

**Leejam Sports Company
Annual Audit Committee Report
For the Year ended 31 December 2025**



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17 February 2026

Dear Shareholders of Leejam Sports Company,

Greetings

During the year 2025, 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 Sports Company (hereafter referred to as “**the company**” or “**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 of Directors (Board) accordingly, it did not notice what could affect its conclusion that the 2025 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 eight (8) meetings during the year 2025 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 to share high risk alerts to ensure timely remediation in line with best practices of risk management and internal controls system.

A. Outcome of Audit Committee Work

During the year 2025, 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 2025, 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 the basis of provisions and various accounting treatments during the period that were recommended to the Board for adoption.

2. Review of Internal Audit Reports

The Committee reviewed 10 internal audit reports and advised Executive Management on audit findings & remediation measures.

3. Review of Recurring Engagements Reports

The Committee monitors the progress of recurring audit engagements and other reviews performed by the Internal Audit function on a monthly and quarterly basis, as seen below:

Recurring Engagements		
#	Business Areas Reviewed	Internal Controls Focus
1	Club Audits (155 clubs)	Operational & Compliance
2	Safecall Whistleblowing (25 cases)	Operational & Reputational
3	Quarterly Financial review	Financial & Compliance
4	Related Party Transactions review	Financial & Compliance

4. Follow-up on Internal Audit Work

The Committee reviewed the Internal Audit work and oversights timely follow up on the raised observations to ensure timely implementation of the corrective action plan. 1,640 out of 1,806 (91%) due observations reported till year end have been closed. The remaining 166 due observations and 55 undue observations (as of Dec 2025) will be closed during the year 2026.

5. Consulting Engagements

The Committee monitored the progress of consulting engagements performed by Internal Audit function designed to improve internal control environment and support management in adding business value. Such engagements included limited assurance engagements and advisory services.

6. Key Projects by Audit Committee

The Committee undertook key projects to improve the overall risk management culture and overall internal control environment across the organization. For the year 2025, the following engagements were conducted/initiated to improve the company internal control systems:

1. Health, Safety & Security (HSS) Management System Assessment (completed):

External Consultants were sourced to conduct an HSS management system assessment to benchmark the company's HSS Function, policies, and practices with applicable local regulations as well as international HSS standards.

2. External Quality Assurance over Internal Audit Function (completed):

Institute of Internal Auditors - Australia (IIA Australia) were hired to independently assess Leejam's Internal Audit Department (IAD) in accordance with mandatory requirements of 'International Professional Practices Framework' issued by IIA globally. As per this external quality assessment, Leejam's IAD is built on sound foundations and has been operating professionally in accordance with global internal audit standards.

7. Governance, Risk, and Compliance (GRC)

Under the oversight of the Audit Committee, the Governance, Risk and Compliance function operates as an independent second line function responsible for strengthening governance structures, institutionalizing enterprise risk management, and enhancing regulatory compliance oversight across the organization.

During the reporting period, the function focused on formalizing governance frameworks, enhancing risk visibility at executive and Board levels, and standardizing compliance monitoring practices.

Below is a high-level summary of key initiatives:

a. Governance:

The GRC department formalized and enhanced the Company's corporate governance framework through the development and refinement of key governance policies, including Conflict of Interest, Whistleblowing, Stakeholder Protection, Related Party Transactions, Insider Trading, Disclosure Policy, and Delegation of Authority, in addition to structured Board and Executive Committee Charters.

Corporate Governance and Compliance Management Manuals were introduced to define governance structures, reporting lines, decision rights, and accountability mechanisms. The Code of Conduct was reinforced to promote ethical behavior, integrity, and transparent decision-making across all organizational levels.

These initiatives clarified the roles and responsibilities of the Board, Committees, Executive Management, and control functions, supporting effective oversight and segregation of duties.

b. Risk Management:

The Enterprise Risk Management (ERM) framework was updated and strengthened to ensure systematic identification, assessment, monitoring, and mitigation of risks across strategic, operational, financial, and organizational domains.

Supported by an enhanced ERM Manual, the framework defines clear methodologies, risk ownership responsibilities, reporting structures, and escalation mechanisms. Risk appetite and tolerance parameters were refined to guide decision-making and risk acceptance levels.

The GRC department continues to maintain and enhance the corporate risk register and issue structured risk reports, including Key Risk Indicators (KRIs), to Executive Management and the Audit Committee, ensuring continuous risk visibility and proactive management.

c. Compliance:

A structured Compliance Management Framework and Manual were implemented to reinforce regulatory adherence and internal compliance monitoring practices.

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Key initiatives included maintaining an updated centralized database of applicable laws and regulations, conducting periodic compliance reviews and gap assessments, formalizing non-compliance reporting and escalation procedures, and appointing Compliance Champions across departments to enhance accountability.

Awareness and communication mechanisms were strengthened to promote compliance culture and reinforce internal control discipline across the organization.

d. Operations:

The GRC department maintained and enhanced governance coverage across key operational domains where formal policies are already established, including Investments, Real Estate, Facility Management, Operations, Supply Chain, Finance, Data Protection, and Health and Safety protocols.

In parallel, the development and formalization of additional frameworks were progressed, including Business Continuity, Complaint Management, Marketing and Sales Governance, Social Media Governance, and Customer Experience policies, to further enhance operational governance and cross functional control integration.

B. 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 with 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 ongoing improvement program. On recommendation of the Committee key enhancements & improvements were made to internal policies to comply them with the Capital Market Authority requirements.

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

- a. Recent update of company risk registers to capture and manage new risks and evaluation of controls effectiveness at process level.
- b. Consistent update in delegation of authority matrix in line with change in company organization structure.
- c. 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.

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C. External Auditor Review

The Committee has responsibility for overseeing LEEJAM's relationship with 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 relationship between LEEJAM and E&Y or between E&Y and any person in financial reporting oversight roles in LEEJAM that may affect its independence.

The Committee reviewed external auditor reports on that were based on unqualified opinions on annual and interim financial statements along with 'management representation' letter. For the year 2026, the Committee evaluated external audit proposals and recommended two names to be reviewed and approved in the Annual General Meeting.

D. Conclusion

The Audit Committee was able to carry out its duties at LEEJAM in accordance with its approved charter, 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 and following discussions with all stakeholders regarding the company's internal control, financial, and risk management systems and management's assurances regarding the integrity of the company's control system, the Audit Committee found no significant observations on the internal control, financial, and risk management systems for the fiscal year ending December 31, 2025. It should be noted that absolute assurances cannot be made, but rather reasonable assurances regarding the integrity and effectiveness of the internal control system. There is also no conflict between the Audit Committee's recommendations and decisions and those of the Board of Directors.

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 model, corporate governance guidelines as per Capital Market Authority (CMA) and global risk management practices).

A handwritten signature in black ink, appearing to read "M. Al-Kinani", written over a horizontal line.

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