

## Audit Committee Charter

The Audit Committee (the “**Committee**”) of Leejam Sports Company (the “**Company**”) has been established by the authority of the Company’s general assembly of shareholders (the “**General Assembly**”) pursuant to the Company’s Bylaws and shall operate in accordance with this charter (this “**Charter**”).

### **1. Purpose and Role**

- 1.1 The purpose of the Committee is to assist the board of directors (the “**Board**” and each member of the Board, a “**Director**”) of the Company in fulfilling its oversight responsibilities and to perform the duties, responsibilities and authorities described in this Charter.
- 1.2 The primary role of the Committee is to monitor the Company’s affairs and assist the Board with oversight of: (i) the integrity, effectiveness and accuracy of the Company’s financial statements and reports; (ii) the Company’s compliance with legal and regulatory requirements; (iii) the qualifications, independence and performance of the Company’s external auditor (the “**Auditor**”); and (iv) the performance, soundness and effectiveness of the Company’s internal control, audit and financial reporting systems.

### **2. Organization and Membership**

- 2.1 The Committee shall be composed of at least three and no more than five members (each a “**Member**” and collectively, the “**Members**”).
- 2.2 All Members shall be appointed by the General Assembly upon the recommendation of the Board for a term not exceeding [three years]. The recommendation of the Board to the General Assembly shall be based on the recommendation of the Company’s Nomination and Remuneration Committee. The recommendations of the Nomination and Remuneration Committee and the Board shall be in compliance with the applicable laws, regulations, rules and policies (including this Charter).
- 2.3 The term of service of the Members who are also Directors shall not exceed their respective terms of service as Directors.
- 2.4 Executive Directors may not be appointed as Members and the Chairman of the Board may not be appointed as a Member.
- 2.5 A person who is, or has been during the preceding two years, working in the executive or financial management of the Company or as an employee or a director of the Auditor may not be appointed as a Member.
- 2.6 At least one Member shall be an independent Director.
- 2.7 All Members shall be financially literate, with at least one Member being a specialist in financial and accounting matters.
- 2.8 The Committee shall appoint, from amongst the Members who are independent Directors, a chairman of the Committee (the “**Chairman**”) who shall preside over the meetings of the Committee. The Chairman (or his/her delegate from amongst the Members) shall attend all meetings of the General Assembly to address any questions raised by the Company’s shareholders. The term of service of the Chairman shall coincide with his/her term of service as a Member. The Chairman shall be subject to removal at any time by the Members.
- 2.9 The Committee shall appoint, from amongst the Members or others, a secretary to the Committee (the “**Secretary**”) who shall attend all meetings of the Committee and record the minutes and resolutions of the Committee. The term of service of the Secretary shall be specified by the Members. If the Secretary is also a Member, his/her term of service shall not

exceed his/her term of service as a Member. The Secretary shall be subject to removal at any time by the Members.

- 2.10 All Members shall be subject to removal at any time by the General Assembly. In the event that the membership of any Member is terminated for any reason prior to the expiry of that Member's term, the Board may appoint a temporary Member as his/her replacement, provided that such appointment is presented before the next General Assembly meeting for ratification. The term of service of such replacement Member shall extend to the term of service of his/her predecessor.
- 2.11 [The Capital Market Authority shall be notified of the name, position and independence status of each Member, and any changes thereto, within a period of five business days from the date on which a Member is appointed or removed, or a change in any of the foregoing occurs.]

### **3. Meetings and Proceedings**

- 3.1 The Committee shall meet at least four times each fiscal year. Additional meetings may be held from time to time and may be convened at the request of the Board, any of the Members, the Company's internal auditor (the "**Internal Auditor**"), the Auditor, or any senior officer of the Company.
- 3.2 A meeting of the Committee shall be convened by written notice being given by the Secretary at the request of the Chairman to each Member (and invitee, as appropriate) not less than [five business days] prior to the date set for the meeting, except in cases of urgency, when a meeting may be convened on shorter notice upon approval by a majority of the Members. The notice shall include the date, time and location of the meeting and shall be accompanied by a meeting agenda and appropriate briefing materials. The Committee shall meet at such times and places as it deems necessary to fulfill its responsibilities.
- 3.3 The meetings of the Committee may be convened in person, by telephone or video teleconference, or by any other method approved by the Committee and which allows the Members to hear each other.
- 3.4 Only the Members and the Secretary will be entitled to attend meetings of the Committee. However, others may attend such meetings at the invitation of the Members. The Committee shall meet regularly with the Auditor and the Internal Auditor. The Auditor and the Internal Auditor may request to meet with the Committee as required for the performance of their duties.
- 3.5 In order for meetings of the Committee to reach quorum, it shall be necessary for a majority of the Members to be present. All decisions and actions of the Committee shall be approved by a resolution passed by the affirmative vote of the majority of the Members attending the meeting of the Committee at which the resolution is approved. The Chairman shall have a casting vote in the event of a tie.
- 3.6 In the absence of the Chairman, and an appointed deputy, the remaining Members present shall elect, from amongst themselves, a Member to chair the meeting from those who would qualify under this Charter to be appointed to that position.
- 3.7 The Committee may adopt resolutions by circulating the proposed resolutions in writing or in electronic format to all the Members for their approval and signature (and a scanned copy of the Member's signature will be deemed to constitute an acceptable form thereof). Written resolutions shall be passed with the approval of the majority of the Members, with the Chairman having a casting vote in the event of a tie.
- 3.8 Promptly following the conclusion of each meeting of the Committee or the adoption of a written resolution, the Secretary shall distribute the meeting minutes and/or the resolutions of the Committee to the Board and to each Member. Minutes of meeting shall be signed by the Secretary and all Members present at the relevant meeting.

#### **4. Duties and Responsibilities**

4.1 The Committee shall perform its primary role described in Section 1 above by undertaking at least the following duties and responsibilities:

##### **(a) Financial Statements and Reports:**

- (i) review, express an opinion on, and make recommendations to the Board regarding the interim and annual financial statements of the Company, including all announcements relating to the Company's financial performance, prior to their presentation to the Board, to ensure their integrity, fairness and transparency;
- (ii) at the request of the Board, express a technical opinion with respect to the fairness, balance and comprehensibility of the Board report and the Company's financial statements, and whether they include the information necessary to enable shareholders and investors to assess the Company's financial position, performance, business model and strategy;
- (iii) review any significant or unusual issues or matters included in the Company's financial reports and accounts, and review any matters raised by the Company's Chief Financial Officer (or his/her delegate), Corporate and Legal Compliance Manager, or the Auditor;
- (iv) examine the accounting estimates in respect of significant matters contained in the Company's financial statements and reports; and
- (v) review the accounting policies in force and advise the Board of its opinion and any recommendations regarding the same.

##### **(b) Internal Control and Audit:**

- (i) review, and consider the effectiveness of, the Company's internal control, financial, and risk management systems;
- (ii) review internal audit reports and pursue the implementation of corrective measures in respect of the comments included therein;
- (iii) oversee and supervise the Internal Auditor and the Company's Internal Audit Department to ensure they have access to the necessary resources and ensure their effectiveness in performing the tasks and duties assigned to them;
- (iv) approve the Company's internal audit charter; and
- (v) recommend to the Board decisions regarding the appointment, removal and remuneration of the Internal Auditor [and Head of the Internal Audit Department]; and
- (vi) review on an annual basis the performance and the activities of the Internal Auditor [and Head of the Internal Audit Department] and recommend to the Board their annual compensation and salary adjustment.

##### **(c) External Audit:**

- (i) recommend to the Board the appointment, dismissal, and remuneration of the Auditor, after reviewing the Auditor's scope of work and terms of engagement, with such recommendation having regard to the independence of the Auditor;

- (ii) review the professional qualifications of the Auditor and the personnel that will be working within the Auditor for the Company;
- (iii) review the performance and supervise the activities of the Auditor and report to the Board with its recommendations in respect of the same;
- (iv) review and verify annually the independence, objectivity, and fairness of the Auditor and the effectiveness of the Auditor's audit work, taking into account the relevant rules and standards, and make recommendation to then Board in respect of the same;
- (v) review the Auditor's proposed audit scope, approach, and plan, and make any comments thereon;
- (vi) verify that the Auditor is not providing any technical or management services outside of the scope of the audit, and make recommendations to the Board in respect of the same;
- (vii) address any questions raised by the Auditor; and
- (viii) review the reports, qualifications and comments of the Auditor in relation to Company's financial statements, and follow up on the actions taken in relation to the same.

**(d) Compliance:**

- (i) verify and monitor the Company's compliance with the applicable laws, regulations, policies and instructions;
- (ii) review the reports and results of investigations of any competent supervisory or regulatory authority, and ensure that the Company has undertaken the necessary actions in relation to the same;
- (iii) review the contracts and transactions to be entered into by the Company with any related party, and make recommendations to the Board in relation to the same;
- (iv) ensure that appropriate arrangements are put in place, and implemented, to allow for the confidential and anonymous submission by the Company's employees of concerns regarding any financial, accounting or auditing matters or any cases of non-compliance through a reasonable mechanism; and
- (v) report to the Board any matters or issues which should be brought to the attention of the Board, and any related recommendations.

**(e) Reporting:**

- (i) report to the Board on its proceedings, recommendations, and resolutions after each meeting of the Committee on all matters within its duties and responsibilities; and
- (ii) prepare an annual written report assessing the adequacy of the Company's internal control, financial and risk management systems, and its recommendations in respect thereof, as well as the tasks undertaken by the Committee within its competence. Copies of the report should be made available for collection by the Company's shareholders at the Company's head office [and published on the website of the Company and the Saudi Stock Exchange (Tadawul) at the time of publishing the invitation to convene the relevant annual General Assembly meeting], and at least ten days prior to such

General Assembly meeting. A copy of the report should be read out at that meeting.

**(f) Miscellaneous:**

- (i) institute and oversee special investigations as needed; and
- (ii) perform such other related activities as requested by the Board.

4.2 While performing the Committee's oversight role, the Committee will be mindful of the division of responsibilities between the Committee, the Board, the Company's management, the Internal Auditor, and the Auditor. In the event of a conflict between the Committee's recommendations and the resolutions of the Board, or if the Board resolves not to follow the recommendations of the Committee with respect to the appointment, dismissal, or remuneration of the Auditor or the appointment of the Internal Auditor, the Board must include in its report a summary of the relevant recommendations of the Committee and the reasons for not adopting such recommendations.

**5. Authorities**

5.1 The Committee shall have the authority necessary to perform its duties and responsibilities. In particular, the Committee shall have:

- (a) unrestricted access to all documents and records of the Company;
- (b) unrestricted access to the management and employees of the Company (including Directors, executive officers and members of the Company's internal audit team), all of whom shall cooperate fully with the Committee and shall answer promptly and fully any questions raised by the Committee;
- (c) unrestricted access to the Auditor, who shall cooperate fully with the Committee and shall answer promptly and fully any questions raised by the Committee;
- (d) the right to establish subcommittees consisting of one or more Members to carry out such duties as the Committee may delegate and as are permitted pursuant to this Charter;
- (e) the right to appoint, retain, and terminate outside counsel, accountants or other specialists to advise or assist the Committee, as necessary (which appointment, including the name of the retained party and any relations it has with the Company or its executive management, shall be recorded in the relevant minutes of meeting of the Committee); and
- (f) the right to undertake any other actions that the Committee reasonably considers necessary to satisfactorily perform its duties and responsibilities and satisfy its obligations under this Charter.

5.2 The Committee may require the Board to convene a General Assembly meeting if a serious financial loss or damage is detected or if the Committee's work is being obstructed by the Board. A notice of invitation to convene a General Assembly meeting must be issued by the Board within 15 days of the Committee's request.

**6. Remuneration**

- 6.1 Any remuneration to be granted to the Members shall be in the form and amount recommended by the Board and approved by the General Assembly in accordance with the laws, regulations, resolutions, and instructions to which the Company is subject.

**7. Entry into Effect and Review**

- 7.1 This Charter shall be adopted by a resolution of the General Assembly, following a recommendation by the Board, and shall enter into effect from the date on which it is approved by the General Assembly.
- 7.2 The Committee shall periodically review the provisions of this Charter and recommend any amendments thereto to the Board.
- 7.3 Any amendments to this Charter shall be adopted in the same manner in which this Charter was adopted.