

Leejam Sports Company Extraordinary General Assembly Meeting June 6th, 2024

The Board of Directors of Leejam Sports Company (Fitness Time) Invites Shareholders to Attend the Extraordinary General Assembly Meeting (First Meeting) via Means of Modern Technology

ELEMENT LIST	EXPLANATION
Introduction	The Board of Directors of Leejam Sports Company (Fitness Time) is pleased to Invite the Shareholders to Attend & vote in the Extraordinary General Assembly Meeting (First Meeting) on 06 June 2024 at 18:45 which will be conducted via modern technologies.
City and Location of the General Assembly's Meeting	Riyadh at Leejam Head Office via modern technologies using Tadawulaty
URL for the Meeting Location	https://login.tadawulaty.com.sa
Date of the General Assembly's Meeting	06 June 2024
Time of the General Assembly's Meeting	18:45
Attendance Eligibility, Registration Eligibility, and Voting End	Each shareholder who is registered in the Company's shareholders register with Edaa at the end of the trading session prior to the Assembly meeting shall be entitled to attend the assembly meeting, according to the rules and regulations. The eligibility to register attendance at the assembly meeting ends at the time of the assembly and the right to vote on the Extraordinary General Assembly Agenda for attendees ends when the counting committee finishes counting the votes.
Quorum for Convening the General Assembly's Meeting	The Extraordinary general assembly meeting is valid if shareholders, representing at least 50% of the capital, attended.
General Assembly Meeting Agenda	<ol style="list-style-type: none"> 1. Reviewing the Board of Directors' Report for the fiscal year ending on 31st December 2023 and discuss it. 2. Reviewing the Financial Statements for the fiscal year ending on 31st December 2023 and discuss it.

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	<ol style="list-style-type: none"> 3. Voting on the Auditor's Report on the Company's accounts for the fiscal year ending on 31st December 2023 after discussing it. 4. Voting on releasing the Board of Directors members from liability for the fiscal year ending on 31st December 2023. 5. Voting on paying an amount of SAR 2,726,000 as remunerations to the Board Members for the fiscal year ending on 31st December 2023. 6. Voting on appointing the auditor for the company from among the candidates based on the Audit Committee's recommendation. The appointed auditor shall examine, review, and audit the second and third quarters and annual Financial Statements of 2024, and the first quarter of 2025, and the determination of the Auditor fees. 7. Voting on delegating the Board of Directors to distribute interim dividends on a biannually or quarterly basis for the fiscal year 2024. 8. Voting on delegating to the Board of Directors the authorization powers of the General Assembly stipulated in paragraph (1) of Article (27) of the Companies Law, for a period of one year starting from the date of the approval by the General Assembly or until the end of the delegated Board of Directors' term, whichever is earlier, in accordance with the implementation rules of Companies Law for listed Joint Stock Companies. 9. Voting on the amendment of Article (Article No.3) of the Company's bylaws relating to (Company's Activities). (Attached) 10. Voting to amend the company's bylaws, to be in compliance with the new companies' Law, and rearranging the articles of the bylaws and their numbering, be in compliance with the proposed amendments. (Attached) 11. Voting on transferring the entire statutory reserve of the company in the amount of SAR 135,596,952 as in the Interim Condensed Consolidated financial statements for the three months period ending on 31/03/2024 to the retained earnings account. 12. Voting on the Board's recommendation to distribute cash dividends amounting to SAR 50,811,860.17 to the shareholders for the first quarter of the fiscal year ending on 31 December 2024 at SAR 0.97 per share representing 9.7% of the nominal value of the share. Provided that the entitlement is for shareholders holding the shares by the end of the trading day of Assembly date, and who are registered in the Company's Shareholders Registry held with the Security Depository Center Company (Edaa) at the end of the second trading day following the entitlement date, the date will be announced later.

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	<p>13. Voting on amending the Nomination and Remuneration Committee Regulations. (Attached)</p> <p>14. Voting on amending Remuneration Policy for Board of Directors, Sub-Committees and Senior Executives. (Attached)</p> <p>15. Voting on amending Audit Committee Regulations. (Attached)</p> <p>16. Voting on amending Social Responsibility Policy. (Attached)</p> <p>17. Voting on amending Competing Business Standards Policy. (Attached)</p> <p>18. Voting on Criteria and Procedures Policy for Nomination to the Board of Directors. (Attached)</p> <p>19. Voting on the Employee Share Scheme and delegating the Board to set out conditions of such scheme, including allocation price for each share offered to the employees if it was in exchange for fees.</p> <p>20. Voting on the purchase of a number of the company's shares with a maximum of 200,000 shares, and to allocate them Long-term employee incentive program, where the purchase of those shares to be financed through the Company's own resources. Further, to authorize the Board of Directors to complete the purchase within a period of (12) months from the date of the Extraordinary General Assembly approval, the purchased shares to be kept no longer than (7) years from the date of Extraordinary General Assembly approval and once the period lapses, the company will follow the rules and procedures stipulated in the relevant laws and regulations. (Attached) (upon approval of item no. 19).</p>
Proxy Form	Proxy Form is not available due to that the meeting will be conducted via modern technologies using Tadawulaty system
E-Vote	The shareholders who are registered in the Tadawulaty services can remotely vote on the items of the Extraordinary General Assembly Meeting, through (electronic voting) service at (https://login.tadawulaty.com.sa) as voting and registration is free of charge. Noting that the remote voting will start at 01:00 AM on 02 June 2024 and continue till the end of the Meeting.
The shareholder right in discussing the assembly agenda topics, asking questions, and exercising the voting right	Each shareholder who is registered in the Company's shareholders register with Edaa at the end of the trading session prior to the Assembly meeting shall be entitled to the right to discuss the items included in the Assembly's agenda and ask questions by participating in the meeting remotely via the link attached to the Assembly's page on the Tadawulaty website (https://login.tadawulaty.com.sa).

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Method of Communication	For any inquiries please contact Investor Relations at: 00966564149752 or at: investor.relations@leejam.com.sa
Additional information	The attending shareholders are also entitled to discuss the agenda items and ask questions.

**Leejam Sports Company
Annual Audit Committee Report
For the Year ended 31 December 2023**

Shareholders of Leejam Sports Company

Greetings,

During the year 2023, the Committee reviewed effectiveness of both the external audit process and the internal audit function as part of the continuous improvement of financial reporting and controls environment across LEEJAM. The Committee also focused particularly on the appropriateness of LEEJAM's financial statements to ensure compliance with applicable International Accounting and Financial Reporting Standards (IFRS) along with relevant local laws and regulations of Kingdom of Saudi Arabia (KSA). The Committee has ensured itself, and has advised the Board accordingly, that the 2023 financial statements are fair, balanced and understandable, and provide the information necessary for shareholders to assess LEEJAM performance, business model and strategy.

The Committee held six (6) meetings during the year 2023 that took place with internal audit team, key management personnel and external auditor; to review the internal controls, compliance, and risk management system. The Chairman of the Committee also made communications with the Board of Directors to share high risk alerts to ensure timely remediation in line with best practices of risk management and internal controls system.

During the year 2023, the Committee worked on activities to fulfill its responsibilities under governance and to strengthen internal controls. Major activities are detailed below:

1. Review of Financial Statements

During the financial year 2023, the Committee considered the accounting policies, estimates and judgments used, considering the impact of such factors on the financial position of LEEJAM and its suitability to the nature of the company's activity. The Committee reviewed the integrity, fairness, and transparency of the financial statements along with basis of provisions and various accounting treatments during the period that were recommended to the Board of Directors for adoption.

2. Review of Internal Audit Work & Reports and Recurring Engagements

The Committee monitors the progress of recurring audit engagements and other reviews performed by the Internal Audit function on monthly and quarterly basis. The Committee reviewed the internal audit reports and advised Executive Management on audit findings & remediation measures. 13 audits were completed in 2023 for many departments and functions.

The Committee reviewed the Internal Audit work and oversighted timely follow up on the raised observations to ensure timely implementation of the corrective action plan. Out of the total 1,470 observations reported till yearend, 1,257 (86%) observations have been closed. The remaining 213 observations are not yet due (as of Dec, 2023) and will be closed during year 2024.

3. Key Projects by Audit Committee

The Committee undertook key project to improve the overall risk management culture and overall internal control environment across the organization. For the previous year 2022, the "Enterprise Risk

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Management” framework, policies, risk appetite and other documents were developed and implemented by a Subject Matter Expert Consultant to cultivate a risk culture across Leejam. During the year 2023, below new initiatives were taken:

- A. **System Post Implementation Review (PIR):** An outsourced consultant was hired to conduct the system post implementation review in coordination with the Internal Audit team for the main ERP system (Oracle) and Member Management system (EXERP). The exercise highlighted control improvement opportunities in the system which can be aligned with the other business processes to improve overall work efficiency, controls effectiveness while improving overall company performance. The Committee is overseeing the project to ensure timely progress and completion while achieving the desired objectives.

4. Internal Control and Risk Management Environment

The Committee recognizes that the Company has adopted a system of internal controls designed to monitor the company's activities and provide reasonable assurance about the effectiveness and efficiency of such controls (including financial reporting, compliance to applicable rules and regulations and operational efficiency and effectiveness). The Committee also ensured the work of the internal audit is focused on key risks mitigations and observations of internal audit are addressed by the management. During the year, internal controls systems were updated and improved as part of the ongoing improvement program. On the recommendation of the Committee key enhancements & improvements were made to internal policies to align them with the Capital Market Authority requirements.

Below steps were taken by the Committee to improve the internal control environment:

- Oversight over the updating of company risk registers to capture and manage new risks and evaluation of controls effectiveness at process level.
- Providing guidance to Internal Audit function to add business value by providing consultancy services and awareness sessions to management while monitoring the outcome of such consultancy engagements.

Currently, the Risk Management function is reporting to the Committee. As for the Risk Management activities, The Committee has performed oversight of the below risk management activities:

- Implementation of Risk management frameworks (including policies and procedures), risk appetite and other relevant risk management practice to cultivate appropriate risk culture across the organization.
- Timely update of the risk registers, Top corporate risks and maintain proper records for relevant risk factors which need to be identified, evaluated and reported on a periodic basis across the company.
- Ensure risks reports are shared on a periodic basis with the Committee and Board level, in alignment with CMA regulations.

5. Compliance

The Audit Committee is responsible for verifying and monitoring the company's compliance with the relevant laws, regulations, policies and instructions. Based on this, the committee supervised the work of the executive management to build a framework that clarifies the basic elements of the company's compliance process, the roles and responsibilities of its stakeholders, and gave its relevant directives.

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It is expected that this framework will be approved during the year 2024. The committee also reviewed periodic reports from the Compliance Unit regarding the extent of the company's compliance with regulations, instructions, external standards and requirements or the company's internal policies, procedures and requirements. The committee also issued its directions for support to the compliance unit with the necessary resources to work to raise the level of achievement.


6. External Auditor Review

The Committee has responsibility for overseeing the LEEJAM's relationship with the external auditor including reviewing the quality and effectiveness of their performance, their external audit plan and process, their independence from the LEEJAM, their appointment and their audit fee proposals. The committee also received communication from E&Y that they are independent and confirmed that they were not aware of any relationships between LEEJAM and E&Y or between E&Y and any persons in financial reporting oversight roles in LEEJAM that may affect its independence. The committee reviewed external auditor reports that were based on unqualified opinions on annual and interim financial statements along with management representation letter.

7. Conclusion

The Committee was able to carry out its work at LEEJAM to fulfill its statutory mandate under unrestricted conditions. With reference to the financial statements, based on assurance obtained during the review of internal audit reports, unqualified opinion issued by the external auditor and review of the documentation deemed necessary, the committee concludes that interim and annual financial statements for year ended 31 December 2023 gives a true and fair view of the financial position as well as financial performance of LEEJAM.

With reference to internal controls, nothing comes to the attention of the committee to believe that internal controls are not working effectively to ensure regulatory compliance and governance requirements. Moreover, as part of best practices and emerging regulatory changes, there is still improvement required to improve the overall risk and control culture where all LEEJAM employees are aware of their own responsibilities in relation to internal control environment, compliance, and risk management (as specified by IIA's three lines of defense model, corporate governance guidelines as per Capital Market Authority (CMA) and global risk management practices). *SA*



Dr. Mohammed Al-Kinani
Chairman of Audit Committee
Leejam Sports Company