (first meeting) on Tuesday 07 May 2019 AD corresponding to 02 Ramadan 1440 AH

Pursuant to the invitation made by the Board of Directors of Leejam Sports Company, a Saudi joint stock company under Commercial Registration No. (1010337986) dated 14/06/1433 AH to the shareholders to hold the Ordinary General Assembly meeting of the company (the first meeting) at Holiday Inn Hotel, Al Izdihar District, North Ring Road, in Riyadh. Praise be to Allah Almighty, the meeting was held at exactly 11:00 pm on Tuesday, May 7, 2019 AD, corresponding to Ramadan 02, 1440 AH, headed by the acting Chairman of the Board of Directors and Chairman of the assembly, Mr. Ali bin Hamad Al-Saqri, and the members of the Board of Directors: Dr. Muhammad bin Faraj Al-Kinani, Ms. Hessa bint Hamad Al-Saqri, Mr. Tariq bin Khalid Al-Anqari, and Mr. Abdul-Elah bin Muhammad Al-Nimr attended. The members of the Board of Directors who were absent were: Mr. Hisham bin Hussein Al-Khalidi and Mr. Hamad bin Ali Al-Saqri since they were busy and due to their travel at the time of the assembly meeting. The meeting was also attended by the following chairmen of the committees: Dr. Muhammad bin Faraj Al-Kinani - Chairman of the Audit Committee and Mr. Ali bin Hamad Al-Saqri - Chairman of the Executive Committee. The members of the nominations and remunerations Committee attended on behalf of the Chairman of the Nominations and Remunerations Committee: Mr. Hisham bin Hussein Al-Khalidi, Mr. Ali bin Hamad Al-Saqri and Ms. Hessa bint Hamad Al-Saqri.

The time sheet was organized and each shareholder signed it upon entering the meeting room. The Chairman of the Assembly, the acting Chairman of the Board of Directors, Mr. Ali bin Hamad Al-Saqri, opened and welcomed all the attendees. Then the chairman of the assembly asked the attendees if any one of them wished to be nominated for the secretary of the assembly or participate in the vote counting committee. Whereas no one applied for nomination, the chairman of the assembly appointed Ms. Naglaa Bint Muhammad Al-Ajmi as the secretary of the assembly. Mr. Hamad Al-Shaghmoum and Mr. Tariq Al-Jamali were also appointed as members of the vote counting committee.

The Chairman of the Assembly also indicated that in order to facilitate the shareholders' exercise of their rights and to participate effectively in voting on the items of the Assembly, the electronic voting service was provided through the Tadawulaty website of the shareholders, as previously announced by the company on the website of the Financial Market Company, Tadawul, whose shares are present in today's meeting.

After that, the chairman of the assembly, its secretary, and the members of the counting committee checked the time sheet, made sure of its authenticity, and verified the names of the shareholders with regard to attendance, their representative, and the number of shares they owned in person and by power of attorney. They signed it. The following was concluded:

The number of remote voting shareholders is (52) shareholders of (787,548) shares with a percentage of (1.50343%).

The number of present shareholders: (6) shareholder for (32,100,763) shares with a percentage of (61.28%)

Total:

The total number of voters (present and remote): (58) shareholders.

The total voting percentage is (62.78%) of the company's capital.

Accordingly, the chairman of the assembly announced the completion of the quorum for holding the meeting in accordance with Article 35 of the company's articles of incorporation which stipulates that the meeting of the Ordinary General Assembly is not valid unless it is attended by shareholders representing at least (25%) of the company's capital, which was achieved in the quorum for today's meeting.

He also stated that the method of calculating the votes will be on the basis of one vote per share, as stipulated in Article (37) of the company's articles of incorporation and that the Ordinary General Assembly issues its decisions by the absolute majority of the shares represented in the meeting in accordance with Article (38) of the company's articles of incorporation.

The Chairman of the Assembly made a speech in which he summarized the company's achievements during 2018 AD. Then, he asked the auditor to read his report and asked the shareholders if they had questions before leaving the hall. After that, the Chairman of the Audit Committee, Dr. Muhammad Al-Kinani, was asked to read the report of the Audit Committee.

After the Chairman of the Audit Committee finished reading the report, the Chairman of the Assembly announced that the items included in the Assembly's agenda are as follows:

1. Voting on the Board of Directors' report for the fiscal year ending on 13/12/2018.
2. Voting on the company's auditor for the fiscal year ending on 31/12/2018.
3. Voting on the financial statements for the fiscal year ending on 13/12/2018.
4. Voting to absolve the members of the Board of Directors from their liability for the fiscal year ending on 31/12/2018.
5. Voting on appointing the company's auditor from among the candidates according to the recommendation of the Audit Committee in order to examine, review and audit the financial statements for the second, third and annual quarters of 2019 AD and the first quarter of 2020 AD and determine his fees.

Nominated Auditor	Total fees
KPMG Al Fozan and Partners	765,000 Saudi riyals
Deloitte Corporation	743,000 Saudi riyals

6. Voting on the Board of Directors' decision regarding the distribution of cash dividends of 2018 in the amount of 95.9 million riyals) amounting (0.5379) riyals per share for the fourth quarter and (0.96) riyals per share for the second and third quarters which represents 18.31% of the capital.
7. Voting on the decision of the Board of Directors to appoint Mr. Hamad bin Ali Al-Saqri as a non-executive member of the Board of Directors as of February 27, 2019 AD to complete the session of the Council until the date of the end of the current session on 09/12/2021 AD to succeed the resigned member (Dr. Abdul Rahman Muhammad Al-Barrak / non-executive member).

8. Voting on the decision of the Board of Directors to appoint Mr. Hisham Hussein Al-Khalidi as an independent member of the Board as of February 27, 2019 AD to complete the session of the Board until the date of the end of the current session on 09/12/2021 AD to succeed the resigned member (Dr. Tariq Abdullah Al-Naim / independent member).
9. Voting on the decision of the Board of Directors to appoint Mr. Abdul-Ilah Muhammad Al-Nimr as an independent member of the Board as of February 27, 2019 AD to complete the session of the Board until the date of the end of the current session on 09/12/2021 AD to succeed the resigned member (Mr. Musaed Abdul Rahman Al-Mousa, an independent member)
10. Voting on the works and contracts that will take place between the company and the member of the Board of Directors: Mr. Hamad bin Ali Al-Saqri, which is a lease contract for the land on which the company's headquarters is located since he has a direct interest as the owner of the land noting that the value of dealings in 2018 was (34) million Saudi riyals putting in consideration that this transaction was based on a commercial bases without preferential conditions.
11. Voting on the works and contracts that will take place between the company and Al-Saqri Group, in which the members of the Board of Directors have a direct and indirect interest, considering that the member of the Board of Directors: Hamad bin Ali Al-Saqri is the owner of the group and the member of the Board of Directors: Ali bin Hamad Al-Saqri is the vice-chairman of the board of directors of the group, which is companies' sales contract. It is to be noted that the value of dealing in 2018 was (103,537) Saudi riyals, bearing in mind that this dealings was based on commercial principles without preferential conditions.
12. Voting on the works and contracts concluded between the company and Theeb Rent-a-Car Company, in which the former board member, Mr. Rabie Khoury, had an indirect interest as a board member in Theeb Rent-A-Car Company. It is a car rental service contract, noting that the value of dealing in 2018 was (1,241,993) Saudi riyals, taking into consideration that this dealing was based on commercial principles without preferential conditions.
13. Voting on the works and contracts concluded between the company and Med Gulf Insurance Company, in which the former members of the Board of Directors, Dr. Abdul Rahman Muhammad Al-Barrak, had an indirect interest as Chairman of the Board of Directors of Med gulf Insurance Company, and a member of the Board of Directors, Dr. Tariq Abdullah Al-Naim, had an indirect interest as the Chief Executive Officer of Med gulf Insurance Company, which is companies sales contract noting that the value of dealing in 2018 was (633,350) Saudi riyals putting in mind that this transaction was based on commercial principles without preferential conditions.
14. Voting on the works and contracts concluded between the company and Fadwa Contracting Company, in which a member of the Board of Directors, Ms. Hessa Hamad Al-Saqri, had an indirect interest as one of the owners of the company until September 28, 2018 AD, which are construction contracts noting that the value of dealing in 2018 was (5,927,597) Saudi riyals, putting in mind that this dealing was based on a commercial name without preferential conditions.

15. Voting on the works and contracts concluded between the company and Mahrat Al-Khair Contracting Company, in which the former board member Mr. Abdul Mohsen Al-Haqbani and the former chief executive officer: Fahd Al-Haqbani had an indirect interest as the brothers of the owner of the Mahrat Al-Khair Contracting Company, which are construction contracts putting in mind that the value of dealing in 2018 was (3,297,315) Saudi riyals, taking into consideration that this dealing was based on commercial principles without preferential conditions.
16. Voting on the works and contracts concluded between the company and Al-Hayat Investment Company (Sporta), in which the former board member Mr. Abdul Mohsen Al-Haqbani and the former chief executive officer Fahd Al-Haqbani had an indirect interest as they are the brothers of the owner of Al-Hayat Investment Company (Sporta). It consists of contracts for the purchase of sports equipment and contracts for the sale of sports equipment noting that the value of buying sports equipment in 2018 was (4,289,720) Saudi riyals and selling sports equipment was (957,977) Saudi riyals, putting in mind that this dealing was based on commercial bases without preferential conditions.

After the end of the voting, the cards were collected and sorted by the members of the voting collection and counting committee. Accordingly, the voting results were sorted and the minutes attached to the voting results were prepared. The items and voting percentages were read out. The results of voting on the items included in the assembly's agenda were as follows (you will find in the attached minutes the voting results for each item):

1. The Ordinary General Assembly approved the report of the Board of Directors for the fiscal year ending on 31/12/2018 AD.
2. The Ordinary General Assembly approved the company's auditor for the fiscal year ending on 31/12/2018 AD.
3. The Ordinary General Assembly approved the financial statements for the fiscal year ending on 31/12/2018 AD.
4. The Ordinary General Assembly agreed to release the members of the Board of Directors from liability for the fiscal year ending on 31/12/2018 AD.
5. The Ordinary General Assembly approved the appointment of KPMG Al-Fouzan and Partners as the company's auditor from among the candidates as per the recommendation of the Audit Committee to examine, review and audit the financial statements for the second, third and annual quarters of 2019 AD and the first quarter of 2020 AD and determine his fees.
6. The Ordinary General Assembly approved the decision of the Board of Directors regarding the distribution of cash dividends of 2018 in the amount of (95.9 million riyals), at the rate of (0.5379) riyals per share for the fourth quarter and (0.96) riyals per share for the second and third quarters, which represents 18.31% of the capital.
7. The Ordinary General Assembly approved the decision of the Board of Directors to appoint Mr. Hamad bin Ali Al-Saqri (non-executive member) in the Board of Directors as of February 27, 2019 to complete the session of the Council until the date of the end of the

current session on 09/12/2021 AD, to succeed the resigned member (Dr. Abdul Rahman Muhammad Al-Barrak / non-executive member).

8. The Ordinary General Assembly approved the decision of the Board of Directors to appoint Mr. Hisham Hussein Al-Khalidi (independent member) in the Board as of February 27, 2019 AD to complete the session of the Council until the date of the end of the current session on 09/12/2021 AD, to succeed the resigned member (Dr. Tariq Abdullah Al-Naim / independent member).
9. The Ordinary General Assembly approved the decision of the Board of Directors to appoint Mr. Abdul-Ilah Muhammad Al-Nimr (independent member) in the Board as of February 27, 2019 to complete the session of the Council until the date of the end of the current session on 09/12/2021 AD, to succeed the resigned member (Professor Musaed Abdul Rahman Al-Mousa / independent member).
10. The Ordinary General Assembly approved the works and contracts that will be concluded between the company and the member of the Board of Directors, Mr. Hamad bin Ali Al-Saqri, which is a lease contract of the land on which the company's headquarters is located since he has a direct interest as the owner of the land noting that the value of dealing in 2018 was (34) million Saudi riyals, putting in mind that this dealing was based on commercial bases without preferential conditions.
11. The Ordinary General Assembly approved the works and contracts that will take place between the company and Al-Saqri Group, in which the members of the Board of Directors have a direct and indirect interest, considering that the member of the Board of Directors, Hamad bin Ali Al-Saqri, is the owner of the group, and the member of the Board of Directors, Ali bin Hamad Al-Saqri, is the vice-chairman of the Board of Directors of the group. It is a company's sales contract taking into consideration that the value of dealing in 2018 was (103,537) Saudi riyals, noting that this dealing was based on a commercial name without preferential conditions.
12. The Ordinary General Assembly approved the works and contracts concluded between the company and Theeb Rent A Car Company, in which the former board member, Mr. Rabih Khoury, had an indirect interest in it as a board member of Theeb Rent a Car Company, which is a car rental service contract noting that the value of dealing in 2018 was (1,241,993) Saudi riyals, bearing in mind that this transaction was based on commercial principles without preferential conditions.
13. The Ordinary General Assembly approved the works and contracts concluded between the company and Med gulf Insurance Company, in which former members of the Board of Directors, Dr. Abdul Rahman Muhammad Al-Barrak, had an indirect interest as Chairman of the Board of Directors of Med gulf Insurance Company and a member of the Board of Directors, Dr. Tariq Abdullah Al-Naim, has an indirect interest as the CEO of Med gulf Insurance Company which is a company sales contract noting that the value of the dealing in 2018 was (633,350) Saudi riyals knowing that this transaction was based on a commercial name without preferential conditions.

14. The Ordinary General Assembly approved the works and contracts concluded between the company and Fadwa Contracting Company, in which a member of the Board of Directors, Hessa Hamad Al-Saqri, had an indirect interest as one of the owners of the company until September 28, 2018 AD, which are construction contracts noting that the value of dealing in 2018 was (5,927,597 Saudi riyals), knowing that this transaction was based on commercial principles without preferential conditions.
15. The Ordinary General Assembly approved the works and contracts concluded between the company and Mahra Al-Khair Contracting Company in which the former member of the Board of Directors, Mr. Abdul Mohsen Al-Haqbani, and the former CEO, Fahd Al-Haqbani, had an indirect interest since they are the brothers of the owner of Mahra Al-Khair Contracting Company which is a construction contract, noting that the value of dealing in 2018 was (3,297,315) Saudi riyals, putting in mind that this dealing was based on commercial bases without preferential conditions.
16. The Ordinary General Assembly approved the works and contracts concluded between the company and Al-Hayat Investment Company (Sporta), in which the former board member Mr. Abdul Mohsen Al-Haqbani and the former CEO Fahd Al-Haqbani had an indirect interest as the brothers of the owner of Al-Hayat Investment Company (Sporta). It consists of contracts of the purchase of sports equipment and contracts of the sale of sports equipment noting that the value of buying sports equipment in 2018 was (4,289,720) Saudi riyals and selling sports equipment was (957,977) Saudi riyals, taking into consideration that this dealing was based on commercial bases without preferential conditions.

The shareholders were given the opportunity to ask questions and give suggestions to the Board of Directors. All questions and inquiries were answered, and the notes and suggestions were taken into consideration (the appendix included the questions and discussions that were raised during the assembly)

With the end of the agenda of the General Assembly, the (first) meeting on May 7, 2019 AD, corresponding to Ramadan 02, 1440 AH, and the ratification of its decisions, the session was adjourned at exactly () a.m. on Wednesday. This record included all of the above and signed by the chairman of the assembly and the secretary.

Secretary of Ordinary General Assembly

Chairman of Ordinary General Assembly

Naglaa Mohammed Al-Ajmi

Ali bin Hamad Al-Saqri

08/05/2019 4:40 PM

(This is a Translation of the Official minutes of the EGM Meeting Text, please refer to the Arabic version for the official Minutes of Meeting)

Question/Answer	Questioner/Respondent	#
The reasons for the decrease in advertising and marketing expenses, I would also ask about the extent of the company's participation in the development projects in Riyadh, which were announced recently, and I suggest the company to operate clubs and sports centers for hotels	Shareholder	Q1
The company is going for less costly and more effective ways, including social media and others, which means that the company has not underestimated the importance of marketing and media, but instead uses more efficient and effective ways, and regarding the operation of several sports centers for other parties, the company through the corporate relations department, operates sports centers Inside companies such as Al-Rajhi Bank, SABIC and others.	Mr. Tareq Al-Angari – Independent Board Member	A1
What is IFRS 16? And is it applied negatively or positively to the company's financials? Please clarify	Shareholder	Q2
The standard in brief, is if the company rents lands or buildings, then before applying this standard, rents are subtracted from the income statement and long-term leases, especially if they are 15 and 20 years, and are considered part of the liabilities, and it is shown in the financial position, and every year it is subtracted and shown in the income statement and Part of it is a subtraction for financing costs, as the long-term lease is like a debt which is a liability on the company. And its impact on the financial statements is as follows we note that all previous leases must be amended according to the standard, meaning that all previous financials must be referred to and modified, or the company should take the other action, which is to apply the standard from the 2017 financials, which was disclosed in the 2018 report, so the effect is the Statement of changes in Shareholders' Equity will decrease by the effect of the aforementioned amendment. The effect on the income statement also shows ****. And regarding profitability, there will be an impact, but not significant. The standard will be applied from now on, and this is what I can share with you until we publish our financial statements for this year.	Dr. Mohammed Al-Kinani - Independent Board Member and Chairman of the Audit Committee	A2
The reason for the low level of the Al Shabab Club branch is also what are the standards that are taken into account when converting the males branches to ladies, as the shareholder suggested that the branches that have parking lots not be converted like the branch that he used to go to, and finally he asked that the focus be on body building programs more than the areas of the swimming pools and also the prices of subscriptions to be Reduced, as there are centers with nominal prices that focus on sports programs related to bodybuilding, so why not consider providing this type of center	Shareholder	Q3
Regarding the contract with the Al Shabab Club in the AlRaqi branch, it was a short period, and large money were paid to this branch, but given that we were unable to extend the contract period, we did not see it is appropriate to spend the maintenance money on a branch that its contract will expire soon, but this amount of money is transferred to other branches. That this branch was developed from the time that Fitness Time operated it, and with regard to the process of converting males clubs into ladies clubs, our plan was aimed at seizing the opportunity and the conversion takes place based on internal criteria, such as the location of the center, but let me suggest using the mobile application, and you will find more than one branch near you and you will find what suits you in terms of sports programs and spaces for parking is an alternative to the branch that has been converted into a women's branch and with regard to the new branches, we take into account the issue of parking according to the regulations applied by the municipality and other systems. And regarding the programs available in the centers, we launch every period a	CEO – Ahmar Aadam	A3

<p>program that simulates what is available in the market, such as the CrossFit program. We launched Extreme Fit, and currently there is a completely new program available in orange theory clubs will be launched soon in our branches. And with the branches that are considered to have a low cost, have a smaller area, with fewer services and more devices, as they are under study internally.</p>	
<p>What is the expansion plan in terms of preparing branches, revenues and expected profits? What is the plan towards expanding the female branches?</p>	<p>Shareholder Q4</p>
<p>According to what was mentioned in the prospectus of the five-year plan after the listing and the report of the Board of Directors, we are committed to what has been disclosed, and we aim to open 13-15 fitness centers, mainly ladies' centers. And what matters now is focusing on taking the available opportunities in the market which contributes in achieving one of the goals of the Quality-of-Life Program, which is one of the programs of the Kingdom's Vision 2030, we do not see the appropriate promise of certain numbers regarding revenues and profits that we may not be able to fulfill for unexpected and out of control reasons.</p>	<p>Chairman of the Board of Directors Mr. Ali Alsagri and Mr. Tareq Al-Angari – Independent Board Member A4</p>
<p>What is the impact of the resignation of the former CEO on the company and his recent announcement regarding the company's competition and the absence of a non-compete clause in his contract with Leejam Sports Company? Why wasn't it taken into account before when he has most of the company's secrets?</p>	<p>Shareholder Q5</p>
<p>It was customary for the company to be listed in the market is the Founders exit and the lack of a competition clause, so it was not included in their contracts, because the sector has current competition from several companies such as Gold's Gym, Body Masters and other sports centers. What we believe in is focusing on customer service and maximizing shareholders' profitability more than our focus on the legal aspects of contracts and others. Regarding competition, Leejam has 133 branches to date, and compared to current competitors in the market, for example Gold's Gym or Body Masters and others, the number of their branches In general are low, in general competition in the market improves the sector and the services provided to customers in particular</p>	<p>Mr. Tareq Al-Angari – Independent Board Member A5</p>