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# Leejam Sports Company

ANNUAL REPORT

# 2021



in the name of Allah the most merciful  
the most gracious

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

المملكة العربية السعودية

Kingdom of Saudi Arabia



## “Winning Together”

Leejam has continued to power forward in its quest to maintain its leading position in the sports and fitness industry. After the challenges during the Covid-19 related lockdowns in 2021, Leejam adapted and came out on top. Continuing its evolution has been key to the Company's success. Leejam continued to maintain its market leading edge, offering an unparalleled and eclectic mix of products and services, whilst pushing forward with its conversion of centres to ensure members experience the latest state-of-the-art technology; delivered by partnerships from around the world. The driving force and motivation for the Executive team - execute the Company's strategy aligning Leejam's goals and Saudi Arabia's Vision 2030; to get people exercising daily and to lead a healthier lifestyle.





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# LEEJAM'S PROFILE

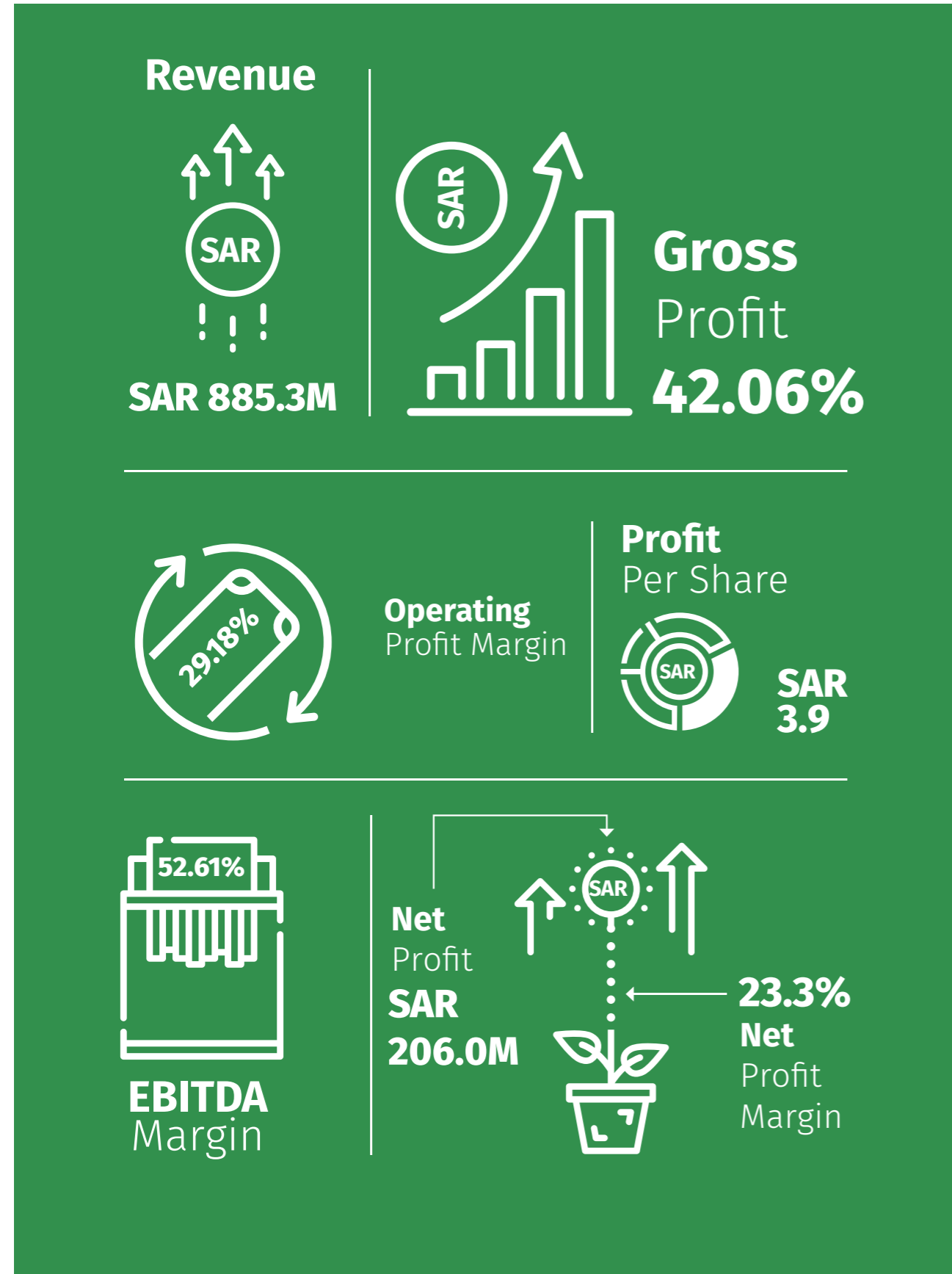


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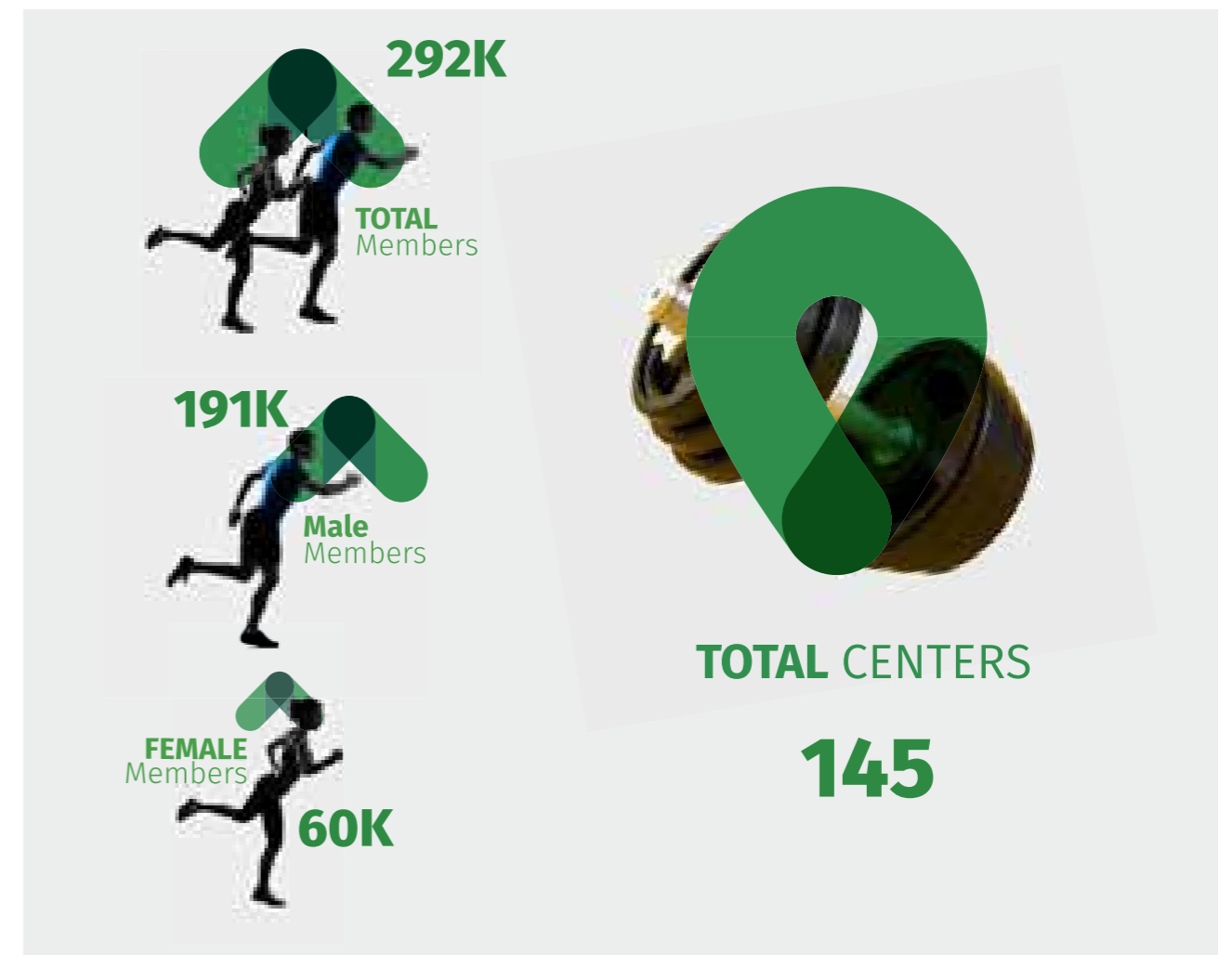
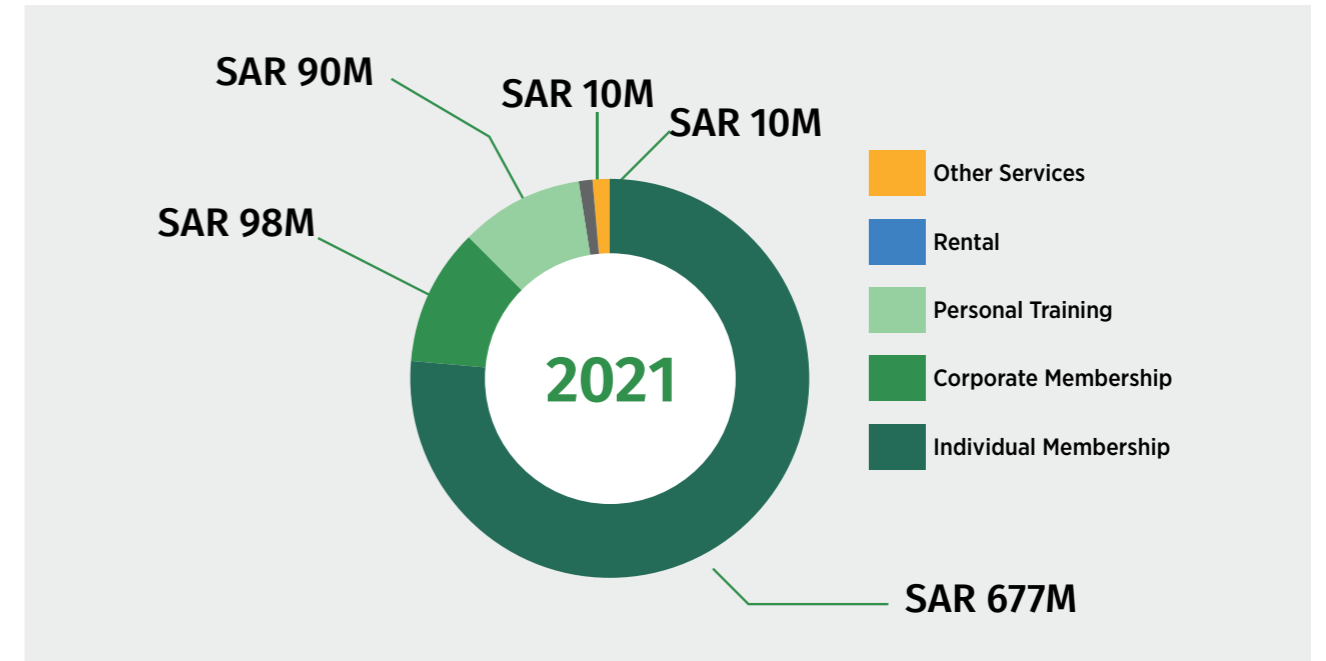
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# 2021 Key Highlights

– Operational & Financial



- ➔ 2021 Highlights
- KPIs
- About us
- Vision, Mission and Values
- Our Brands
- Value Proposition & Investment Case

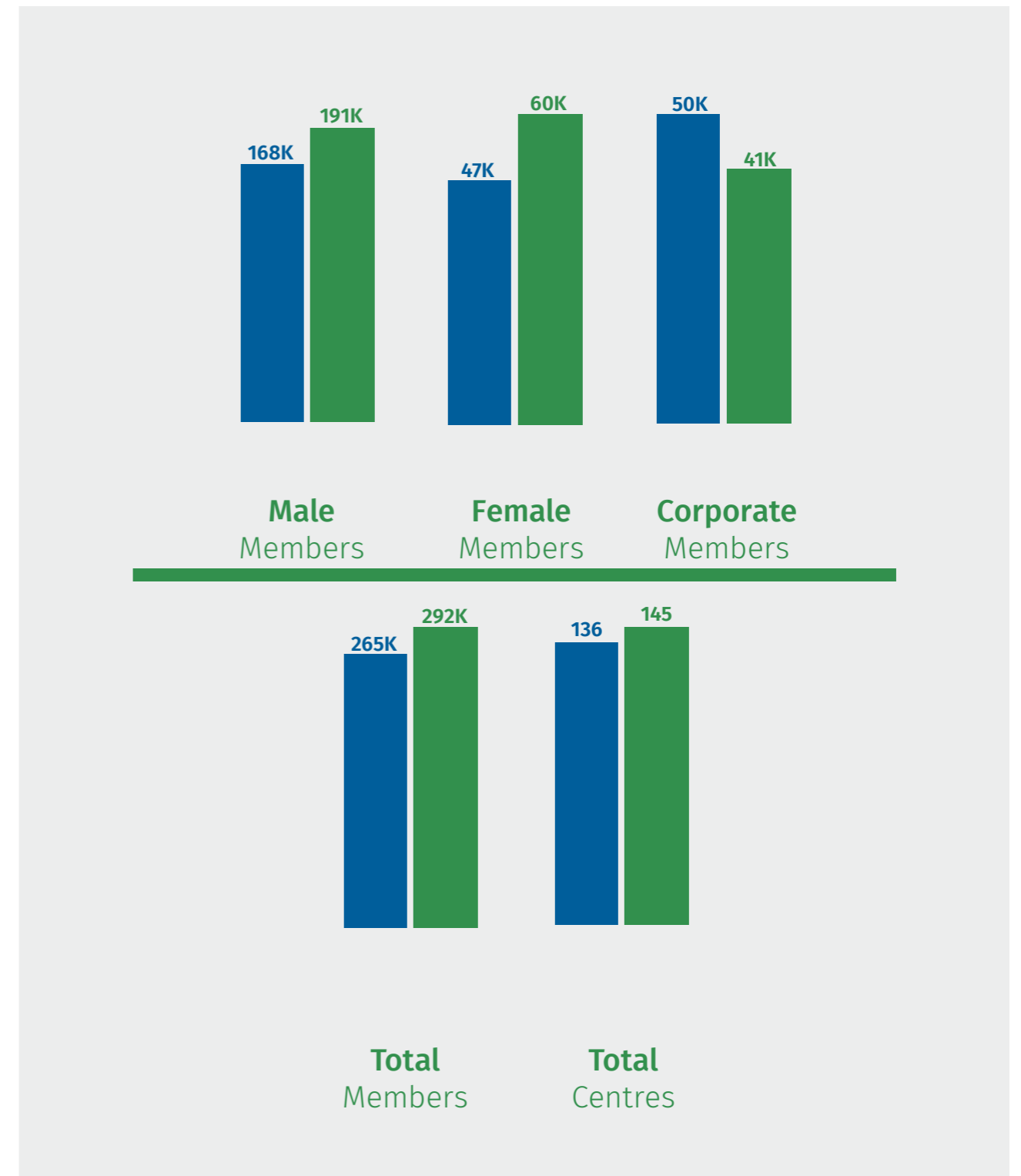
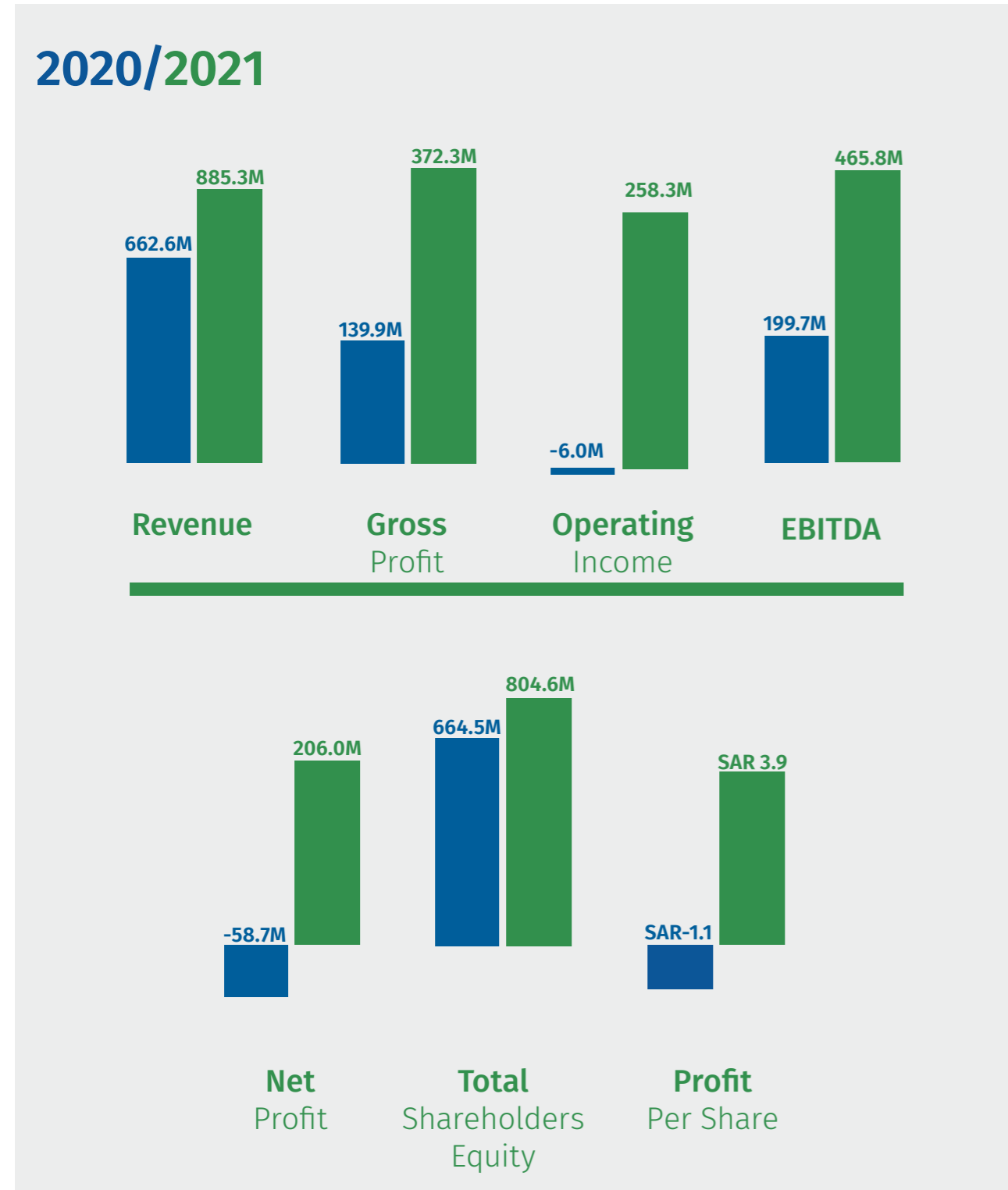




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# KPIs

Financial and Operational excellence is driven by the company Key Performance Indicators. Driving the business, continually improving and ensuring delivery of the agreed strategy.



# About Leejam

Referred to as the "Company" herein, Leejam was founded and established in Jeddah, Saudi Arabia, in accordance with Ministerial resolution 146/S on 29 Rabi-Al-Akher 1429, corresponding to 6 May 2008 under Commercial Registration No. 4030180323. The Company's headquarters were relocated to Riyadh, Saudi Arabia, on 14 Jumada Al-Akhira 1433, corresponding to 6 May 2012, whereby its Commercial Registration No. changed to 1010337986. The Company listed on the Saudi Stock Exchange (Tadawul) on 30 Dhul Hijjah 1439, corresponding to 10 September 2018 with the Ticker No. 1830. As of 31st December 2021, Leejam's paid up capital amounted to SAR523.8million, consisting of 52.3million fully paid and issued shares of SAR10 each.

its member base to 292,000 members. The company continues to grow year-on-year, and consolidate its market leading position in both the male and female segments. Leejam's winning mindset, complimented by its evolutionary concept and ultra-modern facilities, invite its users to enjoy a spacious, clean environment, equipped with the latest in market-leading technology, highly trained professional staff and an operating philosophy that puts both its members and its staff at the forefront of everything they do, in order to exceed international standards.

Cementing its place as the largest operator and owner of fitness centres in the GCC region, Leejam grew its portfolio to end the year with 145 fully owned and operated fitness clubs, up from 136, whilst growing





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### *Our Vision*

To be the people's favourite and most accessible wellness club.

### *Our Mission*

To steer society towards a healthy lifestyle and encourage people to exercise daily.

### *Our Values*

- Customer service excellence
- Integrity
- Responsibility
- Collaboration
- Innovation



## Leejam Brands



### “More than just a gym”

From its humble beginnings, Leejam has continued in its path of evolution, fast becoming the region's largest operator of sports and fitness centers. Under the tutelage of the Company's vibrant, dynamic and energetic core of key management personnel, with extensive experience in the industry, Leejam has been able to further diversify its offerings to create a so-called “One Stop Fitness Shop” offering state-of-the-art facilities for all users and accessible locations in all corners of the Country. In addition, the leadership team pride themselves in knowing that the evolution of the brand under their guidance aligns directly with Saudi Arabia's Vision 2030; to get people exercising daily and to lead a healthier lifestyle.

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# Leejam Brands

Leejam's winning formula stems from the strategically selected locations of its fitness centres, which are designed to provide a conveniently located, easily accessible and fully equipped centre to the fitness community. The core values at the heart of every centre are the most technologically advanced, state-of-the-art equipment and providing users with a superior customer experience, all of which are complimented by the Company's diverse range of offerings, through tactically astute brand differentiation, incorporating choice offerings to suit every budget.

Leejam prides itself on its international and professional Fitness Team, designed to make Fitness Time the gym of choice. Leejam currently operates the following fitness brands



## Fitness Time Plus/Ladies Plus

Indulge in an environment which combines fitness with luxury; this brand is targeted at individuals seeking a five-star, exclusive experience. The "Plus" brands provide the ultimate in privacy, whilst maintaining the ultra-high standards the Company is renowned for. Facilities include best-in-class swimming pools, complimented by jacuzzis and plunge pools at selected locations, a comprehensively equipped gym along with indoor running and walking tracks. Additional facilities include steam rooms, saunas, hairdresser facilities, squash, along with communal lounges.



## Fitness Time/Fitness Time Ladies

Immerse yourself in a business class sports and fitness facility, with a brand targeted at a user seeking a high-end, full-service facility, without the necessity for the additional privacy the Plus brand provides. With similar facilities to the Plus brand, Fitness Time provides swimming pools, jacuzzis and plunge pools along with the usual state-of-the-art equipment found in all fitness centres, with some centres also benefitting from indoor running and walking tracks. This brand also offers space at its male centres for other sports activities, such as football, volleyball, squash and table tennis at certain locations.



## Fitness Time Pro/Ladies Pro

Fitness Time Pro provides users with a broad, yet focused set of features and services. There are large training pools, which can be used either for workout or as a cool down post workout, complimented also by jacuzzis and plunge pools at selected locations. All centres are equipped with the very latest technology, ensuring users maximise their fitness potential. In addition, there are dedicated work-out rooms for each type of training and exercise.



## Fitness Time Xpress/Ladies Xpress

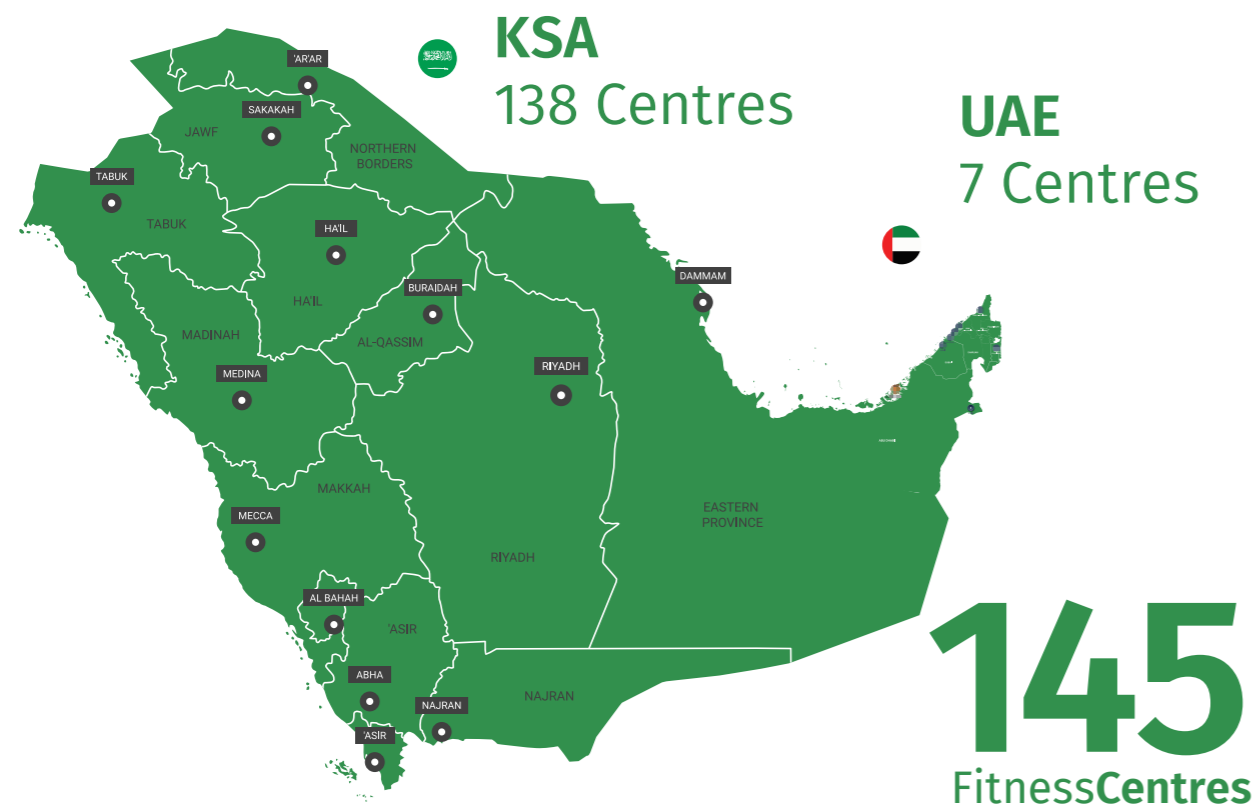
Perfect for a user seeking cardio and strength workouts, Fitness Time Xpress offers a digitally enabled no-frills experience, with maximum value, easily accessible centres with male centres being open 24 hours a day. Fully equipped with the ultimate range of cardio programs and usual cardio and strength equipment, all gyms come with the state-of-the-art equipment the Company is renowned for.



# Value Proposition & Investment Case

## Value Proposition

Leejam aims to offer a winning solution to the masses; an easily affordable and accessible fitness centre that allows users to access market leading facilities, with different sizes, locations, products and services to accommodate for people with varying budgets and requirements. These solutions give Leejam a unique opportunity to maximise outreach, leveraging its leading edge and experience in the market, along with its synonymous name to maximise return on capital for its shareholders.



- Total Number of Fitness Centres = 145
- Largest reach across Saudi Arabia, with branches in UAE
- 43 Female only segment – Largest female network in Saudi Arabia
- Strategically located to reach the majority of the population
- Multiple brands to cater for all people
- 24/7 gyms with low-cost and high-value
- Fully trained staff
- Customer service
- Best-in-class facilities and products

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### Investment case



#### Cash Reserves

Adequate cash reserves to ensure financial stability over the longer term amid pandemic uncertainty.



#### Strong financial ratios

The Company continues to show strong financial ratios. Through the pandemic and into 2021, the Company maintained its outstanding credit positions and held onto its key ratios.



#### Consistent growth

The Company has shown year-on-year growth in terms of total operating centres, and has consistently reduced average costs per centre whilst growing revenues.



#### Dividend payments

The Company is committed to paying dividends in line with performance and company policies.



#### Size of market

Leejam maintains its market leading position in Saudi Arabia



#### Growing market in line with Saudi Vision 2030

With getting people to exercise daily being one of the main pillars of the Country's Vision 2030, the market is only going to grow. With Leejam's leading position in the market at present, complimented by the growth strategy in place, and the Company's extensive experience in establishing and quickly opening new centres, Leejam is perfect poised to capitalise on this growing market by further cementing its position as the region's largest owner and operator of fitness centres.

# LEADERSHIP

Leading the way forward



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  - CEO's Message
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**Chairman's Statement**  
Ali Hamad Al-Saqri



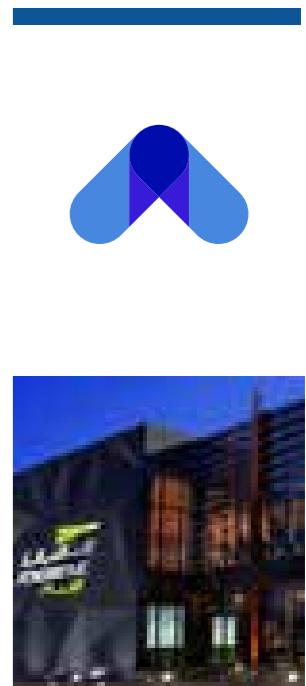
**➤ Winning Together**

***It is my honour and pleasure to present to you our Annual Report for the year 2021, a year which proved the strength in depth of our business, our winning mentality and allowed us to end the year in record breaking style.***

With the grace of Allah Almighty, and the gracious guidance of the Custodian of the Two Holy Mosques and His Royal Highness, the Crown Prince thereafter; our dear country was able, through international cooperation and its leading position in the G20, to present an exemplary approach and act as a role model against the Covid-19 pandemic. A model characterized by balance in protective measures, economic stimulus, and providing support to the private sector in order to overcome these repercussions and preserve jobs, gains and achievements, with the implementation of one of the largest and fastest vaccination campaigns in the world. This thankfully resulted in the gradual

return to normal life, starting from the middle of 2021, and ending with a full return by the end of the year. This was in addition to achieving a major step forward for our national economy in accordance with the Kingdom's Vision 2030.

This global pandemic, with its difficult repercussions and the comprehensive impact to life it has brought, not only on the global economy but on our lifestyles and the working environment, confirmed in a practical way, the strength and depth of the strategic direction Leejam takes to motivate everyone to exercise daily and enjoy good physical fitness as one of the basic requirements for building a healthy lifestyle, which contributes to raising the morale, increasing the productivity of individuals and groups and reaching the desired level of happiness and quality of life. As such, we have made sure that this trend is at the core of our mission, values and development programs. The main features of our annual



## Chairman's Statement

Ali Hamad Al-Saqri (Continued)

report for the year 2021, which we are pleased to present to our customers, partners and the wider community interested in following sports and public health, are to fully focus on achieving all the aspirations of our valued customers, by continuing in our comprehensive development of the level of services and providing the most modern and innovative new technology and services in the world of fitness. The report also elaborates on the Company's efforts to adapt to the repercussions of the pandemic and to continue providing services despite all difficulties and challenges, albeit which were less severe than the previous year, 2020. This helped us to increase our efforts and launch with greater force to compensate for the previous periods of decline whereby distinguished rates of performance and diversification of services were recorded in our highly-equipped fitness centres available throughout the Kingdom of Saudi Arabia and the United Arab Emirates, with the expansion of the roll-out of our female centres along with the application of the latest technologies and training programs in the field of fitness, and other development efforts that witnessed greater momentum due to the positive developments represented in the gradual return to normal life throughout our beloved Kingdom.

By reviewing the most important performance indicators during the past year, Leejam continued to enhance its capabilities with the gradual return to normal life, the continuation of digital transformation, and the readiness to establish and open new centres to be added to the existing centres amounting to 145 centres, including 43 female centres, and to provide incentives and attractive offers which increased our membership numbers to 292,000 members. With the continuation of our Saudization programs, supporting our national cadres and allowing them to shine and succeed in the world of sports and fitness services, the revenues have also improved significantly, reaching SAR 885.3M, an increase of SAR222.7M compared to 2020. By utilising all of our potential and energy, which will help propel us towards achieving an unprecedented boom in performance and services in 2022, we hope to see more success in controlling the pandemic, so that everyone will return and

practice sports activities, helping the population to reach the desired level of physical fitness for all, which is by far the healthiest way to live.

In conclusion, I would like to express my most sincere gratitude and appreciation to our shareholders, members, partners and government agencies for their ongoing and continued support as we overcome the difficulties of previous years. I would also like to convey my appreciation to the dedicated, hard-working core of our business, our employees. They have continued to work tirelessly every day for the greater cause, and have made me extremely proud to welcome into the Leejam family. For our success is only possible because of their input.

Finally, we ask Allah Almighty to perpetuate this generous country, and to continue to bless us with security, progress, good health and prosperity, and to allow us to continue in our pioneering role serving the nation and humanity.



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## CEO's Message -Anthony Elliott



Through hard-work, innovation and achievement, Leejam managed to strengthen its position, not only as a national economic powerhouse, but as an evolving arm serving the country by spreading social awareness of the importance of both physical and mental health.

With that in mind, we are proud to review the main features of the Annual Report for 2021. The performance and achievements continued with the full support of our esteemed Board of Directors, the collective efforts of my senior management team along with our hard-working employees. Alongside this effort we had the continued cooperation of our partners and the trust of our valued customers. We are grateful to all who contributed to Leejam's success, overcoming the challenges faced over the past 12 months, including of course the restrictions during the Covid-19 pandemic. We also benefitted from the positive energy from the success of our Nation's leaders in confining the pandemic and achieving some of the highest global levels in vaccination rates. The positive effect of this over the past 12 months has led to a gradual return to normal life.

Despite the challenges, following the framework of our strategy, we continued to innovate and develop areas of the business

contributing to financial success. The combined efforts and dedication from our internal and external customers helped manage the process of club enhancements and new openings. This collective effort helped ensure we further enhanced our position of being accessible and affordable to as many people as possible. Improved productivity from comprehensive business reviews significantly motivated the teams to achieve their own personal goals which collectively sets the standards and expectations for next year. We are delighted to report a record-breaking year; we now move forward, continually improving our operational excellence, listening to customers and aligning ourselves with global trends within the industry to ensure we exceed our members' expectations.

The year 2021 was the starting point for many achievements in terms of operational performance, as it became possible to return fully to pre-pandemic rates. In this context, we continue to

develop our product and service. This included the launch of a new website and application (FT Connect) allowing a better user experience offering a full end to end solution. We continue to update these services with new initiatives as they develop with our customer focus at the heart of the integrated services we offer. As we continue our forward momentum our ambitious plans for geographical expansion throughout the Kingdom continued by opening 16 new centres. 11 were 'Xpress' characterized as a low cost/high value, efficient operating model and open 24 hours bringing the total number of centres across Saudi and the United Arab Emirates to 145. We also launched our FT90 service; this is available to all members. This new service provides members with the opportunity to complete a 90-day trainer led program with a focus on personal goals and targets.



## CEO's Message

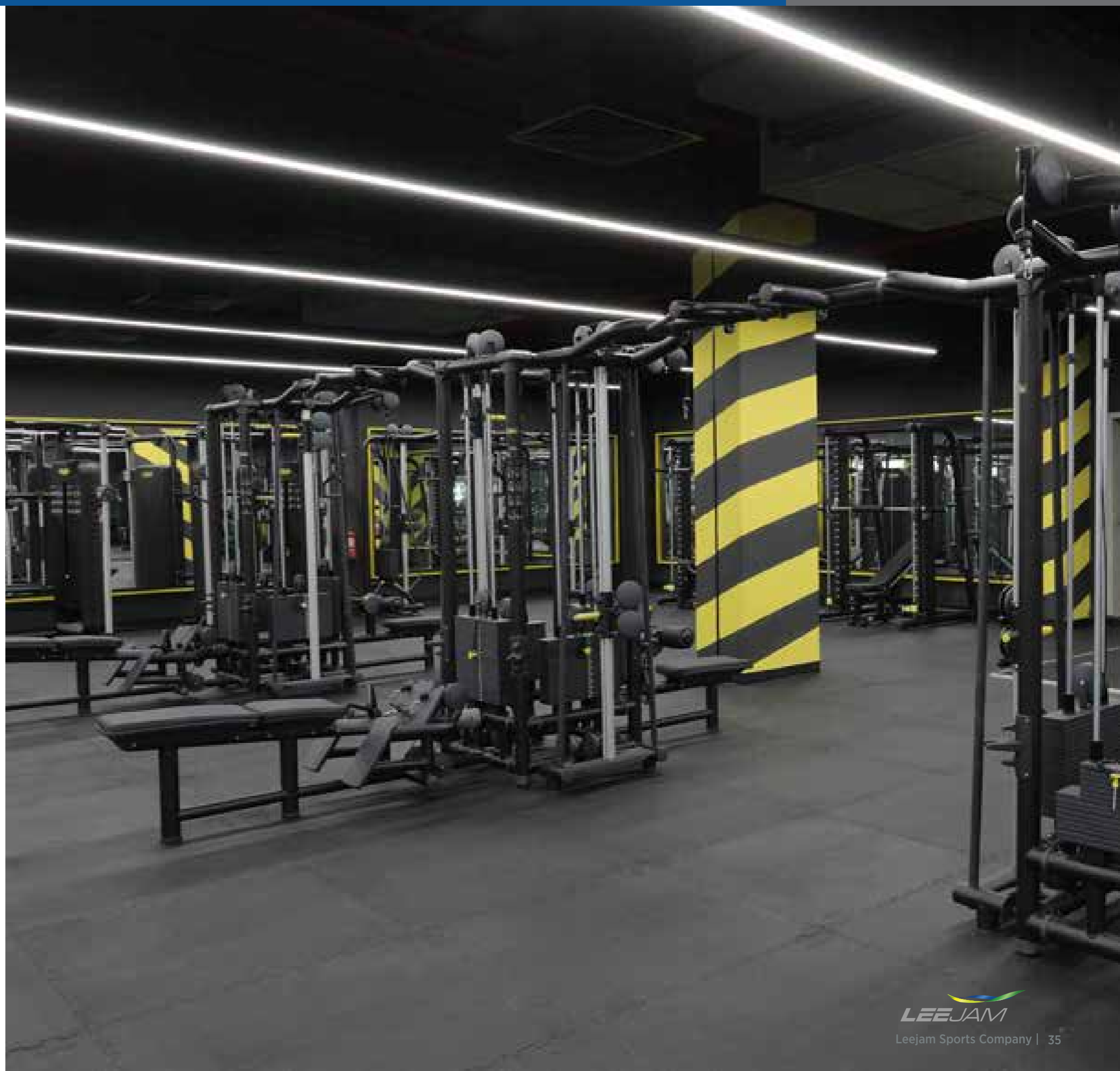
-Anthony Elliott *(Continued)*

An important part of our future is the training and development of local staff, both male and female, through the adoption of comprehensive training programs. We successfully launched the training program "Be the Trainer" in July with many applicants wanting to take part and become qualified trainers with internationally recognised certification. This was a great success and will see further development and enhancement as we embed such initiatives into the business.

As we look to our future with confidence and optimism, we at Leejam spare no effort in our continuous work to further increase our profitability and exceed the record-breaking levels of 2021, while strengthening our leadership in the global health and fitness landscape. Our strategy will steer us towards our targeted milestones as we strive towards increasing our membership number from 292,000 to 500,000 by 2025, as well as increasing our cash reserves to mitigate any shocks or negative effects on our performance and services at any time.

I must mention in closing that our success is as a result of the incredible teamwork and contribution of all our employees, with whom we all share common interests and goals. I would like to extend my heartfelt gratitude and appreciation to all of our honourable contributors and partners; from my colleagues to Government agencies and institutions. A final and very heartfelt, special mention must also go out to the Chairman and the Board of Directors for their full support and guidance offered throughout what has been a tremendous year for us.

Last, but not least, it has been a real privilege to lead Leejam over the course of 2021, and an honour that the Chairman and the Board entrusted me with this responsibility. I also wish to show my immense appreciation for our shareholders, who day after day continue to shower us with their unwavering support and loyalty.



## Board of Directors

01



**Ali Hamad Al-Saqri**  
Chairman

**01. Ali Hamad Al-Saqri**  
Chairman

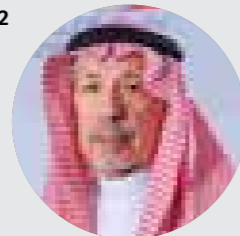
**Committee Membership**  
Executive Committee,  
Nominations and  
Remunerations Committee

**Current Positions**  
-Chairman of the Board of  
Directors of Leejam Sports  
Company.  
-Managing Director & Board  
Member of Hamad bin Ali Al-  
Saqri Holding Company.  
-Director, Huwaylan UK Ltd,  
a property investment and  
management Company in  
the UK

**Previous Positions**  
-Vice President at Walker  
International LLC.

**Qualifications**  
-Bachelor's degree in  
International Business  
Management – Seneca  
University, Toronto, Canada  
– 2006

02



**Hamad Ali Al-Saqri**  
Vice Chairman  
& Managing Director

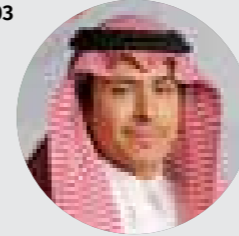
**02. Hamad Ali Al-Saqri**  
Vice Chairman

**Current Positions**  
-Vice Chairman of the Board  
of Directors and Managing  
Director of Leejam Sports  
Company  
-Chairman of the Board of  
Hamad Ali Al-Saqri Holding  
Company  
-Partner, Shareholder and  
Chairman of the Board of  
Bonam Park SA France

**Previous Positions**  
-Chairman of the Board of  
Directors of Leejam Sports  
Company

**Qualifications**  
Diploma from the Teachers  
Institute - 1971

03



**Dr. Mohammed Faraj  
Al-Kinani**  
Board Member

**03. Dr. Mohammed Faraj  
Al-Kinani**  
Board Member

**Committee Membership**  
Audit Committee

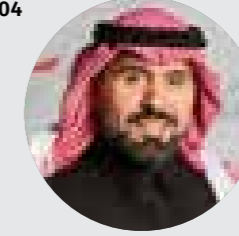
**Current Positions**  
-Board Member at Leejam  
Sports Company  
-Co-founder and Chief  
Executive Officer of V  
Consortium

**Previous Positions**  
-Dean of Business  
Management Faculty at King  
Fahd University

**Qualifications**  
-Master's degree in Finance  
-University of Colorado,  
Denver, USA - 2001  
-Doctorate in Finance –  
Oklahoma State University,  
USA – 2006  
-Chartered Financial Analyst

**Experience**  
A seasoned professional  
with vast experience, Dr.  
Mohammed oversees the  
investments of the KFUPM  
Endowment and sits on  
the Board of Directors and  
Risk, Audit and Investment  
Committees in several listed  
and unlisted companies.

04



**Tareq Khalid Al-Angari**  
Board Member

**04. Tareq Khalid Al-Angari**  
Board Member

**Committee Membership**  
Executive Committee

**Current Positions**  
-Chief Executive Officer of  
Etisalat Digital  
-Board Member at Leejam  
Sports Company  
-Board Member and Chairman  
of the Audit Committee at  
Tabuk Cement Company  
-Country Director - IE  
Business School Saudi Arabia

**Previous Positions**  
-Chairman of Mobily Ventures  
-Executive General Manager  
for Investor Relations at  
Etihad Etisalat "Mobily"  
-Advisor to The Board of  
Commissioners at Capital  
Market Authority  
-Several positions at Capital  
Market Authority

**Qualifications**  
-Master of Business  
Administration - "IE Business  
School" - Yale School of  
Management - 2013  
-Bachelor's degree in and  
Business – King Fahd  
University

**Experience**  
Mr. Al-Angari enjoys more  
than 20 years of experience  
in business development,  
corporate startups, corporate  
governance, strategic planning  
and execution in  
addition to his awards in  
investor relations best  
practices.

” *The strength of the team is each individual member. The strength of each member is the team.* ”

— Phil Jackson



## Board of Directors

05



**Hisham Hussein Al-Khalidi**  
Board Member

### 05. Hisham Hussein Al-Khalidi

Board Member

**Committee Membership**  
Nomination and Remuneration Committee

#### Current Positions

-Chairman of the Nomination and Remuneration Committee and Member of the Board of Leejam Sports Company  
 -Chief Support Officer at Bahri Company  
 -Member of the Human Resource and Market Committee at Riyadh Chamber of Commerce

#### Previous Positions

-Director of Human Resources at Al-Shaya International Trade Company

#### Qualifications

-Level 7 Qualification in Human Resources from the Chartered Institute of Personnel and Development  
 -Level 5 Leadership Diploma from the Institute of Leadership and Management  
 -Bachelor's degree in Business Management – 2008

#### Experience

Extensive experience spanning excess 20 years in the Management Shared Services including (Human Resources, Administration, Govt Affairs, Procurement, Information Technology & Corporate Communication)

06



**Abdulelah Mohamed Al-Nemr**  
Board Member

### 06. Abdulelah Mohamed Al-Nemr \*

Board Member

**Committee Membership**  
Executive Committee

#### Current Positions

-Board Member at Leejam Sports Company  
 -Chief Operations Office at Saudi Technology Development and Investment Company TAQNIA

#### Previous Positions

-Corporate finance specialist  
 - Investment Banking  
 -Lending Team Leader at the Saudi Industrial Development Fund

#### Qualifications

-Bachelor's degree in Finance and Economics – King Fahd University of Petroleum and Minerals, Dhahran, KSA

#### Experience

Mr. Al-Nemr has more than 15 year of experience in Strategy and consultation in monetary investments and building partnerships in banking and investment, business & projects development, and their financing.

07



**Hessah Hamad Al-Saqri**  
Board Member

### 07. Hessah Hamad Al-Saqri

Board Member

**Committee Membership**  
Nomination and Remuneration Committee

#### Current Positions

-Board Member at Leejam Sports Company  
 -Board Member at Bonam Park SA

#### Previous Positions

-President at Saudi Technology Factory for Oils  
 -President at Bonam Park SA

#### Qualifications

-Bachelor's degree om Applied Linguistics – Prince Sultan University – 2013

08



**Mishal Ibrahim Al-Mishari**  
Board Member

### 08. Mishal Ibrahim Al-Mishari\*\*

Board Member

**Committee Membership**  
Nomination and Remuneration Committee  
Executive Committee

#### Current Positions

-Committee Member at Riyadh Chamber of Commerce and Industry  
 - Deputy Chief Executive Officer at Jahez

#### Previous Positions

-Business Development Director at Alamat International Co  
 -Project Manager at Fedex

#### Qualifications

-Bachelor's degree in Business Administration from King Saud University, Riyadh, KSA - 2007

\*Mr. Abdulelah Mohammed Al-Nemr's membership ended on 9th December 2021.

\*\*Mr. Mishal Ibrahim Al-Mishari's membership commenced on 10th December 2021

# Executive Management

01



**Anthony Elliott**  
COO

**01. Anthony Elliott**  
\*Acting Chief Executive Officer

**Previous Positions**  
Chief Operating Officer (Leejam Sports Company)  
Operations Director (Bannatyne Group)

**Experience**  
23 years

02



**Mohammed Merajuddin**  
CFO

**02. Mohammed Merajuddin**  
Chief Financial Officer

**Qualifications**  
Master of Commerce - Accounting and Finance

**Experience**  
22 Years



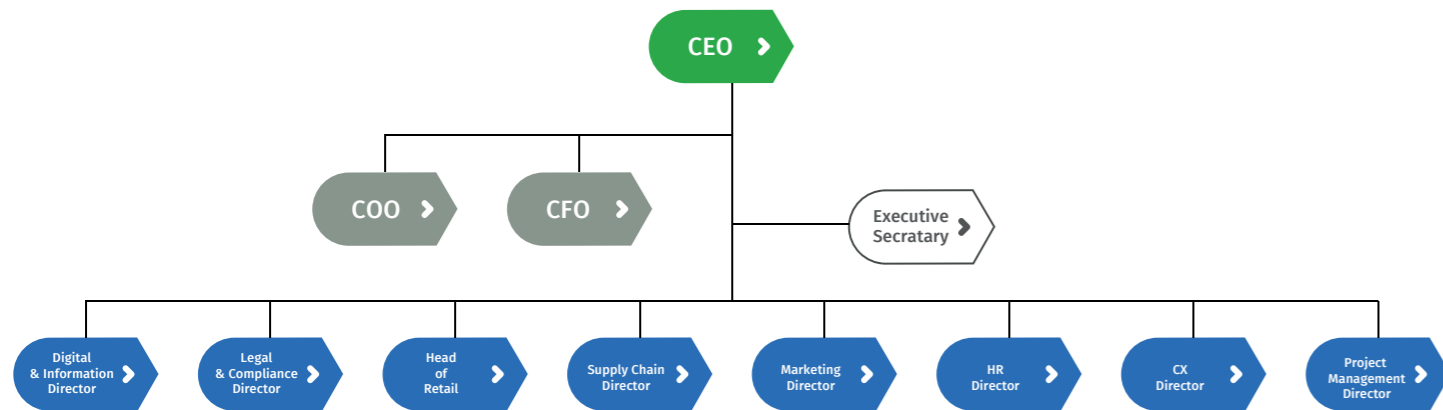
**Adnan Abdullah Al-Khalaf**  
CEO

On February 7, 2022, the Board of Directors of Leejam appointed Mr. Adnan Abdullah Al-Khalaf as Chief Executive Officer of Leejam Sports Company (Fitness Time) as of February 13, 2022.

Mr. Adnan Al-Khalaf holds an Executive MBA from Al-Yamamah University (YU) and a Master's degree in International Business Management from INSEEC business school. He carries over 20 years of management experience.

Prior to joining Leejam Sports Company, Mr. Adnan worked in a number of executive positions as CEO and Vice President for a number of companies in the medical, services, manufacturing, retail, and distribution sectors, the last of which was with the Saudi Telecom Group (STC), in which he held a number of positions within the customer experiences, sales and the retail sectors.

\*Mr. Anthony Elliott assumed the role of acting CEO on 11th June, 2021. The Board appointed a permanent CEO on 13th February, 2022, and Mr. Elliott returned to his previous role as COO.



# STRATEGIC REPORT

## ▶ STRATEGIC REPORT

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# Macro Overview

رؤية  
VISION 2030

المملكة العربية السعودية  
KINGDOM OF SAUDI ARABIA

Market Overview and Vision 2030

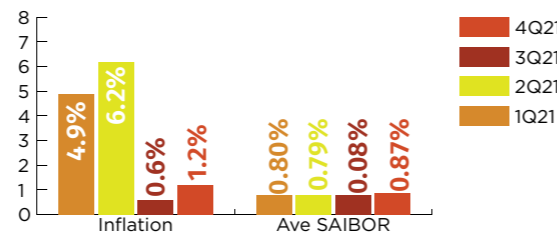
After the global difficulties of 2020, Saudi Arabia experienced somewhat of a rebound in 2021, as it continued its march towards the realisation of its Vision 2030. As the year progressed, oil prices continued to rally and returned to its highest valuation in 5 years, helping boost the domestic economy. The remaining message from the lag of the pandemic was the paramount importance that fitness and good health is for the people, and how it is the perfect antidote to overcome the difficulties faced. The positive sentiment seen in 2021, and the progress made throughout the year will only help accelerate the Country's realisation of its Vision.



## Macroeconomics Report

### Operating Environment

Following the slowdown experienced in 2020, and thanks to the ambitious and inspirational leadership of the Country, coupled with the strength in depth of the Saudi economy, the Kingdom was able to see positive growth, with GDP growth of 4.1% over the course of the year. This is expected to further grow to 6.3% in 2022, fully reversing the losses seen over the previous year.



After the lowest oil prices in a decade experienced during 2020, the price of a barrel of Brent Crude Oil, the global oil indicator, exceeded expectations off the back of OPEC agreements made, with an average price of \$69.29 over 2021, up from \$41.96 the previous year. This helped boost the economy and inject some energy into the market. As a result of the greater dependence in previous years on non-oil private sector growth, there was a slow down in its growth, however it is still anticipated that the continued implantation of Vision 2030 will continue to drive the economy forward in this regard, as the year ahead marks a critical phase in Saudi's efforts to further diversify its base, and move away from the historic dependence on oil.

To continue to help boost the local economy, and in line with economies the world over, the base rate of interest set by the Saudi Central Bank remained the same over 2021. This helped keep some momentum going in the economy by continuing to maintain the low cost of borrowing for those looking to utilise lending facilities. With relative normality resumed in the local market, inflation remained in line with that experienced the

previous year, with an official inflation rate in 2021 of 3.2%. This was largely due to increases in the price of transport and prices for food and beverages. Inflation is expected to fall in 2022 to 2.2%. 2021 also saw overall demand for fitness centres in Saudi return to its pre-covid numbers; as the World continues to understand the virus more and cope with its effects, these numbers are expected to increase as a result of the emphasis a healthy lifestyle has on the population

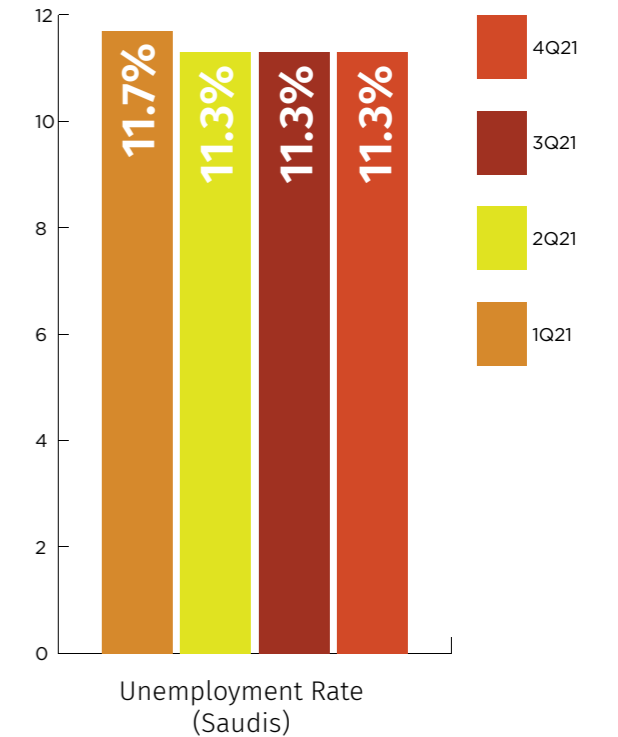
As the economy continued to rebound through 2021, the unemployment rate in Saudi fell to 11.3%, a number boosted by continuing reforms in the labour market. Saudisation figures, the percentage of Saudis companies must employ, continues to rise, with some sectors also being mandated to employ 100% Saudi staff. In line with economic growth expectations, this figure is expected to further fall in 2022.

The Kingdom has raised its revenue expectations for next year and plans to narrow its budget deficit to 1.6% of economic output as higher oil prices and production help the country's economic rebound from the pandemic. The positive results for the kingdom's economy continue to be propelled by rising energy prices, specifically as the price of oil continues to rise. The increase in the VAT rate in 2020 further adds to the income of the economy, with transitional rules having expired on the 30th of June 2021. Thus, requiring taxpayers and businesses to revisit the VAT treatment applied and make the necessary changes in their systems to charge VAT at the standard rate of 15%.

More relevant towards the sector in which Leejam operates, is the Quality of Life Program. The objective of the program is to boost the quality of living in the Kingdom of Saudi Arabia for both citizens and residents. There are four objectives to the program, of which two are sports related and these are:

1. Increase public participation in sports and athletic activities
2. Reach regional and global excellence in selected sports

\*Source: SAMA and IMF



**Leejam remains fully committed in its efforts to support the realization of the Country's Vision 2030 by continuing to evolve and innovate its offerings, and looking towards more sustainable product offerings and centre operations to further support and meet the Vision set out by the Government. By also ensuring the latest in modern technology, practices, value-for-money and availability of expertise, the Company is also perfectly poised to significantly support a number of the Vision Realization Programs.**

- Macro Overview
- ➔ Business Model
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# Business Model

Leejam's business model looks at the ways in which the Company is able to generate value for its stakeholders, along with the resources used to achieve all strategic objectives. These are built taking consideration towards the Company's vision to be the people's favourite and most accessible wellness club, and the Company's mission to steer society towards a healthy lifestyle and encourage people to exercise daily.



## The Approach

- Diligent and risk-based decision making
- Customer centricity
- Innovative and diverse range of products and services tailored to meet customer needs
- Focus on quality and efficiency



## Value Proposition

- Long term lease of land and construction of state-of-the-art and technologically superior facilities
- High value membership
- Strategic locations
- Certified trainers and experts
- Brands catering to various KSA demographics
- Internationally certified training programs
- Provision of opportunities for women.



## Inputs

- Finance
- Customer Service
- People
- Operational Efficiencies
- Represented Brands

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# Business Model (Continued)



## Services and Features

- Cardio
- Strength
- Personal Training
- CrossFit Style
- High Intensity Interval Training (HIIT)
- Extreme Boxing
- Swimming



## The Facilities

- Half Olympic Sized Pools
- Jacuzzi
- Sauna
- Steam
- Soccer, Basketball and Volleyball Courts
- Squash
- Lounges
- Business centres
- Showers
- Lockers
- Slippers

\*In some but not all locations



## Leejam's Value Creation

- Membership growth, retention and loyalty
- Sustainable returns for shareholders
- Steering society towards a healthy lifestyle
- Consistency in increasing market share.



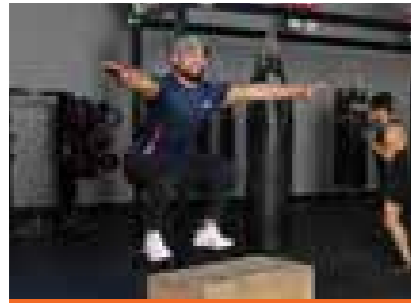


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# Strategy

Leejam has carefully crafted and continues to work towards its strategy to enable the Company to continue its upwards trajectory built on rapid growth, expansion, diversification and evolution. Every step of the Company's strategic pillars will support the Company in achieving its vision of becoming the people's favourite and most accessible wellness club. By aligning its daily activities with its strategy, the Company is determined to further create significant and sustainable value for its members, employees, shareholders and the Nation.

## Strategy Pillars



**Unrivalled Customer Experience**

To be recognized for unrivalled customer experience by exceeding expectations and providing industry leading communication channels, with a special focus on being easy to use and providing extensive access to Fitness Time Support. To provide an outstanding new member onboarding process (FT90), to maximize enjoyment and results in the club. To be proactive in listening to members through frequent customer satisfaction surveys. To instil in staff members a culture of customer focus through thorough and extensive recruitment practices, training, e-learning and regular testing and assessment.



**Class Leading Technology**

To be a digital leader;. To deliver a "Best in Class" consumer App that enhances the Company's relationship with members and prospects and is enabled for all wearable integrations. To adopt "Smart Gym" through a connected experience for members providing a cashless and convenient environment. To complete the integration of automated business processes through Oracle and all other connected systems. To move to a cloud based office system, creating efficiency and collaboration. To create a unique Employee app that improves communication, supports training and provides a hub for all useful information. To be a leader in ESG through adoption of sustainable and renewable energy sources.



**Focusing on People**

To become the Employer of choice through reputation and inspirational leadership. To provide clear, effective structures, rewarding hard work through shared success and creating a dynamic, positive, motivational working culture. To attract the best, retain the best and to grow from within through career development, succession planning and caring staff facilities. To develop a Leejam Academy to provide the best training and development for employees. To create a strong communication led culture with team building and goal achievement at its core by harnessing staff sentiment to the brand through organized and measured listening exercises. To become the 'Employer of Choice' that offers a positive and motivated working culture.



**Growth**

To increase the rate of expansion of fitness centres through

- Traditional new clubs
- Corporate Wellness partnerships
- Small Gym concepts for males and females.

To balance expansion with maintaining brand quality/investment/operational excellence. To diversify and develop additional, secondary income lines e.g. Spa, Coffee, Retail, Protein, online such as Online Nutrition and Sports apparels & accessories. To analyse pricing policies to ensure no loss-making clubs and to maximize on income opportunities. To increase active members to 500k by 2025. To use research and logic to ensure land acquisition targets have the highest prospects of success. To blend the Company's business focus on sales and adding considerable focus on retention.



**Quality**

To build systems that guarantee a high degree of quality standards throughout the business (Total Quality Management). To introduce quality control measures audited by third parties, including mystery shop, NPS; which are linked to Company management development and rewards. To continually innovate with the latest Sports Equipment, trend setting group exercise, indoor cycling and HIIT Studios to strengthen Leejam's position as the market leader. To partner with winning brands that add kudos and value to all members. To preserve Leejam's exemplary reputation for having the highest hygiene standards. To provide the Company's operation with cutting edge data analytics in order to make sophisticated decisions that benefit both members and the business.

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# Strategy Framework

*For Leejam to achieve on its strategic objectives, a clear and concise framework is required outlining the way in which the Company plans to execute its strategy and achieve its goals.*



## To lead by example

- Portray the core values of Leejam in all company activities starting with leadership and cascaded down to the entire organization.
- Coaching theme must be embraced for direct reports and mentoring the great talents in all teams to create a pool of outperformer.
- Conduct well-planned meetings internally, scheduled one-on-one and team meetings regularly.
- Project the right image for the Company throughout the company and centres. Leadership image will reflect on Company's image.



## To manage business performance

- Ensure all Financial KPIs are cascaded and distributed to departmental teams. Monitor approved KPIs on a monthly basis and immediate action plan for any deviation is required.
- Ensure all other KPIs (customers, regulatory, processes) are also cascaded down to all teams.
- As for Strategic projects and expansions, stakeholders must be accountable and responsible for execution within their allocated timeframes.



## To ensure structure and process

- Driving improvement and enhancements across the organization. Without limitations, to set the strategy but continually scan the market locally and internationally, to adopt what is beneficial for future growth.
- Focus on evolution, diversification, innovation and digitalisation.

# Risk Management

Leejam strives to ensure that its stakeholders, its reputation and the value of its assets are protected through effective risk assessment, identification and mitigation. The Company is committed to continually developing a risk management culture through its Risk Management Policy, framework and continual team development.



## Risk Management Policy

The Company's risk management policy is to identify, assess, analyse and respond appropriately to all risks based on priority level defined by likelihood and impact. The risk management process is continuous and aligns with the Company's strategy, business objectives and operational goals. The Company has a system of policies, procedures and integrated operations through which risks are continuously identified, reported and managed in an organised, proactive and coordinated manner.

## Risk Management Process

Risk can be defined as a potential event or opportunity that has the potential to prevent the Company from achieving an objective. Risk is measured in terms of impact and the likelihood of its occurrence. coordinated manner.



## Risk Management and Controls

The Company, therefore, streamlines the actions of all staff, individually and collectively, towards achieving its business objectives. This entails the alignment of the objectives, risks and controls throughout the enterprise. It encompasses the respective business processes and operational activities undertaken by all levels of staff.

## Risk Management Framework



## Business Review

*Key to the Company's strong performance was the evolution of an evolution started previously. With the uncertainty the ongoing Covid-19 pandemic brought at the beginning of the year, compounded by a short Government enforced shut-down, it was clear that Leejam had to continue pressing forward, and continue developing its offerings, primarily by listening to its people.*

### Start as you mean to go

The year kicked off with great positivity that things would return to normal. Unbeknown at the time, a spanner was thrown in the mix when the Government enforced a short, but total shut-down of operations. However, Leejam did what it always has done, persevered, and won. It was a minor setback for an excellent year, which saw operations return to pre-covid levels, albeit with a slightly different mix. Patterns of return were different; females were a little slower to return, although there are indicators as to why, which was mainly due to schools not returning fully.

The Company managed to open 11 new Xpress Centres, and 16 new centres in total by the end of the year. Due to the instability in the market, Leejam found themselves once again being asked by competitors to acquire some centres that were unable to cater to the market any longer. As the market leader, the Company also saw a massive impact on membership numbers throughout the pandemic. Although the market itself was slow to respond, Leejam powered forward by launching Xpress, its budget offering, which has proven to be very popular and a massive success. What also helped was how health conscious many people became over the pandemic period; people want their health back post infection, or are looking to lead a healthier life to avoid serious illness, which has helped boost numbers in the aftermath.

### Key Developments

As previously mentioned, Leejam continued its conversion of existing centres to Xpress, ending the year with 11 new Xpress centres, also managing to open a total of 16 new centres. Over the course of 2016, all remaining Junior clubs were converted.

To enhance the customers' journey, FT90, a fitness program designed to get members fit in 90 days, was launched in 84 clubs. In addition, Box12, an ultra-modern concept mixing modern technology with fitness was rolled out in 3 further clubs. Box12 has proven very popular across the 7 clubs it now operates in, as it enhances the member's experience by incorporating short HIIT (high intensity interval training) programs with both boxing and functional exercise. The first Spin Studio with its new lighting and sound systems, big LED screens and Myzone technology was also launched in a Ladies Plus centre, with further studios expected to follow.



### Development of Partnerships and Agreements

The previously made agreements with equipment manufacturers has seen a huge advancement in machinery being used throughout the Company's centres. All new clubs opened, along with any refurbished centres have been launched with the latest Technogym equipment. This allowed the company to capitalise also on reduced maintenance fees as all equipment is under warranty. The rollout program will continue for the coming years, ensuring Leejam can continue to provide the latest in state-of-the-art equipment for all its members, improving customer experience whilst reducing cost.

The Squatwolf partnership kicked off with a bang, lusing a couple of centres as a pilot This has proven a popular addition to the Company's offering, and is an area Leejam is looking to grow in the coming years. There have also been 2 ladies salons launched, where the Company has collaborated with top international brands Kestase and Elemis to provide luxury beauty care services to its members.

A new product was also launched in 84 clubs; Myzone Switches is the latest in innovation of wearable technology, measuring exercise efforts, heart rate, training intensity and cardio fitness levels. This is expected to rollout to the remaining clubs in the near future.

To compliment the Company's offerings across its centres, Leejam signed a Memorandum of Understanding in March with Saudi Arabia's Ministry of Health to launch EIM, exercise in medicine; in essence, this means physiotherapy sessions in branch. The main objective of providing this service is to help people get back to the gym, and naturally helps the Company align with Saudi Arabia's Vision 2030.



# Business Review (Continued)

## Putting the customer first

Whilst the outsourced Customer Call Centre was designed to enhance the relationship between the Customer and the Company, it became evident over the course of 2021 that it wasn't performing as planned. As such, the Company has decided to terminate its contract with this outsourced service and bring the department back in-house where this communication can be more closely monitored and improved, to give the Customer what they need. To compliment this, Leejam is placing a big emphasis on improving and streamlining inter-departmental communication, with regular management meetings to ensure certain customer care targets will be consistently met.

Social media complaints are now being shared daily internally, with senior management discussing comments weekly with a view to resolving all complaints in a fast and efficient manner, ensuring the Company's more customer-centric approach is more widely recognised by its members. To further evaluate employee performance, and ensure only the highest level of customer care and service, the Company also started a mystery shopper campaign, where staff would be scored on a predetermined scale based on their performance whilst interacting with a pre-selected customer.

## Prospects for 2022

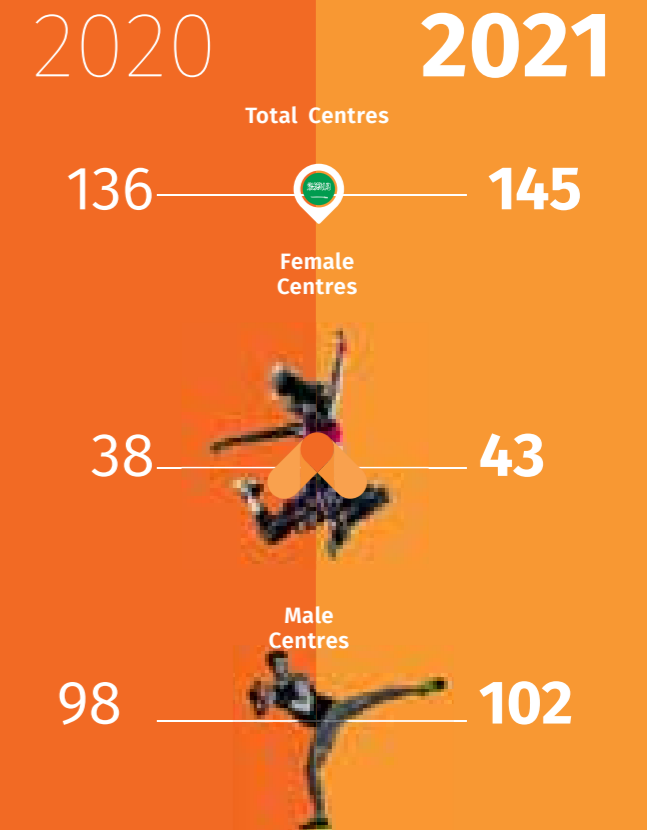
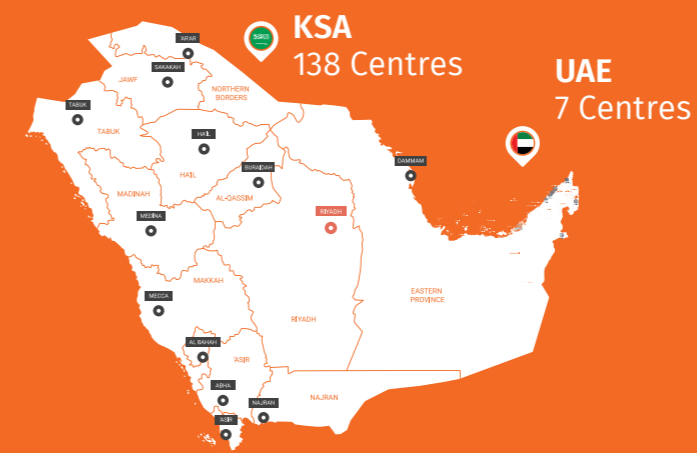
In the continuing world of digitalisation, Leejam is embracing change, with an accelerated transformation towards digital timetabling for all users thanks to the Covid pandemic. A new group exercise timetable has been rebranded and relaunched. The Company will also continue to recruit and promote new job roles, including but not limited to fitness support, group exercise specialists and master trainers in Saudi Arabia and the UAE, with an aim for all personal trainers and fitness managers to work towards becoming fully certified to international standards. The company will also continue to develop its recently launched services of spas, beauty salons and apparel lines.

With 2022 in sight, Leejam aims to renovate at the very least a further 25 clubs, all fully equipped with the latest state-of-the-art equipment. This will include placing an emphasis on the growth of its Xpress line of fitness centres, and the organic growth of the so-called Big Box centre. Looking further ahead, and by 2025, Leejam aims to have 500,000 enrolled members.



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## Amenities



| Targeted at age            | Males 25 yrs+ | Males 16 yrs+ | Males 16 yrs+ | Males 16 yrs+ | Females 25 yrs+ | Females 16 yrs+ | Females 16 yrs+ | Females 16 yrs+ |
|----------------------------|---------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|
| <b>Facilities</b>          |               |               |               |               |                 |                 |                 |                 |
| Cardio                     | ✓             | ✓             | ✓             | ✓             | ✓               | ✓               | ✓               | ✓               |
| Strength                   | ✓             | ✓             | ✓             | ✓             | ✓               | ✓               | ✓               | ✓               |
| Swimming pool              | ✓             | ✓             | ✓             | -             | ✓               | ✓               | ✓               | -               |
| Jacuzzi, sauna, steam      | ✓             | ✓             | ✓             | -             | ✓               | ✓               | ✓               | -               |
| Court                      | ✓             | ✓             | ✓             | -             | ✓               | ✓               | ✓               | -               |
| Squash                     | ✓             | ✓             | -             | -             | ✓               | ✓               | -               | -               |
| Towels, slippers, etc.     | ✓             | ✓             | -             | -             | ✓               | -               | -               | -               |
| Business centre            | ✓             | -             | -             | -             | ✓               | -               | -               | -               |
| Lounge and other amenities | ✓             | ✓             | -             | -             | ✓               | ✓               | -               | -               |

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## CFO's Review

-Mohammed Merajuddin

# Marching On in Style



After the trials and tribulations of a tempestuous 2020, 2021 was all about showing the world the winning mentality of Leejam. And what a year it was. Even with a short-term total shutdown of operations again in February for a period of 30 days, we defied the odds and ended the year in record-breaking fashion.

As we continued to pull out from the effects of Covid-19, we not only returned to pre-pandemic levels, but actually exceeded them, with our highest ever annual Net Profit figures recorded, hitting SAR206million over the course of 2021, compared to a Net Loss of SAR58.7million the previous year, driven mainly by a growth in revenue, a decrease in cost of revenue and a net decrease in all other costs. All our key figure showed tremendous growth; Revenue was up 33.6% year on year, reaching SAR885.3million, whilst Gross Profit increased

from SAR139.9million to SAR372.3million, an increase of 166.2%. Total Shareholders' equity also increased 21.1% to SAR804.6million, up from SAR664.5million.

Understanding the consumer spending habits was key to our success, and we were perfectly placed to maximise and take advantage of society returning to what used to be the norm. Increases in revenue are attributable to increased membership subscriptions along with new members joining, and as gyms were open for more number of days comparing last year, a greater number of personal training sessions were held increasing our PT income. Coupled with the increases in revenue are decreases in the cost of revenue of 1.86%, amounting to SAR9.75million, which were down to an increase in rent concessions of SAR10.82million,

and lower consumable expenses as a result of initiatives taken over the course of 2021, albeit these have been offset by increases in salaries, related benefits and Government related costs.

Whilst general and administrative expenses may have increased 14.84% to SAR11.41million as a result of increases in staff costs and IT costs, impairment loss, ECL and write off on non-financial assets decreased SAR41.29million during the year, and we were able to capitalise on the lower SIBOR rates and decrease our financing costs. My appreciation goes out to the Board of Directors, who continued to give us their unwavering support. It is because of the foundations we built under their guidance that we won against Covid and were able to end the year on such a high. We continued to go from strength to strength, ramping up our expansion of the Xpress line of centres and ensuring the Company maintained its leading position in the market

**Looking towards 2022 and beyond, we will continue with our aggressive and ambitious plans to grow the business, and to further support Saudi Arabia in achieving one of its pillars in its Vision 2030. We are accelerating our diversification plans to introduce clothing apparel, spas and vending machines in-branch, whilst also leasing public spaces in centres, such as shops, kiosks and F&B outlets which should all have a positive impact on our figures, and allow us to continue growing, maximising the return for our esteemed shareholders.**

## CFO's Review

-Mohammed Merajuddin (Continued)

### Summary of assets, liabilities and business results

Summary of statement of income (SAR)

| Description   | 2017        | 2018        | 2019        | 2020         | 2021        |
|---------------|-------------|-------------|-------------|--------------|-------------|
| Revenues      | 732,878,928 | 799,946,833 | 942,075,242 | 662,599,232  | 885,283,139 |
| Revenue costs | 454,479,095 | 494,612,578 | 582,772,726 | 522,708,769  | 512,960,369 |
| Gross profit  | 278,399,833 | 305,334,255 | 359,302,516 | 139,890,463  | 372,322,770 |
| Net profit    | 174,198,884 | 180,092,445 | 205,920,845 | (58,723,592) | 206,020,219 |

Summary of balance sheet (SAR)

| Description                | 2017          | 2018          | 2019          | 2020          | 2021          |
|----------------------------|---------------|---------------|---------------|---------------|---------------|
| Current Assets             | 198,663,780   | 169,267,944   | 152,981,680   | 325,206,571   | 250,195,299   |
| Non-current Assets         | 1,306,270,825 | 1,439,364,522 | 2,363,317,658 | 2,242,110,666 | 2,343,622,797 |
| Total Assets               | 1,504,934,605 | 1,608,632,466 | 2,516,299,338 | 2,567,317,237 | 2,593,818,096 |
| Total Equity               | 628,943,203   | 713,668,450   | 721,774,096   | 664,484,064   | 804,569,669   |
| Current Liabilities        | 443,210,072   | 430,323,001   | 574,294,408   | 664,162,755   | 648,203,797   |
| Non-current Liabilities    | 432,781,330   | 464,641,015   | 1,220,230,834 | 1,238,670,418 | 1,141,044,630 |
| Total Liabilities          | 875,991,402   | 894,964,016   | 1,794,525,242 | 1,902,833,173 | 1,789,248,427 |
| Total Equity & Liabilities | 1,504,934,605 | 1,608,632,466 | 2,516,299,338 | 2,567,317,237 | 2,593,818,096 |

Geographical analysis of the Company's total revenues (SAR)

| Description                       | 2020        | 2021        |
|-----------------------------------|-------------|-------------|
| Headquarters and Central Province | 314,235,232 | 391,363,826 |
| Western Province                  | 239,413,000 | 337,655,008 |
| Eastern Province                  | 95,590,000  | 138,732,101 |
| United Arab Emirates              | 13,361,000  | 17,532,204  |
| Total revenues                    | 662,599,232 | 885,283,139 |

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### Loans

(SAR)

| Lender name         | Principal amount | Loan term | Repaid amount within the year | Remaining Amount | Total debt of Company and its subsidiaries |
|---------------------|------------------|-----------|-------------------------------|------------------|--|
| Saudi National Bank | 15,728,828       |           | (15,728,828)                  | -                |  |
| Bank AlJazira       | 25,000,000       | 5 Year    |                               | 25,000,000       |  |
| Banque Saudi fransi | 235,000,000      | 5 Year    | (55,000,000)                  | 180,000,000      | 364,950,591                                |
| Saudi British Bank  | 211,857,637      | 5 Year    | (51,907,046)                  | 159,950,591      |  |

### Subsidiaries

| Subsidiary name                  | Capital | Company's stake | Main activity          | Country / operations headquarters | Country / incorporation address |
|----------------------------------|---------|-----------------|------------------------|-----------------------------------|---------------------------------|
| Fitness Time Trading Co. Limited | 50,000  | 95%             | Inactive (no activity) | -                                 | Kingdom of Saudi Arabia         |

### Details of shares and debt instruments of each subsidiary

| Subsidiary name      | Incorporation country   | Direct stake (%) | Indirect stake (%) | Remaining ownership stake |
|----------------------|-------------------------|------------------|--------------------|---------------------------|
| Fitness Time Trading | Kingdom of Saudi Arabia | 95%              | -                  | 5%                        |

# Sustainability

## A Stepping Stone towards ESG

*Leejam is fully committed in ensuring that value is added to its stakeholders through positive business performance, whilst being controlled and managed through its governance policy. The Company also ensures that its method of conducting business is aligned with Saudi Arabia's Vision 2030, whereby environmental considerations and sustainability must be taken in the workplace.*

## ESG Approach

The Company promotes environmental awareness throughout the centres with its members. These responsibilities towards building a Sustainability Policy in the Company acts as a stepping stone towards Leejam's commitment to environmental, social and governance (ESG) practices. With its employees, stakeholders and the wider public in mind, the Company always considers the working environment in which it operates, as ensuring the health and wellbeing of society is one of the key pillars the Company focuses on.

2021 allowed Leejam to start to look into how the United Nations ESG mandates can be incorporated into the Company's day-to-day activities, with a view to implementing this into a fully fledged company mandate going forward.

## ESG Management

Whilst the Company has always taken ESG matters into consideration during their decision making, including in the evaluation of risks and opportunities, Leejam must

continue to strive to adhere to the evolving standards expected of a company in their industry. Consistency is key, as is taking new initiatives in addressing the most relevant issues of concern to all stakeholders. Once a rhythm is found, Leejam must work on its communication methods that management use with regards to its approach, targets, performance and progress surrounding material ESG issues.

Leejam will continue to focus on the main items that are important to its senior management team in uplifting the Company's sustainability standards, that lead towards a more structured ESG policy.

Looking into UN bits in incorporating environmental considerations in daily activities.

## Managing Our Environmental Impacts

As part of the Company's commitment towards aligning with Saudi Arabia's Vision 2030, with reference to a more developed, sustained environment, Leejam aims to reduce the environmental impact from its operational activities, that in turn leads to protecting the planet for the future by also reducing its carbon footprint.

To show their commitment, Leejam continues to spread recyclable waste bins across all centres, with the aim of creating the awareness to members and employees of the importance of recycling to the environment.

## Corporate Governance

Note: This section provides a brief overview of the Company's corporate governance practices. For further detail, see the 'Corporate Governance' chapter of this Annual Report (pages 74-125).

Company performance and productivity can be monitored and controlled through effective Corporate Governance. Leejam aims to ensure best practice in corporate governance, and have reliable policies and procedures in place that reflect this commitment.

The Corporate Governance Framework consists of 3 Board committees – the Executive Committee, Nomination and Remuneration Committee, and Audit Committee. All these committees are managed through a proper governance policy that ensures each member of the committee knows their responsibility and the committees follow a well-governed charter.

## Managing Risk

Ensuring business continuity and minimising disruption requires risk to be identified ahead of time. Business continuity plans are put in place to minimise disruption, if any. Leejam has specific policies and procedures in place, with risk registers that identify and analyse the relevant risks as required.

The Company has witnessed these risks during the current year with the Covid-19 pandemic. However, due to Leejam's strong business continuity plan, the Company managed to ensure spreading awareness and educating its employees and customers on the importance of the safety measurements and social distancing while conducting business.

The Company also managed many of its clients' orders through digital channels, which was established due to the covid-19 environment. Leejam will always remain risk averse to ensure they are providing the best for the Company and its stakeholders.



# Sustainability (Continued)

## Our People

A diverse and Growing team

Leejam strives to ensure that its stakeholders, its reputation and the value of its assets are protected through effective risk assessment, identification and mitigation. The Company is committed to continually developing a risk management culture through its Risk Management Policy, framework and continual team development.

## Health and Safety First

Leejam takes its responsibility for the health and safety of all staff, members, visitors and contractors extremely seriously. 2021 was a continuation of the test set in the previous year. With the Covid-19 pandemic and all the initiatives set forth by the government, the Company was a pioneering leader in adhering to the initiatives. Leejam continues to operate taking into consideration the health and safety of staff and members.

- Working from home as and when required. (Full office working is the main adopted policy except in special circumstances)
- Spreading health and safety awareness throughout its centres.
- Equipping the centres with needed material such as masks and sanitizers as well as providing enough staff to sanitize equipment after every use.
- Providing signs and reminders to members of the importance of social distancing.
- Ensuring all staff are trained to service members and provide whatever assistance that stakeholders may require.

Ongoing communication and support around the health and safety policy will continue to ensure the messages are clearly understood and consistently applied by all members of the team

## Employee Overview

| Workforce Analysis                 | 2021 | 2020 | 2019 |
|------------------------------------|------|------|------|
| Total number of employees          | 2865 | 2773 | 2868 |
| % of female employees              | 33%  | 22%  | 21%  |
| % of Saudi employees               | 30%  | 29%  | 28%  |
| % of total hours spent on training | 24%  | 24%  | 22%  |

|                            | Male |      |      | Female |      |      |
|----------------------------|------|------|------|--------|------|------|
| Number of years of service | 2021 | 2020 | 2019 | 2021   | 2020 | 2019 |
| Senior management          | 17   | 15   | 14   | 4      | 1    | 1    |
| Middle management          | 48   | 49   | 63   | 8      | 3    | 3    |
| Other                      | 1963 | 2097 | 2203 | 825    | 608  | 584  |

## Careers

Leejam sees their employees as part of their family, and looks to inspire them to further themselves in their career with the Company. As the Company continues to grow, an emphasis is put on attracting the industry's top talent, and retaining its current workforce, with a key focus on attracting and developing Saudi talent.

|                             | Male |      |      | Female |      |      |
|-----------------------------|------|------|------|--------|------|------|
| Employees by Grade & Gender | 2021 | 2020 | 2019 | 2021   | 2020 | 2019 |
| 0-5 years                   | 1648 | 1527 | 1725 | 837    | 612  | 588  |
| 6-10 years                  | 325  | 542  | 496  |        |      |      |
| 11-15 years                 | 55   | 92   | 59   |        |      |      |

## Total new hires by age group and gender

| Year | 18 to 30 years |        |       | 18 to 30 years |        |       |
|------|----------------|--------|-------|----------------|--------|-------|
|      | Male           | Female | Total | Male           | Female | Total |
| 2020 | 114            | 97     | 211   | 47             | 27     | 74    |
| 2019 | 269            | 186    | 455   | 170            | 76     | 246   |
| 2018 | 259            | 306    | 565   | 129            | 76     | 205   |
| 2017 | 325            | 67     | 392   | 180            | 29     | 209   |
| 2016 | 519            | -      | 519   | 216            | -      | 216   |

# Sustainability (Continued)

## Our People

### Talent Development

'Focusing on people' is one of the key pillars of Leejam's strategy. The Company's aim is to become an employer of choice in the industry through visionary leadership and a strong employer brand. By providing clear, effective structures, rewarding hard work through shared success, and creating a dynamic, positive, motivational working culture, Leejam will attract and retain the best talent in the market.

Leejam are committed to developing and promoting talent throughout their careers, through effective continuous professional development programmes and clear succession planning.

### Hours of Training by Grade

| Grade             | Total hours | Hours of training | %      |
|-------------------|-------------|-------------------|--------|
| Senior Management | 388         | 52                | 13.4%  |
| Middle Management | 388         | 68                | 17.52% |
| Other             | 388         | 247               | 69.08% |

### Training programme, participants and time

|                            | 2021 | 2020 | 2019 |
|----------------------------|------|------|------|
| No. of training programmes | 495  | 476  | 288  |
| Total no. of participants  | 5104 | 4940 | 3532 |
| Training days              | 950  | 100  | 939  |
| Hours spent on training    | 1912 | 2104 | 1900 |
| No. of trained staff       | 5104 | 4940 | 3532 |

### Hours of training that the Company's employees have undergone during the year, by gender, employee category and skills type

| Type          | Number of employees |        |       | Number of person hours of training |        |       |
|---------------|---------------------|--------|-------|------------------------------------|--------|-------|
|               | Male                | Female | Total | Male                               | Female | Total |
| Mandatory     | 182                 | 54     | 236   | 3.5                                | 3.5    | 7     |
| Non-mandatory | 513                 | 493    | 1006  | 5.5                                | 5.5    | 11    |
| eLearning     | 1258                | 505    | 1763  | 12.5                               | 12.5   | 25    |

| Type              | Number of employees |        |       | Number of person hours of training |        |       |
|-------------------|---------------------|--------|-------|------------------------------------|--------|-------|
|                   | Male                | Female | Total | Male                               | Female | Total |
| Senior Management | 73                  | 44     | 115   | 5                                  | 5      | 10    |
| Middle Management | 92                  | 48     | 140   | 5                                  | 5      | 10    |
| Other             | 724                 | 298    | 1001  | 4.5                                | 4.5    | 9     |

| Type             | No. of persons trained | Hours training |
|------------------|------------------------|----------------|
| Technical skills | 522                    | 150            |
| Soft skills      | 329                    | 110            |

# Sustainability (Continued)

## Our People

### Compensation and Benefits

As stated above, the high performers must be distinguished from the rest and that is taken into considering in the Company's compensation policy.

The Company encourages performance, professionalism and teamwork without boundaries; these are elements that go into the Company's variable compensation rather than the fixed compensation, as they vary based on performance and are translated into yearend performance bonuses.

Leejam employs an equal pay act, with equal opportunities for both Men and Women. Salary levels are equal for both, with no gender-based discrimination.

### Integrity

The Company's Code of Conduct policy, applicable to the whole Company, is something Leejam takes great pride in. These include all the rules and regulations that all staff must follow to ensure integrity and transparency is adhered to across all departments of the Company.

The Human resource department ensures that all employees are up to date with any changes in the policy and give training as and when required.

### Engagement

Promoting harmony and ensuring professionalism at all time is something Leejam strives for, whilst all the time working towards retaining its highly talented and skilled workforce.

The Company has given deserved recognition to employees who follow their values, in order to nurture engagement between the diverse core of employees. Leejam operates an open-door policy and encourages open communication and dialogue. All voices are heard, even putting the negative before the positive, to ensure fairness amongst employees at all levels.

During the year, Leejam introduced a range of enhancements and initiatives to support and engage team members across the company.

The Human Resources department always encourage open communication, feedback, ideas and discussion on any matter of importance to all employees. This channel includes a clear process to escalate and resolve issues, as well as a Whistle-blower Policy to uphold confidentiality.

As part of our transformation journey to improve the satisfaction and quality of life, new head office working hours were introduced in both Saudi Arabia and the UAE to offer more flexibility to team members.

## Our Members

Leejam's customer centric approach puts its members at the core of the Company's operations. The Company is constantly striving to enhance its offerings by listening to what members and users have to say, to get them more involved and to ensure they feel as though they are part of the family.

### Responsible Customer Relations

Safeguarding customer interests is of paramount importance to the Company, as is ensuring customer satisfaction. Leejam's commitment is to professionalism, and constantly looking at ways to increase and improve the customer journey. An external call centre, which has been in operation since 2020 is being discontinued, with the Company bringing this function back in house to further enhance the high levels of customer service expected. The ultimate aim is for customers to have the opportunity to speak with a human, rather than with a screen, and more importantly to have their issues and complaints resolved. Moving forward, receptionists will also continue to have targets and key performance indicators with regards to dealing with complaints.

The Company has a dedicated quality of service team, responsible for developing the quality of the services provided. The working environment at Leejam encourages all staff to promote customer centricity and experience.

# GOVERNANCE



# Corporate Governance

*LEEJAM is committed to maintaining high standards of corporate governance and considers good corporate governance an essential tool for maximizing long term shareholder value. The Company's Corporate Governance Rules are mandatory for all Directors and staff of LEEJAM and can only be amended by a resolution of the Board of Directors.*

**Corporate governance is defined as 'the system by which business corporations are directed and controlled'. The corporate governance structure specifies the distribution of authority and responsibilities among different participants in the Company, such as the Board of Directors, managers, shareholders and others, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the Company's objectives are set and the means of attaining those objectives and monitoring performance. The Board of Directors is responsible for LEEJAM's Corporate Governance Rules.**

The shareholders' role in governance is to appoint the Directors, Audit Committee and independent auditors and ensure that an appropriate governance structure is in place. The responsibilities of the Board include setting the Company's strategic aims, providing leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The Board's actions are subject to laws, regulations and accountability to the shareholders in the General Assembly Meetings. LEEJAM's Corporate Governance Rules have been prepared according to local regulatory requirements, particularly the Corporate Governance Regulations issued by the Capital Market Authority. It should be viewed as setting the framework of requirements for corporate governance within the Company.

It should not be seen as a substitute for sound judgment and honorable arms-length dealings by Directors and Officers of the Company and should be viewed within the context of the broader legislative framework of Saudi Arabia. In particular, the stipulations of the following, the requirements of which have not all been incorporated in these Rules, need to be borne in mind when considering corporate governance issues:

- The Companies Law of Saudi Arabia and associated ministerial directives of the Ministry of Commerce
- The Regulations of the Capital Market Authority (CMA) and of The Saudi Stock Exchange (Tadawul)
- LEEJAM's Bylaws

The Board establishes governance rules for the Company in accordance with the provisions of these regulations, and monitors their implementation, verifies their effectiveness, and amends them as necessary.

## Rights of Shareholders and the General Assembly

LEEJAM's Bylaws and Corporate Governance Manual ensure that shareholders enjoy all rights related to their shares; in particular; the right to receive a share of approved dividend payments; the right to receive a share of the Company's assets upon liquidation; the right to attend General Assembly Meetings and; participate in its deliberations and voting on its agenda, the right to dispose of shares, the right to oversee the work of the Board of Directors and file responsibility litigation against Board Members, and the right to inquire and request information that does not compromise the interests of the Company and does not conflict with the terms and executive regulations of the CMA. LEEJAM's shareholders have maximum participation at General Assembly Meetings and LEEJAM is keen to ensure that the choice of time and venue enables full participation. The Company has adopted an electronic voting system to make it easier for shareholders to exercise their right of voting if they are unable to attend in person. LEEJAM's Bylaws and Corporate Governance Rules also contain provisions related to the General Assembly, including procedures and precautions necessary to ensure that all shareholders are exercising their regular rights.

The General Assembly is the highest power in the Company, with sole authorities including: the appointment and termination of Board Members; approval of the Consolidated Financial Statements; appointment of the Audit Committee and the external auditor and determination of his fees; approval of the Charter for the Audit Committee including its procedures, duties and rules for selecting its members, the means of their nomination, the term of their membership, their remunerations, and the mechanism of appointing temporary members in case a seat in the Committee becomes vacant, approval of the Charter for the Remuneration and Nomination Committee including its procedure, duties and rules for selecting its members; the term of their membership and their remunerations, approval of dividend distribution as recommended by the Board of Directors; increase or decrease of the capital of the Company and; amendment of the Bylaws.

LEEJAM provides sufficient access for its shareholders to read the minutes of the General Assembly Meeting and provides the CMA with a copy of the minutes within 10 days of the meeting. Shareholder concerns are elevated through the appropriate channels to the Board of Directors for consideration and action. If necessary, these concerns would be raised to the Board Secretary. Any material concerns that could potentially impact the Company or its financial position will be communicated to the Board of Directors.

# Corporate Governance (Continued)

## Shareholders General Assembly Meetings:

The Company held two General Assembly meeting during 2021:

### The First General Assembly meeting:

The Board of Director Invited the Company's Shareholders to Attend the Extraordinary General Assembly Meeting on 29th April 2021. The shareholders of the company discussed the meeting agenda and issued the following resolutions:

1. Approval of the Board of Directors' Report for the fiscal year ending on 31st December 2020 G.
2. Approval of the Auditor's Report on the Company's accounts for the fiscal year ending on 31st December 2020 G.
3. Approval of the Financial Statements for the fiscal year ending on 31st December 2020 G.
4. Approval on releasing the Board of Directors members from liability for the fiscal year ending on 31st December 2020 G.
5. Approval on paying an amount of SAR 2,200,360 as remunerations to the Board Members for the fiscal year ending on 31st December 2020 G.
6. Approval on appointing Ernst & Young to be 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, third and fourth quarters and annual Financial Statements of the fiscal year 2021 G, and the first quarter of the fiscal year 2022 G, and the determination of the Auditor remuneration.
7. Approval of the business and contracts that will be concluded between the company and Mr. Hamad bin Ali Al-Sagri, in which the Board member Mr. Hamad bin Ali Al-Sagri has a direct interest, and the Board members Mr. Ali bin Hamad Al-Sagri and Ms. Hessah bint Hamad Al-Sagri have an indirect interest in. This business and contract is a lease contract, for the land

on which the company's head office is located, and it was carried out on commercial grounds without preferential conditions. Note that the value of transactions in 2020 was 3,400,000 SAR.

8. Approval of the business and contracts that will be concluded between the company and Hamad Al-Sagri Group, in which the Board member Mr. Hamad bin Ali Al-Sagri has a direct interest, and the Board members Mr. Ali bin Hamad Al-Sagri and Ms. Hessah bint Hamad Al-Sagri have an indirect interest in. This business and contract is a Corporate sales contract which was carried out on commercial grounds without preferential conditions. Note that the value of transactions in 2020 was 143,171 SAR.
9. Approval on delegating the Board of Directors to distribute interim dividends on a biannually or quarterly basis for the fiscal year 2021.
10. Approval on delegating to the Board of Directors the authorization powers of the General Assembly stipulated in paragraph (1) of Article 71 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 conditions set forth in the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies.
11. Approval of the Policy of "Competing Business Standards".
12. Approval of the "Policies, Standards and Procedures for Membership in the Board of Directors".
13. Approval on amending Article (3) of company's Bylaws related to Objectives of the company.

By Amending Article (3) of company's Bylaws by adding the following business Activities to the company's objectives:

1. Postal activities, including: activities of transporting mail and parcels in the luggage, activities of receiving, delivering and transporting postal parcels and mails, providing mail room management services, providing handling and storage services for postal items and parcels and redistributing them, providing postal logistics services, and the activities of private mail transport companies.
2. Nutrition centers.
3. Advertising, including advertising agencies, and other activities related to commercial advertisements and market research.
4. Photography activities, including photography activities, aerial photography activities, commercial and tourist photography activities with all means and methods of photography, rapid development of films, slideshows development, activities of press photographers, activities for photographing documents using microfilm, other activities related to photography and operating drones for the purposes of aerial photography.

### The second General Assembly meeting:

The Board of Director Invited the Company's Shareholders to Attend the Ordinary General Assembly Meeting on 14th October 2021. The shareholders of the company discussed the meeting agenda and issued the following resolutions:

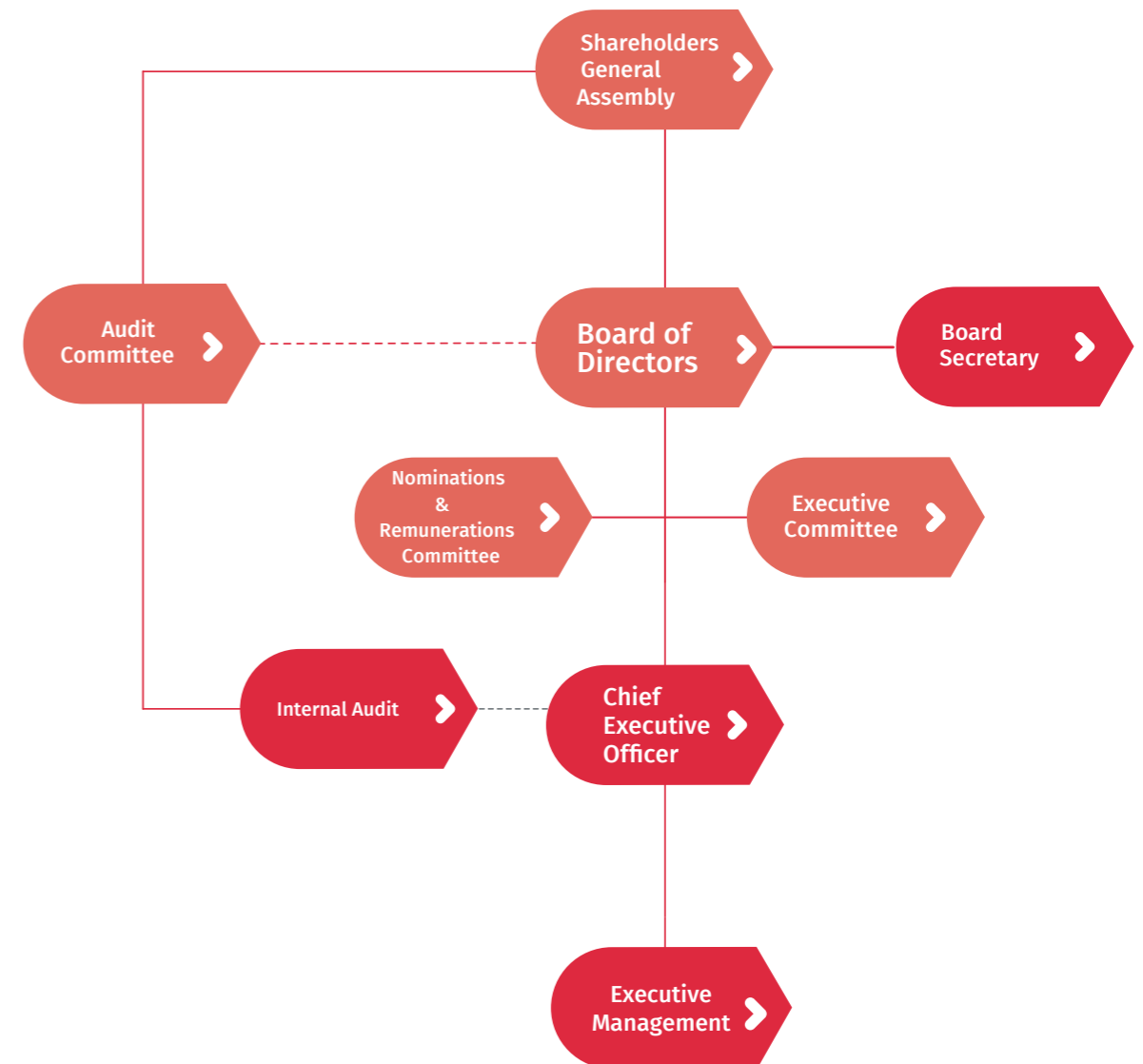
1. Approval of the election of the Board members from among the candidates for the next term, commencing from 10 December 2021 for a term of three years, ending on 09 December 2024, as the following:
  - A. Ms. Hessah bint Hamad Al-Sagri
  - B. Mr. Hamad bin Ali Al-Sagri
  - C. Mr. Tareq bin Khalid Al-Angari
  - D. Mr. Ali Hamad Al-Sagri
  - E. Dr. Mohammed bin Faraj Al-Kinani
  - F. Mr. Mishal bin Ibrahim Al-Mishari
  - G. Mr. Hisham bin Hussein Al-Khaldi
2. Approving the formation of the Audit Committee, and the definition of its duties, work regulations and remuneration of its members for the new term, starting from 10 December 2021. until the end of the term on 09 December 2024, as per the following:
  - A. Dr. Mohammed bin Faraj Al-Kinani – Chairman
  - B. Mr. Abdulaziz Abdullah Alhidery – Member
  - C. Mr. Wisam Hussain Alfreihi – Member

# Corporate Governance (Continued)

## Shareholders' proposals

Leejam's Investor Relations department maintains regular and sustainable communication channels with the Company's Shareholders. If any proposals are received from Shareholders, it will be reviewed and reported to the Board of Directors in full. Shareholders are also given the opportunity to submit proposals and inquiries directly to members of the Board of Directors during the General Assembly meetings, and sufficient time is dedicated to answering these questions.

## Governance Structure:



# Corporate Governance (Continued)

## Board of Directors Formation and Functions

LEEJAM's Bylaws & Corporate Governance Policies is the foundation for the appointment, resignation, term of office, powers, remuneration of the Board of Directors (comprising of Seven Members). The principal requirements are summarized withing this document.

The Board of Directors is the supreme management body within the Company and is appointed by the shareholders at the General Assembly in order to represent and protect the Company's interests. The Board is responsible for leading and controlling the Company and discharges this responsibility by approving the implementation of Company strategies and objectives. The Board empowers the management of the Company to run the business within defined parameters and monitors the performance of the Company. While the Board delegates authority to the Company's management, under the direction of the CEO, to attend to the routine running of the business, the Board retains ultimate fiduciary responsibility to shareholders to ensure the proper operation of the Company. The Board is appointed by the shareholders with primary responsibility for operating the Company in their long-term best interests. The Board also has a responsibility to provide clear directions and boundaries for the Company's Executive Management to operate within. This involves setting out a clear vision and strategy for the Company and defining the delegations that will be allowed to management and the policies and boundaries within which they are permitted to operate.

### ➔ The Board of Directors would achieve this by: ➔ **Laying down rules for internal control systems and supervising those systems. This includes:**

Approving the strategic plans and main objectives of the Company and supervising their implementation. This includes:

- Laying down a comprehensive strategy for the Company, the main work plans and policy related to risk management, and reviewing and updating such policy
- Determining the most appropriate capital structure of the Company, its strategies and financial objectives and approving its annual budgets
- Supervising the main capital expenses of the Company and acquisition / disposal of assets
- Deciding the performance objectives to be achieved, supervising the implementation thereof and overseeing the overall performance of the Company
- Reviewing and approving the organizational and functional structures of the Company on a periodic basis
- Developing a written policy to regulate conflicts of interest and remedy any possible cases of conflict by Members of the Board of Directors, Executive Management and shareholders. This includes misuse of the Company's assets and facilities and arbitrary disposition resulting from dealings with related parties
- Ensuring the integrity of financial and accounting procedures including procedures related to the preparation of the financial reports
- Ensuring the implementation of control procedures appropriate for risk management by forecasting the risks that the Company could encounter and disclosing them transparently
- Annually reviewing the effectiveness of internal control systems

### ➔ **Drafting Corporate Governance Rules for the Company that do not contradict the provisions of existing laws and regulations, supervising and monitoring, in general, the effectiveness of the Rules and amending them whenever necessary**

- Preparing the Financial Statements and the Annual Report on the activities and financial status of the Company for the last financial year including the proposed method for dividends payment
- Recommending to the General Assembly of Shareholders the appointment, dismissal and the remuneration of external auditors

### ➔ **Laying down specific and explicit policies, standards and procedures for the Members of the Board of Directors and implementing them after they have been approved by the General Assembly**

### ➔ **Outlining a written policy that regulates the relationship with stakeholders with a view to protecting their respective rights. Such a policy must cover the following:**

- Mechanisms for indemnifying the stakeholders in the event that their rights are contravened under the law and their respective contracts
- Mechanisms for the settlement of complaints or disputes that might arise between the Company and stakeholders
- Suitable mechanisms for maintaining good relationships with customers and suppliers and protecting the confidentiality of information related to them
- A Code of Conduct for the Company's executives and employees compatible with proper professional and ethical standards and regulating their relationship with stakeholders
- The Board of Directors lays down procedures for supervising
- Deciding on policies and procedures to ensure the Company's compliance with laws and regulations and the Company's obligation to disclose material information to shareholders, creditors and other stakeholders



# Corporate Governance (Continued)

## Directors classification and information

### Board members

The following tables list names of Board members, during the ended term as well as the new term, their positions and membership at other companies' Boards, in addition to listing their attendance of the Board's meetings held during the year 2021.

Board Term Ended on 09 December 2021:

| Director                        | Position                                 | Capacity      | (listed / unlisted) | Membership in other companies' boards  |                      |
|---------------------------------|--|---------------|---------------------|--|----------------------|
|                                 |  |               |                     | Inside Saudi Arabia  | Outside Saudi Arabia |
| Mr. Ali Hamad Al-Saqri          | Board Chairman                           | Non-Executive | Listed              | -  | -                    |
|                                 |  |               | Unlisted            | Hamad Al-Saqri Holding Co.   | Huwaylan (UK) Ltd.   |
| Dr. Mohammed bin Faraj al-Kinan | Board Member                             | Independent   | Listed              | Arab National Bank.  | -                    |
|                                 |  |               | Unlisted            | Al Ahli Takaful Company.   | -                    |
|                                 |  |               | Listed              | Saudi Real Estate Refinance Co.  | -                    |
|                                 |  |               | Unlisted            | National Sukuk Company.<br>Dhahran Techno Valley Company.<br>National Bonds Corporation. | -                    |
| Mr. Tareq bin Khalid Al-Angari  | Board Member                             | Independent   | Listed              | Tabuk Cement.  | -                    |
|                                 |  |               | Unlisted            | -  | -                    |
| Mrs. Hessa bint Hamad Al-Saqri  | Board Member                             | Non-Executive | Listed              | -  | -                    |
|                                 |  |               | Unlisted            | Hamad Al-Saqri Holding Co.   | Bonam Park SA France |
| Mr. Hamad bin Ali Al-Saqri      | Deputy Board Chairman, Managing Director | Executive     | Listed              | -  | -                    |
|                                 |  |               | Unlisted            | Hamad Al-Saqri Holding Co.   | Bonam Park SA France |
| Mr. Hisham Hussein Al-Khalidi   | Board Member                             | Independent   | Listed              | -  | -                    |
|                                 |  |               | Unlisted            | Riyadh Chamber   | -                    |
| Mr. Abdulelah Mohamed Al-Nemr   | Board Member                             | Independent   | Listed              | -  | -                    |
|                                 |  |               | Unlisted            | -  | -                    |

Board Term started on 10 December 2021:

| Director                        | Position                                 | Capacity      | (listed / unlisted) | Membership in other companies' boards  |                      |
|---------------------------------|--|---------------|---------------------|--|----------------------|
|                                 |  |               |                     | Inside Saudi Arabia  | Outside Saudi Arabia |
| Mr. Ali Hamad Al-Saqri          | Board Chairman                           | Non-Executive | Listed              | -  | -                    |
|                                 |  |               | Unlisted            | Hamad Al-Saqri Holding Co.   | Huwaylan (UK) Ltd.   |
| Dr. Mohammed bin Faraj al-Kinan | Board Member                             | Independent   | Listed              | Arab National Bank.  | -                    |
|                                 |  |               | Unlisted            | Al Ahli Takaful Company.   | -                    |
|                                 |  |               | Listed              | Saudi Real Estate Refinance Co.  | -                    |
|                                 |  |               | Unlisted            | National Sukuk Company.<br>Dhahran Techno Valley Company.<br>National Bonds Corporation. | -                    |
| Mr. Tareq bin Khalid Al-Angari  | Board Member                             | Independent   | Listed              | Tabuk Cement.  | -                    |
|                                 |  |               | Unlisted            | -  | -                    |
| Mrs. Hessa bint Hamad Al-Saqri  | Board Member                             | Non-Executive | Listed              | -  | -                    |
|                                 |  |               | Unlisted            | Hamad Al-Saqri Holding Co.   | Bonam Park SA France |
| Mr. Hamad bin Ali Al-Saqri      | Deputy Board Chairman, Managing Director | Executive     | Listed              | -  | -                    |
|                                 |  |               | Unlisted            | Hamad Al-Saqri Holding Co.   | Bonam Park SA France |
| Mr. Hisham Hussein Al-Khalidi   | Board Member                             | Independent   | Listed              | -  | -                    |
|                                 |  |               | Unlisted            | Riyadh Chamber   | -                    |
| Mr. Mishal Ibrahim Al-Mishari   | Board Member                             | Independent   | Listed              | -  | -                    |
|                                 |  |               | Unlisted            | -  | -                    |

## Corporate Governance (Continued)

### Board meetings during the year 2021

Numbers and dates of Board meetings that were held over the previous fiscal year, and a list of attendance for each meeting.

| Director name                   | First meeting<br>17-Feb-21 | Second<br>meeting<br>27-Apr-21 | Third meeting<br>2-Aug-21 | Fourth meeting<br>25-Oct-21 | Fifth meeting<br>8-Dec-21 |
|---------------------------------|----------------------------|--------------------------------|---------------------------|-----------------------------|---------------------------|
| Mr. Ali Hamad Al-Saqri          | ✓                          | ✓                              | ✓                         | ✓                           | ✓                         |
| Dr. Mohammed bin Faraj al-Kinan | ✓                          | ✓                              | ✓                         | ✓                           | ✓                         |
| Mr. Tareq bin Khalid Al-Angari  | ✓                          | ✓                              | ✓                         | ✓                           | ✓                         |
| Ms. Hessa bint Hamad Al-Saqri   | ✓                          | ✓                              | ✓                         | ✓                           | ✓                         |
| Mr. Hamad bin Ali Al-Saqri      | ✓                          | ✓                              | ✓                         | ✓                           | ✓                         |
| Mr. Hisham Hussein Al-Khalidi   | ✓                          | ✓                              | ✓                         | ✓                           | X                         |
| Mr. Abdulelah Mohamed Al-Nemr   | X                          | ✓                              | ✓                         | ✓                           | X                         |

There were no Board Meetings held during the new Board term which commenced on 10 December 2021.

The following table lists the Shareholders' General Assembly meetings that were held over the previous fiscal years and the names of attending Directors.

| Director                          | First meeting<br>29th April 2021 | Second meeting<br>14th October 2021 |
|-----------------------------------|----------------------------------|-------------------------------------|
| Mr. Ali bin Hamad Al-Saqri        | ✓                                | ✓                                   |
| Dr. Mohammed bin Faraj al-Kinan   | ✓                                | ✓                                   |
| Mr. Tareq bin Khalid Al-Angari    | ✓                                | ✓                                   |
| Ms. Hessa bint Hamad Al-Saqri     | ✓                                | ✓                                   |
| Mr. Hamad bin Ali Al-Saqri        | X                                | ✓                                   |
| Mr. Hisham bin Hussein Al-Khalidi | ✓                                | ✓                                   |
| Mr. Abdulelah bin Mohamed Al-Nemr | X                                | ✓                                   |

## Corporate Governance (Continued)

### Board members' ownership of Company shares and their relatives

| Name  | Beginning<br>of the Year | End of The<br>Year | Change      | Change % |
|---|--------------------------|--------------------|-------------|----------|
| Mr. Ali bin Hamad Al-Saqri  | 379,696                  | 379,696            | -           | 0.00%    |
| Dr. Mohammed bin Faraj al-Kinan   | -                        | -                  | -           | -        |
| Mr. Tariq bin Khalid Al-Angari  | 500                      | 3,789              | 3,289       | 657.80%  |
| Ms. Hessa bint Hamad Al-Saqri   | -                        | -                  | -           | -        |
| Mr. Hamad bin Ali Al-Saqri  | 31,671,950               | 26,771,950         | (4,900,000) | -15.47%  |
| Mr. Hisham bin Hussein Al-Khalidi   | -                        | -                  | -           | -        |
| Mr. Abdullellah bin Mohamed El-Nemr   | -                        | 100                | 100         | -        |
| Mr. Mishal bin Ibrahim Al-Mishari   | -                        | -                  | -           | -        |
| Mrs. Jawaher bint Abdulaziz Al-Haqbani - wife of Mr. Abdullellah bin Mohammad Al-Nemr | 4,392                    | 5,046              | 654         | 14.89%   |

# Corporate Governance (Continued)

## Company Committees

With the exception of the Audit Committee, which shall be formed by a resolution from the Company's General Assembly, the Board may at any time establish / form specialized committees as may be needed depending on the Company's circumstances in order to enable it to effectively perform its duties. The formation of committees shall be made in accordance with general procedures developed by the Board, which shall determine the duties, duration and powers of each committee, and the manner in which the Board monitors the activities of each committee. The committees shall inform the Board of its findings or decisions with complete transparency. The Board shall regularly follow up the activities of such committees to ensure the performance of the duties dedicated to them. Each committee shall be responsible before the Board for its activities; this shall not relieve the Board of its responsibility for such activities, duties and powers that is has delegated to such committee.

List of Committees:

- Executive Committee
- Nominations & Remunerations Committee
- Audit Committee

## Executive Committee

### Executive Committee functions and tasks

Addressing all authorities assigned by the Board of Directors in terms of management and instructions that regulate the company's business and affairs, excluding:

- Amendment of the company's main policies
- Approval or modification of the company's budget, except to the extent allowed by the company's Terms of Reference
- Effecting material changes in the company's structure, for example, by changing the company's

capital, acquisition, merger, sale of the company's assets, joint ventures or any other preparations, liquidation of the company or discontinuing its activities or dissolution

- Obtaining loans
- Rejecting, amending or challenging any resolution made by the Board
- Any other authorities or responsibilities explicitly communicated to the Committee
- Any other matters that may be authorized by the Board of Directors based on the Company's Articles of Association or key policies

Reviewing regular reports related to the company's strategy in operating and promoting its branches, as well as expansion in the provision of services and activities and presenting suggestions in this regard.

Following up on the long-, medium- and short-term strategies of the company and reviewing them from time to time, to submit suggestions to the Board of Directors to renew or modify strategies as need be.

Acting as a guidance to the Company's Management for investment opportunities and emerging cases.

Reviewing the existing and emerging legal cases.

Approving the appointment of advisory committees in cases where the Company's management authorities exceed those granted to the Committees.

Submitting reports to the Board Members with explanation of decisions or processes taken by the Committee that require the Board's approval.

Reviewing any proposals for new locations.

Approving the change of branches assigned for men to become ladies' branches, and vice versa.

Any other tasks assigned by the Board of Directors.

## Board Term ended on 09 December 2021:

| Member                         | Position            | Capacity      | (listed / unlisted) | Membership in other companies' boards |                      |
|--------------------------------|---------------------|---------------|---------------------|---------------------------------------|----------------------|
|                                |                     |               |                     | Inside Saudi Arabia                   | Outside Saudi Arabia |
| Mr. Ali Hamad Al-Saqri         | Executive Committee | Non-Executive | Listed              | -                                     | -                    |
|                                | Chairman            |               | Unlisted            | Hamad Al-Saqri Holding Co.            | Huwaylan (UK) Ltd.   |
| Mr. Tareq bin Khalid Al-Angari | Executive Committee | Independent   | Listed              | Tabuk Cement                          | -                    |
|                                | Member              |               | Unlisted            | -                                     | -                    |
| Mr. Abdulelah Mohamed Al-Nemr  | Executive Committee | Independent   | Listed              | -                                     | -                    |
|                                | Member              |               | Unlisted            | -                                     | -                    |

## Board Term started on 10 December 2021:

| Director                          | Position            | Capacity      | (listed / unlisted) | Membership in other companies' boards |                      |
|-----------------------------------|---------------------|---------------|---------------------|---------------------------------------|----------------------|
|                                   |                     |               |                     | Inside Saudi Arabia                   | Outside Saudi Arabia |
| Mr. Ali Hamad Al-Saqri            | Executive Committee | Non-Executive | Listed              | -                                     | -                    |
|                                   | Chairman            |               | Unlisted            | Hamad Al-Saqri Holding Co.            | Huwaylan (UK) Ltd.   |
| Mr. Tareq bin Khalid Al-Angari    | Executive Committee | Independent   | Listed              | Tabuk Cement                          | -                    |
|                                   | Member              |               | Unlisted            | -                                     | -                    |
| Mr. Mishal bin Ibrahim Al-Mishari | Executive Committee | Independent   | Listed              | -                                     | -                    |
|                                   | Member              |               | Unlisted            | -                                     | -                    |

### Executive Committee Meetings:

| Member name                   | Capacity | First meeting<br>31-Jan-21 | Second meeting<br>04-Apr-21 | Third meeting<br>04-Jul-21 | Fourth meeting<br>10-Oct-21 | Fifth meeting<br>08-Nov-21 | Sixth meeting<br>24-Nov-21 | Seventh meeting<br>05-Dec-21 |
|-------------------------------|----------|----------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|----------------------------|------------------------------|
| Mr. Ali Hamad Al-Saqri        | Chairman | ✓                          | ✓                           | ✓                          | ✓                           | ✓                          | ✓                          | ✓                            |
| Mr. Tareq Khalid Al-Angari    | Member   | ✓                          | ✓                           | ✓                          | ✓                           | ✓                          | ✓                          | ✓                            |
| Mr. Abdulelah Mohamed Al-Nemr | Member   | ✓                          | X                           | ✓                          | ✓                           | ✓                          | ✓                          | X                            |

No meetings were held during the new Board term started on December 10, 2021

# Corporate Governance (Continued)

## Nominations and Remunerations Committee

### Nominations and Remunerations Committee functions and tasks

#### 1.Nominations

- Preparing policies and standards related to the nomination and appointment of Board members and Executive Management, and proposing them to the Board and overseeing their implementation
- Interviewing all Board nominees and conducting the required inquiries and reviewing their qualifications before submitting their nomination recommendation to the Board of Directors
- Presenting recommendations to the Board of Directors to nominate and re-nominate Board members in accordance with the applicable laws, regulations and rules, as well as the approved policies and standards, including the Committee's bylaws
- Reviewing, evaluating and presenting recommendations to the Board on the needed capabilities, qualifications and experience for the Board membership and Executive Management positions at the company, at least once annually. This includes identifying the time to be allotted by the Board member for the Board business, preparing a job description and a list of capabilities and qualifications that must be met by executive, non executive and independent Board members, as well as the Executive Management
- Annual verification of the independent Board Members' independence in accordance with the applicable laws, regulations and rules, ensuring no conflict of interest exists if the member sits on another company's Board
- Regular review of the succession plans for Board members and Senior Executives, and presenting recommendations thereon to the Board, taking into consideration the challenges and opportunities facing

the company, in addition to the required needs to be met in terms of capabilities, skills and experience for Board members and Executive Management positions

- Assessment of potential candidates for Executive Management positions at the company and presenting recommendations in this regard to the Board, specifically assisting the Board in selecting, developing and assessing potential candidates for the Chief Executive Officer position
- Creation and regular review of a specific process to follow in case of a vacancy in the Board of Directors or the Executive Management, and presenting recommendations to the Board on the selection and approval of candidates to fill such vacancies

#### 2.Review and evaluation:

- Regular review and evaluation of the structure of the Board and the company's Executive Management and their sizes, formation, strengths and weaknesses (including skills, knowledge and expertise), and providing recommendations and proposing suitable solutions for the Board in alignment with the company's interests
- Creating an orientation pack for new Board members, and a continuous development programme for the existing Board members, in addition to supervising those programmes and ensuring their regular review and update, as needed
- Developing an annual self-assessment process for Board members and some senior executives in the company and providing recommendations to the Board in this regard, while supervising the process

#### 3.Remunerations:

- Preparation of a clear remuneration policy for Board members and members of Board Committees and Executive Management, named the Remunerations Policy, to be submitted to the Board in preparation for approval by the General Assembly. The said policy must be disclosed and supervised by the Committee, which also ensures its proper implementation.
- Preparation of an annual report on remunerations and other payments (cash or in-kind) granted to the Board members and members of the Board Committees and Executive Management, clarifying the relation between the granted remuneration and the remuneration policy (including any material deviation from the said policy). This report shall be named the "Annual Remuneration Report", and shall be submitted to the Board for review.
- Regular review of the Remuneration Policy to assess its appropriateness and effectiveness in achieving the desired objectives, and providing recommendations to the Board of Directors in this regard.
- Make recommendations to the Board of Directors on the remunerations of Board members, Board Committee members and Executive Management (including the type and value of remuneration) in accordance with the approved Remuneration Policy.
- Reviewing the company's plans on providing incentives to the Board members and company employees, and submitting relevant recommendations to the Board, including those related to the approval, modification or termination of such plans.
- Preparing the required disclosures in line with the company's policies or any laws, regulations or rules that govern the company, including – as a minimum – disclosures related to the Remuneration Policy, the Annual Remuneration Report, and disclosures related to remunerations in the Board's Annual Report.

#### 4.Corporate governance

- Overseeing and reviewing corporate governance policies, practices and procedures, and presenting relevant recommendations to the Board of Directors. This entails identifying best practices and proposing any modifications to the Board of Directors, including the company's Articles of Association and internal governance framework, at least once annually.
- Control and verification of the company's compliance with the internal governance framework and policies, and the applicable governance requirements in accordance with relevant laws, regulations and rules.
- Developing and reviewing the professional code of conduct that represents the Company's values, alongside other internal policies and procedures to meet the Company's needs in alignment with the statutory requirements and best practices, and presenting relevant recommendations to the Board of Directors.
- Briefing Board members regularly on material changes in the applicable governance requirements and any changes in corporate governance and best practices.

## Corporate Governance (Continued)

### Board Term ended on 9 December 2021:

| Director                       | Position   | Capacity      | (listed / unlisted) | Membership in other companies' boards |                      |
|--------------------------------|--|---------------|---------------------|---------------------------------------|----------------------|
|                                |  |               |                     | Inside Saudi Arabia                   | Outside Saudi Arabia |
| Mr. Hisham Hussein Al-Khalidi  | Nominations and Remunerations Committee Chairman | Independent   | Listed              | -                                     | -                    |
|                                |  |               | Unlisted            | Riyadh Chamber                        | -                    |
| Mr. Ali Hamad Al-Saqri         | Nominations and Remunerations Committee Member   | Non-Executive | Listed              | -                                     | -                    |
|                                |  |               | Unlisted            | Hamad Al-Saqri Holding Co.            | Huwaylan (UK) Ltd.   |
| Mrs. Hessa bint Hamad Al-Saqri | Nominations and Remunerations Committee Member   | Non-Executive | Listed              | -                                     | -                    |
|                                |  |               | Unlisted            | Hamad Al-Saqri Holding Co.            | Bonam Park SA France |

### Board Term started on 10 December 2021

| Director                          | Position   | Capacity      | (listed / unlisted) | Membership in other companies' boards |                      |
|-----------------------------------|--|---------------|---------------------|---------------------------------------|----------------------|
|                                   |  |               |                     | Inside Saudi Arabia                   | Outside Saudi Arabia |
| Mr. Mishal bin Ibrahim Al-Mishari | Nominations and Remunerations Committee Chairman | Independent   | Listed              | -                                     | -                    |
|                                   |  |               | Unlisted            | -                                     | -                    |
| Mr. Ali Hamad Al-Saqri            | Nominations and Remunerations Committee Member   | Non-Executive | Listed              | -                                     | -                    |
|                                   |  |               | Unlisted            | Hamad Al-Saqri Holding Co.            | Huwaylan (UK) Ltd.   |
| Mrs. Hessa bint Hamad Al-Saqri    | Nominations and Remunerations Committee Member   | Non-Executive | Listed              | -                                     | -                    |
|                                   |  |               | Unlisted            | Hamad Al-Saqri Holding Co.            | Bonam Park SA France |

### Nominations and Remunerations Meetings:

| Member name                   | Capacity | First meeting | Second meeting | Third meeting | Fourth meeting | Fifth meeting | Sixth meeting | Seventh Meeting | Eighth Meeting | Ninth Meeting |
|-------------------------------|----------|---------------|----------------|---------------|----------------|---------------|---------------|-----------------|----------------|---------------|
|                               |          | 20-Jan-21     | 28-Mar-21      | 15-Apr-21     | 19-Apr-21      | 26-May-21     | 27-May-21     | 31-May-21       | 12-Sep-21      | 01-Dec-21     |
| Mr. Hisham Hussein Al-Khalidi | Chairman | ✓             | ✓              | ✓             | ✓              | ✓             | ✓             | ✓               | ✓              | ✓             |
| Mr. Ali Hamad Al-Saqri        | Member   | ✓             | ✓              | ✓             | ✓              | ✓             | ✓             | X               | ✓              | ✓             |
| Ms. Hessa bint Hamad Al-Saqri | Member   | ✓             | ✓              | ✓             | ✓              | ✓             | ✓             | ✓               | ✓              | ✓             |

No meetings were held during the new Board term started on December 10, 2021

# Corporate Governance (Continued)

## Audit Committee

### Overview:

The Committee comprises three independent, non-executive members (the Independent Director is the Audit Committee Chairman, and two independent members from outside the Board).

The Committee is tasked with reviewing the Company's financial and administrative policies and procedures, and the process of preparing Financial Reports and their outcomes. It also reviews the internal audit reports and comments and recommends to the Board of Directors to appoint or terminate the Auditor. Further, it defines their fees and ensures their independence, in addition to reviewing the primary and annual financial statements before being presented to the Board, and expressing opinion and recommendations thereon. The Committee also reviews the Auditor's comments on the financial statements and the Audit plan with the Auditor to provide feedback to assess the effectiveness and efficiency of control and risk management in the Company. The Audit Committee oversees the internal audit function, which checks the adequacy and effectiveness of internal controls and processes to enable the assessment of the overall internal control system.

### Audit Committee functions and task

The Audit Committee undertakes the responsibility of controlling the Company's business and ensuring the soundness and integrity of financial reports and statements and its internal control systems. The Committee's specific duties include the following:

#### 1. Financial Reports

- Review of the Company's primary and annual financial statements before being presented to the Board and expressing opinions and recommendations thereon to ensure their integrity, fairness and transparency
- Upon the Board's request, providing technical opinion on whether the Board report and Company's financial statements are fair, balanced and clear, ensuring they contain all the information that enable

shareholders and investors to assess the Company's financial position, performance, business model and strategy

- Studying any important or unusual matters included in Financial Reports
- Accurate research in any matters raised by the Company's Chief Finance Officer or the executive responsible for compliance, or the external Auditor
- Verifying accounting estimates in material matters contained in Financial Reports
- Reviewing the accounting policies implemented in the company to present opinion and recommendations thereon to the Board of Directors

#### 2. Internal audit

- Review and revision of the internal control, financial control and risk management systems in the Company
- Reviewing the internal audit reports and following up on implementing corrective actions based on remarks listed in those reports
- Control and supervision of the performance and activities of the Company's Internal Audit Department, to ensure the availability and effectiveness of necessary resources to undertake the assigned tasks
- Presenting recommendations to the Board of Directors to appoint the manager of the Internal Audit Department or Unit or the External Auditor, and proposing their remuneration

#### 3. External Auditor

- Presenting recommendations to the Board of Directors on the nomination or termination of the external Auditor, defining their remuneration and assessing their performance, after verifying the Auditor's independence and reviewing their scope of work and contractual conditions
- Ensuring the independence of the external Auditor and the objectivity, fairness and effectiveness of the Audit function, taking all the relevant rules and standards into consideration
- Reviewing the external Auditor's plan for the Company and its business, and ensuring that the Auditor is not providing technical or administrative services that are beyond the scope of the Audit function, and presenting its insights thereon
- Replying the Company's Auditor inquiries
- Reviewing the Auditor's report and remarks on financial statements and following up on actions taken in this regard

#### 4. Compliance assurance

- The Audit Committee is responsible for overseeing financial compliance, which encompasses reviewing financial reports and disclosures made to investors, and overseeing non-financial compliance. This includes a compliance programme for the whole company, policies, procedures and exposure to legal liability.
- Reviewing outcomes of regulatory authorities' reports and ensuring the Company takes necessary action
- Ensuring the Company's compliance with relevant laws, regulations, policies and instructions
- Reviewing proposed contracts and transactions to be conducted by the Company and related parties and presenting its insights to the Board of Directors
- Escalating any matters deemed necessary to the Board of Directors and recommending procedures to be implemented

## Corporate Governance (Continued)

### Audit Committee Members (from outside the Board of Directors)

#### Mr. Abdulaziz Abdullah Al-Haydari, Audit Committee member - Member from outside the Board

Mr. Abdulaziz is the head of internal audit in Elm, and holds several professional certificates in the field, such as Saudi Organisation for Certified Public Accountants, the US Internal Auditors' Certificate and a Risk Management Certificate. He holds Bachelor's and Master's degrees in Accounting from King Saud University, and a Master's degree in Information Technology from the University of California.

#### Mr. Wisam bin Hussain Al-Fraih, Audit Committee member-Member from outside the Board

Mr. Wisam is the Head of Investment Banking at Saudi Fransi Capital. Previously, he held several leading positions at the Capital Market Authority, and was a consultant for the International Capital Markets Association. Mr. Wisam holds a Bachelor's degree in Management Information Systems – Business Economics and a Master's degree in Management Information Systems.

### Audit Committee Term ended on 09 December 2021:

| Member name                       | Position                 | Capacity               | (listed / unlisted) | Membership in other companies' boards |                      |
|-----------------------------------|--------------------------|------------------------|---------------------|---------------------------------------|----------------------|
|                                   |                          |                        |                     | Inside Saudi Arabia                   | Outside Saudi Arabia |
| Dr. Mohammed Faraj Al-Kinani      | Audit Committee Chairman | Independent            | Listed              | Arab National Bank.                   | -                    |
|                                   |                          |                        |                     | Al Ahli Takaful Company.              | -                    |
|                                   |                          |                        | Unlisted            | Saudi Real Estate Refinance Co.       | -                    |
| Mr. Abdulaziz Abdullah Al-Haydari | Audit Committee member   | From outside the Board | Listed              | National Sukuk Company.               | -                    |
|                                   |                          |                        |                     | Dhahran Techno Valley Company.        | -                    |
|                                   |                          |                        | Unlisted            | National Bonds Corporation.           | -                    |
| Mr. Wisam Hussain Al-Fraih        | Audit Committee member   | From outside the Board | Listed              | Maharah                               | -                    |
|                                   |                          |                        | Unlisted            | MASIC Logistics, Saudi Customs        | -                    |
| Mr. Wisam Hussain Al-Fraih        | Audit Committee member   | From outside the Board | Listed              | -                                     | -                    |
|                                   |                          |                        | Unlisted            | -                                     | -                    |



## Corporate Governance (Continued)

### Audit Committee meetings during old term:

| Member name                       | Capacity | First meeting<br>10 Feb 2021 | Second meeting<br>18 Apr 2021 | Third meeting<br>4 Aug 2021 | Fourth meeting<br>27 Oct 2021 | Fifth meeting<br>24 Nov 2021 |
|-----------------------------------|----------|------------------------------|-------------------------------|-----------------------------|-------------------------------|------------------------------|
| Dr. Mohammed Faraj Al-Kinani      | Chairman | ✓                            | ✓                             | ✓                           | ✓                             | ✓                            |
| Mr. Abdulaziz Abdullah Al-Haydari | Member   | ✓                            | ✓                             | ✓                           | ✓                             | ✓                            |
| Mr. Wisam Hussain Al-Fraihi       | Member   | ✓                            | ✓                             | ✓                           | ✓                             | ✓                            |

### Committee Meetings During New Term:

| Member name                       | Capacity | Sixth Meeting<br>23 Dec 2021 |
|-----------------------------------|----------|------------------------------|
| Dr. Mohammed Faraj Al-Kinani      | Chairman | ✓                            |
| Mr. Abdulaziz Abdullah Al-Haydari | Member   | ✓                            |
| Mr. Wisam Hussain Al-Fraihi       | Member   | ✓                            |

### Senior Executives and their relatives' ownership of Company shares

| Name                    | Beginning of<br>the Year | End of The<br>Year | Change | Change % |
|-------------------------|--------------------------|--------------------|--------|----------|
| Mr. Anthony Elliott     | -                        | -                  | -      | -        |
| Mr. Mohammed Merajuddin | -                        | -                  | -      | -        |

## Accounting standards applied in financial statements

The Financial Statements comprise the financial information of the Company. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA").

Certain corresponding figures in the financial statements have been rearranged and reclassified, wherever necessary, for better presentation and disclosures. However, impact of these adjustments are not material to the financial statements. The financial statements have been authorized for issue by the Board of Directors on 05 February 2021, corresponding to 04 Rajab 1443H.

## Leejam Policies

**LEEJAM has about four main policies that govern its relationship with all its stakeholders:**

- Remunerations policy
- Dividend Policy
- Conflict of Interest Policy
- Disclosure Policy

## Compensation and Remuneration

### Remuneration policy

Policy objectives and principles:

**1. The Remuneration Policy defines the remuneration of Board Members, Committee members and Senior Executives with the purpose of realising the following objectives:**

- Enabling the Company to retain Board members, Committee members and Senior Executives who have the required level of qualifications and experience
- **Securing long-term success and progress for the Company to meet the interests of its Shareholders while attracting, retaining and motivating talents required for the Company to achieve its business goals**

### 2. Supporting the Company's efforts to adapt to competition pressures in the sectors in which it operates.

- Remuneration for Board members, Committee members and Senior Executives is defined according to the following criteria:
  - Remuneration must be in full alignment with the Company's objectives and strategy, and with the volume, nature and level of risks in the Company
  - Remuneration must be in full alignment with the Company's objectives and strategy, and with the volume, nature and level of risks in the Company
  - Upon defining remuneration for Board members, Committee members and Senior Executives, several criteria must be taken into consideration including the job level, tasks and responsibilities assigned to each position, as well as academic qualifications, practical experience, skills, scope of work and performance level
  - Defining the remuneration for Board members, Committee members and Senior Executives must also consider the sectors in which the Company operates, its size, risk exposure and practices of similar companies in relation to remunerations
  - Remuneration must be fair, proportional, and reasonably adequate to attract, retain and incentivise Board members, Committee members and Senior Executives who have the proper level of experience and qualifications

## Rules for defining remuneration

### 1. Board of Directors' remuneration rules

Board members' remunerations shall be as follows:

- The annual remuneration for the Board Chairman shall be SAR 350,000.
- The annual remuneration for the Deputy Board Chairman shall be SAR 300,000
- The annual remuneration for the Board Member shall be SAR 250,000
- Allowance for attending the Board meetings shall be SAR 3,000 for each meeting attended by the member, provided the total number does not exceed 12 meetings per annum, excluding travel and accommodation expenses
- Should the Board assign any of its members on an official mission outside Riyadh City, the Director shall be reimbursed for the costs incurred according to the Company's travel rules
- Medical insurance is provided to all Board members and their families, as part of in-kind benefits
- Professional indemnity insurance is provided to all Board members as part of in-kind benefits
- Board members and one family member is granted an annual subscription to enter sport clubs as part of in-kind benefits
- Board members' remuneration may be a specific amount or in-kind benefits, or an allowance for

### 2. Committees' remuneration rules

Committee members' remuneration shall be as follows:

- The annual remuneration for Board Committee Chairpersons shall be SAR 120,000, including independent members who are not Directors
- The annual remuneration for Board Committee members shall be SAR 100,000, including independent members who are not Directors
- The allowance for attending the Board Committees' meetings shall be SAR 2,500 for each meeting attended by the member, provided the total number does not exceed 12 meetings per annum, excluding travel and accommodation expenses
- Should the Board assign any of the Committee members on an official mission outside Riyadh

- City, the member shall be reimbursed for the costs incurred according to the Company's travel rules
- Committee members and one family member is granted an annual subscription to enter sport clubs as part of in-kind benefits
- The value of annual remuneration is split over four quarters, with each quarter being three months, and remuneration is paid to the Committee members quarterly
- Notwithstanding item (1) above, the Nominations and Remunerations Committee shall review Committee members' remuneration and present its recommendations thereon to the Board of Directors.

### 3. Senior Executives' remuneration rules

- The Board of Directors shall define remunerations for all Senior Executives, based on the Nominations and Remunerations Committee's recommendations and in accordance with employment contracts, relevant policies, and Internal remuneration and compensation plans.
- The Nominations and Remunerations Committee shall review and approve employment contracts for Senior Executives, including contracts to be signed with new appointees. It shall also review and approve any contract signed with an employee who receives a fee or remuneration on par with Senior Executives' fees.

### Deviation in the awarded remuneration from the Remuneration Policy:

There is no substantial deviation in the remuneration awarded according to the policy. The following tables show compensation and remuneration details for Board members, Committee members and Senior Executives.

# Corporate Governance (Continued)

## Board members' remuneration

The below table illustrates the paid remuneration to the Board members during 2021

| Paid to directors during 2021    | Fixed Remuneration (SAR) |  |  |                  |   |  | Variable Remuneration (SAR) |                           |                        |                            |                           |                | End-of-service award | Aggregate Amount |                  |
|----------------------------------|--------------------------|--|--|------------------|---|--|-----------------------------|---------------------------|------------------------|----------------------------|---------------------------|----------------|----------------------|------------------|------------------|
|                                  | Specific amount          | Allowance for attending Board meetings | Allowance for attending committee meetings | In-kind benefits | Remunerations for technical, managerial and consultative work | Remunerations of the Chairman, Managing Director or Secretary, if a member | Total                       | Percentage of the profits | Periodic remunerations | Short-term incentive plans | Long-term incentive plans | Granted shares |                      |                  | Total            |
| <b>Independent Directors</b>     |                          |  |  |                  |   |  |                             |                           |                        |                            |                           |                |                      |                  |                  |
| Mr. Hisham Hussien Al-Khalidi    | 250,000                  | 12,000                                 | 25,000                                     | -                | -   | -  | 287,000                     | -                         | -                      | -                          | -                         | -              | -                    | -                | 287,000          |
| Mr. Abdulelah Mohammed Al-Nemr * | 234,932                  | 9,000                                  | 12,500                                     | -                | -   | -  | 256,432                     | -                         | -                      | -                          | -                         | -              | -                    | -                | 256,432          |
| Dr. Mohammed Faraj. Al-Kinani    | 250,000                  | 15,000                                 | 15,000                                     | -                | -   | -  | 280,000                     | -                         | -                      | -                          | -                         | -              | -                    | -                | 280,000          |
| Mr. Tareq Khalid Al-Angari       | 250,000                  | 15,000                                 | 17,500                                     | -                | -   | -  | 282,500                     | -                         | -                      | -                          | -                         | -              | -                    | -                | 282,500          |
| Mr. Mishal Ibrahim Al-Mishari ** | 15,068                   | 0                                      | 0  | -                | -   | -  | 15,068                      | -                         | -                      | -                          | -                         | -              | -                    | -                | 15,068           |
| <b>Non-Executive</b>             |                          |  |  |                  |   |  |                             |                           |                        |                            |                           |                |                      |                  |                  |
| Mr. Ali Hamad Al-Sagri           | 350,000                  | 15,000                                 | 40,000                                     | -                | -   | -  | 405,000                     | -                         | -                      | -                          | -                         | -              | -                    | -                | 405,000          |
| Ms. Hessah Hamad Al-Sagri        | 250,000                  | 15,000                                 | 25,000                                     | -                | -   | -  | 290,000                     | -                         | -                      | -                          | -                         | -              | -                    | -                | 290,000          |
| <b>Executive Directors</b>       |                          |  |  |                  |   |  |                             |                           |                        |                            |                           |                |                      |                  |                  |
| Mr. Hamad Ali Al-Sagri           | 300,000                  | 15,000                                 | 0  | -                | -   | -  | 315,000                     | -                         | -                      | -                          | -                         | -              | -                    | -                | 315,000          |
| <b>Total</b>                     | <b>1,900,000</b>         | <b>96,000</b>                          | <b>135,000</b>                             |                  |   |  | <b>2,131,000</b>            |                           |                        |                            |                           |                |                      |                  | <b>2,131,000</b> |

\* Membership Ended on 9 December 2021

\*\* Membership Started on 10 December 2021

## Executive Management remuneration

The below table illustrates the paid remuneration to the 5 most senior Executive Members in the Company (including the Chief Executive Officer and the Chief Finance Officer) during 2021

| Year | Fixed remunerations |            |                  |           | Variable remunerations |         |     |     |                |       | EoS     | Board remuneration | Aggregate Amount |
|------|---------------------|------------|------------------|-----------|------------------------|---------|-----|-----|----------------|-------|---------|--------------------|------------------|
|      | Basic salary        | Allowances | In-Kind Benefits | Total     | Periodic remunerations | Profits | STI | LTI | Granted Shares | Total |         |                    |                  |
| 2021 | 2,531,266           | 1,362,731  |                  | 3,893,997 | -                      | -       | -   | -   | -              | 0     | 152,101 | -                  | 4,046,098        |

# Corporate Governance (Continued)

## Committee members' remuneration

The below table illustrates the paid remuneration to the Committees' members during 2021

| Committees 2021                                | Fixed Remuneration (Except for the allowance for attending Board meetings) | Allowance for attending the meetings | Total   |
|--|--|--------------------------------------|---------|
| <b>Audit Committee</b>                         |  |                                      |         |
| Dr. Mohammed Faraj. Al-Kinani                  | 120,000  | 15,000                               | 135,000 |
| Mr. Abdulaziz Abdullah Al-Haidari              | 100,000  | 15,000                               | 115,000 |
| Mr. Wissam Hussein Al-Fraih                    | 100,000  | 15,000                               | 115,000 |
| Total  | 320,000  | 45,000                               | 365,000 |
| <b>Remuneration and Compensation Committee</b> |  |                                      |         |
| Mr. Hisham Hussien Al Khaldi *                 | 112,767  | 25,000                               | 137,767 |
| Mr. Mishal Ibrahim Al-Mishari **               | 7,233  | 0                                    | 7,233   |
| Mr. Ali Hamad Al-Sagri                         | 25,000   | 22,500                               | 47,500  |
| Ms. Hessah Hamad Al-Sagri                      | 100,000  | 25,000                               | 125,000 |
| Total  | 245,000  | 72,500                               | 317,500 |
| <b>Executive Committee</b>                     |  |                                      |         |
| Mr. Abdulelah Mohammed Al-Nemr *               | 93,973   | 12,500                               | 106,473 |
| Mr. Tareq Khalid Al-Angari                     | 100,000  | 17,500                               | 117,500 |
| Mr. Ali Hamad Al-Sagri                         | 70,000   | 17,500                               | 87,500  |
| Mr. Mishal Ibrahim Al-Mishari **               | 6,027  | 0                                    | 6,027   |
| Total  | 270,000  | 47,500                               | 317,500 |

\* Membership Ended on 9 December 2021

\*\* Membership Started on 10 December 2021

## Dividends policy

Under Article 110 of the Companies Law, each shareholder is eligible for all share rights, which specifically include the right to receive a percentage of dividends to be paid.

The Board of Directors recommends the payment of any dividends before being approved by shareholders in the General Assembly meeting. The Company is not obliged to announce any dividends. Any decision to pay dividends depends on several factors, including the previous and forecasted Company profits, cash flows, financing, capital requirements, market conditions and overall economic factors, in addition to Zakat and other legal and regulatory considerations.

### 1. Annual dividends

- Annual dividends are distributed subject to the General Assembly's approval after the Board of Directors' recommendation regarding the Company's net profit, the calculated dividend amount and proposed allotment
- The General Assembly reserves the right to reject paying dividends in any year if it believes that such payment will be harmful to the Company's financial position and its capital requirements
- The Board of Directors shall execute the General Assembly's decision and pay dividends within 15 days from the due date defined in the resolution

### 2. Dividends calculation

Dividend payments are allotted after deducting general expenses such as Zakat and Income Tax, as follows:

- Appropriation of 10% of the net annual profits to form the statutory reserve. The General Assembly may decide to stop appropriating this percentage if the reserve reaches 30% of the paid up capital
- From the remaining net profits, at least 5% of the paid up capital must be paid in dividends to Shareholders
- Subject to the Board of Directors' recommendation, the General Assembly may appropriate 20% of the net profit to form a consensual reserve allocated to specific purposes
- Excess annual net profit shall be distributed to Shareholders unless the General Assembly decides otherwise

Upon allotment of the dividend amount from the net profit, the Ordinary General Assembly may decide to take other reserves as follows:

- To serve the Company's interests, or
- To include the distribution of fixed dividends to Shareholders

- Dividends shall be paid to Shareholders in proportion with the number of shares they own in the Company
- Dividends are to be paid in cash or bonus shares or both
- The Annual Report submitted by the Board of Directors to the General Assembly must list the amounts of

dividends paid to Shareholders over various periods of the fiscal year, in addition to the recommended dividends to be paid by the end of the fiscal year, and the accumulated dividends' amounts

### 3. Interim dividends

The Company may pay interim dividends to Shareholders on a quarterly or bi-annual basis, subject to abidance by the following requirements:

- General Assembly's delegation to the Board to pay interim dividends by a resolution to be renewed annually
- The Company's achievement of regular, good profits
- The availability of reasonable liquidity with the Company, and the ability to forecast its profitability levels
- The availability of distributable profits according to the last audited financial statements of the Company, which must be sufficient to cover the proposed dividends after deducting distributed and capitalised amounts after the date of those financial statements

Should the Board of Directors decide to pay interim dividends, the Company must disclose and announce such payment and provide CMA with a copy thereof immediately.

### 4. Eligible Shareholders

- The General Assembly's resolution that approves the payment of annual dividends shall define the due date and payment date of dividends.
- Shareholders' eligibility to receive dividends shall be determined according to the relevant rules and regulations, and the Company's announcement on the Tadawul website.

# Corporate Governance (Continued)

## Dividend History Information

### Paid dividend compared to net income:

| Year / quarter            | Net income | Dividend   | % of net profit | Capital     | % of capital | Amount per share |
|---------------------------|------------|------------|-----------------|-------------|--------------|------------------|
| 2nd & 3rd quarter of 2018 | 93,524,279 | 50,225,640 | 53.70%          | 523,833,610 | 9.95%        | 0.96             |
| 4th quarter 2018          | 53,857,534 | 28,179,613 | 52.30%          | 523,833,610 | 5.38%        | 0.538            |
| 1st quarter 2019          | 39,596,703 | 21,052,304 | 53.20%          | 523,833,610 | 4.02%        | 0.402            |
| 2nd quarter 2019          | 49,590,562 | 26,448,359 | 53.30%          | 523,833,610 | 5.05%        | 0.505            |
| 3rd quarter 2019          | 48,813,216 | 26,029,222 | 53.30%          | 523,833,610 | 4.97%        | 0.497            |
| 1st half 2021             | 43,920,320 | 23,572,512 | 53.70%          | 523,833,610 | 4.50%        | 0.45             |
| 3rd quarter 2021          | 76,194,684 | 40,859,022 | 53.60%          | 523,833,610 | 7.80%        | 0.78             |

### Date of dividend payments

| Year / quarter            | Announcement date  | Due date           | Distribution date   | Dividend per share | Dividend payment method |
|---------------------------|--------------------|--------------------|---------------------|--------------------|-------------------------|
| 3rd & 4th quarter of 2018 | 28th October 2018  | 1st November 2018  | 15th November 2018  | 0.96               | Account Transfer        |
| 4th quarter 2018          | 27th February 2019 | 4th March 2019     | 20th March 2019     | 0.538              | Account Transfer        |
| 1st quarter 2019          | 13th May 2019      | 19th May 2019      | 12th June 2019      | 0.402              | Account Transfer        |
| 2nd quarter 2019          | 4th September 2019 | 9th September 2019 | 22nd September 2019 | 0.505              | Account Transfer        |
| 3rd quarter 2019          | 2nd December 2019  | 8th December 2019  | 19th December 2019  | 0.497              | Account Transfer        |
| 1st half 2021             | 8th August 2021    | 15th August 2021   | 26th August 2021    | 0.45               | Account Transfer        |
| 3rd quarter 2021          | 7th November 2021  | 14th November 2021 | 25th November 2021  | 0.78               | Account Transfer        |

## Disclosure Policy

LEEJAM seeks to provide accurate, regularly updated information to all its stakeholders and other interested parties. This policy reflects current activities and will be updated as and when those activities change. The Company publishes and regularly updates information about corporate structure and operations, partners, investments, other commercial activity and performance-related information. As a publicly listed Company, LEEJAM recognizes its obligation to respond appropriately to legitimate questions from consumers, customers, government, the media and other stakeholders.

Information disclosed by LEEJAM under this policy is available on various websites including the Company's website ([www.LEEJAM.com](http://www.LEEJAM.com)) and the Saudi Stock Exchange (Tadawul) website ([www.tadawul.com.sa](http://www.tadawul.com.sa)).

### Part 1: Disclosure and Transparency

#### 1. General Provisions

- The Company shall comply with the applicable disclosure rules, requirements and procedures under the relevant laws, regulations and rules and this Policy.
- The Company shall ensure that all disclosures are complete, clear, accurate and not misleading and that they are provided to all Shareholders equally and without discrimination.
- Any information that requires disclosure pursuant to applicable laws and regulations shall be deemed confidential until such time the information is disclosed to the Capital Market Authority (the "CMA") and the public. Accordingly, the Company must take all the necessary measures to prevent the leakage of any undisclosed information and must not disclose such information to parties not bound by an obligation of confidentiality.
- If disclosure of any matter required by applicable regulations and instructions issued by the CMA would be, in the opinion of the Company, unduly detrimental to the Company, and its omission is deemed unlikely to mislead investors in light of the facts and circumstances (determined on a case-by-case basis), then the Company may confidentially request that the CMA waive the relevant disclosure requirement accordance with applicable regulations and instructions.

#### 2. Material Developments Disclosure

- The Company must inform the CMA and the public without delay of any material developments in its sphere of activity which may affect the price of its Securities. Moreover, the Company must notify the CMA and the public without delay, of any material developments in its sphere of activity that are not public knowledge and which may have an effect on the Company's assets and liabilities, financial position, or on the general course of business of the Company or its subsidiaries, and which may reasonably lead to substantial movements in the price of its Securities.
- In determining whether an event constitutes a material development pursuant to Paragraph 2.1 above, the Company shall assess whether a prudent investor would likely consider information about the event in making an investment decision.
- The Company must determine the need to publish an announcement to the public in response to rumors related to any material development in accordance with applicable laws and regulations.

# Corporate Governance (Continued)

## 3. Disclosure in Board of Directors' Reports

- The Board shall issue an annual report including (among other things) a review of the Company's operations during the last financial year and of all relevant factors affecting its business which an investor requires in order to assess the Company's assets, liabilities and financial position.
- The annual report of the Board shall contain the information required under applicable laws, regulations and rules.
- The annual report of the Board must be provided to the CMA and announced to the Shareholders within the period set by applicable laws and regulations.

## 4. Disclosure in Audit Committee Reports

- The Audit Committee shall issue an annual report including (among other things) its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems of the Company as well as the tasks undertaken by the Audit Committee within its competence. Such report shall be prepared and disclosed in accordance with the applicable laws and regulations and the rules set out in the Audit Committee Charter and the Company's Internal Audit Charter.

## 5. Disclosure of Financial Information

- Set out below are the general requirements and restrictions relating to the disclosure of financial information:

### A. Disclosure Requirements

i. The Company shall announce its interim and annual financial statements to the public and file such statements with the CMA immediately upon their approval. The Company is not permitted to disclose its interim and annual financial statements to its Shareholders or to third parties prior to their announcement to the public and filing with the CMA.

ii. The Company must provide the CMA and announce to its Shareholders the interim financial statements (which must be prepared and reviewed in accordance with the accounting and auditing standards approved by Saudi Organization for Certified Public Accountants) within the period set by applicable laws and regulations.

iii. The Company must provide the CMA and announce to

its Shareholders the annual financial statements (which must be prepared and audited in accordance with the accounting and auditing standards approved by Saudi Organization for Certified Public Accountants) within the period set by applicable laws and regulations. The Company's annual financial statements must also be provided to the CMA and announced to the Company's Shareholders according to the applicable laws and regulations.

iv. The Company shall disclose its interim and annual financial statement through the electronic system specifically designated for such purpose by the Exchange.

### B. Approval of Financial Statements

i. The interim financial statements of the Company must be approved by the Board and signed by: (i) a Director authorized by the Board, (ii) the CEO, and (iii) the Chief Financial Officer prior to their publication and circulation to Shareholders and the public.

ii. The annual financial statements of the Company must be approved in accordance with the provisions of the Companies Law.

### C. Trading Blackout Periods

i. The Directors, Senior Executives, and members of the Audit Committee (and any person related to them) may not deal in any of the Securities during the period set by applicable laws and regulations.

ii. If, during a trading blackout period, a Director, a Senior Executive, or an Audit Committee member resigns, these trading blackout periods continue to apply to such resigning Director, Senior Executive, or Audit Committee member (and any person related to any of them).

iii. As an exception to the above, the trading blackout periods do not apply in the case of exercising, or selling, a subscription right in a rights issuance.

## 6. Board Disclosures

- The Board shall regulate the disclosures of each Director and Senior Executive by:
  - A. maintaining, and regularly updating, a register of disclosures made by Directors and Senior Executives as required under applicable laws and regulations; and
  - B. making such register available for review by Shareholders free of charge.

## 7. Other Disclosures

- The Company shall make all disclosures related to specific events requiring disclosure in accordance with applicable rules and regulations.
- The Company shall provide the CMA with copies of any notices, information, or documents that are sent or made available to its Shareholders, unless otherwise not required by the applicable laws and regulations, if it is disclosed on the Exchange.

## Part 2: Notification, Spokespersons and Process

### 1. Method of Required Notification

- Notifications to the public shall take the form of an announcement through the Exchange (or such other method determined by the CMA or the Exchange from time to time).
- All disclosures made by the Company to the public and to the CMA must be in compliance with applicable rules, regulations and instructions (including the Instructions Governing Corporate Announcements published by the CMA).

### 2. Designated Spokespersons

- The Company may designate one or more spokespersons responsible for communication with the investment community, regulators or the media. The Company's spokesperson(s) shall be appointed and authorized by the Chairman. Any individual designated as a spokesperson shall review and appropriately inform themselves of all of the Company's disclosure documents and continuous obligations.
- Employees who are not designated spokespersons must not respond under any circumstances to inquiries from the investment community, the media or others, unless specifically asked to do so by an authorized spokesperson.

## 3. Interaction with Investment Community

- Any disclosures of material non-public information must be coordinated with the the Company's Corporate and Legal Compliance Manager (the "Compliance Manager").
- The Company recognizes that meetings and conferences with analysts and investors are an important element of the Company's relation with investors. The Company will meet with analysts and investors on an individual or small group basis as needed and will initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this Policy. The Company shall not disclose or discuss material non-public information at such meetings and conferences.
- As much as possible, all meetings with investors or analysts, or groups thereof, should be attended by two or more Company representatives, at least one of whom shall be a designated spokesperson of the Company.

### Contact Leejam

Relevant parties are invited to communicate with the Investor Relations department by email: [investor.relations@Leejam.com.sa](mailto:investor.relations@Leejam.com.sa)

Interested parties may also contact the Company through the following telephone numbers: **+966 (11) 210 1015**, or by email: [info@Leejam.com.sa](mailto:info@Leejam.com.sa)  
For more information, visit the Company's website: [www.Leejam.com.sa](http://www.Leejam.com.sa)

## Corporate Governance (Continued)

### List of Leejam's announcements on Tadawul

Over the year 2021, Leejam (Fitness Time) witnessed several events and resolutions that were announced to keep the Shareholders up-to-date. Those events and resolutions were announced on the Saudi Stock Exchange (Tadawul) website, amounting to a total of 39 announcements as detailed in the following table:

| No. | Date             | Announcement Type        | Title of Announcement   |
|-----|------------------|--------------------------|---|
| 1   | 28 January 2021  | Notice to Shareholders   | Leejam Sports Company (Fitness Time) Announces the Closing of a Men Fitness Center in Tabuk   |
| 2   | 4 February 2021  | Notice to Shareholders   | Leejam Sports Company (Fitness Time) Announces A Material Development Regarding the Closure of Gyms and Sports Centers  |
| 3   | 14 February 2021 | Financial Results        | Leejam Sports Company (Fitness Time) Announces Its Annual Financial Results for The Year Ended On 31st December 2020  |
| 4   | 14 February 2021 | Notice to Shareholders   | Leejam Sports Company (Fitness Time) Announces A Material Development Regarding the Closure of Gyms and Sports Centers (Extending the Closure)  |
| 5   | 7 March 2021     | Notice to Shareholders   | Leejam Sports Company (Fitness Time) Announces the Latest Developments Related to The Closure of Its Fitness Centers, Which Include Its Reopening   |
| 6   | 11 March 2021    | Notice to Shareholders   | Leejam Sports Company (Fitness Time) Announces Latest Development Regarding the Change in Ownership of The Company's Capital  |
| 7   | 5 April 2021     | Invitation to AGM        | Leejam Sports Company (Fitness Time) Invites its Shareholders to Attend the Extraordinary General Assembly Meeting (First Meeting) via Means of Modern Technology                         |
| 8   | 18 April 2021    | Invitation to AGM        | Leejam Sports Company (Fitness Time) Invites its Shareholders to Attend the Extraordinary General Assembly Meeting (First Meeting) via Means of Modern Technology (Reminder Announcement) |
| 9   | 20 April 2021    | Financial Results        | Leejam Sports Company (Fitness Time) announces its condensed interim financial results for the period ended on 31st March 2021 (Three Months)   |
| 10  | 22 April 2021    | Electronic Voting of AGM | Leejam Sports Company (Fitness Time) Announces the Starting Date of The Electronic Voting on The Agenda of The Extraordinary General Assembly Meeting (First Meeting)                     |

| No. | Date         | Announcement Type      | Title of Announcement   |
|-----|--------------|------------------------|---|
| 11  | 2 May 2021   | Notice to Shareholders | Leejam Sports Company (Fitness Time) Announces the Opening of a New Low cost and 24-Hour Xpress Fitness Center in Hail  |
| 12  | 2 May 2021   | Results of AGM         | Leejam Sports Company (Fitness Time) Announces the Results of The Extraordinary General Assembly Meeting (First Meeting)  |
| 13  | 2 May 2021   | Notice to Shareholders | Correction announcement from Leejam Sports Company (Fitness Time) in regards to its Announcement of the Results of The Extraordinary General Assembly Meeting (First Meeting)                     |
| 14  | 10 May 2021  | Notice to Shareholders | Leejam Sports Company (Fitness Time) Announces the Resignation of The CEO and the Appointment of A New CEO  |
| 15  | 17 May 2021  | Notice to Shareholders | Leejam Sports Company (Fitness Time) Announces the Opening of a Ladies Xpress Fitness Center in Buraidah  |
| 16  | 17 May 2021  | Notice to Shareholders | Leejam Sports Company (Fitness Time) Announces the Opening of a Men Xpress Fitness Center in Riyadh   |
| 17  | 21 June 2021 | Notice to Shareholders | Leejam Sports Company (Fitness Time) Announces the Signing of a Non-Binding Memorandum of Understanding with The Ministry of Health to Achieve the Goals of the "Exercise Is Medicine" Initiative |
| 18  | 30 June 2021 | Notice to Shareholders | Leejam Sports Company (Fitness Time) Announces the Opening of a Ladies Xpress Fitness Center in Riyadh  |
| 19  | 30 June 2021 | Notice to Shareholders | Leejam Sports Company (Fitness Time) Announces Calling Candidature for Board Members Elections  |
| 20  | 6 July 2021  | Notice to Shareholders | Leejam Sports Company (Fitness Time) Announces the Opening of a New Men Xpress Fitness Center in Riyadh   |
| 21  | 6 July 2021  | Notice to Shareholders | Leejam Sports Company (Fitness Time) Announces the Opening of a Ladies Xpress Fitness Center in Riyadh  |
| 22  | 7 July 2021  | Notice to Shareholders | Leejam Sports Company (Fitness Time) Announces the Opening of a Men Xpress Fitness Center in Al-Dawadmi   |

## Corporate Governance *(Continued)*

### List of Leejam's announcements on Tadawul *(Continued)*

| No. | Date              | Announcement Type        | Title of Announcement  |
|-----|-------------------|--------------------------|--|
| 23  | 15 July 2021      | Notice to Shareholders   | Leejam Sports Company (Fitness Time) Announces the Opening of a New Ladies Fitness Center in Riyadh  |
| 24  | 8 August 2021     | Notice to Shareholders   | Leejam Sports Company (Fitness Time) Announces the Opening of a New Men Xpress Fitness Center in Riyadh  |
| 25  | 8 August 2021     | Financial Results        | Leejam Sports Company Announces Its Condensed Interim Financial Results for The Period Ended on 30th June 2021 (Six Months)                                      |
| 26  | 8 August 2021     | Notice to Shareholders   | Leejam Sports Company (Fitness Time) Announces the Distribution of Cash Dividend for The First Half Of 2021  |
| 27  | 31 August 2021    | Notice to Shareholders   | Leejam Sports Company "Fitness Time" announces the opening of a new center for Ladies in Riyadh under the luxury category Fitness Time Plus                      |
| 28  | 15 September 2021 | Invitation to AGM        | Leejam Sports Company (Fitness Time) Invites its Shareholders to Attend the Ordinary General Assembly Meeting (First Meeting) via Means of Modern Technology     |
| 29  | 7 October 2021    | Notice to Shareholders   | Leejam Sports Company (Fitness Time) Announces the Opening of a New Men Xpress Fitness Center in Riyadh  |
| 30  | 10 October 2021   | Electronic Voting of AGM | Leejam Sports Company (Fitness Time) Announces the Starting Date of The Electronic Voting on The Agenda of The Ordinary General Assembly Meeting (First Meeting) |

| No. | Date             | Announcement Type      | Title of Announcement  |
|-----|------------------|------------------------|--|
| 31  | 17 October 2021  | Results of AGM         | Leejam Sports Company (Fitness Time) Announces the Results of The Ordinary General Assembly Meeting (First Meeting)  |
| 32  | 28 October 2021  | Financial Results      | Leejam Sports Company (Fitness Time) Announces Its Condensed Interim Financial Results for The Period Ended on 30th September 2021 (Nine Months)                               |
| 33  | 7 November 2021  | Notice to Shareholders | Leejam Sports Company (Fitness Time) Announces the Distribution of Cash Dividend for The Third Quarter Of 2021   |
| 34  | 15 November 2021 | Notice to Shareholders | Leejam Sports Company (Fitness Time) Announces the Opening of a New Men Fitness Center in Sharjah  |
| 35  | 15 November 2021 | Notice to Shareholders | Leejam Sports Company (Fitness Time) Announces the Opening of a New Ladies Fitness Center in Sharjah   |
| 36  | 12 December 2021 | Notice to Shareholders | Leejam Sports Company (Fitness Time) Announces the Decision of Its Board of Directors to Appoint a Chairman, a Vice-Chairman, and the Formation of Committees for The New Term |
| 37  | 22 December 2021 | Notice to Shareholders | Leejam Sports Company (Fitness Time) Announces the Opening of a New Men Xpress Fitness Center in Dammam  |
| 38  | 22 December 2021 | Notice to Shareholders | Leejam Sports Company (Fitness Time) Announces the Opening of a New Men Xpress Fitness Center in Riyadh  |
| 39  | 29 December 2021 | Notice to Shareholders | Leejam Sports Company (Fitness Time) Announces the Opening of a New Ladies Fitness Center in Madina  |



# Corporate Governance (Continued)

## Share price and Shareholders information

As of 31st December 2021, the number of Leejam (Fitness Time) shareholders reached 9,511 investors, with corporate investors representing 31.0% of the total share ownership, while individual investors' shares represented 69.0% of total shares. There are 52 Shareholders who own 100,000 shares or more of Leejam, which represents 82.8% of the issued shares. The following tables provide an overview of Shareholders.

| Leejam Investors<br>According to Nature<br>investor | 31-Dec-21               |                    |                   |
|---|-------------------------|--------------------|-------------------|
|   | Percentage of Ownership | Number of Investor | Number of Shares  |
| Corporate investor                                  | 31.0%                   | 297                | 16,214,570        |
| Individual investor                                 | 69.0%                   | 9,214              | 36,168,791        |
| <b>Total</b>  | <b>100%</b>             | <b>9,511</b>       | <b>52,383,361</b> |

| Investor According to Investor<br>Type | 31-Dec-21               |                    |
|--|-------------------------|--------------------|
|  | Percentage of Ownership | Number of Investor |
| Mr. Hamad Ali Alsagri                  | 51.1%                   | 1                  |
| Other Individuals                      | 17.9%                   | 9,213              |
| Mutual Funds                           | 10.9%                   | 104                |
| Swap agreements                        | 0.1%                    | 5                  |
| Other Corporate                        | 20.0%                   | 188                |
| <b>Total</b>                           | <b>100%</b>             | <b>9,511</b>       |

| Leejam Investor<br>According to<br>Nationality | 31-Dec-21               |                    |                   |
|--|-------------------------|--------------------|-------------------|
|  | Percentage of Ownership | Number of Investor | Number of Shares  |
| Saudi  | 80.1%                   | 8,962              | 41,935,594        |
| Other Nationalities                            | 19.9%                   | 549                | 10,447,767        |
| <b>Total</b>                                   | <b>100%</b>             | <b>9,511</b>       | <b>52,383,361</b> |

| Leejam investors according to size of ownership | 31-Dec-21               |                    |
|---|-------------------------|--------------------|
|   | Percentage of Ownership | Number of Investor |
| Million shares and more                         | 58.2%                   | 3                  |
| From 500 thousand to less than a million        | 7.7%                    | 6                  |
| From 100 thousand to less than 500 thousand     | 16.9%                   | 43                 |
| From 50 thousand to less than 100 thousand      | 4.7%                    | 36                 |
| From 10 thousand to less than 50 thousand       | 7.2%                    | 170                |
| From 5 thousand to less than 10 thousand        | 1.7%                    | 129                |
| From 1 thousand to less than 5 thousand         | 2.2%                    | 523                |
| Less than one thousand shares                   | 1.4%                    | 8,601              |
| <b>Total</b>                                    | <b>100%</b>             | <b>9,511</b>       |

## Share performance data in 2021 (Saudi Riyal)

| Share price as of<br>31st December 2020 | Highest price in 52<br>weeks | Lowest price in 52<br>weeks | Share price as of<br>30th December 2021 | Percentage change<br>at the end of the<br>year |
|---|------------------------------|-----------------------------|---|--|
| 77.3                                    | 115.2                        | 66.9                        | 109                                     | 141%   |



## Corporate Governance (Continued)

### Number of requests for the shareholders' register:

|                    | Request date        | Reason                       |
|--------------------|---------------------|------------------------------|
| First Request      | 5th January 2021    | Internal reports             |
| Second Request     | 5th January 2021    | Internal reports             |
| Third Request      | 7th April 2021      | Internal reports             |
| Fourth Request     | 29th April 2021     | General Assembly             |
| Fifth Request      | 10th June 2021      | Internal reports<br>Assembly |
| Sixth Request      | 13th June 2021      | Internal reports             |
| Seventh Request    | 15th June 2021      | Internal reports             |
| Eighth Request     | 16th August 2021    | Dividends reports            |
| Ninth Request      | 12th September 2021 | Internal reports             |
| Tenth Request      | 4th October 2021    | Internal reports             |
| Eleventh Request   | 7th October 2021    | Internal reports             |
| Twelfth Request    | 16th November 2021  | Dividends reports            |
| Thirteenth Request | 16th November 2021  | Dividends reports            |

### Change in ownership notification

According to Article 68 of the "Rules on The Offer of Securities and Continuing Obligations" issued by the Capital Market Authority (CMA), during 2021, LEEJAM received a notification of change in ownership percentage of more than 5.0% of the shares issued by Company. The following table outlines ownership of 5.0% or more of the issued shares:

| Shareholder Name       | Beginning of the Year |                         | End of the Year  |                         |
|------------------------|-----------------------|-------------------------|------------------|-------------------------|
|                        | Number of Shares      | Percentage of Ownership | Number of Shares | Percentage of Ownership |
| Mr. Hamad Ali Al-Saqri | 31,671,950            | 60.46%                  | 26,771,950       | 51.11%                  |

### Statutory payments

The following table describes the paid and due statutory payments of Zakat, taxes, fees or any other amounts that were not paid by the end of the fiscal period:

| Statutory organization                      | Paid       | Due       | Description  | Reasons                |
|---|------------|-----------|--|------------------------|
| Zakat, Tax and Customs Authority and others | 94,297,937 | 5,910,965 | Amounts paid or charged as customs fees on imports or charged as Zakat, Withholding Tax (WHT), and VAT according to the various laws | Regulatory requirement |
| General Organization for Social Insurance   | 12,821,349 | 1,201,714 | Amounts paid or charged as social insurance expenses, in accordance with Saudi Labor Law   | Regulatory requirement |
| Other Statutory Organizations               | 25,585,994 | -         | Amounts paid or charged as Labor office, Visa, passport, and other fees  | Regulatory requirement |

### Penalties

The following table outlines penalties, cautionary measures or restrictions imposed on the Company by the Authority or any other supervisory, regulatory or legal entity:

| Penalty, fine, cautionary measure or restriction                              | Amount  | Reasons for penalty   | Imposer of penalty                                 | Remedial action and ways to avoid recurrence   |
|---|---------|---|--|--|
| Some Violations to Municipality regulations                                   | 909,654 | <ul style="list-style-type: none"> <li>Permit issues.</li> <li>Delay in renewal of license, health certificates and safety issues.</li> </ul> | Ministry of Municipal Rural Affairs and Housing    | Corrective measures are taken to comply proactively follow up with changes in regulations. |
| Violation of delay in changing the professional designation of some employees | 60,000  | Delay in changing the professional designation of some employees.   | Ministry of Human Resources and Social Development | Corrective measures are taken to comply proactively follow up with changes in regulations. |
| Custom and others   | 137,952 | <ul style="list-style-type: none"> <li>VAT certificate not displayed</li> <li>Others</li> </ul>   | Zakat, Tax and Customs Authority and others        | Corrective measures are taken to comply proactively follow up with changes in regulations. |

# Corporate Governance (Continued)

## Conflict of Interest Policy

The purpose of this policy is to ensure that the Company's Directors, Officers, and Employees act ethically and honestly at all times and act in the best interest of the Company, comply with applicable legal requirements and are not influenced by undue personal interests when making business judgments and decisions on behalf of the Company. The provisions of this Policy are mandatory. The Company's Board and each Director shall oversee the implementation of the measures required to ensure the Company's compliance with this Policy. All Employees are required to read, understand, sign and comply with their employment and confidentiality agreements with the Company, as well as all Company's policies. This Policy is intended to implement and supplement the relevant provisions of the relevant laws. In case of conflict between this Policy and the law, the law shall prevail.

## Policy Scope

This Policy sets forth the Company's policies and procedures governing the identification, disclosure, review, and approval of conflicts of interest and potential conflicts of interest, whether direct or indirect, in the transactions or contracts concluded for the company by its Directors, Officers, and Employees, as well as setting out guidelines for professional conduct and code of

### 1. Conflict of Interest Examples and Guidelines

**A. It is neither practical nor possible to enumerate all the situations that might fall under this Policy. However, the following examples represent common situations of conflict of interest:**

- i. Investment relating to Directors, Officers, Employees, who personally or their Relatives has an investment interest with current or potential competitor or with any of the Company's suppliers, contractors, consultants or clients. Such investment is considered as bearing a conflict of interest if the person gains a "substantial interest" linked personally to him or his Close Family Members; or the percentage owned by such person or his direct Relatives equals or exceeds more than 5% in a listed Company or 30% in a non-listed Company.
- ii. Directors, Officers, Employees of the Company connected to any board of directors, whether profitable or non-profitable or to a committee, whether charitable or professional, that may imply directly or indirectly actual or potential conflict of interest.
- iii. Participating in a work or provision of services to another competitive entity or to an entity providing or trading in any of the Company's activities, partially or fully, may imply, directly or indirectly, an actual or

potential conflict of interest.

- iv. Directors, Officers, Employees who has a role in taking a decision to facilitate contracting with a commercial firm belonging to a Family Member, or has an administrative power over a direct relative.
- v. Using the Company's assets and property for personal interest, may constitute actual or potential conflict of interest. This includes exploiting work hours, Company Employees, equipment or facilities for interests other than the Company's interests or its objectives and misuse of information gained through the relation with the Company, for achieving personal, family or professional gains.
- vi. Provision of any sort of loans to the Directors of the Company or its shareholders, or giving guarantee for loans presented from a third party, may be considered as manifestation of conflict of interest; except for the loans and guarantees granted by the Company in accordance with its Employees incentive program, approved by the management.
- vii. Gifts presented by a Company's client to an Employee or to his Close Family Members or to others upon his request may arise actual or potential conflict of interest. For the purpose of this Policy, any gift (trivial or valuable,

expensive or cheap, physical or moral) will be considered an actual conflict of interest and honesty breaching if such gift is presented for performing or omitting a designated action.

viii. Employment contracts signed with Close Family Members of a Director, Officer, or an Employee. Any promotions or compensations or benefits this employee gets is considered a conflict of interest.

### **B. The following guidelines include prohibited activities that must be disclosed:**

- i. Directors, Officers, Employees, and their Close Family Members are prohibited from (a) taking for themselves personally opportunities that are discovered through the use of Company property, information, or position; (b) using Company property, information, or position for personal gain; and (c) competing with the Company. These obligations shall remain in full force and effect even after a Director, Officer, or an Employee leaves the Company according to the relevant laws and the contracts they are subject to. Directors, Officers, and Employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.
- ii. Directors, Officers, Employees and their Close Family Members are prohibited from acquiring property, real estate, or facilities (whether directly or indirectly, through ownership or lease) or trading in stocks or bonds of companies (except for passive investments) in which it is believed that the Company has an active or potential interest.
- iii. Directors, Officers, Employees are required to protect the Company's assets and ensure their efficient use for legitimate business purposes.
- iv. Directors, Officers, Employees are required to deal fairly with the Company's customers, suppliers, competitors, and Employees. The Company prohibits taking unfair advantage of its current or prospective customers, suppliers, competitors, and Employees through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.
- v. Directors, Officers, Employees are prohibited from concealing potential and actual Conflicts of Interest by directly or indirectly falsifying, or causing to be falsified, any Company book, record, account, or document.
- vi. Any permission given to a Company Employee to

perform another work shall not represent an actual or potential conflict of interest with the Company.

### **2. Obligations and Prohibitions**

#### **A. A Director or an Officer shall:**

- i. notify the Board of the of any current or potential Conflict of Interest as soon as he or she is aware of it and this notification shall be recorded in the minutes of the Board meeting;
- ii. perform his/her duties with honesty and integrity, and prioritize the interests of the Company over his/her own interest, and not use his/her position to achieve personal interests;
- iii. avoid situations of conflicts of interest and notify the Board of situations of conflict, which may affect his/her neutrality when looking into matters presented before the Board. The Board shall not allow such Director to be involved in deliberations and shall not count his/her vote when voting on such matters in the Board and the Shareholders Assemblies meetings; and
- iv. protect the confidentiality of the information related to the Company and its activities, especially those considered as Company's secrets, and not disclose any of such information to any person even after they leave the Company according to the relevant laws and their contracts they are subject to.

#### **B. Each Director or Officer is prohibited from:**

- i. voting on a decision taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the Company's account, if he/she has a direct or indirect interest therein;
- ii. misusing or benefitting, directly or indirectly, from any of the Company's assets, information or investment opportunities presented to the Company or to him in his/her capacity as a Director. This includes investment opportunities which are within the activities of the Company, or which the Company wishes to make use of. Such prohibition shall extend to a Director who resigns to, directly or indirectly, use investment opportunities that the Company wishes to use, which came to his/her knowledge during his/her membership in the Board; and
- iii. accepting gifts from any person who has entered

# Corporate Governance (Continued)

into commercial transactions with the Company if such acceptance of gifts may lead to a conflicts of interest; and iv. voting or acting on matters pertaining to that Director's or Officer's compensation.

### 3.Conflict of Interest Disclosure

- i. any entity of which such person is a director, officer, trustee, member, owner (either as a sole proprietor or a partner) or employee and with which the Company has a relationship;
- ii. any transaction in which the Company is a participant and in which such person might have a conflicting interest (including any Financial Interest such person might have in a Related Party transaction);
- iii. any entity in which such person or a Relative of such person has a substantial Financial Interest and with which the Company has or is considering a Related Party transaction;
- iv. any engagement in business that may compete with the Company or any of its activities; and
- v. all material facts related to any current or potential conflict of interest.

#### B.The disclosure statement shall also include an

**affirmation that the person** (i) has received a copy of this Policy; (ii) has read and understands the Policy; and (iii) has agreed to comply with this Policy. The Employee Relations department shall provide all completed statements to the Audit Committee. A copy of each disclosure statement shall be kept in the Company's files and made available to any Director or Officer upon request.

#### 4.Review and Approval

A. All Related Party transactions, and any other matters involving a conflict of interest that would ordinarily come before the Board, must be reviewed by the Board or an authorized Committee, which shall determine whether to approve or ratify any such matters in accordance with the procedures set forth in this Policy.

B.The Board or an authorized committee may approve a matter involving a conflict of interest only if it determines

that such matter is fair, reasonable and in the best interest of the Company. The approval shall require at least a majority vote of the Directors or the authorized committee present and voting at the meeting. In addition, if the matter involves a Related Party transaction in which the Related Party's interest is substantial, prior to entering into any such Related Party transaction the Board or the authorized committee must determine that the value of the economic benefit provided by the Company does not exceed the value of the consideration received by the Company by obtaining and reviewing appropriate comparability data or alternative transactions to the extent possible.

C.If the General Assembly rejects renewing the authorization granted pursuant to Articles (71) and (72) of the Companies Law and Article (46) of the Corporate Governance Regulations, the Director shall resign within a period specified by the General Assembly; otherwise, his/her membership in the Board shall be deemed terminated, unless he/she decides to withdraw from such contract, transaction or competing venture or regularize his/her situation in accordance with the Companies Law prior to the end of the period set by the General Assembly.

D.A person with a conflict of interest shall not:

- i.be present at or participate in deliberations or voting relating to the matter giving rise to such conflict. However, the Board or authorized committee may request that the person with the conflict of interest present information as background or answer questions before the deliberations and voting on the matter; or
- ii.improperly influence or attempt to influence the deliberations or voting relating to the matter giving rise to such conflict.

### Transactions with related parties

| Related party                                     | Relationship with the Company  | Transaction type  | Period / type of interest                                  | Value (Saudi Riyal) |
|---|--|---|--|---------------------|
| Head office lease contract paid to Hamad Al-Saqri | The land is owned by a member of the Board of Directors and a major shareholder, Mr. Hamad Al-Saqri  | Land leasing - this deal was made on commercial grounds without preferential terms                    | Fiscal year 2021 / A direct interest                       | 2,487,123           |
| Al-Saqri Group                                    | The company is owned by a member of the board of directors and a major shareholder, Mr. Hamad Al-Saqri, and Ms. Hessah bint Hamad Al Sagri has indirect interest as he is a relative (doghter of Mr. Hamad). Mr. Ali bin Hamad Al Sagri has an indirect indirect interest as he is the vice chairman of the Al Sagri group's board of directors. | Corporate Sales Contract - This transaction was made on commercial grounds without preferential terms | Fiscal year 2021 /A direct interest & an Indirect interest | 197,831             |

# Corporate Governance (Continued)

## Board of Directors' disclosures

### Leejam (Fitness Time) Board of Directors acknowledges that:

- Accounting records have been prepared properly
- The internal control system is based on sound fundamentals and is executed effectively
- The Board has no doubts as to the Company's ability to continue its activities
- The external Auditor provided their opinion without any reservations on the Consolidated Financial Statements for 2021
- The Board of Directors did not recommend the replacement of the external Auditor before the end of their Contract
- Consolidated Financial Statements for year ended 31st December 2021 were prepared in accordance with the International Financial Reporting Standards approved in Saudi Arabia
- The Company does not keep treasury shares
- There are no arrangements or agreements under which any waiver is made as to the remunerations of any Board member or Senior Executives in the Company
- There are no arrangements or agreements under which any Shareholder waives any dividend rights
- There are no debt instruments for the Company, and no interests, contractual documents or subscription rights owned by Senior Executives or their relatives in its shares or any of its subsidiaries
- The Company does not have any investments or reserves created for the interest of its employees
- There are no segments or numbers of any transferable debt instruments, securities or subscription rights memos, or any similar rights issued or granted by the Company during the fiscal year
- There has been no refund, purchase or cancellation of any refundable debt instruments by the Company
- There is no difference from the approved accounting standards followed by the Saudi Organization of Chartered Public Accountants
- There are no voting shares held by individuals (other than the Board members, Senior Executives and their relatives) who informed the Company of such rights under article (45) of the Registration and Listing Rules

## Outcomes of the annual audit of the Company's internal control processes

Leejam Company has duly considered the corporate governance requirements as stipulated in Capital Market Authority (CMA) regulations Leejam in the formation of the Audit Committee for its composition and its direct association with the Board of Directors. The Audit Committee is primarily responsible for reviewing Internal audit reports and Company's financial statements, supervising the work of internal audit department, external auditors and overseeing over matters of financial and non-financial compliance. The Audit Committee held six meetings during the year 2021.

## Significant Activities of the Audit Committee

### The Audit Committee carried out the following significant work during the year 2021:

- Reviewing and approving the Internal Audit plan for the year, recommending the Board of Directors to approve Internal Audit budget for the year, and verifying the availability of necessary resources to ensure the completion of its work.
- Supervising the Internal Audit department and following up on the implementation of its internal audit plan.
- Discussing and following up on the Internal Audit reports issued during the year and the progress of implementation of the recommendations by the respective departments.
- Evaluating the proposals submitted by external auditors and recommend the appointment of an external auditor.
- Supervising the work of external auditors, meeting with them on a regular basis, and ensuring their independence, objectivity, and fairness in reporting.
- Reviewing the annual and quarterly financial statements and submitting its recommendations to the Board of Directors.
- Reviewing the "management letter" issued by the external auditors and ensuring implementation of the recommendations emanating from it.
- Ensuring necessary arrangements are provided for company stakeholders (including employees) to report their concerns through a whistleblowing mechanism in strict confidence and ensuring those concerns are investigated with objectivity and fairness.
- Supervising various consulting engagements conducted by Internal Audit department to add business value and facilitate management in improving their governance, internal controls, risk management, and compliance activities.

## Internal Control System

The internal control system aims to ensure the effective and efficient achievement of company's objectives and includes the issuance of reliable financial reports; compliance with regulations, policies and procedures; and managing potential risks to reduce the effects of risks on achieving the company's objectives.

The internal control system also plays a key role in preventing and detecting fraud, protecting company assets, and managing the Company's resources. The company is responsible for preparing a comprehensive and effective control system commensurate with the level of risks that the company may be exposed to and at a reasonable cost, in order to give reasonable assurances to avoid fundamental errors and losses that may result from them.

The Audit Committee continuously reviews the periodic reports prepared by the internal and external auditors and based on the Internal Audit reports issued as per approved internal audit plan, the company's control system has achieved considerable improvements during the year. The company will continue under the supervision of the Audit Committee's evaluation and periodic review of its control system in order to ensure the achievement of internal control objectives on improving efficiency and effectiveness of operations, while complying with all relevant laws and regulations.

# Corporate Governance (Continued)

## Provisions that were not implemented from the Corporate Governance Regulations and reasons for non-implementation

The Company applies all provisions of Corporate Governance Regulations issued by the CMA, except the following provisions:

| Article | Provision  | Article / Provision  | Reasons for non-implementation   |
|---------|------------|--|--|
| 25      | 8          | Developing succession plans for the management of the Company  | The Company is developing succession plans & policies in line with this guiding article. |
| 30      | 8          | Participating in developing the succession and replacement plans of executive positions within the Company   | The Company is developing succession plans & policies in line with this guiding article. |
| 39      | 1 and 2    | <p>1-The Company shall pay adequate attention to the training and preparation of the Board members and the Executive Management, and shall develop the necessary programmes required for the same, taking the following into account:</p> <p>1) preparing programmes for the recently appointed Board members and Executive Management to familiarise them with the progress of the Company's business and activities, particularly the following:</p> <p>a. the strategy and objectives of the Company;</p> <p>b. the financial and operational aspects of the Company's activities;</p> <p>c. the obligations of the Board members and their duties, responsibilities and rights;</p> <p>d. the duties and competencies of the committees of the Board.</p> <p>2) Developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company</p> | The Company is developing policies and procedures in line with this guiding article.     |
| 41      | a, b, c, d | A. The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees, and the Executive Management, using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others. This is provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.  | The Company is developing policies and procedures in line with this guiding article.     |

| Article | Provision | Article / provision  | Reasons for non-implementation  |
|---------|-----------|--|---|
|         |           | B. The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and parties concerned with the assessment. 6 Guiding Article 7 Guiding Article 30.   |   |
|         |           | C. The performance assessment shall entail an assessment of the skills and experiences of the Board, identification of the weaknesses and strengths of the Board and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board. The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general. |   |
| 41      |           | d. The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities, including attending the Board and its committees' meetings and dedicating adequate time thereof.   |   |
|         |           | e. The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.   |   |
|         |           | f. Non-Executive Directors shall carry out a periodic assessment of the performance of the chairman of the Board after getting the opinions of the Executive Directors, without the presence of the chairman of the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.   |   |
| 93      | b         | The disclosures in this article and in the Board report shall be pursuant to the appended schedule   | Leejam Sports Company is attracting competencies in the Fitness & operational management of gyms & Fitness Centers, which are among the rare specialties in the Saudi labor market. The Company did not disclose, in a detailed form, the remuneration of senior executives (as in Appendix 1 of the Corporate Governance Regulations) to protect the interests of the Company and shareholders from expected losses from leaking competencies, as Leejam Sports Company is the only Company, in the field of establishing and managing Fitness clubs & gyms, listed in the Saudi Stock Exchange. |

