



Al Sagr Cooperative Insurance Company is a Saudi public joint stock company, incorporated pursuant to the Royal Decree No. (M/11) dated 16/02/1428H (corresponding to 06/03/2007G) and Ministerial Resolution No. (63) dated 15/02/1428H (corresponding to 05/03/2007G) and the License No. (TMN/13/20083) issued by the Saudi Central Bank License dated 23/03/1429H (corresponding to 31/03/2008G) to carry out insurance activity in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations.

The Company is registered before the commercial register in Al-Khobar under No. (2051036871) dated 22/03/1429H (corresponding to 30/03/2008G).

Offering sixteen million (16,000,000) ordinary shares at an Offer Price of ten (10) Saudi Riyals per share through a Rights Issue with a total value of one hundred sixty million (160,000,000) Saudi Riyals, representing an increase by approximately (114.29%) of the Company's current capital, bringing the Company's capital after the Rights Issue to three hundred million (300,000,000) Saudi Riyals, divided into thirty million (30,000,000) ordinary shares.

 **Trading Period** starting on Tuesday 26/12/1445H (corresponding to 02/07/2024G) and ending on Tuesday 03/01/1446H (corresponding to 09/07/2024G)

 **Subscription Period** starting on Tuesday 26/12/1445H (corresponding to 02/07/2024G) and ending on Sunday 08/01/1446H (corresponding to 14/07/2024G)

Al Sagr Cooperative Insurance Company (hereinafter referred to as the "Company" or "Al Sagr"), is a Saudi public joint stock company incorporated pursuant to the Royal Decree No. (M/11) dated 16/02/1428H (corresponding to 06/03/2007G) and Ministerial Resolution No. (63) dated 15/02/1428H (corresponding to 05/03/2007G) and the License No. (TMN/13/20083) dated 23/03/1429H (corresponding to 31/03/2008G) issued by the Saudi Central Bank to carry out insurance activity in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations. The Company is registered before the commercial register in Al-Khobar under No. (2051036871) dated 22/03/1429H (corresponding to 30/03/2008G). The Company's capital upon incorporation amounted to two hundred million (200,000,000) Saudi Riyals, divided into twenty million (20,000,000) shares at a nominal value of ten (10) Saudi Riyals per share. The Company's head office is located in Al-Khobar, first floor, ATCO Building, King Khaled Street, Postal Code: Al-Khobar 31952, P.O Box 3501.

The current Capital of the Company is one hundred and forty million (140,000,000) Saudi Riyals divided into fourteen million (14,000,000) ordinary shares at a nominal value of ten (10) Saudi Riyals per share, all of which are fully paid shares (hereinafter referred to as the "Existing Shares"). The Substantial Shareholders who own more than 5% of the Company's shares, are represented by one shareholder which is Al Sagr National Insurance Company (an Emirati public joint stock company), owning (26%) of the Company's shares. On 28/02/1445H (corresponding to 13/09/2023G), the Board of Directors recommended to increase the Company's capital through a Rights Issue with a total value of one hundred and sixty million (160,000,000) Saudi Riyals to comply with the minimum required capital for insurance companies and to support the Company's future plans, and enhance its financial solvency margin which is subject to the approval of the Saudi Central Bank, the Capital Market Authority (hereinafter referred to as the "Authority" or the "CMA") and the Saudi Tadawul Group, in addition to the approval of the Extraordinary General Assembly ("EGA"). The Company has obtained the non-objection of the Insurance Authority with respect to the capital increase pursuant to letter No. (23-134) dated 26/05/1445H (corresponding to 10/12/2023G).

On Wednesday 20/12/1445H (corresponding to 26/06/2024G), the Extraordinary General Assembly approved the Company's capital increase through a Rights Issue provided that it consists of offering sixteen million (16,000,000) new ordinary shares (hereinafter referred to as "Rights Issue Shares" or "New Shares") at an offer price of ten (10) Saudi Riyals per share (hereinafter referred to as the "Offer Price") and with a nominal value of ten (10) Saudi Riyals, in order to increase the Company's capital after the completion of the subscription process from one hundred and forty million (140,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals, i.e., an increase of approximately (114.29%) of the Company's current capital.

The Rights Issue will comprise tradable securities (collectively referred to as "Rights" and each as "Right"), to shareholders, as at the close of trading on the date of the EGA held for the capital increase, and who are registered in the Company's shareholders register at the Depository Center at the end of the second trading day following the day of the EGA meeting approving the capital increase on Wednesday 20/12/1445H (corresponding to 26/06/2024G) (hereinafter referred to as the "Eligibility Date") (collectively referred to as "Registered Shareholders" and each as "Registered Shareholder"), provided that such Rights will be deposited into the registered shareholders' portfolios following the day of the EGA meeting approving the capital increase and taking into account the settlement procedures with about (1.1429) rights for each (1) share of the Company's shares, and each Right entitles its holder to subscribe to one (1) new share at the Offer Price.

Registered Shareholders and other investors ("New Investors") who may trade in Rights and subscribe to New Shares will be able to trade and subscribe to the Rights Issue in the Saudi Stock Exchange (hereinafter referred to as "Tadawul" or the "Exchange") or they may not take any action regarding their Rights. The Trading Period and Subscription Period shall commence after (3) working days after the EGA meeting approving the capital increase on Tuesday 26/12/1445H (corresponding to 02/07/2024G), provided that the Trading Period ends on Tuesday 03/01/1446H (corresponding to 09/07/2024G) (the "Trading Period") while the subscription period will continue until Sunday 08/01/1446H (corresponding to 14/07/2024G) ("Subscription Period").

It should be noted that the Trading Period and Subscription Period will start on the same day, while the Trading Period continues until the end of the sixth day from the beginning of the period, the Subscription Period will continue until the end of the ninth day from the beginning of the same period.

Registered Shareholders will be able to trade the Rights during the Trading Period, by selling the acquired Rights or part thereof, or purchasing additional Rights through the Saudi Stock Exchange. They have also the option not to take any action regarding their shares. New Investors will be able, during the Trading Period, to purchase Rights through the Exchange and sell the purchased Rights during the Trading Period.

Subscription to New Shares will be available during the Subscription Period at one phase as follows:

1. During such period, all Registered Shareholders and New Investors are entitled to subscribe to the New Shares.
2. The Registered Shareholder may during the Subscription Period directly subscribe for the New Shares prorated to its own shares. In case the Registered Shareholder purchases new rights, he or she will be allowed to subscribe for them after the end of the settlement period (two business days).
3. The New Investors are entitled to subscribe to the New Shares after the end of the settlement period (two business days).
4. Subscription will be available electronically through the investment portfolio on the trading platforms and applications through which sale and purchase orders are entered, in addition to subscription through other channels and means available to the agent.

In the event that Shares remain unsubscribed after the end of the Subscription Period (the "Rump Shares"), they will be offered to a number of institutional investors (hereinafter referred to as "Institutional Investors") (this Offering is referred to as the "Rump Offering") and the price at which these shares are offered as "Rump Offering Price". These institutional investors can submit purchase offers for the Rump Shares provided that the quoted price by any of the Institutional Investors doesn't fall below the Offer Price. Offers will be accepted starting (10:00) am on Wednesday 11/01/1446H (corresponding to 17/07/2024G) until (5:00) pm on Thursday 12/01/1446H (corresponding to 18/07/2024G) ("Rump Offering Period"). Rump shares will be allocated to the Institutional Investors with the highest bid, to the lowest allocated (provided that the price isn't below the Offer Price) provided that Rump Shares are proportionally allocated among Institutional Investors that tendered offers at the same price. As for the fractional shares (if any), they will be added to the Rump Shares and treated the same way. All proceeds resulting from the Rump Offering shall be allocated to the Company and the rest of the proceeds and fractional shares (if any) will be distributed (in excess of the Offer Price, if

any) without any fees or deductions, among the eligible persons who have not exercised their right to subscribe in whole or in part, as well as those entitled to fractional shares, each according to what he is entitled to no later than Monday 15/02/1446H (corresponding to 19/08/2024G).

In the event that Institutional Investors have not subscribed for all the Rump Shares and fractional shares (if any), then such shares shall be allocated to the Underwriter who will purchase them at the Offer Price (for more information, kindly refer to Section 12 "Information Related to Shares and Terms and Conditions of the Offering"). The final allocation process will be announced no later than Tuesday 17/01/1446H (corresponding to 23/07/2024G) (Allocation Date) (for more information, please refer to Section 12 "Information Related to Shares and Terms and Conditions of the Offering").

Upon the completion of the Offering and Subscription processes, the Company's share capital becomes three hundred million (300,000,000) Saudi Riyals divided into thirty million (30,000,000) ordinary shares. The net proceeds of the Subscription will be mainly used to support the Company's future plans and to enhance the financial solvency margin (for more information, kindly refer to Section 6) "Use of Offer Proceeds".

The Company's shares are of one class and no share grants its holder any preferential right. The New Shares will be fully paid and rank identically with the Existing Shares. Each share entitles its holder to one vote, and each shareholder (the "Shareholder") has the right to attend the General Assembly's meetings (referred to as the "General Assembly") (whether ordinary or extraordinary) and vote therein. Holders of the New Shares will be entitled to receive their portion of any dividends, (if any), declared by the Company after their issuance date.

On 03/02/1426H (corresponding to 10/02/2008G), all of the Company's shares were registered and listed on the Saudi Exchange with a capital of two hundred million (200,000,000) Saudi Riyals divided into twenty million (20,000,000) shares with a nominal value of ten (10) Saudi Riyals per share. On 26/06/1434H (corresponding to 06/05/2013G), the EGA approved the increase of the Company's capital by an amount of fifty million (50,000,000) Saudi Riyals by granting one bonus share for every (4) outstanding shares, provided that the value of the capital increase is paid by transferring an amount of fifty million (50,000,000) Saudi Riyals from retained earnings. Thus, the Company's capital becomes two hundred and fifty million (250,000,000) Saudi Riyals divided into twenty-five million (25,000,000) shares with a nominal value of ten (10) Saudi Riyals per share, based on the recommendation of the Board of Directors dated on 20/04/1434H (corresponding to 02/03/2013G) and the non-objection of the Saudi Central Bank. On 16/11/1439H (corresponding to 29/07/2018G), the EGA approved the increase of the Company's capital from two hundred and fifty million (250,000,000) Saudi Riyals divided into twenty five million (25,000,000) shares with a nominal value of ten (10) Saudi Riyals per share by an amount of one hundred fifty million (150,000,000) Saudi Riyals by granting (3) bonus shares for every (5) outstanding shares, provided that the capital increase is made by capitalizing the amount of one hundred and fifty million (150,000,000) Saudi Riyals (i.e. the amount of one hundred and nineteen million (119,000,000) Saudi Riyals from the retained earnings account and the amount of thirty-one million (31,000,000) Saudi Riyals from the statutory reserve). Hence, the Company's capital becomes four hundred million (400,000,000) Saudi Riyals divided into forty million (40,000,000) shares with nominal value of (10) Saudi Riyals per share, based on the recommendation of the Board of Directors dated on 14/08/1439H (corresponding to 30/04/2018G) and the non-objection of the Saudi Central Bank. On 05/02/1444H (corresponding to 01/09/2022G), the Board of Directors resolved to recommend to the EGA a capital reduction from four hundred million (400,000,000) Saudi Riyals divided into forty million (40,000,000) shares with a nominal value of ten (10) Saudi Riyals per share to one hundred and forty million (140,000,000) Saudi Riyals divided into fourteen million (14,000,000) Saudi Riyals with a reduction rate of (65%) in order to restructure the Company's capital and extinguish (100%) of the accumulated losses which reached (65%) of the capital, by canceling twenty-six million (26,000,000) of the Company's shares. On 24/02/1444H (corresponding to 20/09/2022G), the Company received the Saudi Central Bank's letter No. (44015739) approving the capital to reduction by two hundred and sixty million (260,000,000) Saudi Riyals, so that the capital becomes one hundred and forty million (140,000,000) Saudi Riyals divided into fourteen million (14,000,000) shares with a nominal value of ten (10) Saudi Riyals per share. The Company then submitted a file to the Capital Market Authority (CMA) to request its approval on the capital reduction on 25/02/1444H (corresponding to 21/09/2022G) which was obtained on 09/03/1444H (corresponding to 05/10/2022G). On 17/03/1444H (corresponding to 13/10/2022G), the EGA also approved the reduction of the Company's capital from four hundred million (400,000,000) Saudi Riyals divided into forty million (40,000,000) shares with a nominal value of ten (10) Saudi Riyals per share to one hundred and forty million (140,000,000) Saudi Riyals divided to fourteen million (14,000,000) shares with a nominal value of ten (10) Saudi Riyals per share, i.e., a reduction of two hundred and sixty million (260,000,000) Saudi Riyals.

The Company's Existing Shares are currently traded on the Saudi Stock Exchange Market ("Saudi Tadawul" or the "Market"). The Company has submitted a request to the Capital Market Authority in the Kingdom of Saudi Arabia (the "CMA" or the "Authority") to register and offer the New Shares and has also submitted a request to the Saudi Stock Exchange Group ("Tadawul") to accept their listing. All the required documents have been submitted, meeting all relevant regulatory requirements and the approvals have been obtained for the offering and listing process including the publications of the present Prospectus.

Trading in New Shares on Tadawul is expected to start upon the final allocation of the New Shares and the refunding of the surplus (for more information, kindly refer to page (xiv) "Key Dates and Subscription Procedures"). Trading in the New Shares will be permitted, upon their registration and listing, to Saudi citizens, non-Saudi nationals holding valid residence permits, GCC nationals (the Cooperation Council), as well as Saudi and GCC companies, banks, institutions, investment funds, and to Foreign Investors that are qualified as per the rules regulating foreign investment in securities. Furthermore, other categories of foreign investors will be entitled to acquire the economic benefits associated with the new shares by entering into swap agreements with persons authorized by the CMA (the "Authorized Persons"), knowing that in such case, the Authorized Person will be the legal owner who register the Shares.

This Prospectus must be read in its entirety and the "Important Notice" section on page (i) and Section (2) "Risk Factors" as provided herein has to be considered carefully prior to making any decision to invest in the Rights or New Shares offered hereunder.

The offering of the new ordinary shares under this Prospectus is contingent on the Shareholders' approval to increase the capital in accordance with the recommendation of the Board of Directors and the Company obtaining regulatory approvals. An invitation to the Extraordinary General Assembly of the Company to approve the increase of the Company's capital by issuing Rights Shares Issue has been published on Tuesday 27/11/1445H (corresponding to 04/06/2024). The Shareholders shall note that if the Shareholders' approval is not obtained for the offering of the increase of the Company's capital by issuing Rights Shares Issue, the issuance of Rights Shares Issue shall be automatically ceased. Thereupon, this Prospectus shall be null and void and Shareholders shall be notified accordingly.

Financial Advisor, Lead Manager and Underwriter



This prospectus includes information provided as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority") and the application for listing of securities in compliance with the Listing Rules of the Saudi Stock Exchange Company. The directors, whose names appear in this prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and the Saudi Stock Exchange Company do not take any responsibility for the contents of this prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus.

This Prospectus is issued on 15/10/1445H (corresponding to 24/04/2024G).

This unofficial English language translation of the official Arabic language Prospectus is provided for information purposes only. The Arabic language Prospectus published on the CMA's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two texts.



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Important Notice

This Prospectus (the “**Prospectus**”) provides detailed information pertaining to Al Sagr Cooperative Insurance Company and the Rights Issue shares offered for subscription. When applying to subscribe for New Shares, investors will be treated on the basis that their applications are based on the information provided in this Prospectus, a copy of which can be obtained from the Company’s headquarters and from the Lead Manager, or by visiting the websites of the Company (www.alsagr.com), the Financial Advisor (www.albilad-capital.com), and the Capital Market Authority (www.cma.org.sa).

This Prospectus will be published and ensured to be available to the public within a period not less than (14) days prior to the date of the EGA’s meeting for the capital increase. In the event that EGA does not approve the capital increase within six (6) months from the date of CMA’s approval on registering and offering the Rights Issue, such approval will be deemed void.

The Company has appointed **Albilad Investment Company “Albilad Capital”** as a financial advisor (“**Financial Advisor**”), lead manager (“**Lead Manager**”), and underwriter (“**Underwriter**”), with respect to the Rights Issue shares’ Offering aiming to increase the Company’s capital pursuant to this Prospectus.

This Prospectus contains information provided according to the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the CMA’s Board pursuant to Resolution No. (3-123-2017), dated 09/04/1439H (corresponding to 27/12/2017G), based on the Capital Market Law issued by Royal Decree No. (M/30), dated 02/06/1424H (corresponding to 31/07/2003G), amended by CMA Board Resolution No. (8-5-2023), and dated 25/06/1444H (corresponding to 18/01/2023G). The Board members, whose names appear on page (iv) of this Prospectus, collectively and individually, bear full responsibility for the accuracy of the information provided in this Prospectus, and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, that there are no other facts, the omission of which would make any statement herein misleading. The CMA and Tadawul do not assume any responsibility for the content of this Prospectus, do not provide any confirmation regarding its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

Despite that the Company has made all reasonable enquiries to ensure the accuracy of information provided in this Prospectus as at its issuance date, a significant part of the information included in this prospectus is derived from external sources. Whereas none of the Company, its Board Directors, Financial Advisor or any of its Advisors whose names appear on pages (vii) and (viii) of this Prospectus have an evident reason to doubt the accuracy of this information, it is important to note that such information has not been independently verified, and no representation is made as to the accuracy and completeness of any of this information.

The information provided in the Prospectus as at the date hereof is subject to amendment. In particular, the actual financial status of the Company and the value of the Offer Shares may be adversely affected by future developments such as inflation, interest rates, taxes, or other economic and political factors or other factors beyond the Company’s control (for more information, kindly refer to Section 2 “**Risk Factors**” of this Prospectus). Neither the delivery of this Prospectus nor any oral, written information or printed interaction in relation to the Offer Shares is intended to be, nor should be construed as or relied upon in any way as, a promise or a confirmation on future earnings, results or events.

This Prospectus may not be considered as a recommendation from the Company or its Board members or any of the Company’s Advisors in the process for subscription of Rights Issue. Moreover, the information provided in this Prospectus is of a general nature and prepared without taking into account individual investment objectives, financial situation or special investment needs. Each recipient of this Prospectus, prior to making an investment decision, has to obtain professional advice from a financial advisor licensed by the CMA regarding the Subscription in order to assess the suitability of this investment and the information provided in this Prospectus with respect to his objectives, conditions and financial needs.

Registered Shareholders and other investors - “**New Investors**” - who may trade rights and subscribe to new shares - will be able to trade and subscribe to rights shares on the Saudi Tadawul “**Tadawul**” or “**Market**”. The Trading Period and the Subscription Period begin three (3) days after the approval of the Extraordinary General Assembly, which includes the approval of the capital increase, on Tuesday 26/12/1445H (corresponding to 02/07/2024G), and the trading period ends. On the day Tuesday 03/01/1446H (corresponding to 09/07/2024G) “**Trading Period**”, while the subscription period continues until the end of the day Sunday 08/01/1446H (corresponding to 14/07/2024G) “**Subscription Period**”.

It should be noted that the Trading Period and the Subscription Period will begin on the same day, the Trading Period will continue until the end of the sixth day from the beginning of the period, while the Subscription Period will continue until the end of the ninth day from the beginning of the same period.

The Registered Shareholders will be able to trade the Rights Issue during the Trading Period, by selling acquired Rights or part thereof or buying additional Rights through the Exchange. New Investors will also be able to buy and sell Rights through the Exchange or subscribe to them during the Trading Period.

Subscription to the New Shares will be available during the Subscription Period at one phase as follows:

1. During such period, all Registered Shareholders and New Investors are entitled to subscribe to the New Shares.
2. The Registered Shareholder may during the Subscription Period directly subscribe for the New Shares prorated to its own shares. In case the Registered Shareholder purchases new rights, he or she will be allowed to subscribe for them after the end of the settlement period (two business days).
3. The New Investors are entitled to subscribe to the New Shares after the end of the settlement period (two business days).
4. Subscription will be available electronically through the investment portfolio on the trading platforms and applications through which sale and purchase orders are entered, in addition to subscription through other channels and means available to the agent.

In the event that any shares remain unsubscribed after the Subscription Period (the “**Rump Shares**”), these shares will be offered to a number of institutional investors (“**Institutional Investors**”); (this offering is referred to as the “**Rump offering**”).

Institutional Investors shall submit their offers to purchase Rump Shares. Receipt of such offers will start at [10] AM on Wednesday 11/01/1446H (corresponding to 17/07/2024G) until [5] PM on Thursday 12/01/1446H (corresponding to 18/07/2024G) (the “**Rump Offering Period**”). Rump Shares will be allocated to the Institutional Investors with the highest bid, to the lowest (provided that it is not below the Offer Price). These shares will be allocated on a pro rata basis (proportionally) to the Institutional Investors submitting the same offer.

As for fractional shares, they will be added to the Rump Shares and be treated similarly, and the total Offer Price of the Rump Shares will be paid to the Company and the remaining of the proceeds from the sale of those Rump Shares (exceeding the Offer Price, if any) will be distributed, without any fees or deductions, to the Eligible Persons, each according to what he may be entitled to no later than Monday 15/02/1446H (corresponding to 19/08/2024G). In the event that Institutional Investors have not subscribed to all the Rump Shares and Fractional Shares, Rump Shares will be allocated to the Underwriter who will purchase them at the Offer Price (for more information, kindly refer to Section 12 “**Information Related to Shares and Terms and Conditions of the Offering**”). The final allocation of the New Shares will be announced no later than Tuesday 17/01/1446H (corresponding 23/07/2024G) (the “**Allocation Date**”) (for more information, kindly refer to Section 12 “**Information Related to Shares and Terms and Conditions of the Offering**”).

The offering of Rights issue Shares by means of this Prospectus is subject to the approval of shareholders, and the issuance of such shares has been approved by the EGA of the Company held on Wednesday 20/12/1445H (corresponding to 26/06/2024G).

The convening quorum of the EGA meeting requires the presence of shareholders representing at least half of the Company’s capital. If the required quorum is not met then either: (1) A call for a second meeting shall be sent and the invitation for the General Assembly published at least twenty-one (21) days prior the meeting date along with the agenda. The invitation may be sent to all shareholders through registered letters only; Or (2) the second meeting shall be held one hour after the expiration of the specified period for the first meeting, provided that the invitation for the first meeting indicates the possibility of holding this meeting. The second meeting will be valid if attended by shareholders representing at least a quarter of the capital. If the required quorum is still not met in the second meeting, an invitation will be sent for a third meeting to be held under the same conditions, and the third meeting will be valid regardless the number of shares represented therein, upon the approval of competent authorities. Recipients of this Prospectus must also be aware of all legal and regulatory restrictions related to this Subscription and sale of New Shares, and must comply with them.

Sector and Market information

The information and data related to Saudi economy, the insurance sector, and market data provided in this Prospectus have been obtained from various sources. While there is no reason to believe that this information lacks accuracy fundamentally, the Board members, Shareholders and Advisors have not independently verified the accuracy of such information and data. Consequently, a clear affirmation regarding the accuracy and completeness of this information cannot be provided.

Financial Information

The audited financial statements for the year ended on December 31, 2020G were audited by PricewaterhouseCoopers (PwC) Certified Public Accountants and Ibrahim Ahmed Al Bassam & Co. Certified Public Accountants. As for the audited financial statements for the years ended on December 31, 2021G and 2022G and the interim condensed financial information for the nine-month period ending on September 30, 2023G (unaudited), they have been prepared by PricewaterhouseCoopers (PwC) Certified Public Accountants and Al-Kharashi & Co. Certified Accountants and Auditors. The financial statements for the fiscal years 2020G, 2021G, and 2022G, the interim condensed financial information for the nine-month period ending on September 30, 2023G, and the notes attached thereto have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the Kingdom of Saudi Arabia and other standards adopted by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The Company issues its financial statements in Saudi Riyals. Some financial and statistical information provided in this Prospectus has been rounded off to the nearest integer. Therefore, if figures contained in the tables are added up, their total may not match with those mentioned in the Prospectus.

Forecasts and Forward-Looking Statements

The forecasts set forth in this Prospectus have been prepared on the basis of specific and declared assumptions and future operating conditions may differ from the assumptions used. Therefore, no affirmation or guarantee can be made with respect to the accuracy or completeness of any of these forecasts. Some of the forecasts in this Prospectus are "forward-looking statements." Such forecasts can generally be identified by the use of words such as "plans," "determines," "intends," "estimates," "expects," "is expected," "may," "possibly," "will," "would be" or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. Many factors can impact the actual performance, achievements or results of the Company and lead to significantly differences from what was explicitly or implicitly expressed in the mentioned forward-looking statement. Some of the risks and factors that may lead to such impact are detailed in Section (2) of this Prospectus. Should any one or more of these risk factors or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, the Company's actual results may vary substantially from those described in this Prospectus.

In compliance with the requirements of article (49) of the Rules on the Offer of Securities and Continuing Obligations, the Company commits to submit a supplementary Prospectus to the Capital Market Authority if at any time after the publication of this Prospectus and before the completion of the offering, the Company becomes aware that: (1) there has been a significant change in material matters contained in the Prospectus or; (2) additional significant matters have become known which would have been required to be included in the Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or amend any information provided in this Prospectus, pertaining to the industry, market, forward-looking statements whether as a result of new information, future events or otherwise. As a result of the foregoing and other risks, uncertainties and assumptions, expectations for future events and circumstances set out in this Prospectus may not occur as expected by the Company or may not occur at all. Eligible Persons should examine all forward-looking statements in the light of these explanations and not rely primarily on these forward-looking statements.

Company's Directory

Board of Directors (BOD) – Current Session*												
No.	Name	Position	Nationality	Age	Membership Status		Date of Appointment	Representation	Direct Ownership		Indirect Ownership	
					Independent / non-independent	Executive / non-executive			Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage
1.	Saud Saleh Alarifi	Chairman of the Board	Saudi	69	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	-	-	-	-
2.	Naif Rashed Alarfaj	Vice Chairman of the Board	Saudi	34	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	-	-	-	-
3.	Sultan Abdulaziz Alsuwaidi	Board Member	Saudi	34	Non-Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Al Sagr National Insurance Company	-	-	-	-
4.	Yasser Mohammed Alharbi	Managing Director	Saudi	53	Non-Independent	Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	1,000	0.0071429%	-	-
5.	Abdel Muhsen NafezJaber	Board Member	Canadian	51	Non-Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Al Sagr National Insurance Company	-	-	-	-
6.	Abdullah Sulaiman Alhendi	Board Member	Saudi	44	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	-	-	-	-
7.	Mohamed Abdulaziz Alnuaim	Board Member	Saudi	72	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	100	0.0007143%	-	-
8.	Sami Ahmed Albabtin	Board Member	Saudi	36	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	-	-	-	-
9.	Ahmed Khader Albaqshi	Board Member	Saudi	32	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	-	-	-	-

Source: The Company

* On 08/05/1445H (corresponding to 22/11/2023G), the Ordinary General Assembly approved the election of the Board members for the current session, starting from 09/05/1445H (corresponding to 23/11/2023G) for a period of three (3) years ending on 12/06/1448H (corresponding to 22/11/2026G). On 11/06/1445H (corresponding to 24/12/2023G), the Board of Directors resolved to appoint Mr. Saud Saleh Alarifi as Chairman of the Board of Directors and Mr. Naif Rashed Alarfaj as Vice Chairman. The Company obtained the no objection of the Insurance Authority on 11/06/1445H (corresponding to 24/12/2023G).

The Company is in compliance with the Companies Law and the Corporate Governance Regulations issued by the Board of Directors of the Capital Market Authority and the Corporate Governance Regulations for Insurance Companies issued by the Saudi Central Bank with regard to the composition of the Board of Directors, as the Company's Bylaws stipulates that the Company shall be managed by nine (9) Board members elected by the Ordinary General Assembly for a period not exceeding three (3) years. The Company is also in compliance with provisions of Article (16) of the Corporate Governance Regulations, which states that the majority of the Board members shall be nonexecutive members and that independent members shall not be less than two or shall constitute one-third of the Board members (whichever is more). Therefore, the Company is in compliance with Clause (54) of the Insurance Companies Governance Regulations, so its Board of Directors currently consists of nine (9) members, including (6) non-executive independent members.

It should be noted that the issues affecting the independence according to the Insurance Corporate Governance Regulations, include the following:

- (1) Being a significant shareholder in the Company or in a related company, working for or representing a significant shareholder.
- (2) Being a member of the Board in a related company or one of its subsidiaries, or having been one during the past two years.
- (3) Being a member of the Board of the Company for more than nine years.
- (4) Holding Senior Management position in the Company, or in a related company, or having held one during the past two years.
- (5) Being an employee with the Company, with a related company, or with a company that provides services to the Company (e.g., external auditors, consulting firms, etc.), or having worked with anyone of the above during the past two years.
- (6) Being a related person of a member of the Board or senior management of the Company or of a related company.
- (7) Having a contractual or business relationship with the Company (either directly or through an entity in which he or she is a significant shareholder, a board member, or a manager) which resulted in paying to, or receiving from, the Company the equivalent of two hundred and fifty thousand (250,000) Saudi riyal or more (other than his remuneration as a director of the Board and amounts related to insurance contracts) during the past two (2) years.
- (8) Being under any financial obligation towards the Company or any members of its Board or senior management that might limit the exercise of independence in judgment and decision making.

Issues affecting the independence mentioned in the Corporate Governance Regulations issued by the Board of the Capital Market Authority are also enumerated for example:

- (1) if he holds (5%) or more of the shares of the Company or any other company within its group; or is a relative of who owns such percentages.
- (2) if he is a relative of any member of the Board of the Company, or any other company within the Company's group.
- (3) if he is a relative of any Senior Executive of the Company, or of any other company within the Company's group.
- (4) if he is a Board member of any company within the group of the Company for which which he is nominated to be a board member.

- (5) if he is an employee or used to be an employee, during the preceding two years, of the Company or a company within its group, or if he held a controlling interest in the Company or any party dealing with the Company or any company within its group, such as external auditors or main suppliers during the preceding two years.
- (6) if he has a direct or indirect interest in the businesses and contracts executed for the Company's account.
- (7) if the member of the Board receives financial consideration from the Company in addition to the remuneration for his membership of the Board or any of its committees exceeding an amount of (SAR 200,000) or (50%) of his remuneration of the last year for the membership of the board or any of its committees, whichever is less.
- (8) if he engages in a business where he competes with the Company, or conducting businesses in any of the company's activities.
- (9) if he served for more than nine years, consecutive or inconsecutive, as a Board member of the Company (such became mandatory starting from the session of the Board of Directors of the listed joint-stock company that will be after 01/01/2019G).

Company's Address and Representatives

Company Address

Al Sagr Cooperative Insurance Company
Dammam area, first floor, ATCO building,
King Khalid Street, Postal Code: Al Khobar 31952, P.O. box 3501,
Kingdom of Saudi Arabia
Phone Number: 920001043
Fax Number: 00966 (13) 8302296
Website: www.alsagr.com
E-mail: info@alsagr.com



Company's First Authorized Representative	Company's Second Authorized Representative
Name: Yasser Mohammed Alharbi	Name: Saud Saleh Ibrahim Alarifi
Position: Managing Director	Position: Chairman of the Board of Directors
Address: Riyadh P.O. Box. 27045 Code 11417	Address: Riyadh P.O. Box. 300563 Code 11372
Phone number: 00966 (13) 8369555 (Ext: 777)	Phone number: 00966 (13) 8369555 (Ext: 1001)
Fax number: 00966 (13) 8302296	Fax number: 00966 (13) 8302296
E-mail: MD@alsagr.com	E-mail: Ebanking12023@alsagr.com
Website: www.alsagr.com	

Stock Market

Saudi Exchange (Tadawul)
King Fahd Road - Olaya 6897
Unit No.: 15
Riyadh 3388-12211
Kingdom of Saudi Arabia
Phone: +966 (11) 920001919
Fax: +966 (11) 2189133
Website: www.saudiexchange.sa
E-mail: csc@saudiexchange.sa



Advisors

Financial Advisor, Lead Manager and Underwriter

Al Bilad Capital

Riyadh - Olaya district
King Fahd Road - P.O. Box 140, Riyadh 11411
Kingdom of Saudi Arabia
Phone Number: +966 (11) 920003636
Fax: +966 (11) 2906299
Website: www.albilad-capital.com
E-mail: investmentbanking@albilad-capital.com



Legal Advisor

KLA & Company (Khaligyoun Legal Advisors)

Tower M7 - Eighth Floor
As Sahafah district - King Fahd Road -
P.O. Box 6118, Riyadh 11321
Kingdom of Saudi Arabia
Phone Number: +966 (11) 2637458
Website: www.klafirm.com
E-mail: info@klafirm.com



Auditors

The Company's Auditor for the fiscal years ended on December 31, 2020G, 2021G and 2022G,
and the financial period ending on September 30, 2023G

Price Waterhouse Chartered Accountants

Al Hugayet Tower – P.O. Box 467
Dhahran Airport 31932
Kingdom of Saudi Arabia
Phone Number: +966 (13) 8496311
Fax: +966 13 8496281
Website: www.pwc.com/middle-east
E-mail: ali.basri@pwc.com



The Company's Auditor for the fiscal year ending on December 31, 2020G

Ibrahim Ahmed Al Bassam & Co. Certified Public Accountants

Building No. 4217 - Tahlia Street
Sulaymaniyah Center - P.O. Box 69658
Riyadh, Kingdom of Saudi Arabia
Phone Number: +966 (11) 2065333
Fax: +966 (11) 0265444
Website: www.pkfbassam.com
E-mail: info.sa@pkf.com



The Company's Auditor for the fiscal year ending on December 31, 2021G and 2022G, and the financial period ending on September 30, 2023G

AlKharashi & Co. Certified Accountants and Auditors

7425 – Sahab Tower
Al-Takhasosi Street - Riyadh
Kingdom of Saudi Arabia
Phone Number: +966 9200 28229
Fax: +966 (11) 477 4924
Website: www.mazars.sa
E-mail: general@alkharashicaa.com



Actuarial Consultant

Actuarial Consultant for the Year 2023G

Badri Management Consultancy (Global Actuarial Consulting Firm)

Office 36 - King Abdul Aziz Road
Al Rabie District - Riyadh 13315
Kingdom of Saudi Arabia
Phone Number: 011 232 4112
Website: www.badriconsultancy.com
E-mail: info@badriconsultancy.com



Actuarial Consultant for the Years 2021G and 2022G

United Co. for Actuarial Services (CAIS)

Riyadh, Al Rabie District, Prince Mohammed bin Salman Road
Kingdom of Saudi Arabia
Phone Number: 011 2005784
Website: www.cais.com.sa
E-mail: info@cais.com.sa



Actuarial Advisor for the year 2020G

SHMA CONSULTING

AU-23-E Gold Tower
(AU) Plot No. JLT-PH1-I3 – Jumeirah Lakes Towers
P.O. Box 338526 - Dubai
The United Arab Emirates
Website: www.shmaconsulting.com
E-mail: info@shmaconsulting.com



Note: All of the aforementioned Advisors/auditors have given and not withdrawn, as of the date of this Prospectus, their written consent to the publication of their names, logos and statements as set forth in this Prospectus. Neither the Advisors nor the auditors or any of their employees or relatives hold any shares or any interest of any kind in the Company as of the date of this Prospectus.

Offer Summary

This offering summary is intended to provide a brief overview of the information provided in this Prospectus. Therefore, this summary does not contain all information that may be of interest to shareholders and other institutional and individual investors, therefore the offering summary information is not sufficient to make an investment decision. Accordingly, recipients of this Prospectus will have to entirely read it before making their decision whether to subscribe to shares or trade in rights issue shares. On a special note, it is deemed necessary to comply with the provisions of section (2) “**Risk Factors**” of this Prospectus.

Below is a summary of the Offering:

Issuer’s Name, Description and Information of its Incorporation	Al Sagr Cooperative Insurance Company is a Saudi public joint stock company, established pursuant to the Royal Decree No. (M/11) dated 16/02/1428H (corresponding to 06/03/2007G) and Ministerial Resolution No. (63) dated 15/02/1428H (corresponding to 03 /05/2007G) and the License No. (TMN/13/20083) dated 23/03/1429H (corresponding to 31/03/2008G) issued by the Saudi Central Bank to carry out insurance activity in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations. The Company is registered before the commercial register in Al-Khobar under No. (2051036871) dated 22/03/1429H (corresponding to 30/03/2008G) (for more information about the Company and its establishment, kindly refer to Section 3 “ Company Overview and Nature of Business ”)				
Issuer’s Business Activities	The Company’s activities, according to the Commercial Registration Certificate are: health insurance, general insurance. According to Article (3) of the Bylaws, the Company carries out cooperative insurance business and all related activities to, including reinsurance, agencies, representation, correspondence, or mediation. The Company may also carry out all works deemed necessary to achieve its purposes, whether in the field of insurance or investment of its funds, and to own and move fixed and cash assets, sells, exchanges, or leases them directly or through other companies it establishes or purchases with other parties. The Company carries out its activities in accordance with the Cooperative Insurance Companies Control Law and its Implementing Regulations, the provisions issued by SAMA, as well as the regulations and rules in effect in the Kingdom of Saudi Arabia after obtaining the necessary licenses from the competent authorities, if any.				
Founding Shareholders	Founding Shareholders	Nationality	Number of Shares	Book Value	Ownership Percentage
	Al Sagr National Insurance Company	Emirati	5,200,000	52,000,000	26.00%
	Redland Industrial Services (Arabia) Ltd (RISAL)	Saudi	1,000,000	10,000,000	5.00%
	Abdullah Rashid AL Rashid & Sons Company	Saudi	1,000,000	10,000,000	5.00%
	Mahmoud Mohamed Nashar Holding Company	Saudi	600,000	6,000,000	3.00%
	Al Turki Medical Group Company	Saudi	600,000	6,000,000	3.00%
	Khaled Al-Falih Abdulaziz Al-Sadoun	Saudi	400,000	4,000,000	2.00%
	Abdulrahman Hassan Abbas Sharbatly	Saudi	400,000	4,000,000	2.00%
	Alfanar Company	Saudi	400,000	4,000,000	2.00%
	Al Mozoan Architectural Contracting Group owned by Faisal bin Saud bin Mohammed Al Saud	Saudi	400,000	4,000,000	2.00%
	Amwal Al Khaleej for Maritime Investment Company	Saudi	400,000	4,000,000	2.00%
	Khaled Abdul Latif Al Fawzan	Saudi	220,000	2,200,000	1.10%
	Sumam Trading Est owned by Abdulaziz Ahmed Mohammed Zaidan	Saudi	200,000	2,000,000	1.00%
	The Saudi Trading and Maintenance Services Corporation owned by Nabil Ahmed Akbar Ali Reda	Saudi	200,000	2,000,000	1.00%
	Abdul Latif Ahmed Al Fawzan & Sons Co.	Saudi	180,000	1,800,000	0.90%
	Shihab Fahd Hasan Shobokshi	Saudi	136,000	1,360,000	0.68%
	Shadi Fahd Hasan Shobokshi	Saudi	132,000	1,320,000	0.66%
	Shaima Fahd Hasan Shobokshi	Saudi	132,000	1,320,000	0.66%
	Total Founding Shareholders		11,600,000	116,000,000	58.00%
	The Public		8,400,000	84,000,000	42.00%
	Total		20,000,000	200,000,000	100.00%
Substantial Shareholders, the number of their shares and their ownership percentages before the Offering	Shareholders whose ownership percentage exceeds (5%) of the Company’s shares. As of the date of this Prospectus, the Company has one substantial shareholder which is Al Sagr National Insurance Company (an Emirati public joint stock company), which owns three million six hundred and forty thousand (3,640,000) shares that represent (26%) of the Company’s shares.				

The Public	Means in the Rules of the Offering of Securities and Continuing Obligations, persons other than the following: <ol style="list-style-type: none"> Affiliates of the issuer; Substantial shareholders of the issuer; Directors and senior executives of the issuer; Directors and senior executives of the issuer's affiliates; Directors and senior executives of substantial shareholders of the issuer; Any relatives of persons described at (1), (2), (3), (4) or (5) above; Any company controlled by any persons described at (1), (2), (3), (4), (5) or (6) above. Persons acting in concert, with a collective shareholding of (5%) or more of the class of shares to be listed. 																					
Nature of the Offer	Capital increase through the issuance of Rights Shares.																					
Purpose of the issuance of the proposed Rights Shares	The net proceeds from the subscription will be mainly used to support the Company's operations and enhance its financial solvency margin to comply with the solvency margin requirements imposed by the Central Bank on insurance companies operating in the KSA. Such will be done through using the subscription proceeds to (increase the statutory deposit, invest in debt instruments, increase bank deposits, replacing the technical system for insurance and financial operations) (for more information, kindly refer to Section (6) "Use of Offer Proceeds").																					
Total proceeds expected to be Raised and a detailed breakdown and description of the proposed use of the proceeds	<p>Total proceeds from subscription for Rights Shares are expected to reach one hundred and sixty million (160,000,000) Saudi Riyals. After deducting all Offering expenses, the Net Offer Proceeds will be used to support the Company's future plans and enhance its financial margin solvency. Shareholders will not receive any of the Offer Proceeds (for more information, kindly refer to Section (6) "Use of Offer Proceeds").</p> <p>The following table outlines the suggested use of the Offer Proceeds:</p> <table border="1"> <thead> <tr> <th>Statement</th> <th>Value (Million Saudi Riyals)</th> <th>Percentage* of the Total Offer Proceeds (%)</th> </tr> </thead> <tbody> <tr> <td>Increase of Statutory Deposit</td> <td>9</td> <td>5.6%</td> </tr> <tr> <td>Investment in Debt Instruments</td> <td>50</td> <td>31.3%</td> </tr> <tr> <td>Increase of Bank Deposits</td> <td>79</td> <td>49.4%</td> </tr> <tr> <td>Replacement of the Technical System for Insurance and Financial Operations</td> <td>15</td> <td>9.4%</td> </tr> <tr> <td>Estimated Offering Expenses</td> <td>7</td> <td>4.3%</td> </tr> <tr> <td>Total Offer Proceeds</td> <td>160</td> <td>100.0%</td> </tr> </tbody> </table> <p>Source: The Company *These numbers and percentages are approximate.</p>	Statement	Value (Million Saudi Riyals)	Percentage* of the Total Offer Proceeds (%)	Increase of Statutory Deposit	9	5.6%	Investment in Debt Instruments	50	31.3%	Increase of Bank Deposits	79	49.4%	Replacement of the Technical System for Insurance and Financial Operations	15	9.4%	Estimated Offering Expenses	7	4.3%	Total Offer Proceeds	160	100.0%
Statement	Value (Million Saudi Riyals)	Percentage* of the Total Offer Proceeds (%)																				
Increase of Statutory Deposit	9	5.6%																				
Investment in Debt Instruments	50	31.3%																				
Increase of Bank Deposits	79	49.4%																				
Replacement of the Technical System for Insurance and Financial Operations	15	9.4%																				
Estimated Offering Expenses	7	4.3%																				
Total Offer Proceeds	160	100.0%																				
Offering Expenses	It is expected that the Offering Expenses will amount to approximately six million nine hundred and twenty-five thousand (6,925,000) Saudi Riyals covering the fees of: the Financial Advisor, Underwriting Manager, Underwriter, Legal Advisor, Auditors, media and public relations advisor, in addition to the underwriting expenses, marketing, printing, distribution and other expenses related to the subscription (for more information, kindly refer to Section (6) "Use of Offer Proceeds").																					
Net Proceeds from the Offering after deducting the Offering Expenses	The net proceeds of the Offering are expected to amount to approximately one hundred and fifty-three million and seventy-five thousand (153,075,000) Saudi Riyals (for more information, kindly refer to Section (6) "Use of Offer Proceeds").																					
Total proceeds raised on the most recent rights issue, its breakdown and description as well as the use or the expected use of such proceeds not yet utilized	The Company has not previously issued any Rights Shares.																					
Material changes to the information disclosed in the most recent prospectus	The previous Prospectus was published on 08/10/1428H (corresponding to 20/10/2007G). In order to review the material changes made to the information provided in the most recent prospectus, kindly refer to Paragraph No. (9.11) "Material Information that Changed since the CMA's Approval on the Most Recent Prospectus" of Section No. (9) "Legal Information".																					
Issuer's capital before Offering	One hundred and forty million (140,000,000) Saudi Riyals.																					
Total number of issued shares	Fourteen million (14,000,000) fully-paid Ordinary Shares.																					
Nominal value of share	Ten (10) Saudi Riyals per share.																					
Capital increase	The increase in the Company's capital will be from one hundred and forty million (140,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals.																					
Total number of offered shares	Sixteen million (16,000,000) Ordinary Shares.																					

Percentage of offered Shares to the Capital of the Issuer	About (114.29%).
Offer Price	Ten (10) Saudi Riyals per share.
Total Value of Offer	One hundred and sixty million (160,000,000) Saudi Riyals.
Number of Offer Shares underwritten	Sixteen million (16,000,000) Ordinary Shares.
Total value of the Offer Shares underwritten	One hundred and sixty million (160,000,000) Saudi Riyals.
Total number of shares issued after capital increase	Thirty million (30,000,000) Ordinary Shares.
Issuer's capital after capital increase	Three Hundred million (300,000,000) Saudi Riyals.
Types of targeted investors	Registered Shareholders and New Investors.
Eligible Persons	Shareholders who own shares at the end of trading on the day of the EGA's meeting for the capital increase and who are registered in the Company's Shareholders Register at the Depository Center at the end of trading on the second Trading Day following the EGA's meeting on Wednesday 20/12/1445H (corresponding to 26/06/2024G).
New Investors	All investors whether individual or institutional investors - other than Registered Shareholders - who have purchased Rights Issue during the Trading Period.
Rights Issue	Rights Issue are tradable securities giving their holder the right to subscribe to the New Shares offered, after approval of the capital increase. These securities are considered as acquired rights to all Registered Shareholders. These Rights may be traded during the Trading Period. Each Right grants its holder the eligibility to subscribe to one New Share at the Offer Price. The Rights Issue will be deposited in the portfolio of Registered Shareholders following the meeting of the EGA related to the capital increase. Said Rights will appear in the portfolios of the Registered Shareholders under a new code designated for Rights. Registered Shareholders will be notified of the deposit of rights in their portfolios.
Number of Rights Issue issued	Sixteen million (16,000,000) Rights.
Eligibility Ratio	Each Registered Shareholder is granted with (1.1429) rights for each (1) share he owns, and this factor results from dividing the number of New Shares by the number of the Company's current shares.
Eligibility Date	Shareholders at the end of the trading day of the EGA approving the Capital Increase who are registered in the Company's shareholders register at the Depository Center at the end of the second Trading Day following the EGA approving the Capital Increase on Wednesday 20/12/1445H (corresponding to 26/06/2024G).
Methods of Allocation and Excess Refund	Shares will be allocated to each investor based on the number of Rights properly and fully exercised. Fractional shares (if any) will be added together and offered to Institutional Investors during the Rump Offering Period. The Company will receive the total Offer Price of the sale of the Rump Shares. The rest of the proceeds (if any) will be distributed, without calculating any fees or deductions, (the amount exceeding the Offer Price), to those who have not fully or partially subscribed for the New Shares and to the persons entitled to Fractional Shares knowing that the investor who hasn't subscribe or hasn't sell his rights, and the holders of fractional shares may not receive any compensation if the sale has occurred during the Rump Offering Period at the Offer Price. (For further information, kindly refer to section (12) " <i>Information Related to Shares and Terms and Conditions of the Offering</i> "). The Subscription Surplus (if any) will be refunded to the subscribers without any commissions or deductions from the Lead Manager.
Date of Refund of Surplus Subscription	The Surplus of Subscription (if any) will be refunded without any commissions or deductions from the Lead Manager no later than Monday 15/02/1446H (corresponding to 19/08/2024G).
Offer Period	The Offer Period starts on Tuesday 26/12/1445H (corresponding to 02/07/2024G) and continues until the end of Tuesday 03/01/1446H (corresponding to 09/07/2024G). It is permissible during this period for all Rights Issue holders - whether they are Registered Investors or New Investors - to trade Rights issue. It is to be noted that the Subscription Period starts on Tuesday 26/12/1445H (corresponding to 02/07/2024G) and continues until the end of Sunday 08/01/1446H (corresponding to 14/07/2024G). It is permissible during this period for all Rights Issue holders - whether they are Registered Investors or New Investors - to subscribe for Rights issue. It is to be noted that the Subscription and Trading Period will begin on the same day. While the Trading Period continues until the end of the sixth day from the beginning of the period, the Subscription Period continues until the end of the ninth day from the beginning of the same period.
Rump Shares	The Shares that have not been subscribed for during the Subscription Period.
Subscription Method	Subscription applications are submitted electronically through the websites and platforms of electronic brokers that offer such services to subscribers or through any other means provided by brokers.

Rights Subscription Exercise	<p>Eligible Persons are entitled to subscribe for Rights Issue Shares electronically through the electronic websites and platforms of brokers that offer such services to subscribers or through any other means provided by brokers. Eligible Persons can also exercise their Rights as follows:</p> <ol style="list-style-type: none"> Registered Shareholders are entitled during the Subscription Period to exercise the Rights granted to them on the Eligibility Date and any additional Rights they have purchased during the Trading Period while subscribing for New Shares. They have also the right not to take action regarding their shares. During the Subscription Period, New Investors have the right to exercise the Rights they have purchased during the Trading Period while subscribing for New Shares. They have also the right not to take action regarding their shares. <p>In the event that neither Registered Shareholders nor New Investors exercise their rights to subscribe for the New Shares during the Subscription Period, then, shares associated with such rights will be offered during the Rump Offering Period.</p>
Indicative Value of the Right	The indicative value of the Right reflects the difference between the market value of the Company's shares during the Trading Period and the Offer Price. Tadawul will calculate and publish the Right's Indicative Value during the Trading Period on its website, five (5) minutes late. Market information providers will also publish this information, in order for investors to see the Right's indicative value when entering orders.
Right trading price	It is the price at which the Right is traded. This price is determined through the market offer and demand mechanism, therefore it may differ from the indicative value of the Right.
Rump Offering	In the event that any shares remain unsubscribed for at the end of the Subscription Period (Rump Shares), those shares will be offered to a number of Institutional Investors (Institutional Investors), and such Institutional Investors have to submit offers to purchase the Rump Shares. Offers will be accepted starting (10) am on Wednesday 11/01/1446H (corresponding to 17/07/2024G) until (5) pm on Thursday 12/01/1446H (corresponding to 18/07/2024G) (Rump Offering Period). Rump Shares will be allocated to Institutional Investors with the highest bid, to the lowest (provided that it is not less than the Offering Price). The shares will be proportionately allocated among the Institutional Investors that tendered offers at the same price. As for Fractional Shares (if any), they will be added to the Rump Shares and treated similarly.
Allocation Date	Shares will be allocated no later than Tuesday 17/01/1446H (corresponding 23/07/2024G).
Payment of Compensation (if any)	Cash compensation will be paid to Eligible Persons who have not subscribed wholly or partially for the New Shares and to those who are entitled to fractional shares, without any deductions, at the latest on Monday 15/02/1446H (corresponding to 19/08/2024G). It is to be noted that the amounts of compensation represent the remaining proceeds of the sale of the Rump Shares and fractional shares.
Adjusted Price	The Company's share price on the Saudi Stock Exchange (Tadawul) has been adjusted to 18.26 Sau-di Riyals per share, by the end of trading day following the Extraordinary General Assembly's meet-ing approving the Capital Increase. This represents a decrease in the share price by 9.44 Saudi Riyals per share.
Trading of New Shares	The New Shares will start being traded in Tadawul upon completion of all procedures related to the registration, allocation and listing the New Shares.
Listing and Trading of Rights	<p>Right Issue are traded in Tadawul and their trading occurs during the Trading Period of Rights Issue. A separate Rights symbol will be designated, distinct from the symbol used for the Company's existing shares on Tadawul's interface. During the Trading Period, the shareholders have several options, including selling the Rights or any part thereof in the Exchange, purchasing additional Rights through the Exchange or abstaining from taking any action regarding the Rights Issue Shares either by selling them or purchasing additional Rights. During the Trading Period, New Investors will have the right to buy Rights in the Exchange, or sell them all or in part, or take no action regarding the Rights acquired during the Trading Period.</p> <p>"Tadawul" system will void the Company's Rights symbol of the on the Trading Screen upon the end of the Trading Period. Hence, trading of Rights will cease upon the end of this period.</p>
New Shares Dividends	Holders of the New Shares will be entitled to any dividends announced by the Company after the date of their issuance.
Voting Rights	All Company's shares are of one class, and no share gives its holder preferential rights. New shares will be fully paid and equal to the existing shares. Each share gives its holder the right to one vote, and every Shareholder in the Company has the right to attend the meeting of the General Assembly of Shareholders (whether Ordinary or Extraordinary) and vote in it.
Restrictions Imposed on Shares or Rights	With the exception of regulatory restrictions that are in general imposed on the listing of shares, no restrictions are imposed on the trading of the Company's shares. It is to be noted that the Company's shares were listed in Tadawul on 03/02/1426H (corresponding to 10/02/2008G), and therefore the Lock-Up Period, which lasts three full financial years, each of which is not less than twelve months, have been expired for the Founding Shareholders. Therefore, all shares are tradable in accordance with the rules, regulations and instructions issued by the CMA. However, the Company's Founding Shareholders have to obtain the approval of the Insurance Authority.
Restrictions imposed on Rights trading	There are no restrictions imposed on the trading of Rights.
Restriction imposed on New Shares as a result of capital increase	There are no restrictions imposed on the Shareholders in general and the Founding Shareholders after the Subscription process resulting from the Capital increase.

Previously Listed Shares	<p>On 03/02/1426H (corresponding to 10/02/2008G), all of the Company's shares were registered and listed on the Saudi Exchange with a capital of two hundred million (200,000,000) Saudi Riyals divided into twenty million (20,000,000) shares with a nominal value of ten (10) Saudi Riyals per share. On 26/06/1434H (corresponding to 06/05/2013G), the EGA approved the increase of the Company's capital by an amount of fifty million (50,000,000) Saudi Riyals by granting one bonus share for every (4) outstanding shares, provided that the value of the capital increase is paid by transferring an amount of fifty million (50,000,000) Saudi Riyals from retained earnings. Thus, the Company's capital becomes two hundred and fifty million (250,000,000) Saudi Riyals divided into twenty-five million (25,000,000) shares with a nominal value of ten (10) Saudi Riyals per share, based on the recommendation of the Board of Directors dated on 20/04/1434H (corresponding to 02/03/2013G) and the non-objection of the Saudi Central Bank. On 16/11/1439H (corresponding to 29/07/2018G), the EGA approved the increase of the Company's capital from two hundred and fifty million (250,000,000) Saudi Riyals divided into twenty five million (25,000,000) shares with a nominal value of ten (10) Saudi Riyals per share by an amount of one hundred fifty million (150,000,000) Saudi Riyals by granting (3) bonus shares for every (5) outstanding shares, provided that the capital increase is made by capitalizing the amount of one hundred and fifty million (150,000,000) Saudi Riyals (i.e the amount of one hundred and nineteen million (119,000,000) Saudi Riyals from the retained earnings account and the amount of thirty-one million (31,000,000) Saudi Riyals from the statutory reserve). Hence, the Company's capital becomes four hundred million (400,000,000) Saudi Riyals divided into forty million (40,000,000) shares with nominal value of (10) Saudi Riyals per share, based on the recommendation of the Board of Directors dated on 14/08/1439H (corresponding to 30/04/2018G) and the non-objection of the Saudi Central Bank. On 05/02/1444H (corresponding to 01/09/2022G), the Board of Directors resolved to recommend to the EGA a capital reduction from four hundred million (400,000,000) Saudi Riyals divided into forty million (40,000,000) shares with a nominal value of ten (10) Saudi Riyals per share to one hundred and forty million (140,000,000) Saudi Riyals divided into fourteen million (14,000,000) shares with a nominal value of (10) Saudi Riyals per share, with a reduction rate of (65%) in order to restructure the Company's capital and extinguish (100%) of the accumulated losses which reached (65%) of the capital, by canceling twenty-six million (26,000,000) of the Company's shares. On 24/02/1444H (corresponding to 20/09/2022G), the Company received the Saudi Central Bank's letter No. (44015739) approving the capital to reduction by two hundred and sixty million (260,000,000) Saudi Riyals, so that the capital becomes one hundred and forty million (140,000,000) Saudi Riyals divided into fourteen million (14,000,000) shares with a nominal value of ten (10) Saudi Riyals per share. The Company then submitted a file to the Capital Market Authority (CMA) to request its approval on the capital reduction on 25/02/1444H (corresponding to 21/09/2022G) which was obtained on 09/03/1444H (corresponding to 05/10/2022G). On 17/03/1444H (corresponding to 13/10/2022G), the EGA also approved the reduction of the Company's capital from four hundred million (400,000,000) Saudi Riyals divided into forty million (40,000,000) shares with a nominal value of ten (10) Saudi Riyals per share to one hundred and forty million (140,000,000) Saudi Riyals divided to fourteen million (14,000,000) shares with a nominal value of ten (10) Saudi Riyals per share, i.e., a reduction of two hundred and sixty million (260,000,000) Saudi Riyals.</p>
Terms of Subscription for Rights Issue Shares	<p>Eligible Persons wishing to subscribe for New Shares have to meet the relevant subscription requirements. To review the Subscription's terms, conditions, and instructions, (and for more information, kindly refer to section (12) "Information Related to Shares and Terms and Conditions of the Offering" of this Prospectus.</p>
Risk Factors	<p>Investment in the Rights Issue Shares involves certain risks that can be classified into: (1) Risks Related to the Company's Activities; (2) Risks Related to the Market and Industry; and (3) Risks Related to the New shares.</p> <p>These risks are described in Section (2) "Risk Factors" of this Prospectus, that should be carefully reviewed before making any investment decision in the Rights Issue Shares.</p>

Note: The "**Important Notice**" section and section (2) "**Risk Factors**" of this Prospectus should be carefully considered prior to making a decision to invest in this Rights Issue Shares in accordance with this Prospectus.

Key Dates and Subscription Procedures

Event	Date
Date of the EGA's meeting approving the Capital Increase and setting the Eligibility Date and Eligible Shareholders, noting that Eligible Shareholders are the Shareholders who own shares at the end of the trading day of the EGA's meeting for the Capital Increase and are registered in the Company's shareholders register at the Depository Center at the end of the second trading day following the EGA's meeting for the Capital Increase.	On Wednesday 20/12/1445H (corresponding to 26/06/2024G).
Trading Period	The Trading Period starts on Tuesday 26/12/1445H (corresponding to 02/07/2024G) and ends on Tuesday 03/01/1446H (corresponding to 09/07/2024G). During this period, all Rights holders – whether they are Registered Shareholders or New Investors – are entitled to trade in the Rights.
Subscription Period	The Subscription Period starts on day Tuesday 26/12/1445H (corresponding to 02/07/2024G) and lasts until the end of day Sunday 08/01/1446H (corresponding to 14/07/2024G). During this period, all Rights holders – whether they are Registered Shareholders or New Investors – are entitled to subscribe for New Shares.
End of Subscription Period	The Subscription Period and the receipt of subscription requests and applications ends on Sunday 08/01/1446H (corresponding to 14/07/2024G).
Rump Offering Period	The Rump Offering Period starts at 10:00 am on Wednesday 11/01/1446H (corresponding to 17/07/2024G) and continues until 5pm on Thursday 12/01/1446H (corresponding to 18/07/2024G).
Final Allocation Notice	On Tuesday 17/01/1446H (corresponding 23/07/2024G).
Payment of Compensation (if any) for Eligible Person who did not participate in the subscription in whole or in part and for those who are eligible for fractional shares (if any)	On Monday 15/02/1446H (corresponding to 19/08/2024G).
Trading Date of the New Shares	The shares offered for subscription will be traded upon completion of all relevant regulatory procedures. It will be announced later on Tadawul website.

Note: All dates mentioned in the above table are approximate. Actual dates will be announced on the website of the Saudi Stock Exchange (Tadawul) (www.saudiexchange.sa).

Key Announcement Dates

Announcement	Announcing Party	Date
Announcement regarding the invitation of the Extraordinary General Assembly for the capital increase	The Company	On Tuesday 27/11/1445H (corresponding to 04/06/2024G)
Announcement of the Extraordinary General Assembly's meeting result regarding the Capital Increase	The Company	On Thursday 21/12/1445H (corresponding to 27/06/2024G)
Announcement of the amendment of the Company's share price, the deposit of Rights and the right's indicative value.	Tadawul	On Thursday 21/12/1445H (corresponding to 27/06/2024G)
Announcement on adding the Rights.	Edaa	On Monday 25/12/1445H (corresponding to 01/07/2024G)
Announcement of the Trading Period and Subscription Period for the New Shares	The Company	On Sunday 24/12/1445H (corresponding to 30/06/2024G)
Announcement of the commencement of the Rights' Trading Period and the New Shares' Subscription Period	Tadawul	On Monday 25/12/1445H (corresponding to 01/07/2024G)
Reminder about the commencement of the Rights' Trading Period and the New Shares' Subscription Period	The Company	On Tuesday 26/12/1445H (corresponding to 02/07/2024G)
Reminder about the last day for Rights Trading and the importance of selling Rights for those who do not wish to subscribe	The Company	On Monday 02/01/1446H (corresponding to 08/07/2024G)
Announcement of the: – subscription results – details of the Rump Shares sale (if any) and the commencement of the Rump Offering Period	The Company	On Monday 09/01/1446H (corresponding to 15/07/2024G)
Announcement of the result of the Rump Offering and notification of final allocation	The Company	On Tuesday 17/01/1446H (corresponding to 23/07/2024G)
Announcement of the deposit of the New Shares in the investors' portfolios*	Edaa	On Thursday 19/01/1446H (corresponding to 25/07/2024G)
Announcement of the distribution of the compensation amounts (if any)	The Company	On Monday 15/02/1446H (corresponding to 19/08/2024G)

Note: All dates mentioned in the above table are approximate, and the actual dates will be announced on the Saudi Tadawul website (www.saudiexchange.sa), in coordination with the Securities Depository Center Company (Edaa) to determine the date of depositing the shares.

*It should be noted that the time period between the end of subscription for Rights Issue and the deposit of shares in the Shareholders' portfolios is nine (9) working days.

It should also be noted, as per the provisions of Article 51 of the Rules on the Offer of Securities and Continuing Obligations, that if a disclosure related to the offering is published in a local newspaper after the publication of the Prospectus, the announcement must include the following:

1. The name and commercial registration certificate of the Issuer.
2. The securities that are subject of the relevant application for registration and offer and their value, type and class.
3. The addresses and locations where the public may obtain the Prospectus.
4. The date of publication of the Prospectus.
5. A statement that the disclosure is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.
6. The names of the lead manager, the underwriter, the financial and legal advisors.
7. A disclaimer as follows: "The Capital Market Authority and the Saudi Stock Exchange Company take no responsibility for the contents of this disclosure, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this disclosure."

How to Apply for Subscription

Subscription to the Rights Issue Shares is limited to Eligible Persons, whether they are Registered Shareholders or New Investors. In the event that the Rights of Eligible Persons are not exercised, any Rump Shares that were not subscribed for by Eligible Persons shall be offered to Institutional Investors during the Rump Offering Period.

Eligible Persons wishing to subscribe for New Shares can either use trading platforms through which buy and sell orders are entered, or submit their subscription application through the means and services dispensed by the broker to the investors, provided that they have an investment account with one of the brokers who provide these services and that their data have been updated, and that no changes have occurred to their personal information since they subscribed to a recent offering unless these amendments have been communicated to brokers and approved by them.

The Company reserves the right to reject any application for the New Shares subscription in whole or in part if it does not fulfill any of the conditions or requirements of the subscription. It is not permitted to amend or withdraw the subscription application after its submission. The subscription application, upon its submission, constitutes a binding contract between the Company and the Eligible Person (for more information, kindly refer to Section (12) "*Information Related to Shares and Terms and Conditions of the Offering*").

Questions and Answers on Rights Issue

What is a Rights Issue?

Rights Issue are tradable securities that give their holder the right to subscribe for the New Shares offered, upon approval of the EGA on the capital increase by issuing new shares. All shareholders registered in the Company's shareholders register at the Depository Center at the end of the second trading day following the date the EGA's meeting approving the capital increase will be entitled to receive said Rights. Each right grants its holder the eligibility to subscribe for one new share at the Offer Price.

Who is granted the Rights Issue?

All registered shareholders in the Company's shareholders register at the Depository Center at the end of the second trading day following the EGA's meeting approving the capital increase.

When are the Rights Issue deposited?

After the EGA approval on the capital increase through the offering of Right Issue Shares, the Rights Issue are deposited as securities in the shareholders' portfolios in the Company's shareholders' register at the Depository Center at the end of the second trading day after the EGA's meeting; and the Rights Issue will be listed in the shareholders' portfolios under a new symbol. These rights will only be traded or subscribed for at the beginning of the Trading and Subscription Periods.

How are investors notified of the Rights being deposited in their portfolios?

The notification is made through announcement on the Tadawul website, as well as through the (Tadawulaty) service provided by the Securities Depository Center Company (Edaa), and short text messages (SMS) are also sent through brokers.

How many Rights Issue can be acquired by a Registered Shareholder?

The number is subject to the Rights Issue ratio and the number of the current Shares held by the Shareholder in the capital as well as in the Company Shareholders' Register at the Securities Depository Center Company (Edaa) at the end of the second trading day following the Extraordinary General Assembly's meeting approving the capital increase.

What is the Subscription Eligibility Ratio?

It is the ratio that enables the Registered Shareholder to know how many Rights he/she is entitled to in relation to the current shares that he/she already owns at the end of the second trading day following the EGA's meeting approving the capital increase. This factor is calculated by dividing the number of new shares by the number of the current shares of the Company, and accordingly, the eligibility ratio is (1.1429) Rights approximately for every (1) share owned by the Registered Shareholder on the eligibility date. Thus, if a Registered Shareholder owns (1,000) shares on the eligibility date, then he/she will be allocated (1,142) Rights in exchange for the shares he/she owns.

Will the name and symbol of trading these rights differ from the name and symbol of the Company's shares?

Yes, the acquired rights will be deposited in the investors' portfolios under the original name, adding the Rights Issue term as well as a new symbol for these rights.

What is the value of the Rights at the beginning of trading?

The opening price of the Right is the difference between the closing price of the share on the day preceding the Rights listing and the Offer Price (the indicative value of the Right). For example, if the closing price of a share on the previous day is fifteen (15) Saudi Riyals and the Offer Price is ten (10) Saudi Riyals, the opening price of the Rights upon the commencement of trading will be five (5) Saudi Riyals.

Who is a Registered Shareholder?

Any shareholder owning shares at the end of the trading day of the EGA's meeting approving the capital increase and registered in the Company's Shareholders Register at the Depository Center at the end of the second trading day following the EGA's meeting held to approve the capital increase.

Can registered shareholders subscribe to additional shares?

Yes, Registered Shareholders can subscribe to additional shares by purchasing new Rights during the Trading Period and then subscribe to them during the Subscription Period after completing the purchase and settlement of Rights.

Is it possible for a shareholder to lose his/her eligibility to subscribe even if he/she has the right to attend the Extraordinary General Assembly's meeting and vote on increasing the capital through a Rights Issue?

Yes, the Shareholder loses his/her eligibility to subscribe if he/she sells his/her shares on the day of the EGA's meeting approving the capital increase or one business day prior to said meeting.

How is the Subscription process implemented?

The subscription process is implemented, as is currently being done, through submitting subscription applications during the Subscription Period through the investment portfolio on the trading platforms through which the purchase and sell orders are filed. In addition to the possibility of subscription through any other means provided by the broker and the custodian of shares.

What are the Trading and Subscription periods?

Trading and Subscription of rights begin at the same time after (3) three business days from the approval of the EGA on the Capital Increase, until the end of trading of the sixth day while the subscription continues until the ninth day, according to what is mentioned in this prospectus and the Company's announcements.

Can an Eligible Person subscribe to more shares than the Rights owned by him/her?

An Eligible Person cannot subscribe to more shares than the Rights owned by him/her.

Is it possible to Subscribe more than once and through more than one broker?

Yes, it is possible and the number of New Shares that can be subscribed through each broker will depend on the number of Rights available in the investment portfolio of the relevant broker. In all cases, it must be taken into consideration that the quantity of new subscribed shares does not exceed the number of Rights Issue owned at the end of the Rights Issue's trading period, as such will result in cancellation of the subscription application.

If the Company shares are acquired through more than one investment portfolio, in which portfolio will the Rights Issue be deposited?

Rights Issue will be deposited in the same portfolio where the company's rights-related shares are deposited. For example, if a shareholder holds one thousand (1,000) shares in the Company: eight hundred (800) shares in portfolio (A) and two hundred (200) shares in portfolio (B), then the total rights amounting to one thousand one hundred forty-two (1,142) Rights, as each share is eligible for (1.1429) Rights. Therefore, nine hundred fourteen (914) rights will be deposited in portfolio (A) and two hundred twenty-eight (228) Rights will be deposited in portfolio (B).

Are share certificate holders allowed to subscribe and trade?

Yes, holders of share certificates are allowed to subscribe. However, they will not be able to trade unless share certificates are deposited in investment portfolios through the brokers or Depository Center of the Saudi Exchange (Edaa) and submitting the required documents, before the end of Subscription Period.

What happens if New Shares are subscribed and Rights are subsequently sold?

If a Registered Shareholder subscribed for New Shares and then sells the Rights without purchasing a number of Rights equal to the number of exercised Rights, he/she subscribed in before the end of the Trading Period, then the subscription application will be rejected entirely, if all the rights have been sold, or partially in an amount equal to the number of sold rights. The Registered Shareholder will be notified and refunded the rejected subscription amount by the broker.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchaser of additional Rights may sell them and purchase other Rights during the Trading Period, only.

Is it possible to sell a part of the Rights Issue?

Yes, the Investor can sell a part of these Rights and subscribe for the remaining part.

When can a shareholder subscribe for the Rights Issue, he/she purchased during the Trading Period?

After settlement of the purchase of Rights (which is two business days), provided that the subscription for Rights Issue is completed during the Subscription Period.

Can the Eligible Person sell or assign the Rights Issue after the end of the Trading Period?

No, it is not possible. After the expiry of the Trading Period, the Eligible Person may only exercise the right to subscribe for the Rights Issue Shares or not. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

What happens to Rights Issue that are unsold or unsubscribed for during the Trading and Subscription Periods?

If the New Shares are not fully subscribed for during the Subscription Period, the remaining New Shares will be offered for subscription through an offering to be organized by the Lead Manager. The amount of compensation (if any) to the Rights holder will be calculated after deducting the subscription value. The investor may not receive any compensation if the sale occurs during the Rump Offering Period at the Offer Price.

Who has the right to attend the Extraordinary General Assembly and vote on increasing the Company's capital through offering Rights issue shares?

A shareholder registered in the Company's shareholders' register at the Depository Center at the end of the trading session, on the date of the EGA's meeting, has the right to attend the EGA's meeting and vote on increasing the Issuer's share capital through a Rights Issue.

When is the share price adjusted as a result of increasing the Issuer's share capital through a Rights Issue?

The share price is adjusted by Tadawul before the start of trading on the day and following the EGA's meeting.

If an investor buys securities on the date of the EGA, will he/she be eligible for the Rights resulting from the increase of the Issuer's share capital?

Yes, as the investor will be registered in the Company Shareholders Register two business days after the date of the purchase of shares (i.e., at the end of the second Trading Day following the day of the EGA), bearing in mind that Rights Issue will be granted to all shareholders registered in the Company Shareholders Register at the end of trading session on the second trading day following the date of the EGA. However, he/she may not attend or vote in the EGA for the capital increase.

If an investor has more than one portfolio with more than one brokerage company, how will their Rights be calculated?

The investor's shares will be distributed to their portfolios according to the percentage of ownership in each portfolio. In the event of fractional share, these fractions will be aggregated. If the outcome is an integer or more, the integer number will be added to the portfolio in which the investor has the largest number of Rights.

Will any other fees be added for Rights Trade?

The same commissions will be applied to selling and buying transactions as they are in shares, but without a minimum commission amount, provided that the maximum amount does not exceed fifteen and a half basis point (0.155%) of the total transaction value.

Is it possible to subscribe during the weekend?

No, it is not possible.

Can public investors other than registered shareholders subscribe for Rights Issue shares?

Yes, after completing the purchase of Rights Issue through the market during the Trading Period.

Summary of Key Information

Notice

This summary provides a brief overview of the basic information included in this Prospectus. Since it is a summary, it does not include all information that may be of interest to Shareholders and other general Institutional and Individual Investors. Recipients of this Prospectus should read it in full before making an investment decision related to New Rights or Shares and not rely solely on the definitions and terms section or the summary of this Prospectus.

Company Overview

Al Sagr Cooperative Insurance Company is a Saudi public joint stock company, established pursuant to the Royal Decree No. (M/11) dated 16/02/1428H (corresponding to 06/03/2007G) and Ministerial Resolution No. (63) dated 15/02/1428H (corresponding to 05/03/2007G) and License No. (TMN/13/20083) issued by the Saudi Central Bank dated 23/03/1429H (corresponding to 31/03/2008G) to carry out insurance activity in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations.

It is registered before the Commercial Registrar in Al-Khobar under certificate No. (2051036871) dated 22/03/1429H (corresponding to 30/03/2008G). The current Capital of the Company is one hundred and forty million (140,000,000) Saudi Riyals divided into fourteen million (14,000,000) shares with a nominal value of ten (10) Saudi Riyals per share fully paid. As of the date of this Prospectus, the substantial Shareholders of this Company, who own more than (5%) of the shares of the Company, is Al Sagr National Insurance Company) an Emirati public joint stock company) owns three million six hundred and forty thousand (3,640,000) shares representing (26%) of the Company's Shares.

Company's Main Activities

The Company's activities, according to the Commercial Registry Certificate, are: health insurance, general insurance. According to Article (3) of the Bylaws, the Company carries out cooperative insurance business and all related activities, including reinsurance, agencies, representation, correspondence, or mediation, and the company may carry out all works deemed necessary to achieve its purposes, whether in the field of insurance or investing its funds. The Company owns and moves fixed and cash assets, sells them, exchanges them, or leases them directly or through companies it establishes or purchases with other parties. The company carries out its activities in accordance with the Cooperative Insurance Companies Control Law and its Implementing Regulations, the provisions issued by the regulatory authority, and the regulations and rules in effect in the Kingdom of Saudi Arabia, and upon obtaining the necessary licenses from the competent authorities, if any.

- a. **Health insurance:** Al Sagr provides one of the best medical protection insurance programs for clients, in accordance with the terms, conditions and regulations of the Cooperative Council of Health Insurance in the Kingdom of Saudi Arabia, in addition to offering a comprehensive and reliable medical network of medical service providers such as hospitals, dispensaries and pharmacies.
- b. **Property Insurance:** This form of insurance is designed to cover the following areas:
 - Fire and Lightning Insurance: Protection of property in a specific location.
 - All-risk Property Insurance: Protection of property from damage as a result of an accident.
 - Loss of Profit Insurance: Coverage of loss of business interruption damage resulting from an accident.
- c. **Travel Insurance:** Protection against losses resulting from travel.
- d. **Marine Insurance:**
 - Marine Cargo Insurance: Protection of cargo and coverage of any loss or damage to goods in transit.
 - Ship or Hull Insurance: Protection of the hull of ships against marine accidents.
- e. **Engineering Insurance:**
 - General Liability Insurance for Contractors: Insurance for contractors' work against any damage resulting from accidents.
 - Equipment Insurance: Equipment insurance against external damage.
 - Equipment Breakdown Insurance: Equipment insurance against sudden breakdown or damage.
 - Insurance for Loss of Profits as a Result of Damage to devices & Equipment: Compensation for loss resulting from damage to equipment and machinery.
 - Boilers and Pressure Vessels Insurance: Compensation for any damage caused to boilers and pressure vessels.
 - Goods Insurance: Coverage against damage to goods.
 - Equipment Insurance: Coverage against damage resulting from electronic devices.

- f. **Vehicle/Motor Insurance:** Protection against damage resulting from accidents.
- g. **Medical Malpractice Insurance:** Protection against damages resulting from medical errors.
- h. **Liability Insurance:**
 - Workers Compensation Insurance: Compensation for damages occurring in the workplace.
 - General Liability Insurance: Also known as business liability insurance, it protects businesses from claims that result from normal business operations.
 - Professional Liability insurance: Also known as Errors and Omissions (E&O) coverage, it is designed to protect the insured against actual or alleged mistakes.
- i. **Miscellaneous Accident Insurance:**
 - Personal Accident Insurance: Compensation for injury or death damages.
 - Money Insurance: Protection of the insured's money.
 - Fidelity Insurance: Compensation against damage caused by acts that cause loss of money, such as fraud.
 - Theft Insurance: Compensation for losses resulting from theft.
- j. **Energy Insurance:**
 - Energy (Oil & Gas) Insurance (Onshore): Insurance of real estate and equipment for oil extraction, liquefied natural gas, petroleum gas, petrochemical processing plants, or anything related thereto; Public facilities and others.
 - Energy (Oil & Gas) Insurance (Offshore): Insurance of real estate and equipment related to fixed platforms, pipelines, drilling machines, vessels and buoys, onshore gas processing facilities or other property, as well as the costs of monitoring expenses, debris removal, or loss of production, or to protect and indemnify contractual or legal liabilities, and other acceptable related interests.

Company's Vision

"The Company aims to be one of the best leading insurance companies in the Kingdom of Saudi Arabia by providing insurance products and services on high standards of quality, ethical practices, fairness and responsibility towards society".

Company's Mission

The Company's mission focuses meeting all customer needs and provide high-quality and reliable insurance services. It also strives to be the trusted and specialized partner in the client-provider relationship.

Company's Strategy

Al Sagr Cooperative Insurance Company's strategy focuses on providing innovative, high-quality insurance services to meet customer needs and achieve competitive excellence as follows:

- **Expanding Insurance Services:** Providing a wide range of insurance services that include health insurance, general insurance, and motor/vehicle insurance. This allows the Company to meet diverse customer needs and provide tailored insurance solutions.
- **Investing in Technology:** Developing advanced business management systems and using graphical analytics to improve operational processes and enhance customer experience.
- **Interacting with Customers:** offering exceptional customer service through multiple channels such as phone, email, and social media channels and responding promptly to meet all customers' needs and immediately solve their issues.
- **Offering Unique Products and Services:** Providing comprehensive insurance coverage, flexibility in contracting, and customized insurance options to meet different customer needs. Products and services must be competitive in terms of quality, cost and added value.
- **Partnerships and Distribution:** Developing strategic partnerships with local insurance agents to expand the customer base and reach different market segments. New distribution technologies such as online selling and mobile applications can be explored to facilitate the purchasing process and provide insurance services conveniently and efficiently.
- **Improving Risk Management:** Developing an effective risk management strategy that helps reduce potential risks and improve the efficiency of risk analysis and pricing. The Company must be able to provide comprehensive and efficient insurance coverage to customers in addition to support in the event of accidents or claims.
- **Data Analysis and Predictive Analytics:** Using data analysis and predictive techniques to understand customers' needs and guide marketing and insurance decisions. Available data can be used to improve selection, pricing and distribution processes.

Company's Strengths and Competitive Advantages

Since its establishment in 2007G, Al Sagr Cooperative Insurance Company has gained experience in providing excellent insurance products and services with the highest quality standards to its customers. At the early beginning, the Company has firmly established its vision in the Saudi market and succeeded in building a good reputation and significant trust among individuals and companies alike. Believing in the value of continuous growth and development, Al Sagr Company sought to be the first choice for insurance in the Kingdom of Saudi Arabia through innovation and providing distinguished services to its customers using the latest technologies to be compatible with new business trends and methods. The Company is also committed to following an ethical approach to the market and being socially responsible.

Brief Overview of the Insurance Sector in Saudi Arabia¹

The insurance sector in the Kingdom of Saudi Arabia is an important and active sector that has witnessed sustained growth and remarkable development in recent years. Insurance is considered an essential part of the country's financial infrastructure, and contributes to enhancing financial stability and stimulating sustainable economic growth in the Kingdom, which is witnessing an increasing demand for insurance services and products. The insurance sector in Saudi Arabia is witnessing a major digital transformation, as companies work to adopt modern technology such as artificial intelligence, graphic analytics, and cloud computing technologies. Insurance companies are currently seeking to develop new and innovative products and services to meet changing customers' needs and keep pace with new trends in the Saudi market.

The insurance sector is considered one of the most important financial services fields in any economy, and it keeps pace with and contributes to supporting all other economic activities and maintaining its stability. According to the Saudi Insurance Market Report 2022G issued by the Saudi Central Bank, said Bank issued several regulations to keep pace with changes in the sector and the economy in general, the most prominent of which are:

- Comprehensive motor/vehicle insurance rules, which regulate the contractual relationship between the insurance company and the insured, and specify the minimum coverage requirement for comprehensive motor/vehicle insurance coverages, in addition to specifying provisions of the mandatory and optional coverages provided by the comprehensive motor/vehicle insurance policy.
- The model form for the professional liability insurance policy for auditors of establishments subject to the supervision of the CMA which aims to unify the minimum that must be provided in the insurance policy, enhance the concept of sustainability, and reduce potential risks in the capital market, in addition to protecting the rights of all the contracting parties of the insurance policy, in order to guarantee their rights, and support opportunities for growth and development in the insurance sector.
- The model form of insurance in a domestic worker contract determines the minimum mandatory coverages, exceptions to these coverages, compensation limits for a total amount of (25,000) Saudi Riyals, and reports and claims settlement procedures.

The Council of Ministers also issued a decision approving the inclusion of specialties mentioned in the mandatory cooperative insurance against professional medical errors that includes (18) specializations in the health field. This step further enhances the concept of sustainability among health service providers.

The healthcare sector continued to make significant progress during the year 2022G in the transition to implementing International Financial Reporting Standard 17 (IFRS 17) and successfully completed two important stages, that included the completion of insurance companies the execution of the second and third trials before the official launch on January 1, 2023G which reflects the successful completion of the fourth and final phase of the roadmap for implementing International Financial Reporting Standard 17 (IFRS 17), which was launched by the Saudi Central Bank in December 2018G. It should be noted that the results of the second trial's execution was reviewed by the insurance company's external auditor, that raises the level of credibility of the results experimental trial and reduces the risk of late challenges arising from the management of United Cooperative Assurance (UCA) when implementing the aforementioned Standard.

According to the insurance report for the year 2022G, the insurance sector witnessed in 2022G the effective merger of the two companies: Walaa Cooperative Insurance and SABB Takaful, and the merger of two other companies: Arabian Shield Cooperative Insurance Company and Al Ahli Takaful Company.

The below table outlines the most important items that constitute the sector, according to the Saudi Insurance Market Report issued by the Saudi Central Bank in 2022G.

Table No. (1): Gross Written Premiums (GWP)

Type of Insurance (Million SAR)	December 31, 2020G		December 31, 2021G		December 31, 2022G	
	Total (Million SAR)	Total (%)	Total (Million SAR)	Total (%)	Total (Million SAR)	Total (%)
Total Health Insurance	22,836.8	58.9%	25,109.3	59.7%	31,829.8	59.7%
Total General Insurance	14,678.3	37.9%	15,213.9	36.2%	19,652.8	36.8%
Total Protection and Savings Insurance	1,263.6	3.3%	1,707.2	4.1%	1,873.6	3.5%
Total	38,778.7	100.00%	42,030.40	100.00%	53,356.20	100.00%

Source: Saudi Insurance Market Report 2022G

¹ Source: Saudi Central Bank, Saudi Insurance Market Report 2022.

Written premiums mean spending on different types of insurance as mentioned in the table above, and according to the Saudi Insurance Market Report issued by the Saudi Central Bank in 2022G the gross written insurance premiums increased by 26.9% in 2022G to reach (53.36 billion) Saudi Riyals compared to (42.03 billion) Saudi Riyals in 2021G. Health insurance maintained its position as the largest insurance activity in volume in 2022G growing by 26.8%, and its share reached 59.7% of the gross written premiums.

Meanwhile, the share of general insurance in total insurance increased from 36.2% in 2021G to 36.8% in 2022G. The protection and savings insurance, which represents the smallest share in the insurance market, witnessed a decrease from 4.1% in 2021G to reach 3.5% in 2022G.

Depth of the Insurance Market

Table No. (2): Insurance Market Depth to GDP

Type of Insurance	December 31, 2020G	December 31, 2021G	December 31, 2022G
Total Health Insurance	0.87%	0.80%	0.77%
Total General Insurance	0.56%	0.49%	0.47%
Total Protection and Savings Insurance	0.05%	0.05%	0.05%
Total	1.48%	1.34%	1.29%

Source: Saudi Insurance Market Report 2022G

The depth of insurance is defined as gross written premiums to gross domestic product (GDP). According to the Saudi Insurance Market Report for the year 2022G issued by the Saudi Central Bank, the depth of insurance decreased in 2022G to reach 1.29% compared to 1.34% in 2021G due to the high GDP. The compound annual growth rate (average) for insurance depth reached 1% over the past five years.

Table No. (3): Insurance Market Depth to Non-oil GDP

Type of Insurance	December 31, 2020G	December 31, 2021G	December 31, 2022G
Total Health Insurance	1.13%	1.14%	1.25%
Total General Insurance	0.73%	0.69%	0.77%
Total Protection and Savings Insurance	0.06%	0.08%	0.07%
Total	1.92%	1.91%	2.09%

Source: Saudi Insurance Market Report 2022G

The depth of non-oil insurance is the ratio of gross written premiums to non-oil GDP. The depth of insurance from non-oil GDP reached 2.09% in 2022G, compared to 1.91% for 2021.

Insurance Market Density

Table No. (4): Insurance Market Density

Type of Insurance	December 31, 2020G (SAR)	December 31, 2021G (SAR)	December 31, 2022G (SAR)
Total Health Insurance	644,76	717,14	933,13
Total General Insurance	414,42	434,52	576,14
Total Protection and Savings Insurance	35,68	48,76	54,93
Total	1,094.86	1,200.42	1,564.20

Source: Saudi Insurance Market Report 2022G

Insurance density means the rate of per capita spending on insurance (i.e., the total written premiums divided by the population of the KSA). According to the Saudi Insurance Market Report for the year 2022G issued by the Saudi Central Bank, insurance density increased from (1,200) Saudi Riyals per capita in 2021G to (1,564) Saudi Riyals per capita. In 2022G, an increase of 30.3%. The compound annual growth rate (average) for the level of per capita spending on insurance services reached (- 6.9%) during the past five years.

Insurance Sector Workforce in the Kingdom of Saudi Arabia

Table No. (5): Insurance Sector Workforce in the Kingdom of Saudi Arabia

Nationality	December 31, 2020G (SAR)	December 31, 2021G (SAR)	December 31, 2022G (SAR)
Non-Saudis	2,455	1,465	1,281
Saudis	8,447	5,021	5,554
Total	10,902	6,486	6,84
Saudization (Localization Rate)	77%	77%	81%

Source: Saudi Insurance Market Report 2021 – 2022G

The total number of employees working in insurance-related freelance companies in the KSA is (6,840) employees in 2022G, compared to (6,486) employees in 2021G. The percentage of Saudi citizens working in freelancers' companies reached (81%) of the total workforce in 2022G. The percentage of Saudis in non-managerial positions in 2022G reached (80%), and the percentage of Saudis in administrative positions reached (83%).

Insurance Market Trends in the Kingdom of Saudi Arabia²

According to the Financial Stability Report issued by the Saudi Central Bank in 2022G, the insurance sector launched several products in 2021G, such as travel insurance for citizens traveling abroad, package insurance, and insurance for self-driving vehicles. It is expected that the diversification of insurance companies' products will help expand the scope of market coverage and improve financial performance.

The insurance sector is generally characterized by strong financial solvency and sufficient technical provisions. It recorded a good performance during 2021G in terms of growth, but it also faced challenges in profitability. The growth in gross written premiums was supported by the increase in the health insurance sector. The financial solvency of the sector indicated a significant increase in regulatory capital levels. However, the loss ratio and technical reserves increased in 2021G, and the sector incurred a slight loss attributable to increased claims and competition with the resumption of economic activities.

It should be noted that health insurance and motor/vehicle insurance still account for the largest percentage of the insurance sector, as they constituted together a percentage of (79.2%) of the total written premiums in the insurance sector during 2021G. The share of health insurance in total written insurance premiums increased to (59.7%) during 2021G, compared to (58.9%) in 2020G. While the share of motor/vehicle insurance decreased from (21.6%) in 2020G to (19.4%) in 2021G.

The five largest insurance companies accounted for about (68.8%) of the total insurance premiums written in 2021G. The concentration of premiums reached its highest levels in health insurance activity, as the five largest companies acquired (85.3%) of the total premiums of health insurance activity during 2021G.

Summary of Financial Information

The summary of financial information outlined below is based on the audited financial statements for the fiscal years ended on December 31, 2020G, 2021G, and 2022G, and the condensed financial information for the nine-month period ending on September 30, 2023G and the notes attached thereto. Therefore, it should be read in conjunction with them.

The audited financial statements for the year ended on December 31, 2020G were audited by PricewaterhouseCoopers (PwC) Certified Public Accountants and Ibrahim Ahmed Al Bassam & Co. Certified Public Accountants. As for the audited financial statements for the years ended on December 31, 2021G and 2022G and the interim condensed financial information for the nine-month period ending on September 30, 2023G (unaudited), they have been prepared by PricewaterhouseCoopers (PwC) Certified Public Accountants and Al-Kharashi & Co. Certified Accountants and Auditors.

The financial statements for the financial years 2020G, 2021G, and 2022G, the summary interim financial information for the nine-month period ending on September 30 2023G, and the attached notes have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and issuances adopted by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

² Source: Saudi Central Bank, Financial Stability Report 2022.

Key Performance Indicators

Main Indicators	Financial Year ending on September 31		
	2020G Audited	2021G Audited	2022G Audited
Growth rate of gross written premiums	NA	15.6%	8.4%
Attribution rate (includes net loss premiums)	17.1%	14.9%	13.8%
Net premiums earned as a percentage of gross written premiums	82.9%	85.1%	87.0%
Net loss rate	111.8%	105.2%	94.9%
The commission paid as a percentage of the total insurance premiums written	1.7%	1.1%	1.4%
Commission received as a percentage of the premiums assigned	15.8%	10.1%	15.7%
Net commission percentage	6.2%	6.4%	6.9%
Net expense percentage	22.1%	21.1%	19.9%

Source: The Company

Main Indicators	The nine-month period ending on September 30	
	2022G Unaudited	2023G Unaudited
Insurance revenue growth rate	NA	3.8%
Insurance services expenses as a percentage of insurance revenues	5.3%	5.3%
Net expense percentage	(36.4%)	84.7%
Net loss percentage	114.7%	93.8%
Attribution rate (includes net loss premiums)	(16.8%)	9.6%
Commission expense percentage of written premiums	5.7%	6.4%

Source: The Company

Statement of Financial Position

Summary of Financial Position Statement (SAR'000)	Financial year ended December 31, 2020G	Financial year ended December 31, 2021G	Financial year ended December 31, 2022G	Increase/(Decrease)	
				December 2021G	December 2022G
Total Investments	243,697	201,986	152,357	(17.1%)	(24.6%)
Total Assets	804,001	753,782	666,141	(6.2%)	(11.6%)
Total Liabilities	516,219	540,505	535,817	4.7%	(0.9%)
Net Equity	287,782	213,277	130,325	(25.9%)	(38.9%)
Total Liabilities & Equity	804,001	753,782	666,141	(6.2%)	(11.6%)

Source: The Company's audited financial statements for the financial years ended on December 31, 2020G, 2021G and 2022G

Summary of Financial Position Statement (SAR'000)	Nine-month Period Ended September 30		Increase/Decrease
	2022G Unaudited	2023G Unaudited	
Total Investments	217,929	218,728	0.4%
Total Assets	567,895	577,758	1.7%
Total Liabilities	414,437	389,314	(6.1%)
Net Equity	153,458	188,444	22.8%
Total Liabilities & Equity	567,895	577,758	1.7%

Source: The Company's unaudited financial statements for the nine-month period ended September 30, 2023G and compared figures of September 30, 2022G

Income Statement

Summary of Income Statement (SAR'000)	Financial year ended December 31, 2020G	Financial year ended December 31, 2021G	Financial year ended December 31, 2022G	Increase/(Decrease)	
				December 2021G	December 2022G
Gross Written Premiums	379,114	438,300	475,264	15.6%	8.4%
Net Premiums Written	314,168	372,983	409,761	18.7%	9.9%
Net Premiums Earned	377,322	306,450	409,427	(18.8%)	33.6%
Total Revenue	383,637	311,078	416,040	(18.9%)	33.7%
Total Subscription Costs & Expenses	(455,552)	(353,715)	(437,730)	(22.4%)	23.8%
Net Subscription Loss	(71,915)	(42,637)	(21,690)	(40.7%)	(49.1%)
Total of Other Operations Expenses	(34,064)	(30,064)	(47,206)	(11.7%)	57.0%
Total Loss Attributable to Shareholders	(112,479)	(74,471)	(73,496)	(33.8%)	(1.3%)
Total Comprehensive Loss for the Year/ Period	(107,665)	(74,505)	(82,952)	(30.8%)	11.3%

Source: The Company's audited financial statements for the financial years ended on December 31, 2020G, 2021G and 2022G

Summary of Income Statement (SAR'000)	Nine-month Period Ended September 30		Increase/Decrease
	2022G Unaudited	2023G Unaudited	September 2023G
Result of Insurance Service	(51,633)	22,671	(143.9%)
Net Investment Income	2,428	22,462	825.2%
Net Insurance Finance Income	2,583	1,620	(37.3%)
Net Result of Insurance & Investment	(46,621)	46,753	(200.3%)
Net Income/(loss) for the Period Attributable to Shareholders	(58,867)	34,986	(159.4%)

Source: The Company's unaudited financial statements for the nine-month period ended September 30, 2023G and compared figures of September 30, 2022G

Statement of Cash Flow

Summary of Cash Flow Statement (SAR'000)	Financial year ended December 31, 2020G	Financial year ended December 31, 2021G	Financial year ended December 31, 2022G	Increase/(Decrease)	
				December 2021G	December 2022G
Net Cash Used in Operating Activities	(160,219)	(124,564)	(72,317)	(22.3%)	(41.9%)
Net Cash Generated from Investing Activities	248,452	72,359	8,357	(70.9%)	(88.5%)
Net Cash Used in Financing Activities	0	(2,913)	(1,291)	NA	(55.7%)

Source: The Company's audited financial statements for the financial years ended on December 31, 2020G, 2021G and 2022G

Summary of Cash Flow Statement (SAR'000)	Nine-month Period Ended September 30		Increase/Decrease
	2022G Unaudited	2023G Unaudited	September 2023G
Net Cash Used in Operating Activities	(74,547)	6,881	(109.2%)
Net Cash Generated from Investing Activities	57,818	(55,243)	(195.5%)
Net Cash Used in Financing Activities	(1,203)	(903)	(25.0%)

Source: The Company's unaudited financial statements for the nine-month period ended September 30, 2023G and compared figures of September 30, 2022G

Summary of Risk Factors

Potential investors who wish to subscribe for New Shares shall be carefully consider all the information in this Prospectus, including in particular the risk factors detailed in Section 2, “*Risk Factors*”, before making any investment decision regarding the subscription or trading for the Rights Issue.

1. Risks Related to the Company’s Activity and Operations

- Risks related to insufficient capital and minimum capital requirements
- Risks related to accumulated losses
- Risks related to insufficient provisions and reserves
- Risks related to sanctions, penalties and business suspension by competent authorities
- Risks related to failure to obtain or renew the required licenses, permits and certificates
- Risks related to the inability to implement the strategy
- Risks related to credit
- Risks related to credit rating
- Risks related to potential liabilities
- Risks related to the claims management process
- Risk related to contracts with third parties
- Risks related to reinsurance
- Risks related to reinsurance concentration
- Risks related to reliance on brokers and agents
- Risks related to investment
- Risks related to the concentration of the Company’s revenues
- Risks related to non-compliance with the quality standards and specifications required by customers
- Risks of risk management policies
- Risks related to miscalculation of risks
- Risks related to cancellation or non-renewal of insurance policies
- Risks related to translation of insurance policies
- Risks related to increasing the Company’s liabilities
- Risks related to transactions with Related Parties
- Risks related to operating systems and information technology
- Risks related to lease contracts
- Risks related to litigation (lawsuits, claims, arbitration and administrative proceedings)
- Risks related to protection of trademarks
- Risks related to the current situation of Zakat and income tax
- Risks related to insufficient insurance coverage
- Risks related to natural disasters
- Risks related to reliance on non-Saudi employees and maintaining an acceptable Saudization rate
- Risks related to dependence on key personnel and attraction of competencies
- Risks related to employees’ misconduct
- Risks related to access to future financing
- Risks related to false insurance claims and other fraudulent activities
- Risks related to failure to apply loss limits or exclusions in insurance policies
- Risks related to the Company’s reputation
- Risks related to anti-money laundering and counter-terrorism financing regulations
- Risks related to the outbreak of the COVID-19 pandemic
- Expected future risks
- Risks related to not committing to the minimum number of meetings of Board committees
- Risks related to amendments to international accounting standards or the application of new international accounting standards (IFRS) in the future

2. Risks Related to the Market and Industry

- Risks related to withdrawal of license to undertake insurance activities
- Risks related to approvals for new products or renewal of existing ones
- Risks related to non-compliance with existing laws and regulations and/or the issuance of new laws and regulations
- Risks related to non-compliance with the Council of Health Insurance regulations
- Risks related to the regulatory environment
- Risks related to the implementation of the new Companies Law and the amended Corporate Governance Regulations
- Risks related to economic performance and insurance sector
- Risks related to the economic performance of the Kingdom
- Risks related to political and economic instability in the Middle East
- Risks related to restrictions imposed on insurance companies' ownership
- Risks related to competition
- Risks related to the insurance market growth
- Risks related to the lack of cultural awareness of insurance and its importance
- Risks related to required reports
- Risks related to the obtainment of approvals regarding the launch of new products or renew existing ones
- Risks related to the impact of client trust's decrease
- Risks related to lack of control over prices
- Risks related to the insurance business cycle
- Risks related to adjustments to accounting for Zakat and income tax by the Saudi Central Bank
- Risks related to Value-added Tax (VAT)
- Risks related to the imposition of new fees or taxes
- Risks related to compliance with Saudization and GOSI requirements
- Risks related to government fees applicable to the employment of non-Saudi employees
- Risks related to the lack of qualified local cadres in the insurance sector
- Risks related to currency exchange rates

3. Risks Related to Offered Securities

- Risks related to potential fluctuations in the price of the Rights Issue
- Risks related to potential fluctuations in share price
- Risks related to unprofitability or sale of Rights Issue
- Risks related to future data
- Risks related to the issuance of New Shares
- Risks related to a decrease in the demand for Rights Issue and Company's shares
- Risks related to ownership percentage decline
- Risks related to not exercising subscription to Rights Issue in a timely manner
- Risks related to the dividend distribution to shareholders
- Risks related to speculation in Rights Issue
- Risks related to the lack of shareholders' awareness of the trading mechanism and exercise of Rights Issue
- Risks related to suspension of trading or cancellation of the Company's shares due to not publishing the financial statements within the statutory period

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1. Terms and Definitions

Term	Definition
“Al Sagr” or the “Company” or the “Issuer”	Al Sagr Cooperative Insurance Company
Underwriting Agreement	Underwriting agreement between the Company and the Underwriter
Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching (20%) or More of Their Share Capital	Issued by the CMA Board pursuant to Resolution No. (2013-48-4) dated 15/01/1435H (corresponding to 18/11/2013G) based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G) and amended by Authority Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G).
Gross Written Premiums	Total premiums for insurance contracts written during a specified period (whether assigned or not) without deducting the waived premiums.
Technical Reserves/ Allocations	Amounts allocated by the Company to cover expected losses resulting from policies for a special type of insurance and its resulting financial obligations.
Insurance Premium Deficiency Reserve (IPDR)	It is the amount needed by an insurer if the unearned premiums collected may not be sufficient to meet future claims and expenses as determined by the actuary. It is based on the expected loss ratio for the remaining portion of the risks and usually arises when the actuary believes that the prices of the policies are insufficient to cover future claims related to them.
Senior Management (or Company’s Management)	The executive management team or senior executives of Al Sagr Cooperative Insurance Company includes, without limitation, the CEO, Commercial Activity Manager, Human Resources and Support Services Manager, Risk Manager, Financial Manager, Technical Manager, Actuarial Manager, Customer Care Manager, and Information Technology Manager, Director of Cybersecurity, in addition to the Compliance Director, the Director of Internal Audit, the Director of Legal Affairs, and occupants of any other approved positions in other administrations or departments as indicated in the organizational structure (for more details, please see Section 4 “ <i>Organizational and Administrative structure</i> ”).
New Shares	Sixteen million (16,000,000) ordinary shares, which will be issued to increase the Company’s capital.
Current Shares	The Company’s current shares amount to fourteen million (14,000,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share.
Rump Shares	The shares which were not subscribed for during the Subscription Period.
Eligible Persons	All holders of Rights Issue, whether Registered Shareholders or persons who purchased Rights Issue during the Trading Period.
Related Parties	According to the Rules of the Offer of Securities and Continuing Obligations, and the Glossary of Defined Terms Used in The Regulations and Rules of the CMA, Related Parties are considered as the following: <ol style="list-style-type: none"> 1. affiliates of the Issuer except for wholly-owned companies; 2. substantial shareholders of the Issuer; 3. directors and senior executives of the Issuer; 4. directors of affiliates of the Issuer; 5. directors and senior executives of substantial shareholders of the Issuer; 6. any relatives of persons described at (1), (2), (3) or (5) above; 7. any company controlled by any person described at (1), (2), (3), (5) or (6) above.
Reinsurance	The process by which the insurance company or reinsurer insures or reinsures another insurer or reinsurer (the ceding company) against all or part of the insurance or reinsurance risks that the ceding company undertakes to cover, under one or more insurance policies.
Optional Reinsurance	An optional, case-by-case method of reinsurance in which the reinsurer has the option to accept or reject the risks offered to him.
Pro rata Reinsurance	The method of distributing insurance amounts (whether premiums or claims) between the Company and the reinsurer at a specific and agreed upon percentage.
Unearned Premiums	The portion of written premiums that covers risks relating to subsequent financial periods.
Assigned Payments	Premiums waived for the benefit of reinsurance companies within the framework of reinsurance operations.
Insurance Policy	A legal document or contract issued by the Company to the insured stating the contract’s terms regarding loss and damage covered by the policy, in exchange for a premium paid by the insured.

Term	Definition
Saudi Central Bank or SAMA	The Saudi Central Bank (formerly the Saudi Arabian Monetary Agency) is the responsible entity for regulating the financial sectors authorized to operate in the KSA, such as banks, insurance companies, finance companies, exchange institutions, and credit information companies.
Saudi Central Bank License	The license granted to the Company by the Saudi Central Bank pursuant to No. (TMN/13/20083) dated 23/03/1429H (corresponding to 31/03/2008G) to allow the Company to carry out insurance activity within (1) general insurance and (2) health insurance. The Company renewed this license on 14/11/1443H (corresponding to 13/06/2022G) for a period of three years starting on 20/03/1444H (corresponding to 16/10/2022G) and ending on 19/03/1447H (corresponding to 11/09/2025G).
Instructions for Companies Announcements	Issued by the CMA Board pursuant to Resolution No. (1-199-2006) dated 18/07/1427H (corresponding to 12/08/2006G) and amended pursuant to Resolution No. (3-79-2023) dated 19/02/1445H (corresponding to 04/09/2023G).
Litigation	Recourse to courts or judicial committees to reach a settlement of a dispute.
Nationalization / Saudization	Saudization requirements applied in the KSA regarding the labor market.
General Assembly	The General Assembly attended by the shareholders of the Company in accordance with the provisions of the Companies Law and the Company's Bylaws. The General Assembly can be ordinary or extraordinary.
Ordinary General Assembly	The Ordinary General Assembly of the Company's Shareholders. (OGA)
The Extraordinary General Assembly	The Extraordinary General Assembly of the Company's Shareholders (EGA).
The Public	As per the Glossary of Defined Terms Used in The Regulations and Rules of the CMA, the Public are persons other than the following: <ol style="list-style-type: none"> Affiliates of the issuer; Substantial shareholders of the issuer; Directors and senior executives of the issuer; Directors and senior executives of the issuer's affiliates; Directors and senior executives of substantial shareholders of the issuer; Any relatives of persons described at (1), (2), (3), (4) or (5) above; Any company controlled by any persons described at (1), (2), (3), (4) or (5) or (6) above. Persons acting in concert, with a collective shareholding of (5%) or more of the class of shares to be listed.
Rights Issue	Rights are issued as tradable securities that grant their holders the priority to subscribe to the New Shares offered, upon approval of the capital increase. All Shareholders registered in the Company's Register are entitled to receive such Rights, noting that the Rights Issue may be traded during the Trading period. Each right grants its holder eligibility to subscribe for one New Share at the Offer Price. Rights Issue will be deposited within two days from the date of the EGA's meeting approving the capital increase. The Rights will appear in the Registered Shareholders portfolios under a new symbol specifying the Rights Issue. Registered Shareholders will be notified of the deposit of Rights in their portfolios.
The Government	The Government of the Kingdom of Saudi Arabia, and the word "Governmental" shall be interpreted accordingly.
Insurance Policyholders	The person who concludes an insurance contract and is entitled to financial compensation for certain damages.
Actuarial Expert	A consultant who prepares statistical theories and various possibilities on the basis of which services are priced, obligations are evaluated, and s are calculated.
Insurance Claims Settlement Expert	A legal entity that studies and evaluates losses and negotiates settlements on behalf of the insurance company.
Vision 2030	The National Strategic Economic Program, which aims to reduce dependence on oil and the petrochemical industry, diversify the Saudi economy, and develop services.
Riyal, Saudi Riyal or the Riyal	The official currency of the Kingdom of Saudi Arabia.
Right Trading Price	It is the price at which the right is traded, noting that such price is set through the offer and demand mechanism; therefore, it may differ from the Indicative Value of the Right.
Offer / Subscription Price	Ten (10) Saudi Riyals per share.
Financial Year(s)	It is the period set to present the result of the establishment's activity. Its beginning and ending are specified in the incorporation contract or the Company's Bylaws, noting that the Company's financial year ends on December 31 of each Gregorian calendar year.
The Saudi Stock Exchange Market, the Capital Market or the Stock Market or the Market	The Saudi Stock Exchange for shares trading.
Person	A natural or legal person

Term	Definition
Security Depository Center Company (“Edaa”)	A closed joint stock Company wholly owned by the Saudi Tadawul Group (Tadawul), established in 2016 under the Saudi Companies Law issued by Royal Decree No. M/3 on 28/01/1437H (corresponding to 11/11/2015G).
Social Insurance Certificate	Certificate issued by the General Organization for Social Insurance in the Kingdom of Saudi Arabia.
Zakat Certificate	Certificate issued by the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia.
Net Offer Proceeds	The net proceeds of the offering, after deducting offering expenses, will reach an amount of one hundred and fifty-three million and seventy-five thousand (153,075,000) Saudi Riyals (for more information, please refer to Section No. (6) “ <i>Use of Offer Proceeds</i> ”).
Value-added Tax (VAT)	On 02/05/1438H (corresponding to 30/01/2017G), the Council of Ministers decided to approve the unified agreement for value-added tax for the countries of the Gulf Cooperation Council, which came into effect starting from January 1, 2018G, as a new tax added to the system of taxes and other fees that must be implemented by specific sectors in the Kingdom and in the Gulf Cooperation Council countries. The amount of this tax is (5%), and a number of products have been excluded from it (such as basic foods and services related to health care and education). The Board of Directors of the Zakat, Tax and Customs Authority No. (20-3-2) dated 17/10/1441H (corresponding to 09/06/2020G) decided to amend the VAT Law to become (15%) starting from July 1, 2020G, according to this his powers based on Article Five (5) of the Zakat, Tax and Customs Authority issued by Ministerial Resolution No. (465) dated 20/07/1438H (corresponding to 17/04/2017G) and after reviewing Royal Order No. (A/638) dated 15/10/1441H (corresponding to 07/06/2020G) issued regarding amending Value-added Tax Law to allow the increase of the basic tax rate to (15%) starting July 1, 2020G.
Regulations for Branches and Points of Sale Annual Expansion for Insurance and/or Reinsurance, Brokerage, and Agency Companies	Regulations for Branches and Points of Sale Annual Expansion for Insurance and/or Reinsurance, Brokerage, and Agency Companies issued by the Saudi Central Bank on 25/07/1437H (corresponding to 02/05/2016G).
Insurance Depth	The ratio of total insurance premiums written to the gross domestic product.
Reinsurance Commissions	The commission received as a result of reinsurance of another insured against all or part of the risks of insurance or reinsurance.
Offering Period	The period starting from Tuesday 26/12/1445H (corresponding to 02/07/2024G) and ended Sunday 08/01/1446H (corresponding to 14/07/2024G).
Rump Offering Period	The period from 10:00 a.m. on Wednesday 11/01/1446H (corresponding to 17/07/2024G) to 5:00 p.m. on Thursday 12/01/1446H (corresponding to 18/07/2024G).
Glossary of Defined Terms Used in the Regulations and Rules of the CMA	The Glossary of Defined Terms Used in the Regulations and Rules of the CMA pursuant to Resolution No. (4-11-2004) dated 20/08/1425H (corresponding to 04/10/2004G) based on the CMA Law issued by Royal Decree No. (M/30) dated 02/06/1424H, amended by CMA Board Resolution No. (1-101-2023) dated 08/04/1445H (corresponding to 23/10/2023G).
Listing Rules	Listing rules issued by the Saudi Stock Exchange (Tadawul) and approved by CMA Board Resolution No. (3-123-2017), dated 09/04/1439H (corresponding to 27/12/2017G), amended by Resolution No. (1-104-2019), dated 01/02/1441H (corresponding to 30/09/2019G), amended by Resolution No. (01/22/2021) dated 12/07/1442H (corresponding to 24/02/2021G), amended by Resolution No. (1-19-2022) On 12/07/1443H (corresponding to 13/02/2022G), amended by Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G), amended by Resolution No. (3-96-2022) dated 10/02/1444H (corresponding to 06/09/2022G), and amended by Resolution No. (1-108-2022) dated 23/03/1444H (corresponding to 19/10/2022G).
Rules on the Offer of Securities and Continuing Obligations	Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority (CMA), pursuant to Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), according to the Capital Market Law issued by Royal Decree No. M/30 dated 06/02/1424H, (corresponding to 31/07/2003G) as amended by the CMA Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G).
Financial Statements	In this Prospectus, it means the audited financial statements for the fiscal years ended on December 31, 2020G, 2021G, and 2022G, and the unaudited financial statements for the nine-month period ended September 30, 2023G.
Right Indicative Value	The indicative value of a Right reflects the difference between the market value of the Company’s share during the Trading Period and the Offer Price.
Insurance Density	Per capita spending on insurance or average insurance spending per capita.
Outsourcing Regulation for Insurance and Reinsurance Companies and Insurance Service Providers	Issued by the Saudi Central Bank on 03/01/1434H (corresponding to 17/11/2012G).
Implementing Regulations of the Companies Law for Listed Joint Stock Companies	Issued by the CMA Board pursuant to Resolution No. (8-127-2016) dated 16/01/1438H (corresponding to 17/10/2016G) based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H amended by the Authority Board Resolution No. (8-5-2022) dated 25/06/1444H (corresponding to 18/01/2023G) based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).

Term	Definition
Corporate Governance Regulations	The Corporate Governance Regulations in KSA issued by the Board of the CMA under Resolution No. (8-18-2017G) dated 16/05/1438H (Corresponding to 13/02/2017G) based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H and amended by CMA Board Resolution (8- 5-2023G), dated 25/06/1444H (corresponding to 18/01/2023G), based on the Companies Law issued by Royal Decree No. (M/132) dated 12/01/1443H.
Insurance Companies Corporate Governance Regulations	Insurance Corporate Governance Regulations issued by the Saudi Central Bank on 08/01/1437H (corresponding to 21/10/2015G).
Underwriter and Lead Manager	Albilad Investment Company (Albilad Capital).
The Board, The Board of Directors or The Board Members	The Company's Board of Directors elected by the General Assembly of Shareholders in accordance with the provisions of the Company's Bylaws and the requirements of the competent authorities related to the membership of the BOD of joint stock companies (JSC) (in particular the requirements of the CMA and the Central Bank) recognized under the regulations in force in the KSA, and whose names appear on page (iv).
Council of Health Insurance	A government body to oversee the implementation of the Cooperative Health Insurance Law.
Portfolios	An investment instrument that includes a number of assets.
Technical Provisions	Technical provisions are calculated in accordance with the requirements of the Saudi Central Bank and applicable accounting standards, after being approved and adopted by the actuary, in addition to the Company's obligations.
Head Office/ Headquarters	The Company's Head Office is located in the region of Dammam - First Floor - ATCO Building - King Khalid Street - Postal Code: Al Khobar 31952 - P.O. Box 3501.
Registered Shareholder	The investor registered in the issuer's securities ownership registry.
Substantial Shareholders	Shareholders who own (5%) or more of the Company's shares. As of the date of this Prospectus, the Company has one substantial shareholder, Al Sagr National Insurance Company (an Emirati closed joint stock company), which owns (26%) of the Company's shares.
Reinsurer	It is the insurance and/or reinsurance company that accepts reinsurance from another insurance company for all or some of the risks it bears.
Al Sagr National Insurance Company	It is an Emirati public joint stock company registered in the Commercial Registry under number (41370) with a current capital of (230,000,000) UAE Dirhams.
Eligible Shareholders	Shareholders registered in the Company's Shareholder Register at the end of the trading day following the Eligibility Date.
Founding shareholders	They are the Company's Founding Shareholders whose names appear in Table No. (9).
Financial Advisor	Albilad Investment Company (Albilad Capital), which was appointed by the Company as a Financial Advisor and Lead Manager in relation to the Rights Issue as tradable securities.
Eligibility Ratio	Result of dividing the number of new shares by the number of the Company's current shares.
International Financial Reporting Standards (IFRS)	International Financial Reporting Standards adopted in the KSA, and other standards and issuances issued by the Saudi Organization for Auditors and Accountants (International Financial Reporting Standards).
Subscriber	Any eligible shareholder who subscribes or submits an application to subscribe to the Rights Issue in accordance with the terms and conditions of the Company's issue of shares.
The Kingdom, or Saudi Arabia	The Kingdom of Saudi Arabia.
Institutional Investors	<p>It includes a group of institutions, which are as follows:</p> <ol style="list-style-type: none"> the Government of the Kingdom or any supranational authority recognised by the CMA or the depository center (Edaa); companies fully owned by the government or any government entity, either directly or through a portfolio managed by a Capital Market Institution authorised to carry on managing business; institutional companies acting on their own account; Capital Market Institution authorised to deal in securities as principal; clients of a Capital Market Institution by the Authority to conduct managing activities provided that the offering is made to that capital market institution and that all relevant communications are made through it. The Capital Market Institution must have been appointed on terms which enable it to make decisions concerning the acceptance of an offer of securities on the client's behalf without obtaining prior approval from the client; public and private funds that invest in securities listed on the Exchange; any legal persons allowed to open an investment account in the Kingdom and an account at the depository center (Edaa); companies owned by the government either directly or through a portfolio privately managed; Gulf companies and funds if allowed by the terms and conditions of the fund; any registered person with the Capital Market Institution if the offering is made by the capital market institution itself; qualified investors; and any other persons prescribed by the CMA.

Term	Definition
General Organization for Social Insurance	The General Organization for Social Insurance in the Kingdom of Saudi Arabia.
Insurer	The insurance company that accepts insurance contracts directly from the insured and undertakes compensation for the risks to which the insured is exposed.
Insured	The natural or legal person who concludes an insurance contract.
Prospectus	This document prepared by the Company concerning the Offering of Rights Shares.
Nitaqat	The Saudization program (Nitaqat) was approved pursuant to Resolution No. (4040) of His Excellency the Minister of Labor dated 12/10/1432H (corresponding to 10/09/2011G) based on Ministerial Resolution No. (50) dated 21/04/1415H (corresponding to 27/09//1994G). The Ministry of Human Resources and Social Development in the Kingdom launched the program to provide incentives for establishments to employ Saudis. The program evaluates the performance of the facility on the basis of specific ranges (Platinum, Green, and Red) according to the activity and sector under which the Company falls. On 11/01/1442H (corresponding to 23/05/2021 G), the Ministry of Human Resources and Social Development launched the developed “Nitaqat” program (a Saudi nationalization scheme), which offers three main advantages: The first: a clear vision and transparent Saudization plan for the next three years in order to increase organizational stability in the private sector. The second: the direct relationship between the number of workforce and the required Saudization percentages for each facility is based on a linear equation that is proportionally related to the number the facility’s workforce, instead of the current Saudization percentage system, based on the classification of establishments into specific and fixed sizes. The third: simplifying the design of the program and improving the customer experience by integrating the categories of activities with common characteristics, to be 32 instead of 85 activities in “Nitaqat”. This program will also contribute to providing more than (340,000) jobs until 2024G.
Bylaws	The Company’s Bylaws and their subsequent amendments are approved by the founding General Assembly. The latest amendment was made according to the EGA’s Resolution dated 28/03/1445H (corresponding to 13/10/2022G). The Bylaws were also reviewed and approved by the Ministry of Commerce and Investment (Operations Department) on 09/07/1444H (corresponding to 31/01/2023G), and can be reviewed either at the Company’s headquarters or on its website (Tadawul website / the Company’s profile page).
Tadawul System	The automated system for trading of securities on the Saudi Stock Exchange.
Law of Commercial Register	The Law of Commercial Register issued by Royal Decree No. (M/1) dated 21/02/1416H (19/07/1995G), and its implementing regulations issued pursuant to Ministerial Decree No. (1003) dated 21/09/1416H (corresponding to 11/02/1996G).
Capital Market Law	The Capital Market Law issued by Royal Decree No. (M/30) dated 06/02/1424H (corresponding to 31/07/2003G).
Companies Law	The Companies Law in the Kingdom of Saudi Arabia issued pursuant to Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G) and Cabinet Resolution No. (678) dated 29/11/1443H (corresponding to 28/06/2022G).
The Cooperative Health Insurance Law	The Cooperative Health Insurance Law No. (71) dated 27/04/1420H (corresponding to 11/08/1999G) issued by Royal Decree No. (M/10) dated 01/05/1420H (corresponding to 13/08/1999G).
Labor Law	The Saudi Labor Law pursuant to Royal Decree No. (M/51) dated 23/08/1426H (corresponding to 27/09/2005G), and any amendments thereto and the decisions and regulations issued in implementation of its provisions.
The Cooperative Insurance Companies Control Law and its Implementing Regulations	The Cooperative Insurance Companies Control Law issued by Royal Decree No. (M/32) dated 02/06/1424H (corresponding to 31/07/2003G), amended by Royal Decree No. (M/30) dated 27/05/1434H (corresponding to 08/04 /2013G), amended by Royal Decree No. (M/12) dated 23/01/1443H (corresponding to 01/09 /2021G) and its implementing regulations issued by the Minister of Finance Resolution No. (1/569) dated 01/03/1425H (corresponding to 20/04/2004G).
H	Hijri calendar
G	Gregorian calendar
Solvency Margin	The extent to which the Company’s assets can be converted into cash (beyond its liabilities).
Insurance Authority	The Insurance Authority was established pursuant to Ministerial Resolution No. (85) dated 28/01/1445H (corresponding to 15/08/2023G) and officially began its work on 09/05/1445H (corresponding to 23/11/2023G) to regulate, supervise and control the insurance sector in the KSA. The Insurance Authority will assume the powers related to the insurance sector that were exercised before its establishment by the Saudi Central Bank and the Council of Health Insurance according to a transitional plan, provided that the laws, regulations, rules and instructions issued by the Central Bank and the Council of Health Insurance related to regulating the insurance sector will continue to be enforced until further instructions are issued to amend or copy them.
Zakat, Tax and Customs Authority	The Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia (The General Authority for Zakat and Tax (GAZT) or the Department of Zakat, and Tax formerly) is one of the government agencies that are organizationally linked to the Minister of Finance, and it is the body entrusted with the work of levying zakat and tax collection. On 22/09/1442H (corresponding to 04/05/2021G), the Council of Ministers approved the merging of the General Authority of Zakat and Tax (GAZT) and the General Authority of Customs ((GAC) to form the “Zakat, Tax and Customs Authority (ZATCA)”.
The Saudi Organization for Chartered and Professional Accountants (SOCPA)	The Saudi Organization for Chartered and Professional Accountants in the Kingdom of Saudi Arabia. (Formerly the Saudi Organization for Certified Public Accountants).
Capital Market Authority or Authority	The Capital Market Authority in the Kingdom of Saudi Arabia.

Term	Definition
Insurance Policy	A legal document or contract issued by the Company to the insured stating the terms of the contract to compensate the insured for the loss and damage covered by the policy in exchange for a premium paid by the insured.
The Unified Compulsory Motor Insurance Policy	Issued by the Saudi Central Bank pursuant to Governor's Resolution No. (2/S/444) dated 23/06/1444H (corresponding to 16/01/2023G) based on the powers granted to the Saudi Central Bank under the Cooperative Insurance Companies Control Law.
Ministry of Commerce	The Ministry of Commerce in the Kingdom of Saudi Arabia (formerly the Ministry of Commerce and Investment).
Ministry of Interior	The Ministry of Interior in the Kingdom of Saudi Arabia.
Ministry of Municipal & Rural Affairs & Housing	The Ministry of Municipal and Rural Affairs and Housing in the Kingdom of Saudi Arabia. On 11/06/1442H and 24/01/2021G, pursuant to Royal Decree No. (A/322) that stipulated the merging of the "Housing Ministry" and the "Ministry of Municipal and Rural Affairs", and amendment of its name to become the "Ministry of Municipal, Rural Affairs and Housing".
Ministry of Human Resources and Social Development	The Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia (Formerly the Ministry of Labor and Social Development).
Intermediaries/Brokers/Agents	A Capital Market Institutions licensed by the CMA to engage in the activity of dealing in securities as agents.
Insurance Brokers	A legal person who, in return for a certain fee, represents existing or potential insured in attracting and negotiating insurance contracts.
Insurance Agency	A legal person who, in return for a commission, represents the insurer to attract, negotiate and conclude insurance contracts.
Business Day	A business day means any day except any Friday, any Saturday, or any day which is a federal legal holiday in KSA or any day on which banking institutions are authorized or required by law or other governmental action to close.

2. Risk Factors

In addition to other information included in this Prospectus, all prospective investors should carefully consider all risk factors described below, including in particular the risk factors outlined below, prior to making the decision of purchasing the shares offered for subscription. However, the risks described below may not include all risks that the company may face. It is possible that there are additional risk factors that are not currently known to the company, that may affect its operations. The Board Members declare that they are not aware of any other material risks than those set out below that may have an adverse effect on the Company's activity and its financial position, as of the date of this Prospectus.

Investing in the offered shares is only suitable for investors who are able to assess the risks and benefits of such an investment and who have sufficient resources to bear any loss that may result from such an investment. A prospective investor who is doubtful about investing in the New Shares should refer to a financial advisor licensed by the CMA for advice about investing in the shares of this Offering.

The BOD's Members also acknowledge, to the best of their knowledge and belief, that there are no material risks that may affect the investors' decision as of the date of this Prospectus.

In the event of the occurrence of one of the risks that the Company's management ("the Management") currently believes to be important, or any other risks that the Management could not identify or which it believes to be immaterial, if it occurs or becomes material, the Company's activity, its financial status, business results, cash flow and future expectations may be adversely and substantially affected. The occurrence of one or some of these risks may lead to a decrease in the shares' prices in the market and to investors losing part of or all of their investments in the New Shares.

It should be noted that the risks and uncertainties as outlined below, are not enumerated according to their importance. Additional risks and uncertainties, including those unknown or deemed non-essential at the present time, may have the effects described above.

2.1 Risks Related to the Company's Activity and Operations

2.1.1 Risks related to insufficient capital and minimum capital requirements

According to Articles (66) and (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by the Saudi Central Bank, insurance companies shall maintain a margin of solvency for various types of business. According to Paragraph (a) of Clause (2) of Article (68) of the Implementing Regulations, if the solvency margin falls between (75%) and (100%) of the required solvency margin, the Company will have to amend this percentage to become at least (100%) during the next quarter.

According to Clause (2) of Article (68) of the Regulations stipulates a series of measures to rectify the insurance companies' situation as follows:

1. Increase the Company's capital.
2. Adjustment insurance premiums.
3. Reduce costs.
4. Stop underwriting business.
5. Assets liquidation.
6. Any other measures deemed appropriate by the Company and approved by the Central Bank.

The Company's solvency margin reached (177.5%), (120.8%), (72.6%) and (100.3%) as of December 31, 2020G, 2021G and 2022G, and the nine-month period ended September 30, 2023G, respectively. On 28/02/1445H (corresponding to 13/09/2023G), the Board of Directors recommended to increase the Company's capital by offering Rights Issue Shares at a value of one hundred sixty million (160,000,000) Saudi Riyals, subject to obtaining all necessary statutory approvals and the approval of the EGA. The Company obtained the non-objection of the Insurance Authority to increase its capital as per letter No. (134-23) dated 26/05/1445H (corresponding to 10/12/2023G).

The Company aims to increase its capital by offering Rights Issue Shares to enhance and maintain the solvency margin required by the Saudi Central Bank (kindly refer to Section No. 6 "**Use of Offer Proceeds**").

In the event that the Company is unable to meet the required solvency requirements, the Central Bank will require it to appoint an advisor (to provide advice as deemed necessary) or withdraw its license and prevent it from selling its insurance products if it does not improve its business's financial status within a period specified by the Saudi Central Bank, which will negatively and materially affect the Company's business, results of operations, financial status and future prospects.

2.1.2 Risks related to accumulated losses

The Company had previously announced on 09/02/1444H (corresponding to 05/09/2022G) that its accumulated losses had reached (65%) of the capital and amounting to (260,082,904) Saudi Riyals. It is to be noted that according to Article (5) of the “Procedures and Instructions Related to Listed Companies with Accumulated Losses amounting to (20%) or more of their Share Capital” issued by the CMA pursuant to Resolution No. (4-48-2013) dated 15/01/1435H (corresponding to 18/11/2013G) based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G) amended by the CMA Board Resolution No. (8-5-2023) and the date of 25/06/1444H (corresponding to 18/01/2023G) - a company whose accumulated losses amount to (50%) or more of its capital must disclose to the public immediately and without delay. The CMA adds a mark next to the Company’s name on the Market’s website, symbolizing that the accumulated losses have reached (50%) or more of its share capital as soon as the Company’s announcement is issued. After this announcement, stating that accumulated losses reached (50%) or more of the capital, the Company should announce (1) the last date on which the BOD can invite the EGA to meet, and the last day of the EGA to address the accumulated losses, (2) the BOD’s recommendation to the EGA regarding its accumulated losses as soon as it is issued.

The Board of Directors announced on 09/02/1444H (corresponding to 05/09/2022G) that it had invited the EGA to convene and take the required legal measures. On 24/02/1444H (corresponding to 20/09/2022G), the Company received the Saudi Central Bank Letter No. (44015739) containing its approval to reduce the Company’s capital by two hundred and sixty million (260,000,000) Saudi Riyals, so that the capital becomes one hundred and forty million (140,000,000) Saudi Riyals, and then on 25/02/1444H (corresponding to 21/09/2022G) the Company submitted a file to the CMA requesting approval to reduce the capital on 25/02/1444H (corresponding to 21/09/2022G), and it was accepted on 09/03/1444H (corresponding to 05/10/2022G). The EGA held on 17/03/1444H (corresponding to 13/10/2022G) approved the capital’s reduction from four hundred million (400,000,000) Saudi Riyals to one hundred and forty million (140,000,000) Saudi Riyals, i.e., a value of two hundred and sixty million (260,000,000) Saudi Riyals. It should be noted that any accumulation of losses in the future will require the Company to take measures that negatively affect it and its financial results and future expectations, such as the review of the prices of its products, the reduction of exposure to loss-making products and the development of an action plan to increase profitable product portfolios, or taking measures to reduce expenses such as reducing the number of employees and reallocating investments from lower income rates to higher profit margin investments, knowing that the accumulated losses may lead to the Company’s dissolution in accordance with the Provisions of Article (132) of the Companies Law.

2.1.3 Risks Related to Insufficient Provisions and Reserves

The Company maintains allocations to meet and cover financial obligations, in accordance with Article (69) of the Implementing Regulations of the Cooperative Insurance Companies Control Law. These allocations include the following:

- Unearned premium allowances.
- Unpaid Claim Reserves.
- Claim Expense Reserve.
- Incurred but not reported Claims Reserves.
- Unexpired Risk Reserves.
- Catastrophe Risk Reserves.
- General Expense Reserves.
- Reserves related to protection and savings insurance, such as disability, old age, health, death, medical, expenses, etc.

The size of reserves is estimated based on expected trends in the volume and frequency of claims according to the data available at the time. Establishing an appropriate level of claims’ reserves is an inherently uncertain process due to the difficulty and complexity of making necessary assumptions. The table below outlines the amounts of these allocations as of December 31, 2020G, 2021G, and 2022G, in addition to the nine-month period ended September 30, 2023G:

Table No. (6): Financial Allocations

Allocations	Financial Year Ended 31/12/2020G	Financial Year Ended 31/12/2021G	Financial Year Ended 31/12/2022G	Financial Period Ended 30/09/2023G
Unearned premium allowances	152,479,769	219,013,520	219,348,050	222,575,922
Unpaid Claim Reserves	79,651,443	38,482,684	40,471,478	62,360,621
Claim Expense Reserve	6,128,675	5,133,997	4,290,894	2,485,989
Incurred but not reported Claims Reserves	64,118,683	50,422,635	47,161,529	35,112,560
Unexpired Risk Reserves	14,025,166	16,210,289	25,972,063	18,722,427

Source: The Company

Since the size of reserves depends on future estimations, it is possible that the Company’s reserves may be insufficient in any period. If actual claims exceed the claims’ reserve, the Company will have to increase its reserves, such will have a negative and material impact on its business, financial condition and results of operations.

2.1.4 Risks related to Sanctions, Penalties and Business Suspension by Competent Authorities

Considering that the Company's business is subject to several laws and instructions issued by the Saudi Central Bank, CMA, the Council of Health Insurance and other government entities, it will be subject to inspection visits, which may expose it to sanctions and penalties if it fails to comply with any of these laws, regulations, and instructions, or delays in complying with any of them. The Company may also be exposed to a number of penalties and sanctions by the Saudi Central Bank, CMA and other entities, including suspending all or some of its activities and its share trading which would have a material adverse impact on its business, financial status and future expectations.

It should be noted that the Company has been subject to a number of fines during the past three years until the preparation date of this Prospectus according to the below table:

Table No. (7): Sanctions and Penalties

Competent Authority	Violation/Offense	Violation Date	Type of Penalty	Fine Amount (where applicable)	Violation Status
The Year 2020G					
Saudi Central Bank	Non-compliance with the Cooperative Insurance Companies Control Law:				
	- Intervention of a Board member in the Company's operational activities.				
	- Lack of independence of the Audit Department.	05/01/1442H (corresponding to 24/08/2020G)	Fine	SAR (140,000)	Payment was made on 12/01/1442H (corresponding to 31/08/2020G).
	- Deficiencies in the Internal Customer Protection Policy.				
	- Lack of independence of the Audit Department.				
	- Deficiencies in the Internal Consumer Protection Policy.				
	- Lack of adopted remuneration policy.				
Capital Market Authority (CMA)	Failure to disclose the end of the CEO's mandate.	13/01/1442H (corresponding to 01/09/2020G)	Fine	SAR (10,000)	Payment was made on 02/03/1442H (corresponding to 19/10/2020G).
Ministry of Human Resources and Social Development	Failure to open a file and register points of sale in the Jazan and Madinah labor offices.	21/04/1442H (corresponding to 06/12/2020G)	Fine	SAR (20,000)	Payment was made on 22/04/1442H (corresponding to 07/12/2020G).
Ministry of Human Resources and Social Development	Failure to submit Al-Ahsa point of sale panel.	25/04/1442H (corresponding to 10/12/2020G)	Fine	SAR (500)	Payment was made on 29/04/1442H (corresponding to 14/12/2020G).
Saudi Central Bank	Failure to ensure sufficient social distancing in the workplace.	30/04/1442H (corresponding to 15/12/2020G)	Fine	SAR (5,000)	Payment was made on 01/05/1442H (corresponding to 16/12/2020G).
The Year 2021G					
Council of Health Insurance	Violations observed during the visit of the assigned General Secretariat team:				
	- Failure to adhere to the deductible rates according to the Council's circular for the minimum actual benefit network for each treatment service as stipulated in the unified document.	04/05/1442H (corresponding to 17/01/2021G)	--	Observations/Remarks	Observations and remarks have been answered.
	- Failure to adhere to the Company's approved financial policy for collecting premiums from policyholders.				
	- Contracting with health care service providers that are not accredited by the Council.				
	- Failure to pay medical claims to health service providers within (45) working days from the date of receipt of the claim.				

Competent Authority	Violation/Offense	Violation Date	Type of Penalty	Fine Amount (where applicable)	Violation Status
Saudi Central Bank	Al Sagr Company's violation of the Central Bank's Supervisory and Regulatory Instructions regarding the transfer of compensation amounts due on claims linked to financial leased vehicle/motor insurance policies without providing the relevant financing company with data on a number of vehicles or claims for those compensations.	12/08/1442H (corresponding to 25/03/2021G)	Draw the Company's attention.	--	Draw the Company's attention. Senior Management must put in place the necessary procedures to avoid the occurrence of such a violation in the future.
Ministry of Human Resources and Social Development	Failure to pay the employees' wages within a week at most from the date of the end of the contractual relationship.	06/09/1442H (corresponding to 18/04/2021G)	Fine	SAR (10,000)	The fine was paid on 08/09/1442H (corresponding to 20/04/2021G).
Saudi Central Bank	The Company violated the Central Bank Supervisory and Regulatory Instructions regarding the requirements for actuarial business controls.	14/09/1442H (corresponding to 26/04/2021G)	Fine	SAR (40,000)	The fine was paid on 11/10/1442H (corresponding to 23/05/2021G).
Saudi Central Bank	The Company violated the Central Bank Supervisory and Regulatory Instructions when dealing with an insurance brokerage company after the expiry of the permit issued by the Central Bank.	06/10/1442H (corresponding to 18/05/2021G)	Fine	SAR (20,000)	The fine was paid on 11/10/1442H (corresponding to 23/05/2021G).
Saudi Central Bank	The Company's failure to comply with the Regulatory Requirements and Instructions issued by the Central Bank related to precautionary and preventive measures to fight the COVID-19 in terms of ensuring sufficient social distancing in the workplace.	14/10/1442H (corresponding to 26/05/2021G)	Fine	SAR (15,000)	The fine was paid on 20/10/1442H (corresponding to 01/06/2021G).
Saudi Central Bank	The Company violated the Central Bank Supervisory and Regulatory Instructions for not submitting a request to obtain a written no-objection from the Central Bank on the primary consolidated financial statements for the first quarter of the year 2021G.	18/12/1442H (corresponding to 28/07/2021G)	Fine	SAR (20,000)	The fine was paid on 23/12/1442H (corresponding to 02/08/2021G).
Council of Health Insurance	The Company violated the provisions of the Cooperative Health Insurance Law and its Implementing Regulations in terms of Paragraph (b) of Article (14) of the Cooperative Health Insurance Law and Articles (76) and (93) of the Implementing Regulations.	29/12/1442H (corresponding to 08/08/2021G)	Fine	SAR (205,000)	The fine was not paid - a letter was sent to the Council of Health Insurance stating the Company's position regarding the detected observations. The Company is in the process of filing an appeal before the Board of Grievances.
Zakat, Tax and Customs Authority (ZATCA)	The Company failed to comply with the requirements of the tax invoice for not displaying the tax certificate at the Khamis Mushait point of sale.	11/01/1443H (corresponding to 19/08/2021G)	Fine	SAR (10,000)	The fine was paid on 23/02/1443H (corresponding to 30/09/2021G).
Saudi Central Bank	The Company violated the Central Bank Supervisory and Regulatory Instructions in terms of: <ul style="list-style-type: none"> - Failure to publish the violations related to executive decisions issued according to the formula outlined in the table outlined in the circular, in the Board of Directors' report for the year 2020G. - Failure to classify violations subjects according to the topics specified in the circular. 	12/02/1443H (corresponding to 19/09/2021G)	Draw attention	--	Draw the Company's attention and it is the responsibility of the Executive Management to implement the necessary measures to prevent put in place the necessary procedures to avoid the occurrence of such a violation in the future.

Competent Authority	Violation/Offense	Violation Date	Type of Penalty	Fine Amount (where applicable)	Violation Status
The Year 2022G					
Saudi Central Bank	<ul style="list-style-type: none"> Issuance of insurance policies to a related party (Chairman of the Board of Directors) before paying the full premium due. Failure to immediately notify the Central Bank of a decline in the rating of the reinsurer (Al Sagr National Company) below the required level. The Audit Committee did not study the actuary's reports during the year 2020G and make recommendations to the Board of Directors. 	03/11/1443H (corresponding to 02/06/2022G)	Fine	SAR (160,000)	The fine was paid on 16/11/1443H (corresponding to 15/06/2022G).
Council of Health Insurance	Failure to adhere to the unified contract with all service providers.	25/01/1444H (corresponding to 23/08/2022G)	Warning	--	--
Saudi Central Bank	<ul style="list-style-type: none"> Correcting the aforementioned violations within 4 months. The Board of Directors held a meeting within (20) working days. Providing the Central Bank with a copy of the minutes of the Board of Directors' meeting held within 5 days from its date. Providing the Central Bank with a monthly report from the date of the Board of Directors' meeting in this regard, clarifying the level of progress in correcting the aforementioned violations. 	07/03/1444H (corresponding to 10/03/2022G)	Warning	--	--
CMA	The Company did not adhere to the statutory deadline for publishing the financial statements included in the instructions pertaining to the Company's advertisements.	28/04/1444H (corresponding to 22/11/2022G)	Warning	--	--
Council of Health Insurance	The Company failed to respond to the pre-approval request for more than 60 minutes on the National Platform for Health and Insurance Exchange Services (NPHIES).	07/05/1444H (corresponding to 31/12/2022G)	Warning	--	--
The Year 2023G					
CMA	Failure to notify the Authority of the names of Committees' Members and membership positions within five (5) working days from the date of their appointment and any changes that occur within five (5) working days from the date of the changes.	09/06/1444H (corresponding to 02/01/2023G)	Warning	--	--
Council of Health Insurance	<ul style="list-style-type: none"> Failure to upload health insurance documents to the developed Document Issuance System within (48) hours of receiving the insurance premium. Failure to adhere to the specified periods for giving medical approvals with health care service providers within (60) minutes of receiving the approval request. Lack of commitment regarding doctors who give medical approvals being specialists and licensed by the Saudi Commission for Health Specialties (SCFHS) that regulates health care-related practices and accreditation at all levels. Failure to pay medical claims to health service providers within (30) days from the date of the claim's receipt, according to the price list and the mechanism agreed upon in the contract signed between the two parties. Failure to comply with the provisions of Article (11) of the Beneficiaries Regulations, Paragraphs (2), (3) and (4). 	06/10/1444H (corresponding to 26/04/2023G)	Warning	--	--
Council of Health Insurance	The Company's failure to comply with the provisions of Article (11) of the Beneficiaries Regulations, Paragraphs (2), (3) and (4).	14/10/1444H (corresponding to 04/05/2023G)	Warning	--	--

Competent Authority	Violation/Offense	Violation Date	Type of Penalty	Fine Amount (where applicable)	Violation Status
Council Of Health Insurance	Delay of Claims	15/01/1445H (corresponding to 02/08/2023G)	Fine	SAR (295,600)	Payment was made on 15/06/1445H (corresponding to 28/12/2023G).
Saudi Central Bank	The Company violated the Central Bank Supervisory and Regulatory Instructions.	22/01/1445H (corresponding to 09/08/2023G)	Warning	--	--
Saudi Central Bank	Correction of the observations and comments included in the safety campaign form delivered effectively.	28/02/1445H (corresponding to 13/09/2023G)	Warning	--	--
CMA	The Company's failure to disclose immediately and without delay the conclusion of a contract with Maharah Human Resources Company.	20/3/1445H (corresponding to 05/10/2023G)	Warning	--	--
Council Of Health Insurance	The Company did not receive the insurance premium upon the policy's issuance. There is also a period of time exceeding (48) hours between the date of the policy's issuance and its submission to the Health Information Exchange (HIE) System.	09/04/1445H (corresponding to 24/10/2023G)	Warning	--	--

Source: The Company

Incurred violations and fines will affect the Company's operating expenses and have a negative and material impact on its business and financial status.

2.1.5 Risks Related to Failure to Obtain or Renew the Required Licenses, Permits and Certificates

The Company is subject to a set of rules and regulations that require it to obtain necessary licenses, permits and approvals from the competent regulatory authorities in the Kingdom in order to practice its activity in the insurance sector. The Company has obtained the necessary licenses, certificates and approvals, which include: the Commercial Registry Certificates and Chamber of Commerce and Industry Certificates, the Zakat Certificate, the Value Added Tax Registration Certificate, employment-related certificates (GOSI Contribution Certificate - the Wage Protection Commitment Certificate - Saudization Certificate – Nitaqat Certificate) in addition to a license from the Saudi Central Bank and the Council of Health Insurance.

The Company, as license holder, must adhere to the terms and conditions of each license and certificate it has obtained otherwise, it may not be able to renew these licenses and certificates or obtain new required ones for the purposes of expanding its activities.

As of the date of this Prospectus, the Company has not obtained various required certificates, licenses and approvals as follows:

- Membership certificates from the Chambers of Commerce and Industry for: (1) Jeddah City Branch (Commercial Registration No. 4030182618), (2) Riyadh City Branch (Commercial Registration No. 1010243765), (3) Tabuk City Branch (Commercial Registration No. 3550027342), (4) Buraidah City Branch (Commercial Registration No. 1131046600), (5) Hail City Branch (Commercial Registration No. 3350044740), (6) Najran City Branch (Commercial Registration No. 5950022375), (7) Jazan City Branch (Commercial Registration No. 5900027845), (8) Al-Madina Al-Munawwarah Branch (Commercial Registration No. 4650060439) and (9) Al-Baha City Branch (Commercial Registration No. 5800014660) which constitutes a violation of Article (5) of the Law of Commercial Register, since any company registered in the Commercial Register must submit to the Commercial Register Office, within thirty days from the date of registration, a certificate of membership in the Chamber of Commerce and Industry. This violation may result in the penalty stipulated in Article (15) thereof, which may reach a fine of SAR (50,000) For every dissenting branch.
- Salamah certificates (Civil Defense) for the head office and the following branches: (1) Jeddah City Branch (Commercial Registration No. 4030182618), (2) Najran City Branch (Commercial Registration No.5950022375), (3) Jizan City Branch (Commercial Registration No. 5900027845), (4) Al-Madina Al-Munawwarah Branch (Commercial Registration No. 4650060439) and (5) Al-Baha City Branch (Commercial Registration No. 5800014660): which constitutes a violation of the Civil Defense Law and may lead to the imposition of a set of penalties, which may include: imprisonment for a period not exceeding six months, or a fine not exceeding SAR (30,000) or both. The Company's failure to obtain Civil Defense licenses may result in its inability to get new municipal licenses or renew current ones which may lead to the closure of all head offices until the regulatory procedures are completed.
- Municipality licenses for the Company's branch in Jeddah (Commercial Registration No. 4030182618) which is considered a violation that may be expose the Company to the penalties stipulated in Implementing Regulation of Penalties for Municipal Violation (Published in 1444H-2023G) and a fine that might reach SAR (50,000) which might be doubled upon repetition, in addition to the closure of two branches until the license's issuance.

- Wage Protection System Certificate (WPS) for the Company's branches in Jazan City Branch (Commercial Registration No. 5900027845). The Company also did not obtain the Contributor Certificate from the General Organization for Social Insurance (GOSI) for Jazan City Branch (Commercial Registration No. 5900027845) which may lead to the imposition of fines and the suspension of its services with the relevant government agencies.

Failure to obtain or renew required certificates and licenses to practice business activity may result in business interruption or faltering, or the imposition of financial fines by government agencies. Thus, the Company's business, financial condition, results of its operations, and future expectations will be negatively and substantially affected.

2.1.6 Risks Related to Inability to Implement Strategy

The Company's ability to increase its revenues and improve its profitability depends on the extent to which it effectively implements its business plans and successfully achieves its strategy, including, but not limited to, improving the current activities or starting new activities. The Company's ability to expand its business in the future depends on its ability to continue implementing and improving operational, financial and administrative information systems in an efficient and timely manner, as well as on its capacity to increase, train, motivate and maintain its workforce. Furthermore, any business expansion plans that the Company intends to undertake in the future will be subject to estimated costs, specified implementation schedule, and additional financing. If the Company fails to implement the expansion plans according to its specified schedule and in accordance with the estimated costs, or if the desired profitability is not achieved due to various reasons, including a change in the market situation at the time of implementing its projects or a defect in the feasibility study, this will negatively affect its competitive position, its business results, and profitability. The Company's ability to implement its current strategy is subject to various factors, some of which are beyond its control, and there are no guarantees that any defect, failure, or sudden interruption in the work of production lines will not occur during the expansion process, or that appointed employees or adopted systems, procedures, and controls will be sufficient to support future growth, expansion, and successful achievement of its strategy. If the Company fails to implement any part of its strategy for any reason, this will have a negative and material impact on its business, results of operations, financial position and future prospects.

2.1.7 Credit Risks

Credit risks arise when a party fails to fulfill a certain financial obligation of the other party. The Company may face credit risks in several temporary or permanent cases, including reinsurers' inability to fulfill their obligations with respect to settlements, the existence of receivables from customers, the failure of other creditors to fulfill their obligations to the company, and others.

It should be noted that the provision for doubtful debts reached SAR (36,275,368) as of December 31, 2020G, SAR (39,484,811) as of December 31, 2021G, and SAR (38,456,770) as of December 31, 2022G, compared to SAR (37,247,509) as of September 30, 2023G. The Company may face credit risks in several temporary or permanent cases, including reinsurers' inability to fulfill their obligations with respect to settlements and the existence of receivables from customers. If the Company does not take sufficient allocations, customers' non-payment may result in risks that substantially affect its profits and business (for additional information kindly refer to paragraphs (5.5) and (5.9) "**Statement of Financial Position**" of Section (5) "**Financial Information and Management Discussion and Analysis**").

Pursuant to Article (5) of the Unified Compulsory Motor Insurance Policy issued by the Saudi Central Bank, insurance companies are required to indemnify third party/parties (other than the insured) for the consequences of accidents covered under the insurance policy against third parties. Insurance companies have the right to seek recovery from the insured, the driver or the person causing the accident to recover the amount it had paid to the third party. Therefore, recovery from the insured, the driver or the person causing the accident to recover the paid amounts results in risks of procrastination and failure by some people to repay the amounts due from them, which will adversely affect the Company's business, results of operations and financial position.

2.1.8 Risks Related to Credit Rating

As of the date of this Prospectus, the Company has no credit rating. If the Company applies for a credit rating, then there is no guarantee that it will obtain a good rating if its risks are higher than the limit in the insurance market, knowing that any credit ratings it may obtain will affect in the future the terms on which parties wish to agree upon when dealing with the Company. It is worth noting that the good classification of the most famous international rating agencies such as (A.M. Best) ranges between (A++) , (B+) and (S&P) ranges from (AAA) to (BBB-), as the Company's obtainment of a good credit rating contributes to improving the terms of its reinsurance agreements, gaining greater customer confidence and encouraging prospective insurance applicants to choose it over its competitors. If the Company obtains the rating, it may face a difference in its credit rating from time to time as a result of many factors that affect the credit rating and that may be beyond its control. If the Company faces a decrease in the rating level, it will affect its ability to conduct its business and the its profit margins, which will have a negative and material impact on its financial condition, operations' results and future prospects.

2.1.9 Risks Related to Potential Liabilities

Some potential liabilities may arise for the Company resulting from any other obligations or costs related to its activity. The Company has potential commitments and obligations, which are capital commitments associated with the purchase of investments related to a mutual fund and costs of implementing new programs. The value of these potential commitments and obligations amounted to SAR (3,322,975), SAR (8,794,105), and SAR (9,835,721), as of December 31, 2020G, 2021G, and 2022G, respectively, compared to SAR (11,927,142) as of September 30, 2023G.

Moreover, the Company operates in the insurance sector and is subject to legal procedures in the normal course of its business. It is also not possible to predict or determine the final results of all legal procedures that may result in potential liabilities for the Company. If these obligations are fulfilled, this will have a negative and material impact on the Company's business, financial position and results of operations.

2.1.10 Risks Related to Claims Management Process

Pricing of the Company's insurance products, as well as reserves for claims, is dependent on the period and efficiency of notification of claims, processing of claims, and compensation of policyholders. Efficient and effective claims management depend, among other things, on having well-trained personnel who make accurate and timely compensation decisions regarding claims processing. Inefficiencies in the administration and payment of claims can lead to incorrect compensation decisions, wrong decisions about the creation of the claim's reserves and/or payment, increased fraud, incorrect management information about the reserve and pricing. This leads to additional claims and related costs and expenses for processing claims, as well as increase of risks involved in unsuitable technical claims and/or pricing models. These risks increase when the period between the claim and its payment increases.

If the Company's administrative handling of claims proves to be inefficient or ineffective, or to be exposed to costs or expenses that exceed expected rates, the Company may have to change pricing models and/or increase prices, which may result in loss of the Company's business and increase in technical claims reserves. These additional costs or the effects of inflation may harm the Company's profitability, which will have a negative and material impact on the Company's business, results of operations, financial position and future prospects.

2.1.11 Risks Related to Contracts with Third Parties

The Company has concluded contracts and agreements with third parties working in the insurance field, such as insurance brokerage contracts and reinsurance contracts, in addition to other service contracts such as information technology contracts and consulting contracts (for more information, kindly refer to Paragraph (9.7) "**Summary of Material Agreements**" from Section (9) "**Legal Information**" of this Prospectus), and the Company relies on the possibility and ability of those parties to fulfill their obligations under the terms and conditions of those contracts and agreements. Any agreement with third parties is subject to the Outsourcing Regulations for Insurance and Reinsurance Companies and Insurance Service Providers, under which they are required to obtain the approval of the Saudi Central Bank before making any material outsourcing.

The Company depends on the ability of these parties to provide reliable and continuous services, especially with regard to IT services, settlement of medical claims and actuarial consulting services. Also, the Company's ability to grow and meet the needs of its client relies on effective and experienced external sources for performance of specialized functions and services. However, there is no certainty that these parties will meet the Company's expectations in providing services. The Company has no direct operational or financial control over its primary service providers or outsourcing partners, and it cannot predict with certainty the unexpected termination of any outsourcing contracts.

If the Company or contracted parties are unable to adhere to the provisions of such contracts, or if future disputes or lawsuits arise and such disputes are lost, this could have a negative and substantial impact on the Company's business, results of operations, financial status, and future prospects.

2.1.12 Risks Related to Reinsurance

Within the context of its strategy for risk mitigation and capital management, the Company needs to reinsure its insurance portfolio to limit certain risks it may be exposed to with respect to motor insurance and other insurance products. Pursuant to these reinsurance arrangements, the Company transfers the risks included in insurance to the reinsurer or such risks are born by the insurer which require insurance premiums for providing reinsurance.

Based on its activities, the Company must reinsure its insurance portfolio in accordance with the provisions of Article (40) of the Implementing Regulations of the Cooperative Insurance Companies Control Law,) as follows:

1. Retain at least thirty percent (30%) of its total insurance premium. The Company currently adheres to this condition.
2. Reinsure at least (30%) of its premiums in the Kingdom. The Company currently adheres to this condition.

According to the provisions of Article (21) of the Cooperative Insurance Companies Control Law, the Saudi Central Bank may impose a fine that may reach SAR (2,000,000) on companies that do not adhere to the above-mentioned ratios. Therefore, if the Company does not adhere to these ratios, it may be subject to that fine, which will negatively affect its business, operations' results, financial status and future expectations.

The Company's ability to contract with reinsurance companies with suitable expenses is subject to several factors that are usually outside the Company's control, such as market circumstances that are outside the Company's control which determine the availability of suitable reinsurance and its costs, as well as the receipt of due amounts from reinsurers in the future, and the financial strength of reinsurers. Like the insurance sector, the reinsurance sector is a periodic sector and subject to significant losses in the market, which could adversely affect reinsurance prices, which could lead to changes in prices or the desire for reinsurance of some future risks. The additional statutory reinsurance changes may lead to incompatibility between the statutory requirements for insurance companies and coverage available with the reinsurers. If any of these incidents or any substantial changes in reinsurance prices occur, the Company may have to bear additional reinsurance expenses or to obtain re-insurance under unsuitable terms, or may not be able to obtain appropriate re-insurance coverage, and therefore will become exposed to increase of retained risks and the possibility of increasing losses. Knowing that transactions with reinsurers outside the Kingdom involve additional risks related to political and economic conditions, and regulatory changes in the insurance sector in the regions to which they belong, and if these factors affect the ability of these companies to pay their shares of future claims, this will have a negative and material impact on the company's business, operations' results, financial position and future prospects.

2.1.13 Risks Related to Reinsurance Concentration

The Company deals with a number of reinsurers to secure its insurance portfolio, which may expose it to the risk of the other party's default. The value of reinsured premiums with the ten main reinsurers amounted to SAR (39,232,719), accounting for (60%) of the total reinsured premiums as of December 31, 2020G, compared to SAR (31,703,997), representing (48.54%) of the total reinsured premiums as of December 31, 2021G. While the value of reinsured premiums with the ten main reinsurers amounted to SAR (36,739,941), accounting for (58.41%) of the total reinsured premiums as of December 31, 2022G, compared to SAR (18,369,130), representing a percentage (76.04%) of the total reinsured premiums as of September 30, 2023G.

In the event of a reinsurer's insolvency, bankruptcy or any other distress, hence, the Company's business, financial status, operations' results, and future prospects will be adversely affected.

2.1.14 Risks Related to Reliance on Brokers and Agents

The Company relies on brokers and agents as major distributors for marketing its products, as the value of the insurance policies concluded by the Company through brokers and agents amounted to SAR (171,859,151), which represents (45.3%) of the Gross Premiums Written as of December 31, 2020G, and SAR (253,397,009), which represents (57.8%) of the Gross Premiums Written as of December 31, 2021G, and SAR (200,895,655), which represents (42.3%) of the Gross Premiums Written as of December 31, 2022G, compared to SAR (146,312,507), accounting for (40.1%) of the Gross Premiums Written as of September 30, 2023G.

Due to reliance on brokers and agents, any interruption or termination of such arrangements with Intermediaries would have a significant negative impact on the sales of the Company's products, leading to substantial negative impact on the Company's business, financial status, and operations' results.

It may also not be able to renew its contracts with current insurance brokers and agents if the Central Bank prevents one or a number of brokers from providing brokerage services or for any other reason, which will prompt it to appoint other new brokers or it may not be able to renew its current contracts under the same terms and conditions which could negatively affect its operations and business and thus be reflected in its financial results.

2.1.15 Risks Related to Investment

The Company's operational results partially depend on the performance of its investment portfolio. Investment results are subject to many investment risks, including risks associated with general economic conditions, market fluctuations, volatility of interest rates, liquidity and credit risks. The value of investments amounted to SAR (587,302,524) as of December 31, 2020G, and SAR (408,572,452) as of December 31, 2021G, compared to SAR (363,071,767) as of December 31, 2022G, while it reached SAR (449,365,172) as of September 30, 2023G.

If the Company fails to balance its investment portfolio and solvency with its liabilities, it may be forced to liquidate its investments at unfavorable times or prices. Management of such investments requires an effective management system and a heightened ability to select diverse investments of good quality. If the Company's returns resulting from investments decrease, the Company will incur financial losses that may substantially and negatively affect the Company's business, operations' results, financial status, and future prospects.

2.1.16 Risks Related to Concentration of Company's Revenues

The Company's insurance activities are mainly focused on medical and vehicle/motor insurance sectors during the years 2020G, 2021G, 2022G and the financial period ended September 30, 2023G, and the revenues of these two sectors amounted to SAR (333,506,040), accounting for (88%) of total revenues as of December 31, 2020G, compared to revenues amounting to SAR (385,737,421) representing (88%) of total revenues as of December 31, 2021G, and SAR (423,333,025) representing (89%) of total revenues as of December 31, 2022G. As for the financial period ended September 30, 2023G, revenues reached SAR (305,181,206) representing (83%) of the Company's total revenues.

In terms of regional revenues' distribution, the Company's revenues are mainly concentrated in the Eastern Region and amounted to SAR (246,555,947), representing (65%) of the total revenues for 2020G, SAR (353,171,149), representing (80.5%) of total revenues for 2021G, and SAR (337,988,872), representing (71.1%) of total revenues for 2022G, compared to SAR (226,342,902), representing (61.9%) of total revenues as of September 30, 2023G.

In the event of any factors occurring that would affect the Company's revenues from the medical insurance and vehicle/motor insurance sectors, or its revenues from the Eastern Region, such as the entry of competitors or customers resorting to other insurance companies that offer products and services at lower prices, the Company's market share and thus its revenues will be adversely affected, and it may incur expenses for marketing its products and attracting new customers, which will have a negative impact on its financial status, operations' results and future prospects.

2.1.17 Risks Related to Non-compliance with Quality Standards and Specifications Required by Customers

The Company seeks to maintain the satisfaction of its customers by continuing to provide the same level of quality of its products. However, the Company's inability to continue providing its products with the same level of quality will adversely affect its reputation, and thus make customers reluctant to deal with it. This will negatively affect the Company's sales and accordingly the results of operational and financial operations.

2.1.18 Risks of Risk Management Policies

The Company follows certain policies to manage, measure, and control risks in line with the Implementing Regulations of the Cooperative Insurance Companies Law and the Risk Management in Insurance Companies Regulations issued by the Saudi Central Bank, which are periodically assessed and updated. Failure to properly implement and update the policies, or the inability of the management to identify risks and evaluate them in a timely manner will expose the Company to various risks, including but not limited to, non-compliance with the Cooperative Insurance Companies Control Law and its regulations, which may expose the Company to various measures as provided in Law, including the withdrawal of the Company's license, which will substantially and negatively affect the Company's business, financial position, and future prospects.

2.1.19 Risks Related to Miscalculation of Risks

The Company conducts a detailed risk assessment before issuing insurance documents for the submitted applications. This assessment is carried out by experts who use specific programs to estimate potential losses and risks, with the help of an independent actuary, who studies risk development patterns and future prospects based on historical performance. Inaccurate estimation of potential risks may lead to financial losses for the Company that affects its future performance and the assessment of potential risks, and actuarial studies help mitigate the risks of misestimating risks.

2.1.20 Risks Related to Cancellation or Non-renewal of Insurance Policies

The Company operates in a competitive insurance market. As the duration of insurance policies issued by the Company are generally short in their terms, the Company may not be able to continue renewing insurance policies issued or to be issued in the future as expected. In case of non-renewal or cancellation of policies by policyholders, the level of written premiums of the Company in the coming years would be negatively and substantially affected, which would affect the Company's business results.

2.1.21 Risks Related to Translation of Insurance Policies

Some of the Company's insurance policies are written in Arabic and translated from English. However, the translation of some provisions in the insurance policies provided by the Company may be inaccurate in terms of clarifying some terms included in the policy, leading to a different interpretation of meanings between the parties. This is especially significant since the courts in the KSA rely on the Arabic text in the event of any dispute arising between the Company and any of its clients, which expose the Company to entering into disputes with customers, which will have a substantial and negative impact on the Company's business, operations' results, financial status and future prospects.

2.1.22 Risks Related to Increasing the Company's Liabilities

The increase in the Company's liabilities may pose a risk to the general financial position of the Company and its financial solvency. Total Liabilities percentage reached (64%), (72%), and (80%) of total assets as of December 31, 2020G, 2021G, and 2022G³ respectively, compared to (73%) and (67%) as of December 31, 2022G and September 30, 2023G⁴. The Company's liquidity ratio also reached (1.3) times, (1.2) times, and (1.3) times as of December 31, 2020G, 2021G, and 2022G, respectively, compared to (1.4) as of December 31, 2022G and September 30, 2023G. The cash rate reached (43%), (38%), and (33%) as of December 31, 2020G, 2021G, and 2022G, respectively, compared to (39%) and (30%) as of December 31, 2022G, and September 30, 2023G.

Accordingly, the increase of the Company's liabilities will adversely affect its financial status, and will thus make it difficult for the Company to fulfill its obligations, and will have a negative impact on the Company's business, financial status, operations' results and future prospects.

³ In accordance with IFRS 4.
⁴ In accordance with IFRS 17.

2.1.23 Risks Related to Transactions with Related Parties

The Company has transactions with related parties as outlined in the below table:

Table No. (8): Transactions with Related Parties

Transactions with related parties for the fiscal year ending on December 31, 2020G							
Related Party	Nature of Relationship	Nature of Transactions	Value of Transactions	Balance as of December 31, 2020G (SAR)		Percentage of Total Value of Contracts (%)	Percentage of Total Value of Revenues (%)
				Debtor	Creditor		
Mr. Fahd El Turkey	Shareholder	Total Written Premiums	13,707,906	11,480,291	--	--	3.62%
		Claims Incurred	2,220,870	--	1,550,137	0.51%	--
		Leasing Expenses	1,174,472	--	--	42.86%	--
Mr. Tarek Al Bassam	Board Member	Total Written Premiums	133,617	133,617	--	--	0.04%
		Claims Incurred	(40,992)	40,992	--	-0.01%	--
Mr. Bassam bin Ahmed Al Binali	Board Member	Total Written Premiums	664,267	--	--	--	0.18%
		Claims Incurred	119,705	--	--	0.03%	--
Mr. Abdul Mohsen Al Sanaid	Board Member	Total Written Premiums	11,778	--	--	--	0.003%
		Claims Incurred	15,571	--	--	0.004%	--
Al Sagr National Insurance Company	Shareholder	Ceded Reinsurance Premiums	461,381	--	1,740,136	1.16%	--
		Reinsurers Share of Claims Paid	194,301	--	--	1.141%	--
		Reinsurance Commission Revenues	32,940	--	--	0.52%	--
		Consulting Services	552,278	--	--	100%	--
Total			19,248,094	11,654,900	3,290,273	146.22%	3.83%

Transactions with Related Parties for the Year Ended December 31, 2021G							
Percentage of Total Value of Revenues (%)	Related Party	Nature of Relationship	Nature of Transactions	Value of Transactions	Balance as of December 31, 2021G (SAR)	Percentage of Total Value of Contracts (%)	Percentage of Total Value of Revenues (%)
				Debtor	Creditor		
Mr. Fahd El Turkey	Shareholder	Total Written Premiums	5,123,177	8,929,336	--	--	1.17%
		Claims Incurred	4,341,949	--	852,270	1.28%	--
		Leasing Expenses	1,183,827	--	--	38.19%	--
Mr. Abdallah Al Bassam	Board Member	Total Written Premiums	71,690	4,607	--	--	0.02%
		Claims Incurred	30,391	--	22,333	0.01%	--
Al Sagr National Insurance Company	Shareholder	Ceded Reinsurance Premiums	915,110	--	529,196	2.00%	--
		Reinsurers Share of Claims Paid	143,740	--	--	0.86%	--
		Reinsurance Commission Revenues	44,647	--	--	0.96%	--
Total			11,854,531	8,933,943	1,403,799	43.29%	1.19%

Transactions with Related Parties for the Year Ended December 31, 2022G								
Percentage of Total Value of Revenues (%)	Related Party	Nature of Relationship	Nature of Transactions	Value of Transactions		Balance as of December 31, 2022G (SAR)	Percentage of Total Value of Contracts (%)	Percentage of Total Value of Revenues (%)
				Debtor	Creditor			
		Total Written Premiums	997,402	--	--	--	--	0.21%
Mr. Fahd El Turkey	Shareholder	Claims Incurred	99,520	--	--	--	0.03%	--
		Leasing Expenses	334,534	--	--	--	10.41%	--
Mr. Abdallah Al Bassam	Board Member	Total Written Premiums	128,288	--	--	--	--	0.03%
		Claims Incurred	11,624	--	--	--	0.00%	--
Al Sagr National Insurance Company	Shareholder	Ceded Reinsurance Premiums	4,371	--	16,803	--	0.01%	--
		Reinsurers Share of Claims Paid	243,036	--	--	--	1.05%	--
		Reinsurance Commission Revenues	15,964	--	--	--	0.24%	--
Total			1,834,739	--	16,803	--	11.76%	0.24%

Transactions with Related Parties for the Year Ended December 31, 2023G								
Percentage of Total Value of Revenues (%)	Related Party	Nature of Relationship	Nature of Transactions	Value of Transactions		Balance as of December 31, 2023G (SAR)	Percentage of Total Value of Contracts (%)	Percentage of Total Value of Revenues (%)
				Debtor	Creditor			
Mr. Yasser El Harbi	Board Member	Total Written Premiums	5,472	--	--	--	--	0.001%
Al Sagr National Insurance Company	Shareholder	Reinsurers Share of Claims Paid	19,698	--	11,900	--	0.27%	--
Total			19,770	--	11,900	--	0.27%	0.001%

Source: The Company

It should be noted that the Company has committed to implementing Articles (71) and (27) of the Companies Law, and transactions with related parties have been presented to the General Assembly for a vote, but not all of the suggested transactions have been approved (for more information about transactions with parties Related, kindly refer to Subparagraph (9.7.1) “*Related Parties Contracts and Transactions*” of Paragraph (9.7) “*Summary of Material Agreements*” of Section (9) “*Legal Information*”).

There is no guarantee that contracts with related parties will be renewed in the future upon expiration of their term, as it is possible that the Company’s BOD or the GA do not agree on such renewal, or that even related parties do not approve renewing them in accordance with the terms of the insurance policies specified by the Company. To this end, the non-renewal of these contracts may have a negative impact on the Company’s profitability and thus on its business, expectations, financial condition and operations’ results.

2.1.24 Risks related to Operating Systems and Information Technology

IT systems in the Company support all its work and are necessary to provide the Company’s services to its customers. The insurance sector depends significantly on electronic systems, which increases insurance companies’ - including the Company - exposure to risks of piracy and electronic attacks as well as deliberate penetration to data, networks and software. In addition, increasing the use of cloud services for data storage may lead to increase the vulnerability of the Company to the risk of IT failure. For example, an electronic attack on the insurance network may lead to the Company’s inability to provide services to its customers, which may damage its reputation and cause loss in revenues or expose it to financial penalties. Therefore, any failure to protect or use the data properly may result in the loss of customer data or in an unauthorized access to it.

The Company’s IT systems are also subject to external and internal risks, such as harmful programs, code defects and attempts of penetrating the Company’s networks and lack of required updates and modifications, data leaks and human errors. All that pose a direct risk to the Company’s services and data. Other threats include equipment malfunction, physical attacks, stealing customer information, fire, explosion, floods, severe weather conditions, power outages and other problems that may occur during network upgrades or making other major changes as well as the failure of the suppliers in fulfilling their obligations. If a partial or total collapse occurs in any of the IT or communications systems, the Company’s business activities may stop or get severely affected, and any system failure, accident or penetration can cause an interruption of

the Company's operations or affect its capacity to provide services to the customers, and thus will negatively affect its revenues and operations. These disturbances may also affect the Company's image and reputation and reduce its customer's trust, which may result in loss of some of its customers. In addition, the Company may have to bear additional costs to repair any damage caused by these disturbances, and in all cases, this will have a negative and substantial impact on the Company's business, operations' results, financial position, and future prospects.

2.1.25 Risks Related to Lease Contracts

The Company concluded (13) lease contracts as a lessee including two draft contracts all electronically registered through Ejar network (for additional information, please refer to Sub-paragraph (9.7.2) "**Lease Contracts**" from Paragraph (9.7) "**Summary of Material Agreements**" from Section (9) "**Legal Information**" of this Prospectus). The inability of the Company to maintain the continuity of the lease contracts related to these sites and to renew them in the same current terms or preferential terms, or its inability to use the leased premises for its intended purpose for any reason, will force it to vacate the leased premises and find other more suitable places to carry out its activity, with no guarantee of similar favorable lease terms. In the event of the occurrence of any of the aforementioned risks associated with lease contracts for the leased premises, it may affect the Company's expected business results, and its operational and financial statements.

The Council of Ministers' Resolution No. (292) issued on 16/05/1438H (corresponding to 13/02/2017G) states that unregistered Lease Contracts through Ejar network are deemed invalid and don't produce administrative and judicial effects. Ejar network has been launched in cooperation between the Ministries of Justice and Housing on 17/05/1439H, and a circular was issued by the Ministry of Justice approving its application on all contracts concluded after 04/05/1440H (corresponding to 10/01/2019G). As of the date of this Prospectus, the Company has (2) two electronically unregistered Lease Contracts on Ejar network; therefore, in the event that any dispute arises between the Company and any of the lessors regarding such Contracts, it may not be considered by the Saudi courts. Thus, the Company, as a plaintiff, will not be able to protect its rights in the event that any of the lessors breach their contractual obligations, and this will negatively and materially affect the Company's business and future prospects.

2.1.26 Risks Related to Litigation (Lawsuits, Claims, Arbitration and Administrative Proceedings)

As of the date of this Prospectus, the Company is a party to a number of cases related to claims resulting mainly from insurance policies, in its capacity as a defendant, namely (132) claims related to vehicle/motor insurance policies, (3) claims related to medical insurance policies, in addition to a dispute with the Insurance Council. The total value of these outstanding lawsuits is SAR (9,848,182), in addition to (3) labor lawsuits of unspecified value. On the other hand, the Company is a party to one lawsuit in its capacity as plaintiff, with a value of SAR (1,829,908) (for more information, please refer to paragraph (9.10) "**Disputes and Litigations**" from Section (9) "**Legal Information**" of this Prospectus). In the course of its business, the Company may be subject to suits and claims related to its insurance operations, and disputes and claims related to insurance coverage. The Company cannot guarantee that no disputes will arise with its policyholders, which may lead to submit lawsuits before the competent judicial authorities filed by or against the Company. Subsequently, the Company may be subject to legal claims made by government authorities and departments and investigations within the framework of new restrictions on the insurance sector in the Kingdom. In all cases, the Company cannot anticipate the results of current or future claims in the event that they are made and does not guarantee that such claims would not have a material effect on its business, financial condition and operations' results. The Company cannot accurately anticipate the cost of lawsuits or legal proceedings that may be filed by or against it or the final results of such lawsuits or judgments issued therein, including the compensation and penalties they imply. Therefore, any negative results of such lawsuits would negatively affect the Company.

2.1.27 Risks Related to the Protection of Trademarks

The Company's ability to advertise its insurance products and improve its business depend on the use of its tradename and logo. The Company has registered its logo as trademark at the Saudi Authority of Intellectual Property, however it hasn't registered its domain at the Saudi Network Information Center (for additional information, please refer to paragraph (9.8) "**Trademark and Intellectual Property Rights**" of Section (9) "**Legal Information**"). The Company's failure to register its logo as a trademark will result in its inability to prevent violation of its rights in this regard, which will negatively affect its logo, incur expensive costs, and thus affect its operational results. The Company's work will be further affected if it has to compete with similar trademarks in the main markets where it operates and doesn't have registered property rights.

Moreover, if the trademark is not registered, the Company's related interests will be exposed to risks, which will have a substantial negative impact on its business, financial position and operations' results. Hence, to defend its trademark, the Company may have to enter into costly legal proceedings which may cause substantial damage to the trademark's reputation and have a negative impact on the Company's ability to attract new customers. Subsequently, the Company's revenues will decrease, which will negatively and fundamentally affect its business, financial position, operations' results, and future prospects.

2.1.28 Risks Related to the Current Situation of Zakat and Income Tax

The Company has committed to submitting its Zakat returns for the fiscal year ending on December 31, 2022G, and has obtained the final Zakat Certificate from ZATCA under No. (1110232995) dated 18/03/1445H (corresponding to 03/10/2023G), valid until 21/10/1445H (corresponding to 30/04/2024G). The Company may be exposed to liabilities resulting from differences in calculating Zakat and income tax. As of the year ended December 31, 2020G, the Company received final zakat assessments for the years 2012G to 2018G, and the total additional Zakat obligations amounted to SAR (36,300,000). Then, the Company appealed against this assessment before the General Secretariat of Tax Committee, and in parallel submitted a settlement request to the Settlement Committee of ZATCA. During 2021G, ZATCA Settlement Committee offered to reduce Zakat to SAR (36,200,000), a settlement that was rejected by the Company. Accordingly, the Company pursued the appeal submitted to the General Secretariat of Tax Committee, which issued its decision and an additional Zakat obligation amounting

to SAR (36,200,000). The Company has filed an appeal before the Committee Appeal Committee for Tax violation and Disputes against this assessment, which was rejected. As of the date of this Prospectus, the Company is working to settle this liability and has paid installments amounting to SAR (10,028,945), while the value of the remaining unpaid installments amounts to SAR (26,231,332).

During the year 2021G, the Company has also received an initial assessment for the years 2019G and 2020G with an additional liability of SAR (9,600,000), against which it lodged an objection to the General Secretariat of Zakat, Tax and Customs Committees. The Company has created an allocation for Zakat amounting to SAR (42,652,370) as of December 31, 2022G.

The Company cannot predict the outcome of the objections raised against the mentioned assessments or whether the General Secretariat of Zakat, Tax and Customs Committees ZATCA will accept its Zakat and tax estimations or will require the Company to pay additional amounts, as such will substantially and negatively effect on the Company's benefits, operations' results, financial position and future prospects.

2.1.29 Risks Related to Insufficient Insurance Coverage

The Company has provided necessary insurance coverage by concluding a number of insurance policies to ward off some risks and preserve its assets and property, (for more information on insurance coverage, please refer to subparagraph (9.9) "**Insurance**" of Section (9) "**Legal Information**" of this Prospectus).

The concluded insurance contracts include deductible amounts and factors excluded from the insurance coverage, in addition to other restrictions related to the insurance coverage to be negotiated with insurance companies. The Company's ability to obtain the compensation due to it by the relevant insurance company depends on its financial solvency and ability to meet the value of this compensation. Hence, insurance may not cover all the losses incurred by the Company, and no guarantee is given to the Company that it will not incur losses that exceed the limits of insurance policies or that are outside the scope of coverage included in such policies. It is possible that situations may arise in which the value of the claim exceeds the value of the insurance maintained by the company, or that the compensation claim submitted by the company to the relevant insurance company will be rejected, or that the claim and compensation period may be prolonged. The company's inability to renew the aforementioned insurance policies may lead to the lack of adequate insurance coverage for an accident, and thus the Company may lose the capital invested in any of these properties that are damaged or destroyed, and it may also lose the future revenues expected from them, which will negatively affect the Company's business, its future prospects, operations' results and financial condition.

2.1.30 Risks Related to Natural Disasters

All insurance companies are exposed to losses resulting from unpredictable events that may affect many risks covered by the Company, in particular large-scale weather events with regard to vehicle insurance or epidemics in case of health insurance. Other events that can affect the Company and insurance policies include natural and unnatural events, including, but no limited to, snow or sand and storms, floods, winds, fires, explosions, earthquakes, industrial accidents and terrorist actions.

The size of the Company's losses as a result of these disaster events depends on the frequency and severity of each event and reinsurance arrangements made by the Company. Despite the Company's efforts to reduce its exposure to these events, determine appropriate price for them, or establish appropriate conditions for risk insurance, these efforts may not succeed. In addition, any disaster that may affect the Company's offices or any other sites will negatively affect the Company's business, financial position, and future prospectus.

2.1.31 Risks Related to Reliance on Non-Saudi Employees and maintaining an acceptable Saudization rate

The total number of the Company's employees accounts for (248) including (195) Saudi employees and (53) non-Saudi employees, with a Saudization rate of (79.75%). The Company is classified as Medium Category (c) 'engaged in Business Services and currently falls under 'Platinum' category of the Nitaqat Mutawar Program. It may be challenging for to the Company to maintain the same percentage of Saudi employees in the future, and thus it may not meet the requirements of "Nitaqat Mutawar Program". If the Company is unable to continue to comply with the requirements of the Nitaqat Program, it may be classified under the Red Range. In that case, it may face several of penalties, including:

- Disallow the change of expatriate employees' occupations.
- Disallow the transfer of expatriate employees' services.
- Disallow the issuance of new visas.
- Disallow the issuance of work permits for expatriate employees.
- Disallow the renewal of work permits for current expatriate employees.

In addition, the government takes measures to regulate the employment of non-Saudi employees in the Kingdom in accordance with the Labor and Residence Regulations of the Kingdom of Saudi Arabia. These measures include taking strict measures against non-Saudi employees who do not work for their sponsor and whose work's nature does not match with their job requirements (as stated in their work permit), especially after the abolition of the foreign employee's sponsorship system, also known as "kafala" (starting from the second quarter of 2021G), which will allow the foreign employee upon the expiration of his employment contract to move from one entity to another without the employer's approval, as part of the "Improving the Contractual Relationship" initiative for employees in private sector establishments. The initiative also limits transfer mechanisms during the validity of the contract, provided that the notice period and specified restrictions are adhered to. The exit and return service allows the foreign employee to travel outside the Kingdom upon submitting the application and notifying the employer electronically, while the final exit service enables the expatriate employee to leave immediately after the end of the contract by

electronically notifying the employer and without requiring his approval, in addition to the possibility of leaving the Kingdom and bearing all the consequences of contract termination. It should be noted that all these services are available through the “Absher” and “Qiwa” platforms established by the Saudi Arabian Ministry of Human Resources and Social Development since this initiative started in March 2021G.

There is no guarantee that the Company will be able to provide the necessary labor force or employ the required number of expatriate employees in favorable terms, and may also face challenges in maintaining its Saudi national employees. If the number of this category of employees decreases, its overall Saudization rate will decrease as well, therefore the company will not be bound by the requirements of the developed “Nitaqatn Mutawer Program”. The occurrence of any of the aforementioned events will have a substantial negative impact on the Company’s business, financial position, operations’ results and future expectations.

2.1.32 Risks Related to Dependence on Key Personnel and Attraction of Competencies

The Company depends on the experiences and capacities of leading personnel. Therefore, the Company’s success may depend on its ability to ensure the continuity of such competencies and to find alternatives if they leave the Company. The Company’s success relies on maintaining its relationships with brokers by ensuring long-term retention of staff and on its ability to attract and retain new qualified employees.

There is no assurance that the Company can retain the services of its employees or improve the level of their skills, as it depends on the expertise and capabilities of the leading employees. Therefore, the Company’s success may depend on the extent of its ability to ensure the continuity of these competencies, and on finding alternatives if they leave the Company. The Company’s success depends on services provided to its customers, maintaining them, and working to develop the quality of customers’ service, which can be achieved by applying continuous organizational and development plans for the Company’s operations in all administrative sectors under the supervision of leading employees at the level of the Senior Management, which requires working to maintain employees and ensure their continuity, attracting new qualified employees, and ensuring their continuity.

In order to ensure the continuity of leading employees who have expertise and qualifications, the Company has approved a succession plan for Senior Executives to ensure that these positions remain vacant. The plan includes enrolling employees in training and development programs that lead to acquiring the required functional skills to fill these positions and raising the level of their skills. The Company may also need to increase salaries to ensure long-term retention of its personnel and attract new well-qualified staff which will negatively affect the company’s financial position. All of this may make it difficult for the Company to retain some employees, and the Company’s loss of services of one or more members of its senior management or divisions and departments may hinder the implementation of its business strategy, and this will have a negative impact on its business, financial condition, and results of its operations.

2.1.33 Risks Related to Employee Misconduct

Despite having internal work regulations approved by the Ministry of Human Resources and Social Development No. (84572) dated 20/07/1441H (corresponding to 15/03/2020G), the Company cannot guarantee the prevention of employees’ misconduct or error such as fraud, intentional or unintentional errors, embezzlement, theft, forgery, abuse of property and acting on its behalf without obtaining the due administrative authorizations. Subsequently, such behaviors may result in consequences and liabilities incurred by the Company, regulatory sanctions, or financial liability which could negatively affect the Company’s reputation, operations and financial position.

2.1.34 Risks Related to Access to future Financing

The Company’s ability to obtain sources of financing for its business depends on several factors, including factors related to its ability to obtain the regulatory approvals in addition to its financial condition and creditworthiness. In the future, if the Company needs to inject a large amount to finance the expansion of its activities and products or improve its solvency, it will encounter challenges in obtaining financing sources and, if obtained, they may be at unfavorable costs and conditions. If the Company needs to increase its capital to obtain additional financing, the ownership percentages of the current Shareholders may decrease. The difficulty of obtaining appropriate financing in the future may negatively affect the Company, its financial performance and business plan.

2.1.35 Risks Related to False Insurance Claims and Other Fraudulent Activities

The Company is vulnerable to fraud and deception from various sources, such as suppliers, intermediaries/brokers, customers and other parties. Sources include customers who may provide incorrect statements or fail to fully disclose covered risks before purchasing insurance coverage, and policyholders who submit fraudulent or exaggerated claims. It should be noted that the technical methods applied to practice fraud and deception are constantly evolving, which makes it difficult to detect these practices.

The occurrence or presence of fraud or deception in any aspect of the Company’s business will have a negative impact on its business, operations’ results, financial position and future prospects, and will also harm its reputation and trademark.

2.1.36 Risks Related to Failure to Apply Loss Limits or Exclusions in Insurance Policies

The Company may not be able to apply, as deemed appropriate, different provisions of its insurance policies, such as limits on losses or exclusions from coverage that have been negotiated to limit the risks of these policies. As the practices of the sector change, and the legal, social and other conditions alter, unexpected and unintended problems related to claims and coverage may arise, which may negatively affect the Company’s business either by expanding coverage beyond its expectations, or by increasing the size or number of claims. It is very difficult to predict the effects of claims and coverage problems and this may harm the Company’s business.

The insurance policies issued by the Company also include conditions requiring immediate notification of claims and the Company's right to refuse coverage in case of violation of that condition, in addition to restrictions that reduce the period during which the policy holder may file a claim against the Company for breach of contract or any other claim. A court or regulatory authority may cancel or invalidate any exception, and legislation may be issued to limit the use of insurance policy's supplements and limits on losses in a way that negatively affects the Company's losses, which may have a negative and material impact on the Company's business, financial position or results its operations. In some cases, these changes may not become apparent until the Company issues the insurance policies that are affected by those changes. Subsequently, the full scope of liability under the Company's insurance contracts may not be known for many years after the contract is issued.

2.1.37 Risks Related to the Company's Reputation

The reputation of the Company is very important to attract and retain new clients and establish strong relationship with counterparties. The Company's reputation can be harmed in future as a result of several factors, including but not limited to, a decrease or change of its financial results, legal or regulatory actions against the Company, or behavior of any of its employees that may cause the Company to violate the applicable legal requirements. The damage to the Company's reputation will adversely affect its business, financial condition, operations' results, profitability of share and future prospects.

2.1.38 Risks Related to Anti-money Laundering and Counter-terrorism Financing Regulations

The Company is currently complying with Anti-Money Laundering and Counter-Terrorist regulations issued by the Saudi Central Bank, the Anti Money Laundering and Counter-Terrorist Financing Rules for insurance companies, the Anti-money Laundering Law and its Implementing Regulations, and the Law of Combating Terrorism and its Implementing Regulations. These regulations clarify the procedures that must be taken upon accepting any client (whether an individual or a company), and clarify the due diligence procedures that must be followed as well as the procedures for reporting suspicious transactions and other procedures.

Failure to comply with anti-money laundering and combating terrorist financing regulations renders the Company subject to legal accountability and thus leads to the imposition of fines and/or penalties that the Company shall bear, and consequently, will have a negative material impact on the Company's business, financial condition, operations' results, and future prospects.

2.1.39 Risks Related to the Outbreak of the COVID-19 Pandemic

The Coronavirus (COVID-19) started spreading in December 2019G, and was classified as a global pandemic by the World Health Organization in March 2020G. The pandemic negatively impacted most business sectors across the world. As the virus spread, most world countries took preventive actions to limit its outbreak. The Government of Saudi Arabia was proactive in taking preventive measures to curb the spread of the virus. It took strict decisions in this regard, resulting in, but not limited to, imposing a partial or total curfew in some cities and governorates of the Kingdom during the year 2020G, closing airports and malls and all activities within them, with the exception of grocery stores and pharmacies, and reducing the number of working hours for some sectors and forcing some of them to work remotely. The precautionary measures taken by the Government to limit the spread of Coronavirus (COVID-19) have significantly affected all economic sectors and therefore the need for insurance or insurance claims for the damages resulting from these closures. Given that there is no guarantee that this virus or its variants will not spread again, or the spread of any other disease or epidemic, the Company cannot estimate the value of losses resulting from that if it occurs. The Company does not guarantee that there will be no consequences in the future that will negatively and materially affect the Company's business, financial condition, operations' results and future expectations.

2.1.40 Expected Future Risks

The Company anticipated several of risks that may occur in the future and affect its business and operations' results. The Company has considered that it is exposed to the following risks:

- Accuracy of underwriting, and these risks are represented in: The data received from clients may not match the client's loss percentage - Hiding important facts from customers while ensuring risks - Medical insurance may face risks resulting from a decrease in the business of small and medium companies, as this will have a direct impact on the loss percentage in end of year.
- Claims Risk knowing that fraudulent claims may affect the loss ratio.
- Information Technology Risks, such as inadequate coverage of IT business continuity plan potential - Operations can be affected due to unexpected disasters/crises to deal with - The Company's website must be managed by a new vendor and a team of experts - The Company's system is old and needs to be updated in order to cover all regulations and needs and work faster with advanced tools and devices - There is an urgent need for an anti-money laundering system to match all regulations set by governments.
- Cybersecurity Risk: The Company needs to contact and appoint a new supplier to manage its Security Operations Management System and Security Operation Center (SOC).
- Regulatory Risks related to: Compliance with inspection visits conducted by the Central Bank of Saudi Arabia and the Health Insurance Council and observations submitted by regulatory authorities that led to the issuance of warnings and fines.
- Operations Risks: There are vacant positions that must be filled and skilled personnel must be employed, and the Company must complete shortcomings, fill vacancies and invest in technical and security/safety solutions - The Company's increasing operating expenses negatively affect its profitability and solvency margin. If these expenses are saved, the Company will face regulatory and technical risks in addition to Reputation risks.

- Competitiveness: Competition in the insurance sector has a negative impact on Al Sagr sales.
- Financial Risks: They are represented by the inadequacy of the Company's current capital, the need to increase it, and other risks related to liquidity and negative cash flow.

The Company cannot predict whether these risks will occur in the future and how they will affect the its business and financial position.

2.1.41 Risks Related to not Committing to the Minimum Number of Board Committees Meetings

During the year 2022G, the Audit Committee held one meeting, which does not comply with the requirements of Paragraph (53) of the Audit Committee Regulation in Insurance and/or Reinsurance Companies and the Company's Audit Committee Work Regulations, which stipulate that the Audit Committee meetings shall be (6) meetings annually.

Furthermore, during the years 2020G and 2021G, the Company did comply with the minimum number of Executive Committee meetings, set at (6) meetings in accordance with Article (98) of the Insurance Companies Governance Regulations and Article (5) of the Executive Committee Work Regulations, so the Executive Committee held (5) Meetings in 2020G and one (1) meeting in 2021G.

Additionally, the Risk Committee did not comply with to the minimum number of annual meetings which is (4) according to the Company's Risk Committee Work Regulations, as it met (3) times for each of the years 2020G and 2021G.

The non-compliance of Board Committees with meeting requirement according to the relevant regulations may result to their failure to perform their duties and powers before the BOD, and thus may not be able to submit reports to the Board and prepare plans and policies entrusted to them, which may negatively affect the Company's business. The Company may also be exposed to penalties imposed by the competent authority (the Capital Market Authority and the Insurance Authority) based on their assessment, which could negatively affect its business and the results of its operations.

2.1.42 Risks related to amendments to international accounting standards or the application of new international accounting standards (IFRS) in the future

The Company's audited financial statements were prepared for the fiscal years ending on December 31, 2020, 2021, and 2022, and the nine-month period ending on September 30, 2023, along with the accompanying notes, in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Auditors and Accountants (SOCPA). The Company is obligated to apply any amendments or changes to the approved standards from time to time. Therefore, any changes in these standards or the requirement to apply any amendments could negatively affect the financial statements and thus the Company's financial results and financial position.

2.2 Risks Related to the Market and Industry

2.2.1 Risks Related to Withdrawal of License to Undertake Insurance Activities

The Company obtained the Saudi Central Bank's License no. TMN/13/20083 dated 23/03/1429H (corresponding to 31/03/2008G) to carry out insurance activity in the branches of (1) general insurance and (2) health insurance in accordance with the Cooperative Insurance Companies Control Law and its Implementing Regulations. The License was renewed on 23/02/1443H (corresponding to 30/09/2021G) for a period of 3 years, starting on 14/11/1443H (corresponding to 13/06/2022G) for three years starting on 17/03/1444H (corresponding to 13/10/2022G) and ending on 19/03/1447H (corresponding to 11/09/2025G).

Article 76 of the Implementing Regulations of the Insurance Companies Control Law states that the Saudi Central Bank has the right to withdraw the license of the Company in the following case:

1. no business activities for a period of six months from the issuance date of the license.
2. None compliance with the law and these implementing regulations.
3. Providing SAMA with false information in its licensing application.
4. Conducting its business and affairs in a manner that threatens to make it insolvent or that it is hazardous to its policyholders, stockholders, or the public.
5. Insolvency, or its assets are not sufficient for carrying on its business.
6. The business is fraudulently conducted.
7. The paid-up capital falls below the prescribed minimum limit or failure to fulfill the provisions of article 68.
8. The business or volume of activities falls to a limit that SAMA finds unviable to operate number.
9. Refusal or delay of payments due to beneficiaries without cause.
10. Refusal to be examined or to produce its accounts, records, or files for examination by SAMA.
11. Failure to pay a final judgment against it related to its insurance operation.

If the license is withdrawn from the Company, it will not be able to continue its operations in a regular manner in KSA, which will have a negative impact on its business and will thus adversely affect its business, operations' results, financial position, future expectations, and its share price in the market. Accordingly, the shareholders may lose part or all of their investment in the Company.

2.2.2 Risks Related to Approvals for New Products or Renewal of Existing Ones

Based on the Cooperative Insurance Companies Control Law and Implementing Regulations for offering new insurance products, the Company is required to obtain the Saudi Central Bank's approval (the powers of which were transferred to the Insurance Authority as of the date of this Prospectus) (final or temporary) before marketing or offering any new product, noting that the approval process for the Company's insurance products takes place in three stages, which are: (1) submitting a request for approval of the product (2) reviewing the form (3) granting final or temporary approval for the product or reject it.

The Company has obtained approvals from the Saudi Central Bank to practice insurance activity in the following branches: (1) general insurance and (2) health insurance. It currently provides various types of insurance coverage to its customers, and is permitted to offer (45) insurance products, and has obtained all final approvals in this regard. Any delay in obtaining approvals for new products or renewal of approvals for current products will have a negative and substantial impact on the Company's business, financial position, and future prospects.

2.2.3 Risks Related to Non-compliance with Existing Laws and Regulations and/or Issuance of New Laws and Regulations

The Company is subject to the applicable laws and regulations of the insurance sector in the Kingdom, including the Companies Law and the Cooperative Insurance Companies Control Law and its Implementing Regulations. It is also subject to the supervision of the Saudi Central Bank, which is responsible for regulating the insurance sector in the Kingdom, including policies, rules, licensing, competition, investment allocations, service standards, technical standards, and settlement arrangements.

With the aim of organizing, supervising and controlling the insurance sector in the Kingdom in a way that supports and enhances its effectiveness, and to develop insurance awareness, protect the rights of the insured and beneficiaries, stabilize the insurance sector, contribute to financial stability, strengthen, develop the insurance sector, and work to consolidate the principles of the insurance contractual relationship, the Insurance Authority was established under Ministerial Resolution No. (85) dated 28/01/1445H (corresponding to 15/08/2023G), which officially began its work on 09/05/1445H (corresponding to 23/11/2023G). It is expected that changes will occur in terms of unifying the regulatory procedures for the insurance sector in one body that acts as a regulator for the sector, so that this sector is currently regulated by the Central Bank and the Council of Health Insurance, in addition to the transfer of all communication channels related to regulation and compliance to the Insurance Authority. Although laws, regulations, rules and instructions issued by the Central Bank and the Council of Health Insurance related to regulating the insurance sector are still in effect, new instructions may be issued by the Insurance Authority to amend applicable laws, regulations, rules and instructions.

Because the Saudi insurance market is constantly evolving, this may limit the Company's ability to respond to market opportunities, and may force it to bear significant annual expenses to comply with the regulatory laws and regulations. There can be no guarantee that the applicable laws or regulatory framework will not change further or be interpreted in a manner that may materially or negatively impact the Company's business, financial condition, or operations' results. Also, if the Company fails to comply with the applicable laws, regulations and instructions, it will be subject to regulatory penalties including fines, suspension of work, and withdrawal of its license to practice insurance, which would negatively impact the Company's business, financial position, and future prospects.

As a listed company, the Company is subject to the laws, rules, and requirements of the CMA and the Saudi Exchange (Tadawul). The CMA requires listed companies to comply with the Rules on the Offer of Securities and Continuing Obligations and special instructions issued by the CMA and the Listing Rules issued by Tadawul. In particular, listed companies are required to periodically disclose significant and financial developments and the Board of Directors report. Insurance companies shall also be committed to announcing their financial results in accordance with templates approved by the CMA, which shall include clear data on the surplus (deficit) of insurance operations minus the returns of policyholder's investments, the total written insurance premiums, net insurance premiums, net claims incurred, the net profits (losses) of policyholder's investments, and net profits (losses) of shareholders investments, and compare this data with the corresponding quarterly or annual period. In accordance with the Continuing Obligations of Listed Companies Manual, the annual financial results published on Tadawul website must be derived from the audited financial statements approved by the Company's external auditor designated by the Assembly and approved by the Board. Announcements must be made using the announcement templates given in the Instructions of Companies' Announcement of their Financial Results. Furthermore, the Company must also submit a statement of all the reasons and factors related to the change in the financial results of the current fiscal year along with the comparison period, and the reasons must include all items of the financial results announcement.

With respect to the solvency of public joint-stock companies, on 23/01/1438H (corresponding to 24/10/2016G), the CMA issued its Resolution no. (1-130-2016) amending the Procedures and Instructions Related to Listed Companies with Accumulated Losses amounting to 50% or more of its Share Capital in light of the new Companies Law, and its name was changed to "Procedures and Instructions Related to Listed Companies with Accumulated Losses amounting to (20%) or more of its Share Capital" which came into effect on 25/07/1438H (corresponding to 22/04/2017G). Furthermore, the CMA required listed companies to follow the "Instructions for the Listed Companies Announcements" issued pursuant to CMA Board's Resolution no. (1-199-2006) on 18/07/1427H (corresponding to 12/08/2006G) and amended pursuant to resolution no. (3-79-2023) on 19/02/1445H (corresponding to 04/09/2023G).

The Company's failure to comply with these laws, rules and requirements will expose it to penalties, including fines, suspension of stock trading, and delisting shares on the Saudi Exchange (Tadawul), which would negatively and substantially impact the Company's business, financial condition, operations' results, and future prospects.

It is worth noting that, in compliance with the requirements of Article (58) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the statutory deposit has been increased from (10%) to (15%) of the paid-up capital due to the risks facing the company. This was done pursuant to Central Bank letter number (4403363) dated 16/04/1444H (corresponding to 10/11/2022G). As of the date of this disclosure, the statutory deposit amounts to twenty-one million (21,000,000) Saudi Riyals, representing (15%) of the company's capital of one hundred and forty million (140,000,000) Saudi Riyals. After increasing the capital to three hundred million (300,000,000) Saudi Riyals upon the completion of the rights issue process worth one hundred and sixty million (160,000,000) Saudi Riyals, nine million (9,000,000) Saudi Riyals will be allocated to increase the statutory deposit to thirty million (30,000,000) Saudi Riyals, representing (10%) of the capital. If the Insurance Authority decides in the future to increase the percentage of the statutory deposit due to risks facing the company, the company will be obliged to allocate additional funds to increase the statutory deposit, which constitutes an additional commitment for the company to seek a source to provide the additional amount, potentially impacting its financial position, operational results, and future expectations.

The Company is also subject to the supervision of a number of government agencies in the Kingdom, including, but not limited to, the Insurance Authority, the Council of Health Insurance, the Capital Market Authority, the Ministry of Commerce, and others. Therefore, the Company is subject to the risks of amendments in laws, regulations, circulars and policies in the Kingdom. The legislative and regulatory environment in the Kingdom is witnessing the issuance of many laws and regulations, which are continuously developed and improved.

In addition to the fact that the costs of complying with these regulations are considered high, however, in the event of any amendments made to the current laws or regulations or the issuance of new laws or regulations, this will lead to the company incurring additional unexpected financial expenses for the purposes of complying with those regulations and meeting the requirements of these laws, or it may be subject to penalties and fines imposed by the competent supervisory authorities in the event of non-compliance with these regulations and regulations on an ongoing basis, which will negatively affect its business, operations' results, financial position and future prospects.

2.2.4 Risks Related to Non-compliance with the Council of Health Insurance Regulations

After the approval of the Saudi Central Bank, the Health insurance products offered by the Company are subject to control by the Council of Health Insurance. The requirements of the cooperative health insurance oblige the Company to comply with specific requirements for health products, including the provision of a specialized medical team to give approvals within a period not exceeding (60) minutes. These requirements also oblige insurance companies to pay amounts due to health service providers such as hospitals, clinics and other medical service providers within a period not exceeding (45) days. If the Company does not comply with such requirements, it will be subject to statutory penalties, including the withdrawal of the license to provide health services products, which will negatively affect the Company's operations, financial position and future expectations.

2.2.5 Risks Related to the Regulatory Environment

The Company's work is subject to applicable Laws in the Kingdom. The regulatory environment in which the Company operates is subject to change. Regulatory changes resulting from political, economic, technical and environmental factors may have a significant impact on the Company's operations by restricting the development of the Company and the increase of its customers, reducing the Company operations and sales of its services or creating additional competition. The Company may consider necessary or appropriate to modify its operations in accordance with these Laws and may bear additional costs in this regard, which would have a substantial negative impact on the Company's operations, financial position, and future prospects.

2.2.6 Risks related to the implementation of the new Companies Law and the amended Corporate Governance Regulations

On 29/11/1443H (corresponding to 28/06/2022G), the Council of Ministers approved the Companies law issued pursuant to Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), which aims to facilitate regulatory procedures and requirements to promote the business environment and support investment. It also aims to achieve a balance between stakeholders, provide an effective and fair corporate governance framework characterized by fairness, devote institutional work, and contribute to the sustainability of economic entities, including family companies, attract local and foreign investments, and provide financing sources. which meets the needs and requirements of the entrepreneurship sector, and stimulates the growth of small and medium enterprises, this law became effective on 26/06/1444H (corresponding to 19/01/2023G), replacing the previous Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G) and the Professional Companies Law issued by Royal Decree No. (M/17) dated 26/01/1441H (corresponding to 25/ 09/2019G), provided that all provisions that conflict with it are repealed. All existing companies upon the entry into force of the new Companies Law must amend their positions in accordance with its provisions within a period not exceeding (two years) starting from the date of its entry into force. Exception to this, include the determination of the provisions by the Ministry of Commerce and the Capital Market Authority - each within its jurisdiction concerning the companies subject to those provisions during that period. On 11/06/1444H (corresponding to 04/01/2023G), the Ministry of Commerce and the Capital Market Authority clarified the mechanism for implementing the Companies Law. According to this mechanism, the period for amending conditions does not include (1) new companies that are established after the entry into force of the law, which will be subject all provisions of the Law from the date of its entry into force, (2) provisions that were extended from the Companies Law issued by Royal Decree No. (M/3) dated 28 /01/1437H (corresponding to 10/11/2015G), (3) the crimes and violations specified by the Law and the penalties, and (4) procedural obligations imposed on the Company or its administrative body upon the entry into force of the Law. The Ministry of Commerce and the Capital Market Authority also outlined the provisions that companies must comply with from the effective date of the Law.

The Corporate Governance Regulations issued by the Board of the Capital Market Authority were amended pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G) based on the Companies Law issued pursuant to the Decree. Royal No. (M/3) dated 28/01/1437H (corresponding to 29/10/2016G) by Capital Market Authority Board Resolution No. (5-8-2023) dated 25/06/1444H

(corresponding to 18/01/2023G) based on The Companies Law issued pursuant to Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).

Any violation of these rules and procedures or failure to implement them exposes the company to accountability by the Capital Market Authority, which will have a negative and material impact on the company's business, financial position, results of its operations and future expectations.

2.2.7 Risks Related to Economic Performance and Insurance Sector

The financial performance of insurance companies depends largely on the local economic conditions within the Kingdom as well as the global economic conditions that affect its economy. The unstable global economic conditions and the significant drop in oil prices may be a factor affecting the Kingdom's economy. Since the Company's economic performance is linked to some extent with the economic situation in the Kingdom and in the world, then its financial results will be affected by the changes that may occur that result in a decrease in the demand for its products and services. In addition, the trends of premiums and claims in the insurance markets are volatile in nature, and unexpected events such as natural disasters, high inflation rates and competition may affect the size of future claims, which will negatively affect the profits and returns of insurance companies. The decrease of oil prices will significantly affect the local income, economic activity and the income of individuals, and consequently the ability of individuals and companies to obtain insurance products such as those offered by the Company. Hence, there will be a decrease in the Company's sales which will negatively impact the Company's financial position. In addition, the rise in leases, which are hugely affected by economic changes in the Kingdom, will lead to higher costs incurred by the Company, which may change the location of its branches, and the transition period to other branches will lead to a slowdown in its business until the completion of the transfer process, thus negatively affecting its sales and business results.

2.2.8 Risks Related to the Economic Performance of the Kingdom

The Company's future performance depends on a number of factors related to the economic conditions in the Kingdom in general, including, but not limited to, inflation factors, GDP growth, average per capita income, and so on. The Kingdom's macro and micro economy depends mainly on oil and oil industries, which still control a large share of the GDP. Accordingly, any unfavorable fluctuations that occur in oil prices will have a direct and substantial impact on the plans and growth of the Kingdom's economy in general and on government spending rates, which would adversely affect the Company's financial performance as it operates within the Kingdom's economic system and is affected by government spending rates. The continued growth of the Kingdom's economy also depends on several other factors, including the continued growth of the population and investments of the public and private sectors in the infrastructure. Therefore, any negative change in any of these factors will have a significant impact on the economy and thus will adversely and substantially affect the Company's business, financial results and future prospects.

2.2.9 Risks Related to Political and Economic Instability in the Middle East

Some countries in the Middle East suffer from economic, political or security instability at the present time, which may negatively affect the Kingdom's economy and consequently the ability of the Company's customers to renew their relationship with it and its inability to obtain new customers and thus negatively affect its revenues, profits and results of operations. There is no guarantee that the negative developments in relations with the countries which are witnessing unstable political conditions, or economic and political conditions in those countries, or in other countries that will not negatively affect the Kingdom's economy or foreign direct investment therein or the capital markets in the Kingdom in general, and these factors may negatively and materially affect the company's business and the results of its operations. Its financial position and future expectations.

Any unexpected major changes in the political, economic, or legal environment in the Kingdom and/or any other country in the Middle East, including, but not limited to, normal market fluctuations, economic stagnation, insolvency, high unemployment rates, technological transformations, and other developments, may negatively and substantially affect the Company's business, results of operations, financial condition, and future prospects.

2.2.10 Risks Related to Restrictions on Insurance Companies Ownership

Ownership of shares in insurance companies is subject to some restrictions imposed by the Cooperative Insurance Companies Control Law and its Implementing Regulations. Pursuant to Article (9) of the Cooperative Insurance Companies Control Law and Article (39) of its Implementing Regulations, SAMA written approval is required for any mergers, acquisition, transfer of ownership, and opening new branches by any company or Reinsurance Services. In compliance with Article (38) of the Implementing Regulations, the Company shall notify SAMA of any person who owns five percent (5%) or more of the company through a quarterly report. Said person shall notify SAMA in writing of his percentage ownership or any change thereof within five working of the date of occurrence of such event.

These restrictions will reduce the Company's chances of attracting financial or strategic investors in the event of the Central Bank's refusal or delay in issuing the required approval or imposing conditions that the Company is not able to fulfill, which will result in a fundamental negative impact on the Company's operations and future expectations.

2.2.11 Risks Related to Competition

The insurance sector's environment is an increasingly competitive one as the number of licensed insurance companies, as of the date of this Prospectus, has reached (26) companies that are competing to increase their shares in the market. The Company's share represents (0.9%) of the insurance market for the year 2022G. The competitive position of the Company will depend on many factors, including its financial position,

the geographical scope of its business, business relations with customers, the volume of written insurance premiums, the issued insurance's terms and conditions, the provided services and products, the Company's ability to design insurance programs according to the requirements of the market, quick payment of claims, the Company's reputation, experience and efficiency of the staff and their presence in the local market.

There can be no assurance that the Company will be able to achieve or maintain any particular level of premiums in this competitive environment. Therefore, it is likely that the intense competition will have a material negative impact on the Company's business, prospects and financial condition through:

- Reducing margins and profitability.
- Hindering the growth of the Company's customer base.
- Reducing market share.
- Increasing of the resignation of senior management members and sales personnel.
- Elevating operating expenses, such as sales and marketing expenses
- Increasing the costs of obtaining insurance policies.

There is no guarantee that the Company will consistently be able to compete with other Companies, such could lead to reduction of the Company's share in the market and thus negatively affect the Company's profits and financial results.

2.2.12 Risks Related to the Insurance Market Growth

The growth of the insurance market in the Kingdom is influenced by several factors or events. The Company expects the current situation to have a high or at least stable growth, especially that one of the key drivers of the insurance industry in the Kingdom is a result of an increase in the number of insured, in conjunction with economic growth and increase of population in the Kingdom of Saudi Arabia, as well as the continued development in the field of social care, demographic changes, and new decisions regarding the opening of the insurance market in the Kingdom to foreign companies, and allowing them to establish branches in the Kingdom after obtaining the approval of the Central Bank. Sector growth is generally considered hypothetical based on uncertain future expectations and beyond the Company's control. If the insurance sector or the various insurance categories do not witness the expected growth according to the Company's expectations, this will negatively affect the Company's revenues, returns, and business results.

2.2.13 Risks Related to the Lack of Cultural Awareness of Insurance and Its Importance

The society's perception of the insurance sector is a key factor for the success of this sector. However, there are risks associated with the general perspective of the sector; as the society sees that this sector does not play a fundamental role or operates in a range of services that are not compliant with the principles of solidarity and Shariah. Society may lose confidence in the sector, which may negatively affect the Company's business, financial position, and future expectations.

2.2.14 Risks Related to the required reports

The Insurance Companies Control Law and its Implementing Regulations require the Company to submit to the Saudi Central Bank financial statements and annual reports prepared on specific statutory accounting principles, and other information including information about the Company's general business operations, capital structure, ownership and financial position of the Company, including an annual statement of total urgent commissions paid. The Company could be subject to regulatory actions, sanctions and fines if the Saudi Central Bank believes that the Company has failed to comply with any applicable laws, regulations and instructions. Hence, any failure to comply with such laws, regulations and instructions results in imposing significant restrictions on the Company's ability to conduct its business or significant penalties that could negatively affect the Company's results of operations and financial condition.

The Company could also be subject to penalties and fines if it fails to meet the requirements of the Capital Market Authority, the Rules on the Offer of Securities and Continuing Obligations and the disclosures required by the Saudi Exchange. This may negatively and substantially affect the Company's business, financial position and future expectations.

2.2.15 Risks Related to the obtainment of Approvals regarding the launch of New Products or the Renewal of Existing Ones

Based on the Cooperative Insurance Companies Control Law and Implementing Regulations for offering new insurance products, the Company is required to obtain the Saudi Central Bank's approval before marketing or offering any new product. As of the date of this Prospectus, the Company has obtained approvals from the Saudi Central Bank for selling (45) products.

Any delay in obtaining such approvals for new products or in approvals' renewal for current products will have a negative and substantial impact on the Company's business, financial position, and future prospects.

2.2.16 Risks Related to the impact of Client trust's decrease

Client trust in the insurance sector around the world is of great importance in enhancing the strength of this sector. On the other hand, any decrease in the client's trust in the insurance industry in general, or in the Company in particular, may result in an increase of insurance policy cancellations and refunds, which will negatively affect the Company's sales, and thus its financial conditions.

2.2.17 Risks Related to Lack of Control Over Prices

The Company is committed to follow the recommendations of the Saudi Central Bank and the actuarial advisor regarding the pricing of insurance policies. The Company annually submits (based on the pricing adequacy report issued by the actuarial consultant) quotations to the Saudi Central Bank.

Actuarial consultants issue pricing adequacy reports by studying the insurance portfolio owned by the Company, and based on actuarial data that takes into account the performance of these insurance policies (while taking into account the performance of the insurance portfolio in general). The recommendations of the actuarial consultant at that time may require changing the prices of the insurance policies for the company's portfolio, and such for the possible change of the insurance portfolio's performance. The increase of prices of one of the Company's products will lead the Company being unable to attract new clients, and losing its current clients which will negatively affect the Company's share in the market, business, financial condition, operations' results, profitability of its shares and its future prospects.

2.2.18 Risks Related to the Insurance Business Cycle

The global insurance industry has witnessed periodic changes with significant fluctuations in operating results due to competition, catastrophic events, economic and social conditions and other factors beyond the control of Companies working in the insurance industry. That may result in periods of price competition due to the excess of supply, and other periods during which companies can receive better premiums. In addition, the increase in the frequency and severity of losses that affect the insured may have a significant impact on the aforementioned business cycle. It is expected that the Company's insurance business cycles will be negatively affected as a result of these factors, resulting in a negative impact on the Company.

2.2.19 Risks Related to Adjustments to Accounting for Zakat and Income Tax by the Saudi Central Bank

The financial statements for the fiscal years ended on December 31, 2020G, 2021G, 2022G, and the nine-month period ended on September 30, 2023G along with the notes attached thereto included in this Prospectus, have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization for Auditors and Accountants (SOCPA) based on the instructions issued by the Central Bank on 20/11/1440H (corresponding to 23/07/2019G) which provide for updating the accounting policies for accounting for Zakat and income tax in the income statement, instead of calculating them on a quarterly basis through shareholders' equity in previously retained earnings. The Company has retrospectively adjusted the effect in line with International Financial Reporting Standards (IFRS) (for additional information please refer to Section No. (5) "**Financial Information and Management Discussion and Analysis**").

The Company is required in this case to apply the amendments or changes to these standards from time to time. Consequently, any changes in these standards or the mandatory application of some new standards may negatively affect the financial statements and thus the Company's financial results and financial position.

2.2.20 Risks Related to Value Added-Tax (VAT)

On 02/05/1438H (corresponding to 30/01/2017G), the Council of Ministers decided to approve the Unified Agreement for Value Added Tax for the GCC, which came into force as of January 1, 2018G. This Law imposes an added value of (5%) on some products and services as a new tax in addition to other taxes and other fees on specific sectors in the Kingdom, including the insurance sector in which the Company operates. On 25/09/1441H (corresponding to 18/05/2020G), an increase in the value-added tax rate was approved from (5%) to (15%), and it took effect on 10/11/1441H (corresponding to 01/07 /2020G).

Accordingly, the Company has to adapt to the changes resulting from the application of VAT, which includes its collection and delivery. Any violation or wrong application of the Tax Law by the Company's management will expose it to fines or penalties or may lead to damage to its reputation. This will also increase costs and operating expenses, which could compromise the Company's competitive position and the level of demand for its products, which will have a negative and material impact on the results of the Company's operations and future prospects.

2.2.21 Risks Related to the Imposition of New Fees or Taxes

Although the Company is not currently subject to any kind of taxes other than the Legal Zakat and VAT amounting to (15%) of the fees for the services provided by the Company, other fees or may be imposed on Companies by the government in the future. Accordingly, if new corporate taxes or fees are imposed other than those currently applied, this will negatively affect the Company's net profits.

2.2.22 Risks Related to Compliance with Saudization and GOSI Requirements

The Ministry of Labor and Social Development has implemented the "Nitaqat" program, which is designed to encourage Companies to employ Saudi citizens and increase their percentage of total employees of the Company. Under this program, the Company's compliance with Saudization requirements is measured against the percentage of Saudi citizens working for the Company compared to the average Saudization percentage in Companies operating in the same sector.

The Company has reached a Saudization percentage of (79.75%) as of December 2023G, it is currently placed under the "Platinum" range of the "Nitaqat Mutawar Program". However, there can be no guarantee, that the Company will continue to maintain the required Saudization percentage within the legally prescribed levels. In the event of non-compliance with decisions issued in this regard, the Company will be

subject to penalties including the suspension of issuing of new work visas for expatriate employees necessary for the Company, stopping the transfers of sponsorships for non-Saudi employees, and/or excluding the Company from participating in government tenders, which would negatively affect the Company's operation and operations' results.

2.2.23 Risks Related to Government Fees Applicable to Non-Saudi Employees

During 2016G, the government approved a number of resolutions aiming to implement comprehensive reforms of the labor market in the KSA, including the approval of imposing additional charges for every non-Saudi employee working for Saudi entity as of 01/01/2018G at the rate of four hundred (400) Saudi Riyals per month for each non-Saudi employee in 2018G, increased to six hundred (600) Saudi Riyals per month in 2019G, and then to eight hundred (800) Saudi Riyals per month in 2020G. which will lead to an increase of the Company's costs which will negatively and substantially affect its business, financial performance, and operations' results.

In addition, the government has imposed "Iqama" (residency) issuance and renewal fees for dependents and companions of non-Saudi employees (accompanying fees), which became effective as of 01/07/2017G, noting that they gradually increased from one hundred SAR (100) per month for each dependent in 2017G, until it reached SAR (400) per month for each dependent in 2020G. Consequently, the total fees that the non-Saudi employee will bear on behalf of his family will lead to an increase in his cost of living and will push him to seek work in other countries where the cost of living is lower. In such case, the Company will face difficulty in maintaining its non-Saudis employees and will be forced to directly or indirectly bear these costs or part of them by raising non-Saudis' wages and salaries, which will result in an increase in its costs and will negatively affect the results of its operations.

It is worth mentioning that on 18/03/1442H (corresponding to 04/11/2020G), the Ministry of Human Resources and Social Development in the KSA has launched the initiative improve the contractual relationship, entered into effect on 14/03/2021G, which aims to support the vision of the Ministry of Human Resources and Social Development in building an attractive labor market, empower and develop human competencies as well as work environment, and abolish the sponsorship system. The initiative provides three main services: the job mobility service, the improvement of exit, return and final exit mechanisms, The initiative's services include all foreign employees in private sector establishments within specific controls that take into account the rights of both parties to the contractual relationship and the terms of the contract between the employer and the foreign employee. The job mobility service allows the foreign employee to move to another job upon the termination of his employment contract without the need for the employer's approval. Accordingly, when this initiative enters into force, the Company does not guarantee that it will maintain its cadres of non-Saudi employees and renew their contracts on satisfactory conditions to them, which will encourage them to move to another job according to the above-mentioned mechanisms. If the Company fails to maintain its cadres of non-Saudi employees or find replacements for them with the same skills and experience required, such will lead to an increase in its financial cost, which would negatively and substantially affect the Company's business, financial results and future prospects.

2.2.24 Risks Related to the Lack of Qualified Local Cadres in the Insurance Sector

The cadres available in the local market may not meet the Company's needs of experienced employees. In the event that the Company fails to attract qualified cadres from the local market, it will have to recruit employees from outside the Kingdom. However, the Company cannot guarantee the obtainment of sufficient number of necessary work visas from the Ministry of Human Resources and Social Development, especially in light of the requirements of Saudization. Such will create a high competition between insurance Companies to train and qualify their cadres, ensure their continued survival and attract talent from the local market, which may result in an increase in wages that may constitute an additional burden on the Company. Moreover, the Company's inability to attract and retain qualified employees will hinder the implementation of its business strategy, which will negatively affect the results of its operations and financial position.

2.2.25 Risks Related to Currency Exchange Rates

Risks related to currency exchange rates are due to fluctuations in financial investments due to changes in exchange rates. Companies exposed to such risks often have dealings with parties outside the Kingdom in the currency of those parties knowing that most of the Company's transactions are conducted in Saudi Riyals and all of its revenues are generated from clients in the local market and currency. If the Company receives any amounts from sales of its products or conducts any transactions in a foreign currency, it may be exposed to risks related to currency exchange rates. In the event of any significant fluctuations in exchange rates, such will negatively affect the Company's financial performance.

2.3 Risks Related to Offered Securities

2.3.1 Risks Related to Potential Fluctuation in the Price of Rights Issue

The Rights' market price may be subject to significant fluctuations due to the change in factors affecting the Company's Shares. These fluctuations may be significant due to the difference between the permissible daily fluctuation rate (which is 10% rise and fall from the closing price of the previous day) In addition, the trading price of Rights depends on the trading price of the Company's Shares and the market's perception of the fair price of the Rights. These factors may negatively affect the trading price of the Rights.

2.3.2 Risks Related to Potential Fluctuations in Share Price

The market price of the Company's Rights during the Offering period may not be indicative of the market price of the Company's Shares after the Offering. In addition, the Company's share price may not be stable and could be significantly affected by fluctuations resulting from a change of market conditions in connection with the Rights Issue or the Company's existing Shares. These fluctuations may also result from several factors including, among others, market conditions related to shares, poor performance of the Company, inability to implement future

plans, entry of new competitors into the market, announcements by the Company or its competitors concerning mergers, acquisitions or strategic alliances changes made in the vision or estimations of experts and securities analysts concerning the market. .

There is no guarantee that the market price of the Company's Shares will not be lower than the Offer Price. If this happens after the investors subscribe for New Shares, such subscription may not be canceled nor amended; subsequently, the investors may immediately incur losses. Moreover, there is no guarantee that a Shareholder will be able to sell his Shares at a price equal or higher than the Offer Price after subscribing for the New Shares. Selling substantial quantities of Shares by the shareholders after the offering, or the expectation that these sales will occur, may negatively affect the share price in the market. In addition, investors may not be able to sell their Shares in the market without such negatively adversely affecting the share's price.

2.3.3 Risks Related to Unprofitability or Sale of Rights

There is no guarantee of profitability of the share by trading it at a higher price. In addition, there is no guarantee that it will be sold at all, which indicates that there is no guarantee of sufficient demand in the market to exercise the Rights Issue or receive compensation from the Company.

2.3.4 Risks Related to Future Data

The future results and performance data of the Company can't be actually predicted and may differ from those contained in this Prospectus. As the Company's achievements and ability to improve determine the actual results, which can't be expected or determined. The inaccuracy of the data and results is one of the risks that the shareholder must identify so that it doesn't affect his investment decision. If future results and performance data are substantially different from the information included in this Prospectus, such will lead to shareholders losing part or all of their investments in the Company's shares.

2.3.5 Risks Related to the Issuance of New Shares

The issuance of any new shares (other than the Rights Issue mentioned in this Prospectus) by the Company depends on the approval of the EGA of shareholders. In the event that the Company decides to issue New Shares as Rights Issue to increase its capital, and the EGA of shareholders approves this decision, yet shareholders did not exercise their rights of subscribing to the New Shares, the ownership of shares will proportionately decrease, in addition to the right to vote and receive profits, which will affect the market price of the share.

2.3.6 Risks Related to a Decrease in the Demand for Rights Issue and Company's Shares

There is no guarantee that there will be sufficient demand for the Rights Issue during the Trading Period to enable the Rights Issue holder (whether it is a Registered Shareholder or a new investor) to sell Rights and make a profit, or to sell the Rights in general. Moreover, there is no guarantee that there will be sufficient demand for the Company's shares by institutional investors during the Rump Offering Period. If institutional investors do not submit purchase offers for the rump shares at a high price, there may not be sufficient compensation to be distributed to Rights Issue holders who did not exercise their right to subscribe or to holders of fractional shares. Furthermore, there is no guarantee that there will be sufficient demand in the market for the shares obtained by a subscriber either through the exercise of the Rights Issue, the Rump Offering or the open market.

2.3.7 Risks Related to Ownership Percentage Decline

If the holders of the Rights Issue do not fully subscribe for the New Shares, their ownership percentage and voting rights will be reduced. In the event that the registered holder of the Rights Issue wishes to sell its Rights during the trading period, there can be no guarantee that the returns he receives will be sufficient to fully compensate him for the decrease of its ownership percentage in the Company's capital as a result of its capital increase. There is also no guarantee that there will be a compensation amount distributed to eligible shareholders who did not exercise their right to subscribe or to holders of fractional shares in the event that the investment institutions during the remaining offering period did not submit offers for the remaining shares at a high price, or if the compensation amount (if any) is sufficient to compensate for the decrease in the percentage of ownership in the Company's capital.

2.3.8 Risks Related to Not Exercising Subscription to Rights Issue in a Timely Manner

The subscription phase starts on Tuesday 26/12/1445H (corresponding to 02/07/2024G) and ends on Sunday 08/01/1446H (corresponding to 14/07/2024G). Right owners and financial intermediaries shall take appropriate measures to follow all necessary instructions before the end of the subscription period. If eligible shareholders are not able to properly exercise their subscription rights by the end of the subscription period according to the Rights Issue they hold, there can be no guarantee that a compensation amount will be allocated to eligible shareholders who have not participated or who did not carry out the procedures to exercise the subscription properly nor to the owners of fractional shares.

2.3.9 Risks Related to Dividend Distribution to Shareholders

Future dividends depend on several factors, including the company's profitability profits, maintaining its financial position, capital needs, distributable reserves, the credit strength available to the Company and general economic conditions. Moreover, increasing the company's capital –may lead to a decrease in earnings per share in the future on the grounds that the Company's profits will be distributed among a larger number of shares as a result of the increase in its capital.

The Company does not guarantee any dividends on the shares that will actually be distributed, nor does it guarantee the amount that will be distributed in any given year. The distribution of dividends is also subject to some conditions and restrictions stipulated in the Company's By-laws.

2.3.10 Risks Related to Speculation in Rights Issue

Speculation in Rights Issue is subject to risks that could cause substantial losses. The permissible daily fluctuation range for rights Issue trading price exceeds the permissible daily fluctuation range for the market price (which represents in 10% increase and decrease of the closing price of the previous day). There is a direct relationship between the Company's share price and the Right's indicative value. Accordingly, the indicative value of rights reflects the difference between the market value of the Company's share during the trading period and the Offer Price. If the shareholder doesn't sell, he will have two options, either to exercise these Rights to subscribe for the New Shares before the end of the subscription period, or to refrain from exercising these Rights. In the event of not exercising the Rights, the investor may be subject to a loss or decrease in the value of his investment portfolio, or profit if he sells shares during the Rump Offering Period at a price higher than the Offer Price. Therefore, investors must review the full details of the mechanism of listing and trading new Rights and Shares and their method of operation, and become familiar with all the factors affecting them, in order to ensure that any investment decision is based on full awareness, (for additional information, please refer to Section No. (12) "*Information Related to Shares and Terms and Conditions of the Offering*" of this Prospectus).

2.3.11 Risks Related to the Lack of Shareholders' Awareness of the Trading Mechanism and Exercise of Rights Issue

The trading of Rights Issue is a new market for some investors in Tadawul. Thus, many investors may not be familiar with the mechanism of trading and be discouraged to invest and trade in Rights Issue. In this case, their ownership percentage in the Company will decrease, which will negatively affect those who did not exercise their rights to subscribe, especially if no compensation is distributed to them. This happens when investment institutions do not submit their offers at a price higher than the Offer Price of ten SAR (10) in the remaining offering period.

2.3.12 Risks related to Suspending Trading or Cancelling the Company's Shares as a Result of Not Publishing Its Financial Statements within the Statutory Period

In the event that the Company fails to publish its financial information within the statutory period (thirty days from the end of the financial period for the initial financial statements, and three months from the end of the financial period for the annual financial statements), the procedures for suspending the listed securities will be applied in accordance with the listing rules which states that the Market suspends the trading of securities for a period of one trading session following the end of the statutory period. If the financial information is not published within twenty trading sessions following the first suspended trading session, the Saudi Tadawul Company will announce the re-suspension of the Company's securities until it announces its financial results. In case the suspension of trading the Company's shares continues for a period of six months, and the Company didn't take the appropriate measures to correct that suspension, the Authority may cancel the listing of the Company's securities. The Saudi Tadawul Company will lift the suspension after one trading session has passed following the announcement of the Company's financial results. However, if the Company is late in announcing its financial results, or if it fails to publish them within the abovementioned statutory period, the Company's shares will be suspended or the listing of its shares will be cancelled. Such will negatively and substantially affect the interest of the Company's shareholders and reputation and the operations' results.

In addition, the Authority may cancel the offering of the Company's Rights Issue Shares if it deems that the offering may not be in the interest of the shareholders.

3. Company Overview and Nature of Business

3.1 Company Overview

Al Sagr Cooperative Insurance Company is a Saudi public joint stock company, established pursuant to Royal Decree No. (M/11) dated 16/02/1428H (corresponding to 06/03/2007G) and Ministerial Resolution No. (63) dated 15/02/1428H (corresponding to 05/03/2007G) and the license of the Saudi Central Bank No. (TNM/13/20083) dated 23/03/1429H (corresponding to 31/03/2008G) to practice insurance activity in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations, and it is registered in the Commercial Register in the city of Al Khobar according to Certificate No. (2051036871) dated 22/03/1429H (corresponding to 30/03/2008G).

3.2 Major Changes in the Company's Capital

- On 03/02/1426H (corresponding to 10/02/2008G), all of the Company's shares were registered and listed on the main market with a capital of two hundred million (200,000,000) Saudi Riyals divided into twenty million (20,000,000) shares with nominal value of ten (10) Saudi Riyals per share.
- On 26/06/1434H (corresponding to 06/05/2013G), the EGA approved an increase in the Company's capital by fifty million (50,000,000) Saudi Riyals by granting one bonus share for every (4) outstanding shares, provided that the value of the capital increase is paid by transferring fifty million (50,000,000) Saudi Riyals from retained earnings, so that the Company's capital becomes two hundred and fifty million (250,000,000) Saudi Riyals divided into twenty-five million (25,000,000) shares with a nominal value of ten (10) Saudi Riyals per share, based on the recommendation of the Board of Directors issued on 20/04/1434H (corresponding to 03/02/2013G) and the Saudi Central Bank's (SAMA) no-objection letter.
- On 16/11/1439H (corresponding to 29/07/2018G), the EGA approved an increase in the Company's capital by two hundred fifty million (250,000,000) Saudi Riyals divided into twenty-five million (25,000,000) shares with a nominal value of ten (10) Saudi Riyals per share, with a value of one hundred fifty million (150,000,000) Saudi Riyals by granting (3) bonus shares for every (5) outstanding shares, provided that the capital increase is paid by capitalizing the amount of one hundred and fifty million (150,000,000) Saudi Riyals (the amount of one hundred and nineteen million (119,000,000) Saudi Riyals from the retained earnings account and the amount of thirty-one million (31,000,000) Saudi Riyals from the statutory reserve, so that the company's capital becomes four hundred million (400,000,000) Saudi Riyals divided into forty million (40,000,000) shares with a nominal value of ten (10) Saudi Riyals per share, based on the recommendation of the Board of Directors issued on 14/08/1439H (corresponding to 30/04/2018G) and the Saudi Central Bank's (SAMA) no-objection letter.
- On 05/02/1444H (corresponding to 01/09/2022G), the Board of Directors decided to recommend to the EGA a capital reduction from four hundred million (400,000,000) Saudi Riyals divided into forty million (40,000,000) shares with a nominal value of ten (10) Saudi Riyals per share to one hundred and forty million (140,000,000) Saudi Riyals divided into fourteen million (14,000,000) shares with a nominal value of ten (10) Saudi Riyals per share, i.e., a reduction rate of (65%) in order to restructure the Company's capital to amortize (100%) of its accumulated losses which reached (65%) of the paid-up capital, by canceling twenty-six million (26,000,000) shares of the Company's shares. On 24/02/1444H (corresponding to 20/09/2022G), the Company received the Saudi Central Bank's letter No. (44015739) containing its approval to reduce the Company's capital by two hundred and sixty million (260,000,000) Saudi Riyals, so that the capital becomes one hundred and forty million (140,000,000) Saudi Riyals. Then the Company submitted a file to the CMA requesting approval to reduce the capital on 25/02/1444H (corresponding to 21/09/2022G) and obtained it on 09/03/1444H (corresponding to 05/10/2022G). The EGA held on 17/03/1444H (corresponding to 13/10/2022G) approved capital reduction from four hundred million (400,000,000) Saudi Riyals divided into forty million (40,000,000) shares with a nominal value of ten (10) Saudi Riyals per share to one hundred forty million (140,000,000) Saudi Riyals divided into fourteen million (14,000,000) shares with a nominal value of ten (10) Saudi Riyals per share with a value of two hundred and sixty million (260,000,000) Saudi Riyals.
- On 30/08/1444H (corresponding to 22/03/2023G), the Company signed a binding merger agreement with Gulf Union Al Ahlia Cooperative Insurance Company, which revolves around merging Al Sagr Insurance Company into the Gulf Union Al Ahlia Cooperative Insurance Company through the issuance of sixteen million one hundred and twenty-four thousand three hundred and seventeen (16,124,317) new shares in Gulf Union Al Ahlia Cooperative Insurance Company in exchange for full capital shares of Al Sagr Cooperative Insurance Company. Consequently, the termination of Al Sagr Cooperative Insurance Company, in accordance with the letter of no objection from the General Authority for Competition to complete the economic concentration process No. (471) dated 04/07/1444H (corresponding to 26/01/2023G) and the Central Bank's approval of the proposed merger process was issued under No. (440946454) dated 29/12/1444H (corresponding to 17/07/2023G). On 14/02/1445H (corresponding to 30/08/2023G), the EGA of Shareholders resolved to not approve the provisions of the merger agreement.

3.3 Company's Main Activities

The Company carries out its activity according to the Commercial Registration certificate No. (2051036871) dated 22/03/1429H (corresponding to 30/03/2008G). The Company's activities, according to this certificate, are: health insurance, general insurance. The purposes of the Company, in accordance with its bylaws, are to engage in cooperative insurance business and all related to activities, such as reinsurance, agencies, representation, correspondence, or mediation. The Company may carry out all activities deemed necessary to achieve its purposes, whether in the field of insurance or investing its funds, and to own and move fixed funds and cash items, sold, exchanged or leased by it directly or through companies it establishes or purchases with other parties. The Company carries out its activities in accordance with the Cooperative Insurance Companies Control Law and its Implementing regulations and the provisions issued by the regulatory authority and the regulations and rules in force in the Kingdom of Saudi Arabia and upon obtaining the necessary licenses from the competent authorities, if any.

The Company also carries out its activities under the license of the Saudi Central Bank No. (TMN/13/20083) dated 23/3/1429H (corresponding to 31/3/2008G), which was renewed on 14/11/1443H (corresponding to 13/6/2022G) for three (3) years starting from 20/3/1444H (corresponding to 16/10/2022G) and ending on 19/7/1447H (corresponding to 8/1/2026 G), in order to practice insurance activity in accordance with the provisions of the Cooperative Insurance Companies Control Law and its executive regulations in the general insurance and health insurance branches.

The most important insurance services provided by the Company are as follows:

- Health insurance
- Property insurance
- Travel insurance
- Marine insurance
- Engineering insurance
- Vehicle/Motor insurance
- Medical malpractice insurance
- Liability insurance
- Miscellaneous accident insurance
- Energy insurance

3.4 Founding Shareholders

The table below outlines the ownership of the Company upon its incorporation:

Table No. (9): Ownership Structure Upon Incorporation

Founding Shareholders	Nationality	Number of Shares	Book vValue	Ownership Percentage
Al Sagr National Insurance Company	Emirati	5,200,000	52,000,000	26.00%
Redland Arabian Industrial Services Company Limited	Saudi	1,000,000	10,000,000	5.00%
Abdullah Rasheed Al Rasheed and Son Company	Saudi	1,000,000	10,000,000	5.00%
Mahmoud Muhammad Nashar Holding Company	Saudi	600,000	6,000,000	3.00%
Al Turki Medical Group Company	Saudi	600,000	6,000,000	3.00%
Abdul Rahman Hassan Abbas Sharbatly	Saudi	400,000	4,000,000	2.00%
Khaled Falih Abdulaziz Al-Saadoun	Saudi	400,000	4,000,000	2.00%
Al Fanar Company	Saudi	400,000	4,000,000	2.00%
Al-Mozoon Architectural Contracting Group, owned by Faisal bin Saud bin Mohammed Al Saud	Saudi	400,000	4,000,000	2.00%
Amwal Al Khaleej Marine Investment Company	Saudi	400,000	4,000,000	2.00%
Khaled Abdul Latif Al-Fawzan	Saudi	220,000	2,200,000	1.10%
Sammam Foundation, owned by Abdulaziz Ahmed Mohammed Zidan	Saudi	200,000	2,000,000	1.00%
The Saudi Trading and Maintenance Services Corporation, owned by Nabil Ahmed Akbar Ali Reda	Saudi	200,000	2,000,000	1.00%

Founding Shareholders	Nationality	Number of Shares	Book v\Value	Ownership Percentage
Abdul Latif Ahmed Al Fawzan and Sons Company	Saudi	180,000	1,800,000	0.90%
Shehab Fahd Hassan Al-Shobokshi	Saudi	136,000	1,360,000	0.68%
Shadi Fahd Hassan Al Shobokshi	Saudi	132,000	1,320,000	0.66%
Shaima Fahd Hassan Al-Shobokshi	Saudi	132,000	1,320,000	0.66%
Total Founding Shareholders		11,600,000	116,000,000	58.00%
Public		8,400,000	84,000,000	42.00%
Total		20,000,000	200,000,000	100.00%

Source: The Company

3.5 Substantial Shareholders

As of the date of this Prospectus, the Company has one Substantial Shareholder, which is Al Sagr National Insurance Company (an Emirati public joint stock company), owning (26%) of the Company's shares.

3.6 Company's Vision

"Our company aspires to be a leader in providing insurance products and services in the KSA based on high standards of quality, and to be distinguished by ethical practices, justice and responsibility towards society."

3.7 Company's Mission

"We strive to provide reliable protection and be the right hand for our customers in times of distress."

The Company's mission focuses on a commitment to meeting customer needs and providing high-quality and reliable insurance services. The Company aims to be the trusted and specialized customers' partner in all insurance products.

3.8 Company's Strategy

Al Sagr Cooperative Insurance Company's strategy strives to provide innovative, high-quality insurance services to meet customers' needs and achieve competitive excellence, according to the following:

- **Expanding insurance services:** Providing a wide range of insurance services that include health insurance, general insurance, and vehicle/motor insurance. This allows the Company to meet diverse customers' needs and provide tailored insurance solutions.
- **Investing in technology:** Developing advanced business management systems and using graphical analytics to improve operational processes and enhance customers' experience.
- **Interaction with customers:** Providing exceptional customer service through multiple channels such as phone, email, and social media channels and responding promptly. The response must be quick and effective to meet customers' needs and immediately solve their problems.
- **Offering Unique products and services:** Providing comprehensive insurance coverage, flexibility in contracting, and customized insurance options to meet different customers' needs. Products and services must be competitive in terms of quality, cost and added value.
- **Partnerships and distribution:** Developing strategic partnerships with local insurance agents to expand customers' base and reach different market segments. New distribution technologies such as online selling and mobile applications can be explored to facilitate the purchasing process and provide insurance services conveniently and efficiently.
- **Improving risk management:** Developing an effective risk management strategy that helps reduce potential risks and improve the efficiency of risk analysis and pricing. The Company must be able to provide comprehensive and efficient insurance coverage to customers as well as support in the event of accidents or claims.
- **Data analysis and predictive analytics:** Using data analysis and predictive analytics techniques to understand customers' needs and guide marketing and insurance decisions. Available data can be used to improve selection, pricing and distribution processes.

3.9 Company's Strengths and Competitive Advantages

Since its establishment in 1983G, Al Sagr Cooperative Insurance Company has gained nearly four decades of experience in providing excellent insurance products and services with the highest quality standards to its customers. From early beginnings, the Company has firmly established its vision in the Saudi market and succeeded in building a good reputation and a great trust among individuals and companies alike. Believing in the value of continuous growth and development, Al Sagr Company sought to be the first choice for insurance in the KSA through innovation and the provision of distinguished services to its clients by using the latest technologies to always be up-to-date with new business methods. The Company is also committed to taking an ethical approach to the market and being a socially responsible entity.

3.10 Products and Services

The Company provides cooperative insurance services and related activities in the KSA. Its main activity includes all categories of general and health insurance. The Company offers its products through (43) policies divided into (6) segments: medical insurance, property insurance, engineering insurance, accident and liability insurance, marine insurance and vehicle/motor insurance.

The Company has obtained the Saudi Central Bank's final approvals (this authority has been transferred to the Insurance Authority as of the date of this Prospectus) for the following programs:

Table No. (10): Summary of the Company's Products and Services

Number	Policy Name	Product Class (Individual, Corporate, or Both)	Date of Central Bank Approval	Number of Central Bank Letter	Product Identification Number (if any)
1	Medical Insurance (CCHI Healthcare)	Individuals - Companies	03/02/1430H (corresponding to 29/01/2009G)	166/IS/6262	A-SAGR-2-C-09-038
2	Property All Risks	Individuals - Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028934	A-SAGR-1-B-13-004
3	Fire Insurance	Individuals - Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028840	A-SAGR-1-B-16-005
4	Loss of Profits following Property Loss	Individuals - Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028878	A-SAGR-1-B-16-006
5	Contractor's All Risks	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028831	A-SAGR-1-C-16-007
6	Erection All Risks	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028842	A-SAGR-1-C-16-008
7	Contractor's Plant & Machinery Insurance	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028856	A-SAGR-1-C-16-009
8	Boiler and Pressure Vessels Insurance	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028836	A-SAGR-1-C-16-010
9	Burglary Insurance	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028835	A-SAGR-1-C-16-011
10	Comprehensive General Liability Insurance	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028833	A-SAGR-1-C-16-012
11	Deterioration of Stock Following Machinery Breakdown	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028851	A-SAGR-1-C-16-013
12	Electronic Equipment Insurance	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028846	A-SAGR-1-C-16-014
13	Energy- On/Offshore Property Including Loss of Production	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028828	A-SAGR-1-C-16-015
14	Finance Gap Insurance	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028838	A-SAGR-1-C-16-016

Number	Policy Name	Product Class (Individual, Corporate, or Both)	Date of Central Bank Approval	Number of Central Bank Letter	Product Identification Number (if any)
15	Marine Land Transit (Open Policy)	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028901	A-SAGR-1-C-16-017
16	Marine Land Transit (Single Trip)	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028899	A-SAGR-1-C-16-018
17	Marine Cargo Open Cover	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028868	A-SAGR-1-C-16-019
18	Marine Cargo Single Shipment	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028862	A-SAGR-1-C-16-020
19	Marine Hull and Machinery	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028859	A-SAGR-1-C-16-021
20	Machinery Breakdown Insurance	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028877	A-SAGR-1-C-16-022
21	Loss of Profit following Machinery Breakdown	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028870	A-SAGR-1-C-16-023
22	Medical Malpractice - Hospitals and/or Institutions	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028893	A-SAGR-1-C-16-024
23	Medical Malpractice - Individuals	Individuals	14/03/1438H (corresponding to 13/12/2016G)	381000028886	A-SAGR-1-I-16-025
24	Personal Accident Insurance	Individuals - Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028945	A-SAGR-1-B-16-026
25	Professional Indemnity (Financial Advisors)	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028881	A-SAGR-1-C-16-027
26	Professional Indemnity (Architects and Civil Engineers)	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028903	A-SAGR-1-C-16-028
27	Professional Indemnity (Financial Advisors)	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028913	A-SAGR-1-C-16-029
28	Professional Indemnity (Insurance Brokers and Agents)	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028930	A-SAGR-1-C-16-030
29	Public Liability Insurance	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028941	A-SAGR-1-C-16-031
30	Public and Products Liability	Companies	14/03/1438H (corresponding to 13/12/2016G)	381000028937	A-SAGR-1-C-16-032
31	Travel Insurance	Individuals - Companies	14/0931438H (corresponding to 13/12/2016G)	381000028943	A-SAGR-1-B-16-033
32	Money Insurance	Companies	20/06/1430H (corresponding to 13/06/2009G)	864/IS/	A-SAGR-1-C-13-034
33	Fidelity Guarantee Insurance	Companies	10/10/1430H (corresponding to 29/09/2009G)	1307/IS/48553	A-SAGR-1-C-09-035
34	Workmen's Compensation and Employers Liability	Companies	26/09/1430H (corresponding to 16/09/2009G)	1286/IS/47706	A-SAGR-1-C-09-036
35	Commercial Motor Insurance	Individuals - Companies	20/05/1434H (corresponding to 01/04/2013G)	341000063752	A-SAGR-1-B-13-001

Number	Policy Name	Product Class (Individual, Corporate, or Both)	Date of Central Bank Approval	Number of Central Bank Letter	Product Identification Number (if any)
36	Private Motor Insurance	Individuals – Companies	15/02/1430H (corresponding to 10/02/2009G)	212/IS/8065	A-SAGR-1-B-09-003
37	Motor Third Party Liability	Individuals - Companies	19/02/1437H (corresponding to 01/12/2015G)	371000020874	A-SAGR-1-B-15-002
38	Visitors Insurance	Individuals	07/01/1437H (corresponding to 20/10/2015G)	371000002612	A-SAGR-2-I-15-039
39	Plate Glass Insurance	Companies	01/05/1430H (corresponding to 26/04/2009G)	618/IS/22188	A-SAGR-1-C-09-037
40	Directors and Officers Liability Insurance	Individuals	28/07/1442H (corresponding to 12/03/2021G)	By Email	F-SAGR-1-C-21-040
41	Political Violence Insurance	Individuals	28/07/1442H (corresponding to 12/03/2021G)	By Email	F-SAGR-1-C-21-041
42	Parcel Insurance Product	Individuals - Companies	22/03/1443H (corresponding to 28/10/2021G)	By Email	F-SAGR-1-C-21-042
43	Craftsmen Liability Insurance	Individuals - Companies	01/04/1445H (corresponding to 16/10/2023G)	By Email	P-SAGR-1-B-23-044
44	Al Sagr Plus Motor Insurance -Individual	Individuals	16/08/1444H (corresponding to 08/03/2023G)	Final Approval	P-SAGR-1-I-23-043
45	Domestic Helpers Insurance	Individuals	20/05/1445H (corresponding to 04/12/2023G)	By Email	P-SAGR-1-I-23-045

Source: The Company

3.11 Future Products

The Company continuously evaluates opportunities to provide new products, whether individual, commercial, family, or general, to meet the requirements of individual, corporate, and institutional customers, in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations. As of the date of this Prospectus, the Company is studying potential insurance products to offer in the future.

3.12 Reinsurers

The Company deals with several reinsurance companies classified by Standard & Poor's (S&P) and (AM BEST), whose rating is not less than the stable level and are approved by the Saudi Central Bank under the scope of classified local and international reinsurance companies that Saudi insurance companies can deal with it. The Saudi Central Bank also accredits reinsurers rated by Moody's Investors Service and Fitch Ratings. If the Company wants to deal with reinsurers that are not accredited by the Central Bank, it must obtain written approval from it. The ratings indicate the strength of the reinsurance company's financial position and its efficiency in covering claims, in addition to the quality of its service and the strength of its reinsurance programs. The Company contracted with several international reinsurance companies (for more information, please refer to Subparagraph (9.7.5) "**Reinsurance Contracts**" from Paragraph (9.7) "**Summary of Material Agreements**" of Section (9) "**Legal Information**") to reduce insurance business risks and ensure the stability of operations and capital resources, and reduce the risk of losses and stabilize profitability.

The table below outlines a list of the most important reinsurers that the Company dealt with for the year 2023G:

Table No. (11): Reinsurers

Name	Nationality	Rating	Rating Agency
The Year 2023G			
AXA	France	AA-	S&P
CCR	France	AA	S&P
Chaucer	United Kingdom	A+	S&P
Deutsche Rückversicherung AG	Germany	A+	S&P
Gen Re	France	AA-	S&P
HANNOVER RE	Germany	AA-	S&P
Helvetia	Switzerland	A+	AM Best
Korean Re	South Korea	A	S&P
R+V AG	Germany	AA-	S&P
RGA	United States of America	AA-	S&P
SAUDI RE	Kingdom of Saudi Arabia	A3	MOODY'S
SCOR	France	A+	S&P
TOA Re	Japan	A+	S&P
ARAB WAR RISK INSURANCE SYNDICATE	Bahrain	B++	AM Best

Source: The Company

3.13 Marketing and Distribution

The Company markets its products within the framework of supporting its vision and goals and enhancing the value of its products and services to current and potential customers. It seeks to develop sales volume through its geographic spread in the Kingdom of Saudi Arabia, as it offers products and services from its head office located in the city of Al Khobar in addition to (9) branches and (17) points of sale distributed throughout the KSA.

The below table outlines the Company's commercial registers:

Table No. (12): The Company's Commercial Registers

Number	Trade Name	Certificate Number	Issue Date	Expiry Date	Issuer
1	Al Sagr Cooperative Insurance Company	4030182618	07/09/1429H (corresponding to 07/09/2008G)	07/09/1445H (corresponding to 17/03/2024G)	Ministry of Commerce - Commercial Register Office in the city of Jeddah
2	Al Sagr Cooperative Insurance Company	5950022375	11/06/1433H (corresponding to 02/05/2012G)	11/06/1446H (corresponding to 12/12/2024G)	Ministry of Commerce - Commercial Register Office in the city of Najran
3	Al Sagr Cooperative Insurance Company	3350044740	22/12/1438H (corresponding to 13/09/2017G)	22/12/1445H (corresponding to 28/06/2024G)	Ministry of Commerce - Commercial Register Office in the city of Hail
4	Al Sagr Cooperative Insurance Company	3550027342	29/01/1433H (corresponding to 24/12/2011G)	29/01/1446H (corresponding to 04/08/2024G)	Ministry of Commerce - Commercial Register Office in the city of Tabuk
5	Al Sagr Cooperative Insurance Company	5800014660	02/03/1434H (corresponding to 14/01/2013G)	02/03/1446H (corresponding to 05/09/2024G)	Ministry of Commerce - Commercial Register Office in the city of Al Bahah
6	Al Sagr Cooperative Insurance Company	1010243765	26/01/1429H (corresponding to 04/02/2008G)	21/03/1446H (corresponding to 24/09/2024G)	Ministry of Commerce - Commercial Register Office in the city of Riyadh
7	Al Sagr Cooperative Insurance Company	5900027845	04/05/1435H (corresponding to 05/03/2014G)	04/05/1446H (corresponding to 06/11/2024G)	Ministry of Commerce - Commercial Register Office in the city of Jazan
8	Al Sagr Cooperative Insurance Company	1131046600	02/03/1434H (corresponding to 14/01/2013G)	02/03/1446H (corresponding to 05/09/2024G)	Ministry of Commerce - Commercial Register Office in the city of Buraydah
9	Al Sagr Cooperative Insurance Company	4650060439	02/03/1434H (corresponding to 14/01/2013G)	02/03/1446H (corresponding to 05/09/2024G)	Ministry of Commerce - Commercial Register Office in the city of Al-Madinah Al- Munawwarah

Source: The Company

3.14 Distribution of Company's Revenues

The Company's revenues are distributed as shown in the tables below:

Table No. (13): Distribution of Revenues According to Insurance Types

Insurance Types	December 31, 2020G		December 31, 2021G		December 31, 2022G		September 30, 2023 G	
	Revenues (SAR)	Percentage (%)	Revenues (SAR)	Percentage (%)	Revenues (SAR)	Percentage (%)	Revenues (SAR)	Percentage (%)
Medical Insurance	209,514,331	55	151,894,601	35	232,192,466	49	169,167,037	46
Vehicle Insurance	123,991,709	33	233,842,820	53	191,140,559	40	136,014,169	37
properties Insurance	18,324,955	5	17,008,239	4	18,105,032	4	18,260,866	5
Engineering Insurance	7,141,569	2	11,032,644	3	11,183,045	2	11,113,007	3
Accident Insurance	9,991,816	3	17,878,563	4	18,334,896	4	29,449,898	8
Marine Insurance	2,011,145	1	986,152	0	1,159,055	0	1,132,232	0
Cargo Insurance	8,138,133	2	5,657,401	1	3,149,421	1	166,558	0
Total	379,113,658	100	438,300,420	100	475,264,421	100	365,303,767	100

Source: The Company

Table No. (14): Distribution of Revenues According to Geographical Regions

Regions	December 31, 2020G		December 31, 2021G		December 31, 2022G		September 30, 2023 G	
	Revenues (SAR)	Percentage (%)	Revenues (SAR)	Percentage (%)	Revenues (SAR)	Percentage (%)	Revenues (SAR)	Percentage (%)
Central Region	55,069,045	14.5	43,213,041	9.8	75,806,716	15.9	67,101,683	18.3
Eastern Region	246,555,947	65	353,171,149	80.5	337,988,872	71.1	226,342,902	61.9
Western Region	77,488,666	20.45	41,915,960	9.6	61,468,886	12.9	71,859,182	19.6
Total	379,113,658	100	438,300,420	100	475,264,421	100	365,303,767	100

Source: The Company

Table No. (15): Distribution of Revenues According to Classification of Insurance Classes

Classification of Insurance Classes	December 31, 2020G		December 31, 2021G		December 31, 2022G		September 30, 2023 G	
	Revenues (SAR)	Percentage (%)	Revenues (SAR)	Percentage (%)	Revenues (SAR)	Percentage (%)	Revenues (SAR)	Percentage (%)
Individuals	100,909,894	27	204,045,738	47	135,738,982	29	72,392,783	20
Enterprises /Entities and Companies								
Micro-enterprises	57,063,146	15	23,906,742	5	37,644,285	8	21,481,112	6
Small-sized Enterprises	92,025,285	24	64,665,115	15	100,044,307	21	70,674,706	19
Medium-sized Enterprises	60,670,874	16	46,197,216	11	71,834,681	15	44,178,079	12
Large Enterprises	68,444,459	18	99,485,609	23	130,002,2019	27	156,577,087	43
Total	379,113,658	100	438,300,420	100	475,264,421	100	365,303,767	100

Source: The Company

3.15 Business Interruption

There was no interruption in the Company's business that could have had or would have had a material impact on the financial position during the last twelve (12) months.

3.16 Employees and Saudization

As at the date of this Prospectus, the number of employees reached (248) employees, including (195) Saudi employees and (53) non-Saudi employees, resulting in a Saudization percentage of (79.75%). The Company is classified as medium category (c), and carry out the activity of (business services), and currently falls under the Platinum range.

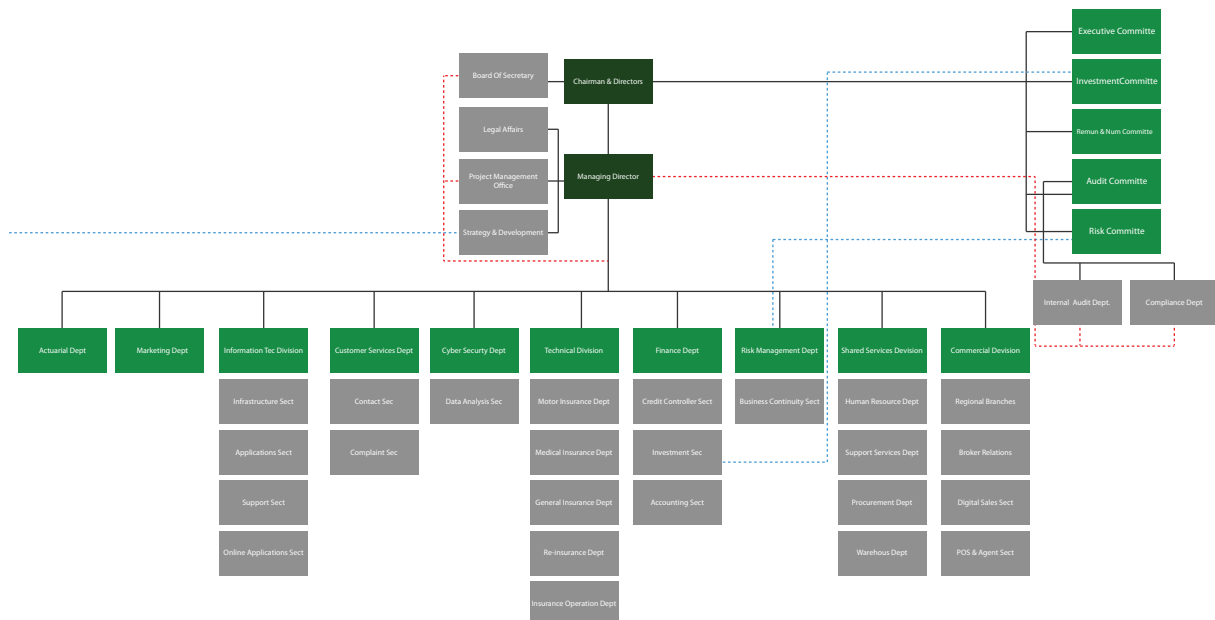
4. Organizational and Administrative structure

4.1 Company's Organizational Structure

The Company has an organizational structure that determines the division of departments and distribution of authorities and responsibility duties among its division. The Company's administrative structure consists of the Board of Directors and a team of senior executives (Senior Management). The organizational structure is headed by the Board of Directors and supported by the senior management, which is responsible for supervising the daily management of the Company. The Board is also responsible for setting comprehensive plans, strategies and main objectives, as well as directing and controlling the performance of the Company's executive management, suggesting appropriate decisions on matters issues and actions that are within the competence of the general assembly of shareholders, and provides general guidance and control over the Company. The Board has delegated the responsibility of implementing the strategic plans and managing the Company's day-to-day business to the Executive/Senior Management, by the Managing Director, as well as directly oversees the implementation of necessary policies and procedures to ensure the efficiency and effectiveness of the Company's management, the internal control system and the prevention of risks to the maximum extent possible. In addition to the Audit Committee, the Company has a Remuneration and Nomination Committee, Risk Committee, an Executive Committee and Investment Committee whose task is to submit reports to the Board of Directors. The Board of Directors, is responsible for managing the company's daily operations and has specific authorities delegated to them.

The following is an illustration outlining the current organizational structure of the Company that was approved by the Board of Directors on 12/07/1445H (corresponding to 25/01/2024G):

Figure No. (1): The Company's Organizational Structure



Source: The Company

4.2 Board of Directors

- In accordance with Article (15) of the Bylaws, the Company is managed by a Board of Directors consisting of (9) members elected by the Ordinary General Assembly of shareholders for a period not exceeding three (3) years. The composition of the Board of Directors must reflect an appropriate representation of independent members, and in all cases the number of independent Board members may not be less than two or one-third of the Board members, whichever is more. This appointment does not prejudice the right of the legal person to replace someone who represents him in the Board, and members may be re-elected for similar terms.
- On 08/05/1445 H (corresponding to 22/11/2023 G), the OGA approved the election of the Board members for its current term, which begins on 09/05/1445 H (corresponding to 23/11/2023 G) for a period of three (3) years that expires on 12/06/1448 H (corresponding to 22/11/2026 G). On 02/03/1445 H (corresponding to 17/09/2023 G), the Company obtained the approval of the Central Bank for candidates in the Board of Directors membership in the current term. On 11/06/1445 H (corresponding to 24/12/2023 G), the Board of Directors resobed to appoint Mr. Saud Saleh Al-Arifi as Chairman of the Board of Directors and Mr. Nayef Rashid Al-Arfaj as his deputy, given that the Company obtained a non-objection from the Insurance Authority on 11/06/1445 H (Corresponding to 24/12/2023 G), as outlined in the below table:

Table No. (16): Composition of the Board of Directors

	Name	Position	Nationality	Age	Membership Status		Date of Appointment	Representation	Direct Ownership		Indirect Ownership	
					Independent / non-independent	Executive / non-executive			Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage
1.	Saud Saleh Alarifi	Chairman of the Board	Saudi	69	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	-	-	-	-
2.	Naif Rashed Alarfaj	Vice Chairman of the Board	Saudi	34	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	-	-	-	-
3.	Sultan Abdulaziz Alsuwaidi	Board Member	Saudi	34	Non-Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Al Sagr National Insurance Company	-	-	-	-
4.	Yasser Mohammed Alharbi	Managing Director	Saudi	53	Non-Independent	Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	1,000	0.0071429%	-	-
5.	Abdel Muhsen Nafez Jaber	Board Member	Canadian	51	Non-Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Al Sagr National Insurance Company	-	-	-	-
6.	Abdullah Sulaiman Alhendi	Board Member	Saudi	44	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	-	-	-	-
7.	Mohamed Abdulaziz Alnuaim	Board Member	Saudi	72	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	100	0.0007143%	-	-
8.	Sami Ahmed Albabtin	Board Member	Saudi	36	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	-	-	-	-
9.	Ahmed Khader Albaqshi	Board Member	Saudi	32	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	-	-	-	-

Source: The Company

4.3 Board Committees

Five (5) committees emerge from the Board of Directors, which are: (1) Audit Committee, (2) Nominations and Remuneration Committee, (3) Executive Committee, (4) Investment Committee and (5) Risk Committee. These committees support the Board of Directors in performing its duties.

4.3.1 Audit Committee

The Board of Directors, held on 05/06/1445H (corresponding to 18/12/2023G), appointed the Chairman and members of the Audit Committee, which consists of three (3) members for a period of three (3) years starting from 09/05/1445H (corresponding to 23/11/2023G) and ending on the end date of the current term of the Board on 12/06/1448H (corresponding to 22/11/2026G), after obtaining the approval of the Insurance Authority on 05/05/1445H (corresponding to 17/12/2023G), as outlined in the below table:

Table No. (17): Members of the Audit Committee

Name	Position	Membership Status
Sami Ahmed Al Babtin	Chairman of the Committee	Independent – Board member
Moaz Suleiman Al-Zaid	Committee Member	Independent – not a Board member
Muhammad Ahmed Al Khamis	Committee Member	Independent – not a Board member

Source: The Company

- Duties, powers and competencies of the Audit Committee

According to the Company's Audit Committee work regulations, the duties and powers of the Audit Committee are as follows:

- Developing a work plan approved by a decision of the Board of Directors, including the rules, responsibilities and obligations of the Audit Committee.
- Supervising the Company's internal audit department to ensure its level of effectiveness in carrying out the duties assigned to it.
- Supervising the Company's compliance department to ensure its level of effectiveness in implementing the duties assigned to it.
- Appointing or dismissing the Director of the Compliance Department after obtaining a written non-objection from the Central Bank.
- Appointing or dismissing the Director of the Internal Audit Department after obtaining a written non-objection from the Central Bank.
- Determine the monthly salary and incentive bonuses for the Director of the Internal Audit Department and the Director of the Compliance Department in accordance with the company's internal regulations approved by the Board.
- Ensuring the independence of the Internal Audit Department and the Compliance Department in performing the duties assigned to them and ensuring that there is no negative impact on their work.
- Ensuring the independence of the company's board members, senior management, and external auditors from the company.
- Studying and review the annual financial statements and submit recommendations to the Board of Directors regarding them.
- Discussing proposals regarding the company's annual regulatory compliance plan and approving it.
- Studying the plan of the internal audit department and the external auditors, in addition to the compliance plans, approve them, and follow up on their implementation.
- Studying important accounting strategies, their procedures, and the changes that occur to them and submitting recommendations to the Board of Directors regarding them.
- Studying internal audit reports and follow up on the mechanism for implementing corrective actions.
- Studying compliance management reports and submit recommendations thereon to the Board of Directors.
- Following up on reports issued by the institution and the relevant supervisory and oversight bodies and submit recommendations thereon to the Board of Directors.
- Making recommendations to the Board of Directors regarding of the appointment or reappointment of internal or external auditors.
- Approving contracts with the Company's internal and/or external auditors, and obtaining written approval from the Central Bank.
- Studying the reports of internal or external auditors and submit recommendations thereon to the Board of Directors.
- Evaluating the efficiency and effectiveness of the work of internal or external auditors.

- Studying the observations of the Central Bank and the supervisory and regulatory authorities related to any regulatory violations or requesting corrective measures, directing the Company's internal departments to implement them, and submitting recommendations regarding them to the Board of Directors.
- Ensuring that the Company's complies with proposed actuarial expert, and submitting recommendations thereon to the Board of Directors.
- Ensuring the optimal use of information technology and providing the necessary controls to obtain accurate and reliable information and data.
- Reviewing the surplus distribution processes on a semi-annual basis and submitting reports to the Company's Board of Directors in the event of any observations.
- Discussing preliminary quarterly financial statements with the external auditors and the Company's senior management before issuing them.
- Study and review the preliminary initial quarterly financial statements and recommend them to the Board of Directors.
- Studying the internal and external auditors' evaluation of internal control procedures.
- Studying operations among group entities and operations with related parties.
- Studying the actuarial expert's reports and submit recommendations thereon to the Board of Directors.
- Ensuring the Company's commitment to implementing the actuary's suggestions and recommendations.
- Ensure the availability of a written regulation of the rules of professional conduct after its approval by the Company's Board of Directors to ensure that the Company's activities are carried out in a fair and ethical manner.
- Follow up on important lawsuits filed by or against the Company and submit periodic reports regarding them to the Board of Directors.
- Periodically reviewing the financial dues for insurance premiums related to the insurance policies of related parties and potential default cases and submitting a report to the Company's Board of Directors if the need arises.

4.3.2 Nomination and Remuneration Committee

The Board of Directors, held on 11/06/1445H (corresponding to 24/12/2023G), appointed the Chairman and members of the Nominations and Remuneration Committee, which consists of four (4) members for a period of three (3) years starting from 09/05/1445H (corresponding to 23/11/2023G) and ending on the end date of the current term of the Board on 12/06/1448H (corresponding to 22/11/2026G), after obtaining the approval of the Insurance Authority on 11/06/1445H (corresponding to 24/12/2023G), as outlined in the below table:

Table No. (18): Members of the Nomination and Remuneration Committee

Name	Position	Membership Status
Abdullah Suleiman Al Hendi	Chairman of the Committee	Independent – Board member
Ahmad Khader Albagshi	Committee Member	Independent – Board member
Mohamed Abdul Aziz Al Naim	Committee Member	Independent – Board member
Naif Rashed Alarfaj	Committee Member	Independent – Board member

Source: The Company

- Duties, powers and competencies of the Nomination and Remuneration Committee

The Company's Nominations and Remuneration Committee's work regulations specify its tasks and powers as follows:

- Develop clear policies for remuneration for the Board of Directors, members of senior management, and committees, ensuring the use of standards performance related standards, and making them clear and available to all shareholders before the General Assembly is held.
- Providing policies and procedures regarding corporate succession planning for the company, the Board of Directors, and members of senior management and monitoring their implementation.
- Establishing clear procedures for nominating the Board, including approvals from the General Assembly and regulatory authorities, provided that every shareholder has the right to nominate himself or others for membership in the Board of Directors, as stipulated in the regulations.
- Developing plans to fill vacant leadership positions in the company, including members of executive management, and following up on the implementation of plans and procedures for filling vacant positions.
- Providing recommendations regarding the nomination of members of the Board of Directors and determining their financial compensation according to the requirements and policies approved by the company and compatible with the rules and regulations issued by the regulatory authorities.
- Providing a training and orientation program for Board members that includes the company's duties and achievements to enable them to perform their work with the required efficiency and supervising it periodically.

- Ensuring the independence of the independent members of the Board of Directors.
- The Nomination and Remuneration Committee must submit its plans regarding determining the shares of rewards and compensation for the senior executive management and employees to the Audit Committee based on key performance indicators, then approved by the Board of Directors and shareholders.
- Ensuring annually that there are no cases of conflict of interest among board members if one of them is a member of the board of directors of another company
- Identifying the weaknesses and strengths of the Board of Directors and submitting proposals regarding addressing them in a way that is consistent with the company's interest in accordance with the standards and procedures for periodic and annual evaluation of performance and suitability, and filling out all special forms for periodic and annual evaluation, as well as the annual suitability form for the Board of Directors, subsidiary committees, and members of senior management.
- Reviewing of the necessary competencies annually and determining the required qualifications and skill needs appropriate for membership in the Board of Directors.
- Reviewing the requirements required for membership in the Board of Directors and its committees and prepare a description of the capabilities and qualifications required for membership in the Board of Directors or membership in Board committees, including specifying the time that a member must devote to the work of the Board of Directors and/or Board committees.
- Reviewing plans to fill vacant positions for members of the Board of Directors and emerging committees.
- Reviewing the compensation and financial rewards of senior management members and submitting recommendations thereon to the Board of Directors.
- Reviewing and approving aspects related to annual salaries, KPI-linked bonuses, sales commission and cash bonuses, and long-term incentive plans.
- Submitting recommendations in the event of any change in the structure of the Board of Directors.
- Submitting a recommendation to the Board of Directors regarding the selection and dismissal of senior management members.
- Submitting performance reports of the Nominations and Remuneration Committee periodically to the Board of Directors.
- Develop job descriptions for executive, non-executive, independent, and senior executive members.
- Verifying on an annual basis the independence of members and the absence of conflicts of interest.

4.3.3 Risk Committee

The Board of Directors, held on 11/06/1445H (corresponding to 24/12/2023G), appointed the Chairman and members of the Risk Committee, which consists of three (3) members for a period of three (3) years starting from 09/05/1445H (corresponding to 23/11/2023G) and ending on the end date of the current term of the Board on 12/06/1448H (corresponding to 22/11/2026G), after obtaining the approval of the Insurance Authority on 11/06/1445H (corresponding to 24/12/2023G), as outlined in the below table:

Table No. (19): Members of the Risk Committee

Name	Position	Membership Status
Naif Rashed Alarfaj	Chairman of the Committee	Independent – Board member
Sultan Abdulaziz Al Suwaidi	Committee Member	Non-executive – Board member
Saoud Saleh Al Arifi	Committee Member	Independent – Board member

Source: The Company

- Duties, powers and competencies of the Risk Committee

As per paragraphs (4.5) and (4.6) of the Company's Risk Committee work regulations, the Committee's main responsibilities are to assist the Board of Directors in its supervisory responsibilities for risk management, including the following:

- Establishing a risk management framework for the Company.
- Determine the Company's risk tolerance.
- Ensure the implementation of action plans and restrictions to reduce and manage risks.
- Ensure strict Board oversight of critical risk issue.

The main responsibilities of the Risk Committee include:

- Monitoring the performance and implementation of the company's internal control systems, ensuring the effectiveness and efficiency of those systems, and verifying the implementation of internal control decisions and procedures.
- Identify risks that may expose the company to risk and maintain an acceptable risk profile for the Company.
- Supervising the risk management system and evaluating its effectiveness.
- Defining a comprehensive risk management strategy for the company and supervising its implementation, reviewing and updating it periodically, taking into account the Company's internal and external developments.

- Reviewing risk management policies.
- Regularly reassess the company's risk tolerance and exposure (for example, through stress testing exercises).
- Submitting reports to the Board of Directors detailing risk exposure and recommending the necessary actions to manage them.
- Ensure the availability of adequate resources and systems to manage risks.
- Verifying the independence of risk management employees from activities that may expose the company to risks.
- Evaluating the performance of the Head of Risk Management and the activities of the Risk Management Department.
- Reviewing and approving requests for information from management, company employees, or any other party regarding the committee's activities and decisions.

The committee also evaluates matters that fall within its jurisdiction or that are referred to it by the Board and submits its recommendations to the Board to issue decisions regarding them. The Committee shall take decisions in this regard if authorized by the Board to do so. The committee may seek the assistance of any experts or specialists, whether internally or externally, within the scope of its powers. This must be included in the minutes of the committee meeting.

4.3.4 Executive Committee

The Board of Directors, held on 11/06/1445H (corresponding to 24/12/2023G), appointed the Chairman and members of the Executive Committee, which consists of five (5) members for a period of three (3) years starting from the date of 09/05/1445H (corresponding to 23/11/2023G) and ending on the end date of the current term of the Board on 12/06/1448H (corresponding to 22/11/2026G), after obtaining the approval of the Insurance Authority on 11/06/1445H (corresponding to 24/12/2023G), as outlined in the below table:

Table No. (20): Members of the Executive Committee

Name	Position	Membership Status
Saoud Saleh AlArifi	Chairman of the Committee	Independent – Board member
Abdul Mohsen Nafez Jaber	Committee Member	Non-executive – Board member
Sultan Abdulaziz Al Suwaidi	Committee Member	Non-executive – Board member
Yasser Mohamed Alharbi	Committee Member	Executive – Board member
Abdullah Suleiman Al Hindi	Committee Member	Independent – Board member

Source: The Company

- Duties, powers and competencies of the Executive Committee

As per Article (11) of the Company's Executive Committee work regulations, committee's members perform their duties and responsibilities, exercise the necessary diligence to do so, and work in good faith for the Company's success. The committee should also take into account the following topics:

- Providing recommendations to the Board of Directors regarding the strategic and operational plans, budgets and business plans developed by management.
- Making decisions on matters authorized by the Board that are outside the scope of the powers of the Company's General Manager, including matters related to capital expenditures and purchases within the limits authorized to the committee by the Board of Directors.
- Reviewing the Company's mechanisms, procedures and strategy in cooperation with executive management.
- Supervising the performance of the executive management and verifying its work in accordance with the company's strategy, policies and approved regulations.
- Reviewing and evaluating the performance of the executive management and its effectiveness and submitting the necessary recommendations to the Board of Directors.
- Continuously analyze operational risks and work to reduce them
- Ensuring the implementation of the company's internal control systems and controls.
- Arranging priorities in allocating capital, human and technical resources.
- Monitoring market shares, growth rates and penetration.
- Monitoring the implementation of the expansion of points of sale and branches.

4.3.5 Investment Committee

The Board of Directors, held on 11/06/1445H (corresponding to 24/12/2023G), appointed the Chairman and members of the Investment Committee, which consists of four (4) members for a period of three (3) years starting from 09/05/1445H (corresponding to 23/ 11/2023G) and ends on the end date of the current session of the Board on 12/06/1448H (corresponding to 22/11/2026G), after obtaining the approval of the Insurance Authority on 011/06/1445H (corresponding to 24/12/2023G), as outlined in the below table:

Table No. (21): Members of the Investment Committee

Name	Position	Membership Status
Yasser Mohammed Alharbi	Chairman of the Board	Executive - Board member
Abdul Mohsen Nafez Jaber	Committee Member	Non-executive - Board member
Mohammed Abdul Aziz Al Naim	Committee Member	Independent - Board member
Ahmad Kheder Al Yakshi	Committee Member	Independent - Board member

Source: The Company

- Duties, powers and competencies of the Investment Committee

As per Article (11) of the Company's Investment Committee work regulations, the members of the committee shall perform their duties and responsibilities, exercise the necessary diligence to do so, and work in good faith for the success of the Company. The committee should also take into account the following topics:

- Formulating and preparing the investment policy and reviewing its performance and implementation on an annual basis.
- Review the performance of each asset category.
- Follow up on the general risks of the investment policy.
- Submitting the investment portfolio performance report to the Board of Directors.
- Ensure that all investment-related activities comply with the requirements of the investment regulations issued by the Saudi Central Bank and the requirements of other relevant laws and regulations.

4.4 Executive Management

In accordance with the articles of association, Company's policies and relevant Board of Directors decisions, the Executive Management of the Company is entrusted to the Managing Director. As of the date of preparing this prospectus, the position of Managing Director is held by Mr. Yasser Mohammed Al-Harbi, and the position of Chief Financial Officer is held by Mr. Masoud Ahmed Bhatti. The below table outlines the executive management members:

Table No. (22): Members of the Executive Management

Name	Position	Nationality	Age	Ownership			
				Direct Ownership		Indirect Ownership	
				Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage
Yasser Mohammed Alharbi	Managing Director	Saudi	53	1,000	0.00714%	0	0
Masood Ahmed Bhatti	Finance Director (Assignment)	Pakistani	42	0	0	0	0
Dalal Abdullah Al-Burhan	Head of Technical Administration	Saudi	39	0	0	0	0
Terky Nasser Al Maouh	Head of compliance	Saudi	49	0	0	0	0
Imad Mahdi Awani	Head of the Internal Audit Department	Saudi	39	6	0.00004286%	0	0
Kazem Ahmed Al Kazem	Director of Medical Administration	Saudi	48	0	0	0	0
Ahmed Abdul Rahman Al-Mutaliq	Head of commercial activity	Saudi	42	0	0	0	0
Noura Al-Assoum	Risk Manager (Assigned)	Saudi	34	0	0	0	0
Ahmed Al-Ghanim	Reinsurance Manager	Saudi	37	0	0	0	0

Name	Position	Nationality	Age	Ownership			
				Direct Ownership		Indirect Ownership	
				Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage
Ahmed Al-Mousa	Senior Underwriting Manager, General Insurance	Saudi	38	0	0	0	0
Tariq Abdulaziz Al-Mashouq	Director of Legal Department	Saudi	43	0	0	0	0
Ali Abbas Ramadan	Director of Information Technology Department	Saudi	46	0	0	0	0
Yasmine Muhammad Al-Zahrani	Customer Care Manager	Saudi	28	0	0	0	0
Firas Ali Al Daoud	Vehicle Claims Manager	Saudi	51	0	0	0	0
Ritika Jain	Director of Actuarial Department	Indian	44	0	0	0	0

Source: The Company

4.5 Compensation and Remuneration of Board members and Senior Executives

Rewards are distributed to the Board members in accordance with the provision of Article (19) of the Company's Bylaws, where the annual remuneration for the Chairman and Board members consists of a minimum of four hundred thousand (400,000) Saudi Riyals and a maximum of five hundred thousand (500,000) Saudi Riyals annually in exchange for their membership in the Board of Directors and their participation in its work, including additional remuneration in the event that the member participates in any of the committees emanating from the Board of Directors. If the Company realizes profits, a percentage equivalent to (10%) of the net profit may be distributed after deducting the reserves decided by the General Assembly in application of the provisions of the Cooperative Insurance Companies Control Law and after distributing profits to shareholders of no less than (5%) of the Company's paid-up capital provided that the entitlement to these rewards is proportional to the number of sessions attended by the member, and any estimation contrary to this will be deemed invalid. In all cases, the total amount received by a Board member in terms of financial or in-kind rewards and benefits does not exceed the amount of five hundred thousand (500,000) Saudi Riyals annually. The maximum allowance for the Board's sessions and its committees shall be five thousand (5,000) Saudi Riyals for each session, not including travel and accommodation expenses.

- The below table outlines the value of compensation and bonuses received by senior Board executive members during the years 2020G, 2021G and 2022G:

Table No. (23): Compensation and Remuneration of Board members and Senior Executives

Distributions	2020G	2021G	2022G
Board Members	3,816,667	3,931,111	3,323,889
Senior Executives	5,321,428	4,919,434	4,331,133
Total	9,138,095	8,850,545	7,655,022

Source: The Company

4.6 Employees

4.6.1 Employee share schemes in place prior to the application for registration and offer of securities that are subject to this Prospectus

The Company currently does not have any stock allocation program for its employees.

4.6.2 Arrangements that involve employees in the Company's capital

There are no arrangements involving employees in the Company's capital as of the date of this prospectus.

5. Financial Information and Management Discussion and Analysis

5.1 Introduction

The Financial Information and Management Discussion and Analysis section includes an analytical review of the Company's performance and financial position during the financial years ended December 31, 2020G, 2021G and 2022G and the nine-month period ending on September 30, 2023G. It is based and should be read in conjunction with the audited financial statements for the fiscal years ending on December 31, 2020G, 2021G and 2022G and the unaudited interim condensed for the nine-month period ending on September 30, 2023G and the accompanying notes (hereinafter referred to as to the "Financial Statements").

The financial statements for the fiscal years ending on December 31, 2020G were audited by Price Waterhouse Coopers Chartered Accountants LLP and PKF Al Bassam and Partners. While the financial statements ending on December 31, 2021G and 2022G respectively, and the interim condensed financial statements for the nine-month period ending on September 30, 2023G, they were audited by Al Kharashi & Co. Certified Accountants and Auditors, and Price Waterhouse Coopers Chartered Accountants LLP. Al Kharashi & Co. Certified Accountants and Auditors, and Price Waterhouse Coopers Chartered Accountants LLP confirm their independence of the Company in the auditor's report. The Company issues its financial statements in Saudi Riyals. The Company's audited financial statements for the fiscal years ending on December 31, 2020G, 2021G, and 2022G, and the unaudited financial statements for the nine-month period ending on September 30, 2023G, were prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the KSA and other issuances approved by the Saudi Organization for Auditors and Accountants (SOCPA). Based on the instructions issued by the Central Bank on 20/11/1440H (corresponding to 23/07/2019G), which states the update of accounting policies for accounting treatment of Zakat and Income Tax in the income statement, the Company has retroactively amended the effect in line with international financial reporting standards.

The financial information contained in this Section is extracted without material changes from the audited financial statements for the fiscal years ending on December 31, 2020G, 2021G and 2022G, and the unaudited interim condensed financial statements ending on September 30, 2023G and the notes attached thereto. The figures for the fiscal year ending on December 31, 2020G have been used as they are classified in the financial statements ending on December 31, 2021G, and the comparative figures for the nine-month period ending on September 30, 2022G were extracted from the unaudited financial statements for the nine-month period ending on September 30, 2023G.

This section prepared by the Company's management contains forward-looking statements that involve risks and uncertain expectations. The Company's actual performance may differ materially from what is stated in these forward-looking statements as a result of various factors, including those discussed below and in other topics of this prospectus.

Please note that the numbers in this section have been rounded to the nearest integer. Therefore, the sum of these numbers may differ from what is shown in the tables. It should also be noted that all percentages and margins are based on these rounded numbers.

5.2 Directors' Declarations for Financial Statements

The Directors declare, to the best of their knowledge and belief, that:

- The financial information presented in this Prospectus is extracted without material change from the audited financial statements Independent and non-consolidated for the financial years ending on December 31, 2020G, 2021G, and 2022G as well as the unaudited interim condensed financial statements for the nine-month period ending on September 30, 2023G and the notes attached thereto in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA) without any fundamental modification.
- There was no interruption in the Company's business that could have, or would have significantly affected, its financial position during the last 12 months from the date of this Prospectus.
- The Company did not grant any commissions, discounts, or brokerage fees, or other non-monetary compensation to any existing or suggested member of the Board of Directors, Senior Executives, or experts, executive or existing in connection with the issuance or offering of any securities during the three years immediately preceding the date of submitting the application for registration and offering of securities subject to this Prospectus.
- There was no negative material change in the financial and commercial position of the Company during the three years immediately preceding the date of submitting the registration application and offering of securities subject to this Prospectus, in addition to the end of the period covered by the certified public accountant's report until the approval of this Prospectus.

- The Company does not have any loans or other indebtedness, including overdrafts from bank accounts, and that there are no security obligations (including personal guarantees, those not secured by personal guarantee, secured or not secured by a mortgage), or obligations under acceptance, acceptance credit, or hire purchase obligations.
- The Directors acknowledge that the Company does not have any issued or outstanding debt instruments, approved but not issued, or term loans (including loans secured by a personal guarantee, secured by mortgage or not secured by mortgage).
- The members of the Board of Directors acknowledge that - to the best of their knowledge - there are no mortgages, rights, or any encumbrances or costs on the company's property as of the date of this prospectus.
- The members of the Board of Directors acknowledge that the Company does not own any property, including contractual securities or other assets, whose value is subject to fluctuations or whose value is difficult to ascertain, which could significantly affect the assessment of the financial position.
- With the exception of what was mentioned in paragraph (4.2) "**Board of Directors**" of Section (4) "**Organizational and Administrative structure**" of this prospectus, neither the members of the Board of Directors nor any of their relatives have any shares or interest of any kind in the company.
- The members of the Board of Directors confirm that the Company has sufficient working capital for at least 12 months immediately following the date of publication of this prospectus.
- The Board of Directors announces that there is no capital of the company included in the option right.
- All material facts related to the Company and its financial performance have been disclosed in this Prospectus, and that there are no other facts that would make any statement misleading if overlooked.
- The members of the Board of Directors confirm that, with the exception of what is stated in Paragraph (5.11) "**Capital Obligations and Other Contingent Liabilities**," the Company does not have any potential obligations or guarantees.
- Other than what was mentioned in Section (2) "**Risk Factors**" of this prospectus, the Company is not aware of any seasonal factors or economic cycles related to its activity that may have an impact on the Company's business or financial conditions.
- Other than what is stated in Section (2) "**Risk Factors**" of this Prospectus, the Company is not aware of any governmental, economic, financial, monetary, political policies or any other factors that have affected or are likely to materially affect (directly or indirectly) Company operations.
- The Directors acknowledge that the Company does not currently have any issued or outstanding debt instruments, approved but not issued, or term loans, including any loans covered by a personal guarantee, secured by mortgage or not secured by mortgage.

5.3 Significant Accounting Policies

The accounting policies, estimates and assumptions used in the preparation of these financial statements are consistent with those used in the preparation of all the annual financial statements hereby presented.

5.3.1 New and Amended Standards Applied by the Company

A number of narrow amendments to IFRS 3, IAS 16 and IAS 37 and some annual improvements to IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective from January 1, 2022G).

- Amendments to IFRS 3 "Consolidation Business" and updates to the reference in IFRS 3 to the Financial Reporting Conceptual Framework without changing the accounting requirements for business combinations.
- Amendments to IAS 16 "Property, Plant and Equipment (PPE)" which prevents the Company from deducting amounts received from the sale of production items from the cost of PPE when it prepares the asset for its intended use. Instead, the Company recognizes these sales revenues and associated costs in the income statement.
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" set out the costs that the Company includes when assessing whether a contract will be loss-making.
- The Annual Improvements introduce minor amendments to IFRS 1 "First-time Application of IFRS", IFRS 9 "Financial Instruments", IAS 41 "Agriculture", and illustrative examples attached to IFRS 16 "Leases".

The Company has not identified any material impact as a result of these amendments.

- **Amendment to IFRS 16 Leases – Covid-19 Lease Concessions**

As a result of the Covid-19 pandemic, rent/lease concessions have been granted to tenants. These concessions may take many forms, including the payment waivers and deferral of rent payments. In May 2020G, the IASB published IFRS 16 which provides an optional practical means for lessees to assess whether a COVID-19 related lease concession is a lease amendment. On March 31, 2021G, the IASB published an additional amendment to extend the expedient date from June 30, 2021G to June 30, 2022G. Tenants can choose to account for these lease concessions in the same manner as if they were not amendments to the lease. In many cases, this results in concessions being accounted for as variable lease payments in the period(s) in which the event or circumstance that led to the reduced payments occurs. The Company has not identified any impact as a result of these amendments.

• **IFRS Interpretation Committee Agenda Decision - Lessor Exemption from Lease Payments (IFRS 9 and IFRS 16)**

In October 2022G, the IASB finalized an agenda decision approved by the IFRIC on “Lessor Exemption from Lease Payments (IFRS 9 and IFRS 16)”. The agenda resolution addresses accounting from the lessor’s perspective, and in particular:

- How should the expected credit loss model in IFRS 9 be applied to an operating lease receivable when the lessor expects to forgive payments due from the lessee under the lease before granting the lease concession.
- Whether to apply the derecognition requirements in IFRS 9 or the lease modification requirements in IFRS 16 when accounting for a lease concession.

The Company has not identified any impact as a result of these amendments.

5.3.2 New Standards, Amendments and Interpretations that the Company Has Not Yet Implemented

The Company has decided not to apply the following new standards, interpretations and amendments that have been recently issued very early to the existing standards. However, they are not yet in effect, and the Company is currently evaluating their impact.

Critical Judgments and Accounting Policy Options/Choices

The Company is expected to apply the following significant accounting policies in preparing the financial statements on the effective date of IFRS 17, i.e., January 1, 2023G:

a. Contracts Within/Outside the Scope of IFRS 17

- IFRS 17, Insurance Contracts, defines those contracts under which an entity accepts significant insurance risk from another party (the policyholder), by agreeing to indemnify the policyholder if a specified uncertain future event (the insured event) adversely affects its Policy holder.
- In the ordinary course of business, the Company uses reinsurance to mitigate its risk exposure. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk arising from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a material loss.

b. Aggregation/Separation of Contracts

The Company does not underwrite any insurance contracts that contain embedded derivatives or distinct investment components. Currently, the Company’s insurance portfolios do not contain any non-insurance components that must be separated from insurance contracts.

c. Aggregation Level

The Company determines insurance contract portfolios. Each portfolio consists of contracts subject to similar risks and managed together, and is divided into three groups:

- Any contracts that are ineffective upon initial recognition;
- Any contracts that, upon initial recognition, have little potential to subsequently become useless; And
- Any remaining contracts in the wallet.

Portfolios of reinsurance contracts held for pooling are evaluated separately from the issued portfolios of insurance contracts. By applying aggregation requirements to proprietary reinsurance contracts, the Company arranges its reinsurance contracts into the following groups:

1. Contracts that have a net profit on initial recognition, if any;
2. Contracts that do not have, upon initial recognition, significant potential for subsequent net profit; And
3. Remaining contracts in the portfolio, if any.

d. Measurement - Overview

IFRS 17 provides the following different measurement models:

1. The General Measurement Model (GMM - also referred to as the building block approach or BBA), consists of fulfillment cash flow and contractual service margin. There is no set of contracts expected to be measured under the general measurement model.
2. Variable Fee Approach (VFA):

It is a mandatory model for measuring contracts with direct participation features (also referred to as “Direct Participation Contracts”). This assessment of whether a contract meets these criteria is made at the inception of the contract and is not subsequently re-evaluated.

The variable fee approach is not applicable in the case of the Company because it does not have any contracts with direct participation features.

3. Premium Allocation Approach (PAA)

A premium allocation approach is permitted to measure liability for residual coverage if it provides a measure that is not materially different from the general measurement model or if the coverage period for each contract in the group is one year or less.

The Company may simplify the measurement of a pool of insurance contracts using a premium allocation model if, and only if, at the beginning of the pool:

- The entity reasonably expects that this simplification will result in a measurement of the group's remaining coverage liability that will not be materially different from what would be produced by applying the general requirements; or
- The coverage period for each contract in the group (including insurance contract services arising from all premiums within the contract limits specified at that date) is one year or less.

The Company expects to use premium allocation to simplify the measurement of contract groups on the following grounds:

- Insurance Contracts

The coverage period for medical and vehicle/motor contracts in the contract group is one year or less. Eligibility test has been conducted to allocate premiums to the group of contracts for accidents, engineering, general casualty, marine, fire and property contracts. The Company reasonably expects that the resulting measurement will not differ materially from the result of applying the general measurement model.

- Reinsurance Contracts

The Company reasonably expects that the resulting measurement under a premium allocation model measurement will not materially differ from the result of applying the general measurement model.

Measurement

At initial recognition for each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received at initial recognition less cash flow paid to acquire the insurance.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and decreased by the amount recognized as insurance revenue for coverage provided. Upon initial recognition of each group of contracts, the Company expects the time between the provision of each portion of coverage and the premium due date to be no more than one year. Accordingly, the Company expects that the liability will not be adjusted for the remaining coverage to reflect the time value of money and the impact of financial risks.

The Company will recognize a liability for claims incurred for a group of insurance contracts in the amount of cash flow to satisfy the claims incurred and adjust risks for non-financial risks. It includes the estimated total cost of claims incurred but not settled and claims incurred but not reported at the date of the statement of financial position plus the costs of processing the related claims, whether reported by the insured or not. Cash flow will be discounted (at current rates) unless expected to be paid within one year or less from the date of the claims incurred.

Evaluation of a Futile Contract

If at any time during the coverage period, facts and circumstances indicate that a combination of contracts is ineffective, the Company will recognize a loss in insurance services expense and increase the remaining coverage liability to the extent that current estimates of earned cash flow, determined under the general measurement model and relating to the remaining coverage (including risk adjustment for non-financial risks) exceeds the carrying amount of the liability for the remaining coverage. A loss component will be created for the amount of loss recognized. The loss component will then be remeasured at each reporting date as the difference between the amounts of fulfillment cash flow determined under the general measurement model related to future service, and the carrying amount of the liability for the remaining coverage without the loss component.

a. Significant Judgments and Estimates

1. Discount Methodology:

Discount rates are primarily used to adjust estimates of future cash flow to reflect the time value of money and other financial risks to accrue interest on the liability for claims incurred.

The bottom-up discount rates model will be used to derive the discount rate. Under this model, risk-free discount rates based on the US Dollar will be used by the European Insurance and Occupational Pensions Authority (EIOPA) as the starting point for preparing the yield curve. The Company will then add the premium risk to make the yield curve suitable for the application. The Company will use the US Dollar volatility adjustment reported by the EIOPA for Solvency II as a proxy for the illiquidity premium.

The Company expects to deduct liabilities related to claims incurred for all groups of insurance contracts.

2. Risk Adjustments for Non-financial Risks:

The Company must adjust the estimate of the present value of future cash flow to reflect the compensation required by the entity to bear the uncertainty about the amount and timing of cash flow that arise from non-financial risks. Therefore, the purpose of risk adjustment for

non-financial risks is to measure the effect of uncertainty in cash flow arising from insurance contracts, as opposed to uncertainty arising from financial risks.

The risks covered by the risk adjustment for non-financial risks are insurance risk and other non-financial risks such as interruption and expense risks.

The Company will not take into account the effect of reinsurance in risk adjustment for non-financial risks of the underlying insurance contracts.

The Company will adopt a simplified premium allocation model to calculate liability for remaining coverage. Hence, a liability risk adjustment for the remaining coverage will only be estimated if a group of contracts is recognized as loss-making.

There is no specific model for determining risk adjustment for non-financial risks for each group of insurance contracts. By applying the Confidence Level technique, the Company will estimate the probability distribution of the expected present value of future cash flow from insurance contracts at each reporting date and will calculate the risk adjustment for non-financial risks as an increase of the Value at Risk (VaR) of 75% (target confidence level) over the expected present value of future cash flow.

The Company will use the Mack-Method to calculate the risk adjustment ratio using 75% for vehicle/motor portfolios and medical portfolios. For other portfolios and due to insufficient data, the Company will rely on the expert judgment of the designated actuary and use the suggested risk adjustment percentage.

3. Identifying Ineffective Contracts:

Under the premium allocation model, the Company does not assume any contracts in the portfolio are ineffective at initial recognition unless the “facts and circumstances” indicate otherwise. The Company will evaluate non-viable contracts on an annual and underwriting basis, in conjunction with updated information on product profitability. Furthermore, the evaluation should be repeated if the “facts and circumstances” indicate that there are significant changes in product pricing and design, plans, and forecasts.

The Company will establish a process to identify futile, potentially futile, and profitable contracts by evaluating the profitability of various portfolios at the beginning of the underwriting year. The profitability of each portfolio must be evaluated individually.

b. Accounting Policy Options

1. Duration of Contracts

In accordance with IFRS 17 regulatory requirements, entities may not include contracts issued for more than one year in the same group in relation to the aggregation of annual/semi-annual/quarterly/monthly new business packages. The Company decided that the length of contracts would be on an annual basis.

2. Display Insurance Financing Income or Expenses

By referring to the presentation in the income statement, the Company expects to present the entire insurance financing income or expense for the period in the income statement.

3. Reducing the Risk-Adjusted Discount Rate

Referring to the presentation in the income statement - in relation to the risk-adjusted discount rate, the Company expects that risk adjustment would be fully reflected in the insurance service results.

4. Classification of Expenses

The Company will conduct regular expense studies to determine the extent to which fixed and variable overhead expenses can be directly attributed to fulfilling insurance contracts.

5. Postponing Purchase Costs

Referring to the recognition of acquisition costs, the Company expects to amortize the acquisition cost over the term of the contract rather than immediately recognizing it as an expense.

6. Presentation and Disclosure

The Offer:

The following are the Company’s expected policy guidelines related to the financial statements and disclosure preparation process:

Income Statement:

The Company must divide the amounts recognized in the income statement into insurance revenues, insurance servicing expenses, and insurance financing income or expenses. A mandatory subtotal called insurance service result will include insurance revenues, insurance service expenses, and results from reinsurance contracts for which there is an option in the standard to present reinsurance holidays and recoveries separately or net as a single line item. Depending on its management’s evaluation, the Company will choose to present them

separately. Furthermore, insurance financing income and expenses relating to insurance contracts issued and reinsurance contracts held should also be presented separately.

- Insurance Revenue

For the premium allocation model, insurance revenue for the period refers to the amount of expected premium receipts allocated to the period, excluding any investment component. The allocation of insurance revenue for the period will be made under the premium allocation model based on the passage of time.

- Insurance Service Expenses

The Company's insurance service expenses will include the following items:

- Claims incurred and other insurance service expenses incurred;
- Amortization of insurance acquisition cash flow;
- Changes relating to prior service, i.e., changes in fulfillment cash flow relating to liability for incurred claims incurred; And
- Changes related to future service, such as losses resulting from onerous contract packages and the reversal of such losses.

Changes related to prior service indicate changes in fulfillment cash flow (FCF) related to liability for incurred claims. Any development in incurred claims, including changes in expected cash flow as well as risk adjustment, will be reflected in the insurance service expenses.

- Insurance Finance Income and Expenses

For presentation purposes, the Company expects to include all insurance finance income for expenses during the period in profit or loss. In addition, the Company will be required to present insurance finance income and expenses relating to insurance contracts issued and reinsurance contracts held in the income statement.

Statement of Financial Position:

The Company will present the following components/items separately in the statement of financial position as required by IFRS 17:

- Insurance contracts that are assets.
- Insurance contracts that are liabilities.
- Reinsurance contracts held which are assets; and
- Reinsurance contracts held as liabilities.

- Disclosures

IFRS 17 requires extensive new disclosures about amounts recognized in the financial statements, including detailed contract settlements, the effects of newly recognized contracts, as well as disclosures about significant judgments made in applying IFRS 17. There will also be extended disclosures about nature and extent. Among the risks of insurance and reinsurance contracts, disclosure will generally be made at a more accurate level than IFRS 4, providing more transparent information for assessing the effects of contracts on financial statements. Since all of the Company's products are expected to be eligible under the Premium Allocation Approach, the following are the key disclosures required under IFRS 17 and the Premium Allocation Approach Law:

- Reconciling changes in liability for remaining coverage, liability for claims incurred, risk adjustment and loss components;
- Risk framework; and
- Sensitivity analysis.
- Transition

On the date of initial application, January 1, 2023G, IFRS 17 must be applied retrospectively. Where a full retrospective approach is impractical, IFRS 17 allows alternative transition methods.

The Company has determined that reasonable and supportable information is available for all contracts in effect on the date of transition. In addition, since the contracts are eligible for the premium allocation approach, the Company has concluded that only current and prospective information will be required to reflect the circumstances at transition date, which will make full retrospective application practicable and, therefore, the only option available for insurance contracts issued by Company.

Accordingly, the Company will:

- Identify, recognize and measure each group of insurance contracts and any insurance acquisition cash flow assets as if IFRS 17 had always applied;
- Derecognize any existing balances that would not have existed if IFRS 17 had always been applied; and
- Recognize any resulting difference in opening net equity.

Transition Effect

The Company estimates that upon application of IFRS 17, the effect (before Zakat) will be a decrease in the Company's total equity of SAR (46.8 million) as of January 1, 2022G. The impact on total equity as of January 1, 2023G is currently estimated and must be disclosed in the interim condensed financial statements for the period ending on March 31, 2023G.

	SAR January 1, 2022G
Estimated Increase (Decrease) in the Company's Total Equity	
Change in the Measurement of Reinsurance Contracts Assets	9,999,472
Change in the Measurement of Insurance Contracts Liabilities	(56,760,318)
Estimated Impact of Applying IFRS 17 before Zakat	(46,760,846)
January 1, 2022G	
Estimated Increase (Decrease) in the Company's Total Assets	
Risk Adjustment	10,077,260
Discount	165,715
Decrease in the Value of Reinsurers Balances	(243,503)
Estimated Impact of Applying IFRS 17 on Total Assets	9,999,472
January 1, 2022G	
Estimated Increase (Decrease) in the Company's Total Liabilities	
Loss Component	(40,646,364)
Risk Adjustment	(16,375,595)
Discount	1,090,628
Decrease in the Value of Insurance Premiums Receivable	(828,987)
Estimated Impact of Applying IFRS 17 Before Zakat	(56,760,318)

- IFRS 9 – Financial Instruments

IFRS 9 "Financial Instruments" is the IASB's replacement of IAS 39 "Financial Instruments: Recognition and Measurement" and is effective for annual periods beginning on or after January 1, 2018G. The Company has met the relevant criteria and applied the temporary exemption from IFRS 9 for annual periods prior to January 1, 2023G, it will therefore apply IFRS 9 for the first time on January 1, 2023G.

1. Financial Assets - Classification & Measurement

IFRS 9 classifies financial assets into three categories: amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL). Each category has different accounting treatment.

The Company conducted a preliminary assessment of IFRS 9 - Classification and Measurement of Financial Assets held as of December 31, 2021G. As previously mentioned, IFRS 9 includes three main classification categories for financial assets measured at: amortized cost, fair value through other comprehensive income ("Other Comprehensive Income (OCI)") and fair value through profit or loss ("Other Comprehensive Income (OCI)"). This classification is generally based, with the exception of equity instruments and derivatives, on the business model in which the financial asset and its contractual cash flow are managed. With the exception of financial assets that are designated upon initial recognition at fair value through profit or loss and for investments in equity instruments, a financial asset is classified on the basis of:

- The Company's business model for managing the financial asset; And
- Contractual cash flow characteristics of the financial asset.

The Company's classification and measurement review process consists of two parts:

- **Business Model Evaluation:** On the basis of fact patterns discussed and agreed with management; And
- **Characteristics of Contractual Cash Flow Evaluation:** Based on a comprehensive review of a sample of contracts specifically selected to provide a provisional conclusion as to whether the contractual terms of an asset give rise to cash flow that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding ("Assessment of Payments of Principal and Interest").

2. Financial Assets - Decline in the Value of Financial Assets

Under IFRS 9, the Expected Credit Loss (ECL) allowance is based on credit losses expected to arise over the life of the asset (Lifetime Expected Credit Loss), unless there has been a significant increase in credit risk from the beginning, in which case the allowance is based on 12-month expected credit loss.

Lifetime ECLs represent the expected credit losses that would result from all possible default events over the expected life of a financial asset. While 12-month ECLs are the lifetime losses expected to occur within 12 months of the balance sheet date. Both lifetime ECLs and 12-month ECLs will be calculated on an individual basis depending on the nature of the underlying portfolio of financial instruments.

Expected credit losses are calculated based on the probability of default, loss at default, and exposure at default. Expected credit losses are discounted to the current value.

Probability of Default (PD)

Probability of default is an estimate of the probability of default over a given period of time.

Loss Given Default (LGD)

Loss Given Default (LGD) is determined by financial instrument class based on historical experience of loss and recovery rates for similar financial instruments and other relevant industry data.

Exposure at Default (EAD)

Exposure at Default (EAD) is an estimate of the exposure at the date of a future loss. The default occurs at an unknown future date.

Forward-looking Assessments

While estimating expected credit losses, the Group will review the macroeconomic developments occurring in the economy and market in which it operates. On a periodic basis, the Company will analyze the relationship between major economic trends while estimating the probability of default.

IFRS 9 applies to financial instruments that are not measured at fair value through profit or loss. Equity instruments measured at Fair Value through Other Comprehensive Income (FVOCI) are also excluded from the scope of impairment.

Financial assets exposed to impairment consist of the investment portfolio (debt and equity instruments), time deposits, statutory deposits and cash and cash equivalents.

3. Financial Liabilities

IFRS 9 largely retains the requirements of IAS 39 for the classification and measurement of financial liabilities. However, under IAS 39, all fair value changes to financial liabilities classified at Fair Value Through Profit or Loss (FVTPL) are recognized in the income statement, while under IFRS 9, such changes in fair value would generally be presented as follows:

- The amount of change in fair value that is attributable to changes in the credit risk of the liability will be presented in Other Comprehensive Income (OCI).
- The remaining amount of the change in fair value is presented in the income statement.

There is no expected impact on financial liabilities as a result of the transition to IFRS 9.

4. Transition

Estimated Change in the Company's Total Equity Due to the Initial Application of IFRS 9

The Company estimates that when applying the IFRS 9, the effect (before Zakat) is an increase amounting to SAR (6.9 million) in its total equity as of January 1, 2022G. Reclassification of certain financial assets will result in the related fair value reserve being transferred to accumulated losses that have no impact on total equity. The transfer as of January 1, 2022G is expected to be a reduction in accumulated losses and fair value reserve of SAR (6.9 million).

The impact on total equity as of January 1, 2023G is currently being estimated and was disclosed in the interim condensed financial statements for the period ending on March 31, 2023G.

	SAR January 1, 2022G
Estimated Increase (Decrease) in the Company's Total Equity	
Decrease in the Value of Financial Assets	(18,410)
Estimated Impact of Applying IFRS 9 Before Zakat	(18,410)

The above rating is a time estimate and not a forecast. The actual impact of the applying IFRS 9 on the Company may differ from this estimate. The Company continues to improve models, methodologies and systems and monitor regulatory developments prior to the adoption of IFRS 9 on January 1, 2023G.

5. Overall Impact on Total Shareholders' Equity of Transition to IFRS 17 and IFRS 9

The Company estimates that upon application of IFRS 17 and IFRS 9, the impact of these changes (before Zakat) is a reduction in the Company's total equity of SAR (46.8 million) as of January 1, 2022G.

Estimated Increase (Decrease) in the Company's Total Equity when Transitioning to:	SAR January 1, 2022G
IFRS 17	(46,760,846)
IFRS 9	(18,410)
Estimated Impact of Applying IFRS 17 Before Zakat	(46,779,256)

- Amendment to IFRS 16 – Sale and Leaseback Leases

These amendments incorporate the sale and leaseback requirements in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all of the lease payments are variable lease payments not based on an index or rate are likely to be affected.

Effective Date:

Annual periods beginning on or after January 1, 2024G.

Impact Assessment

The administration is currently evaluating the impact of these amendments, but in any case, no significant impact is expected.

- Amendments to IAS 1, Presentation of Financial Statements, Non-Current Liabilities with Commitments.

These amendments clarify how the conditions with which an entity must comply within the twelve months after the reporting period affect the compliance rating.

Effective Date:

Annual periods beginning on or after January 1, 2024G.

Impact Assessment

The administration is currently evaluating the impact of these amendments, but in any case, no significant impact is expected.

- Limited Scope Amendments to IAS1, Practice Statement 2 for IFRS and IAS 8

The amendments are intended to improve accounting policy disclosures and help users of financial statements distinguish between changes in accounting estimates and policies.

Effective Date:

Deferred until accounting periods that do not start before January 1, 2023G.

Impact Assessment

The administration is currently evaluating the impact of these amendments, but in any case, no significant impact is expected.

- Amendment to IAS 12 – Deferred Tax Relating to Assets and Liabilities Resulting from a Single Transaction

These amendments require companies to recognize deferred tax on transactions that, upon initial recognition, result in equal amounts of taxable and deductible temporary differences.

Effective Date:

Annual periods beginning on or after January 1, 2023G.

Impact Assessment

Management is currently evaluating the impact of these amendments, but in any case, no significant impact is expected.

5.3.3 Recognition of Insurance Premiums and Reinsurance Commissions

Premiums and commissions are recorded in the income statement according to the conditions of the relevant insurance policies on a pro rata basis. A portion of the premiums and reinsurance commissions that will be earned in the future are recorded as unearned premiums and earned reinsurance commissions, respectively, and are deferred in the following ways:

- The last three months of the period for sea freight,
- Pre-defined calculation for the engineering sector for risks beyond one year. According to this calculation, lower premiums are earned in the first year and then gradually increase until the end of the policy period, and
- The actual number of days for all other insurance categories.

Unearned premiums represent the share of premiums written relating to the period of coverage in effect. The change in the unearned premium allowance is recognized in the income statement in the same manner as revenue is recognized over the risk period.

5.3.4 Commission Revenue, Profit Distribution and Other Income

Commission revenue from short-term deposits and long-term deposits is recognized on a time proportion basis using the effective interest rate method. It is excluded under "Commission and Investment Revenue" in the income statement. Dividend revenue is recognized when the right to receive the dividend is established. It is included in the profits generated from available-for-sale investments in the income statement. The revenue of the Manefeth Fund (Third Party Liability Insurance Fund) and the Umrah Fund for Medical Insurance, General Insurance and Accident Insurance are recognized as other income on a quarterly basis according to the financial statements issued by the Fund Manager, i.e., the Cooperative Insurance Company.

5.3.5 Insurance Contracts

Insurance contracts are those contracts in which the Company (the "Insurer") accepts significant insurance risk from another party (the "Policyholders") by agreeing to compensate the policyholders if a specified uncertain future event (the "Insured Event") may negatively affect policyholders. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event, if the insured event did not occur.

5.3.6 Claims

Claims consist of amounts payable to policyholders and related loss adjustment expenses, net of scrap and other recoveries, and are charged to the income statement when incurred.

Total outstanding claims consist of the sum of the estimated cost of claims incurred but outstanding at the reporting date, whether reported or not. Provisions are made for unpaid reported claims as at the reporting date on a case-by-case basis. In addition, based on management's estimates and the Company's experience, a provision is maintained for the cost of settling claims incurred but not reported, at the statement of financial position date. The final liabilities may be more or less than the amount set aside.

Any difference between the allocations at the date of the financial statements and the settlements in the following year is included in the subscription account for that year. Outstanding claims are presented on an aggregate basis and the reinsurer share is presented separately. The Company does not deduct its liabilities for unpaid claims as virtually all claims are expected to be paid within one year from the date of the statement of financial position.

5.3.7 Scrap and Compensation Recovery

Some insurance contracts allow the Company to sell purchased property (generally damaged) when the claim is settled (e.g., scrap). The Company has also the right to pursue third parties to pay some or all of its costs (such as compensation).

Compensation recovery estimates are included when measuring outstanding claims liabilities. The provision represents the amount that can be reasonably recovered from the disposal of the asset.

Compensation recovery is considered a provision when measuring outstanding claims liabilities. This provision is an estimate of the amount that can be recovered from third parties.

5.3.8 Reinsurance

The Company's reinsurance program is affected by proportional, non-proportional and discretionary deposits based on its net revenue retention policy, treaty limitations and the nature and extent of risks. The Company waives insurance risk in the ordinary course of business for all of its products. Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the provision for outstanding claims and are made in accordance with reinsurance contracts. Impairment is reviewed at each reporting date or more frequently when an indicator of impairment arises during the reporting year. Impairment occurs when there is objective evidence that the Company may not recover amounts due under the terms of the contract and when the effect on the amounts the Company will receive from reinsurers can be measured reliably. An impairment loss is recognized in the income statement.

Arrangements made for ceded reinsurance do not relieve the Company of its obligations to policyholders.

Premiums and claims on assumed reinsurance are recognized as income and expense in the same manner as if the reinsurance were a direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances required by reinsurance companies. The amounts payable is determined in a manner consistent with the associated reinsurance contract.

Reinsurance assets or liabilities are derecognized when contractual rights expire or the contract is transferred to another party.

Recoveries receivable from reinsurers are recognized as an asset at the same time that claims that give rise to the right of recovery are recognized as liabilities and are measured at the amount expected to be recovered.

5.3.9 The Liability Adequacy Test (LAT)

At each date of issuance of the financial position statement, the Company reviews its unexpired risks and a liability adequacy test is performed to determine whether there is any aggregate excess of expected claims and deferred policy acquisition costs over unearned premiums. This test uses current estimates of future contractual cash flow for insurance contracts after taking into account the return on investment expected to arise on the assets relating to the relevant insurance technical provisions. If these estimates show that the carrying value of unearned premiums (less related deferred policy acquisition costs) is insufficient, the deficiency is recognized in the income statement by creating a provision for it.

5.3.10 Insurance Contract Liabilities

Insurance contract liabilities include provision for outstanding claims, claims incurred but not reported, provision for additional premium reserves, unearned insurance premiums (including provision for insufficient premiums) and other technical reserves. The provision for outstanding claims and claims incurred but not reported is calculated based on the estimated final cost of all claims incurred and outstanding at the reporting date, whether reported or not, plus claims processing costs and reduced by the expected value of recoveries and other recoveries. Delays may be encountered in the reporting and settlement of certain types of claims; Therefore, the ultimate cost of these claims cannot be determined with certainty at the reporting date. Liabilities are calculated at the reporting date using a range of standard actuarial techniques based on empirical data and current assumptions. Liabilities are not discounted for the time value of money. Liabilities cease to be recognized when the obligation to pay a claim expires, is settled or cancelled.

The provision for unearned premiums represents that portion of insurance premiums received or receivable relating to risks that have not expired at the reporting date. The provision is recognized when contracts are concluded and insurance premiums are paid, and is posted on the account as insurance premium income over the contract period according to the type of insurance stipulated in the contract. At each reporting date, the Company conducts a review of unexpired risks and a liability adequacy test to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flow after taking into account the return on investment expected to result from the assets relating to the relevant insurance technical provisions. If these estimates show that the carrying value of unearned insurance premiums (less related deferred acquisition costs) is insufficient, a deficit is recognized in the income statement by setting aside an insurance premium deficiency provision (additional premium reserves).

Other technical reserves include an undistributed loss adjustment expense reserve and a proportional and non-proportional reinsurance receivables reserve. The undistributed loss adjustment expense reserve is determined at the end of each reporting period and represents the estimated cost that the Company will incur when claims are paid. It is calculated as the amount of reinsurance premiums, reinsurance commissions or any loss shares that are not fully accrued.

5.3.11 Deferred Policy Acquisition Costs (DAC)

Commissions and other costs directly related to obtaining or renewing insurance contracts are deferred and amortized over the terms of the insurance contracts, similar to insurance premiums. Other acquisition costs are recognized as expenses when incurred. Amortization is recorded in the costs of acquiring insurance policies in the income statement.

Changes in the estimated useful life or the expected method of consuming future economic benefits embodied in this asset are calculated by changing the amortization period, and this is considered a change in accounting estimates.

A review for impairment is conducted at the date of preparing each financial statement or within a shorter period, when there is an indication that such impairment has occurred. If the assumptions regarding the future profitability of these insurance policies do not materialize, the amortization of these costs may be accelerated and may require an additional write-off of impairment in the income statement. Deferred underwriting costs are also taken into account when conducting a test of the adequacy of liabilities in each period of the financial statements' preparation.

5.3.12 Unearned Reinsurance Commission Revenue

Commission revenue on reinsurance contracts issued is deferred and amortized according to the terms of the insurance contracts to which they relate, similar to earned premiums. Amortization is recorded in the income statement.

5.3.13 Insurance Premiums and Reinsurance Receivables

Insurance premiums and reinsurance receivables are recognized when due, measured on initial recognition at the fair value of amounts received or receivables, and stated at the sum less the allowance for any uncollectible amount (allowance for doubtful debts) and any impairment in their value. Bad debts are written off as they are incurred. The carrying amounts of insurance premiums receivable and reinsurance receivables are reviewed for impairment when events or circumstances indicate that the carrying value may not be recoverable, with the loss arising from the impairment recognized in the income statement. Receivable insurance premiums and reinsurance receivables cease to be recognized when the criteria for derecognition of financial assets are met.

5.3.14 Financial Assets

5.3.14.1 Classification

The Company classifies its financial assets into the following categories:

a. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market other than those that the Company intends to sell in the short term or that have been classified as available-for-sale investments. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

b. Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are those investments that upon initial recognition are designated at fair value. These investments are measured and reported at fair value, with all changes in fair value recorded through the income statement.

c. Available-for-sale Investments (AFS)

These are investments that are not held to maturity or held for trading purposes. Investments classified as "available for sale" are subsequently measured at fair value. For available-for-sale investments whose fair value is not hedged, any unearned gain or loss resulting from the change in fair value is recognized directly in the statement of comprehensive income until the investment is derecognized or its value is impaired, at which time the cumulative gain or loss previously recognized is included in the statement of comprehensive income. Comprehensive income, included in the income statement for the year. Available-for-sale investments that cannot be measured reliably are stated at amortized cost less allowance for impairment.

d. Held-to-maturity Investments

Investments having fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity are classified under this category. These investments are initially recognized at fair value including direct and incremental transaction costs and subsequently measured at amortized cost, less provision for impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition using an effective yield basis. Any gain or loss on such investments is recognized in the statement of income when the investment is derecognized or impaired.

5.3.14.2 Recognition, Measurement and Derecognition

Loans, receivables and held-to-maturity investments are stated at amortized cost less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition. Any gain or loss on these investments is recorded in the income statement when investments are derecognized or impaired.

Financial assets are measured at fair value through profit or loss and are carried at fair value. Any subsequent changes in fair value are recognized in the income statement.

Financial assets are derecognized when the right to receive cash flow from those assets expire, or when they are transferred, and the Company has transferred substantially all the risks and rewards of ownership.

Purchases and sales of available-for-sale investments are recognized on the trade date, which is the date on which the Company commits to purchase or sell the investments. Available-for-sale investments are initially recognized at fair value plus transaction costs that are directly related to their acquisition and are subsequently included at fair value.

Changes in the fair value of available-for-sale investments are included in the Statement of Comprehensive Income. When available-for-sale investments are sold or impaired, the cumulative fair value adjustments recognized in equity are included in the income statement as "gains and losses on available-for-sale investments."

5.3.14.3 Fair Value Determination

Fair values of investments listed in active markets are based on current bid prices. If there is no active market for a financial asset, fair value is determined using valuation techniques, which include comparison with recent similar operations on purely commercial grounds, discounted cash flow analysis, and other valuation techniques commonly used by market participants. Dividends on financial assets at fair value through profit or loss and available-for-sale investments are recognized in the income statement when the Company's right to receive payment has been established.

5.3.14.4 Decrease in the Value of Financial Assets

a. Financial Assets Carried at Amortized Cost

The Company assesses at each financial reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets are impaired and an impairment loss is incurred only if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset and such that the loss event (or events) has an impact on the estimated future cash flow of the financial asset or a group of financial assets that can be estimated reliably.

If the amount of the impairment loss subsequently decreases, and the decrease is objectively related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the income statement.

b. Financial Assets at Fair Value Through Profit or Loss

The Company assesses at each financial reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified as a financial asset at fair value through profit or loss (FVTPL), a significant or long-term decline in the fair value of the securities below their cost is objective evidence of impairment resulting in the recognition of an impairment loss. An impairment loss is recognized or reversed in the income statement.

c. Available-for-sale Investments (AFSI)

At a financial reporting date, the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of investments in equity securities classified as available for sale, a significant or long-term decline in the fair value of the securities below their cost is objective evidence of impairment resulting in the recognition of an impairment loss.

The cumulative loss is measured as the difference between acquisition cost and current fair value, less any impairment losses on those financial assets that were previously recognized in the statement of comprehensive income are excluded from equity and recognized in the income statement. If the fair value of a debt instrument increases in a subsequent period, it is classified as available for sale with the possibility of objectively relating this increase to an event that has occurred after the impairment loss was recognized. The impairment loss is reversed through the statement of comprehensive income.

5.3.15 Financial Liabilities

All financial liabilities are recognized at the time the Company becomes a party to the contractual terms of the instrument. Financial liabilities are initially recognized at fair value, less any directly attributable transaction costs. After initial recognition, these liabilities are measured at amortized cost using the effective commission rate method.

Financial liabilities are derecognized when the obligation related to the liability was fulfilled, canceled, or has expired. When an existing financial liability is replaced by another from the same lender on terms that are substantially different from the previous one, or when the terms of an existing liability are completely modified, such an exchange or modification is treated as a derecognition of the original liability, and a new liability is recognized. The difference in the relevant carrying amounts is recognized in the income statement.

5.3.16 Trade Date

All routine purchases and sales of financial assets are recognized/derecognized on the exchange date (i.e., the date on which the Company commits to purchase or sell the assets). Regular way purchases or sales are purchases or sales of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the market place.

5.3.17 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense are not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation.

5.3.18 Cash and Cash Equivalent

Cash and cash equivalents comprise of current accounts at banks and deposits that have original maturity periods not exceeding three months from the date of acquisition.

5.3.19 Short-term and Long-term Deposits

Short-term deposits with original maturity dates longer than three months and less than one year from the date of acquisition are recognized. Long-term deposits represent time deposits with maturity periods exceeding one year from the date of acquisition.

5.3.20 Property and Equipment

Property and equipment are initially stated at cost and subsequently at cost less accumulated depreciation and any impairment, if any. Cost includes expenditures directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Leasehold improvements mainly consist of mobile structures that can be moved without incurring any significant cost or effort. Assets under construction or improvement are capitalized in the capital work-in-progress (CWIP) account. Assets under construction or improvement are transferred to the appropriate category of property and equipment when the assets are delivered to their location and condition necessary for their intended use by management. The cost of any item of the CWIP includes the purchase price, construction/development costs and any other costs directly attributable to the construction or acquisition of any item of the CWIP for use in the manner intended by management. Depreciation is not charged on the CWIP.

Depreciation is charged to the income statement on a straight-line basis based on the following estimated useful lives:

Origin	Years
Improvements to rental properties	10
Office furniture, fixtures and equipment	4-10
Computers	4
Vehicles	4

Source: The company's audited financial statements for the financial year ending on December 31, 2022

The useful lives of assets are reviewed at the end of each reporting date and adjusted, if necessary. The carrying amount of an asset is reduced immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the return on disposal with the book value. It is included in the income statement under other income.

5.3.21 Goodwill

Goodwill represents the excess of the fair value of the purchase consideration payable in accordance with the directives of the Saudi Central Bank over the identifiable net assets acquired from the Saudi Al Sagr Insurance Company (sister company). The recoverability of goodwill is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized at the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount represents the higher of the asset's fair value less costs to sell and its value in use.

5.3.22 Intangible Assets

Intangible assets include software, which is measured at cost. Intangible assets with finite useful lives are amortized over their estimated useful lives in accordance with the expected pattern of consumption of economic benefits. The estimated useful life of the software is four years. Intangible assets with an indefinite useful life (including goodwill) are not subject to amortization but are tested for impairment at one or more statement of financial position dates if there is an indication of impairment. Intangible assets with finite useful lives are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The amortization expense is included in general and administrative expenses in the income statement.

5.3.23 Impairment of Non-financial Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If such indication exists or when annual impairment testing is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is greater than its fair value or the fair value of the cash-generating unit less costs to sell and its value-in-use. The recoverable amount of an asset is determined unless the asset generates cash flows that are largely independent of those from other assets or a group of assets. When the carrying value of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When determining fair value less costs to sell, recent market transactions are taken into account. If these parameters cannot be determined, an appropriate valuation method is used. These calculations are augmented by multiple valuation methods, listed stock prices of companies or other available indicators of fair value.

The Company calculates impairment based on detailed budgets and forecast calculations, which are prepared independently for each of the Company's cash-generating units to which assets are allocated. These budgets and forecast accounts generally cover a period of five years. For longer periods, the long-term growth rate is calculated and applied to the projects' expected future cash flows after year five. Losses arising from impairment are recognized in the income statement.

5.3.24 Provisions and Other Liabilities

Provisions are recognized when the Company has an obligation (legal or constructive) as a result of past events such that the costs of settling the obligation are probable and can be reliably measured. Provisions for future operating losses are not recognized. Liabilities are recognized for amounts to be paid in the future for goods or services obtained, whether invoiced by the supplier or not.

5.3.25 Employees End of Service Benefits

The Company has a single post-employment benefit program system for its defined benefit plan, which is based on the Saudi Labor and Workmen Law, the last salary, and years of service.

Employee benefit systems are not funded, therefore, liabilities under these plans are valued by an independent actuary based on the projected unit credit method. The costs associated with these systems consist primarily of the present value attributable to each year of services on an equal basis, and interest on this liability in respect of employee services in prior years.

Current, past and post-employment service costs are recognized immediately in the income statement, while settlement of the obligation is recorded at the discount rates used in the income statement. Any changes in net liabilities, resulting from actuarial valuations and changes in assumptions, are considered as a remeasurement in the statement of comprehensive income.

Remeasurements of gains and losses that arise from adjustments to experience and changes in actuarial assumptions are recognized directly in the statement of comprehensive income and transferred to retained earnings in the statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligation resulting from plan modifications or curtailments are recognized immediately in the income statement as past service costs. End-of-service payments are based primarily on employees' final salaries, allowances, and accumulated years of service, as described in the Saudi Labor and Workmen Law.

5.3.26 Dividends

Shareholders' dividends are recognized as a liability in the Company's financial statements during the year in which dividends are approved by Shareholders.

5.3.27 Zakat

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") ("the Authority"). Zakat is calculated based on the approximate Zakat base and adjusted net income, whichever is higher. Additional amounts, if any, will be charged when they are determined to be required for payment. Zakat entitlement is recorded on a quarterly basis.

5.3.28 Foreign Currencies

Transactions in foreign currencies are recorded in Saudi Riyals (SAR) at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into Saudi Riyals at the exchange rate prevailing on the date of the statement of financial position. All differences, except those arising on available-for-sale financial assets, are recognized in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently readjusted. Since the Company's foreign currency transactions are primarily denominated in US Dollars and pegged to Saudi Riyals, foreign exchange gains and losses are not material.

5.3.29 Right-of-use (ROU) Assets and Lease Liabilities

The Company evaluates whether the agreement contains a lease, at the inception of the contract. The Company recognizes a right-of-use asset and its corresponding lease liability in respect of all lease agreements in which the Company is a lessee, with the exception of short-term leases (which are leases with a term of twelve months or less) and leases of low-value assets. For these leases, the Company recognizes lease payments as operating expenses on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased asset are consumed.

Lease liabilities are initially measured at the present value of the unpaid lease payments at the lease commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be easily determined, the Group uses the additional borrowing rate.

The lease liability, if any, is presented as a separate line item in the statement of financial position.

The lease contract's liabilities are subsequently measured by increasing the carrying amount to reflect the interest on the lease liabilities (using the effective interest rate method) and reducing the carrying amount to reflect the lease payments.

The Company remeasures the lease liabilities (with a similar settlement being made on right-of-use assets) when:

- The lease term changes, or estimates to exercise the right to purchase are modified, in which case the lease liabilities are remeasured by discounting the adjusted lease payments using a modified discount rate.
- The lease payments vary as a result of changes in an index or rate or a change in payments related to residual value guarantees, in which case lease liabilities are remeasured by discounting the adjusted lease payments using the initial discount rate (unless the change in lease payments is due to a variable interest rate, in this case, a modified discount rate is used); and
- The lease is modified and the modification is not accounted for as a new lease. In this case, lease liabilities are remeasured by discounting the modified lease payments using a modified discount rate.

Right-of-use assets include the initial measurement of the associated lease liabilities and lease payments made at or before the commencement of the lease, as well as initial direct costs. They are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Right-of-use assets are depreciated over the shorter term of the lease or the economic life of the leased assets. If the lease involves a transfer of ownership of the leased asset or if the cost of the right-of-use asset reflects the Group's expectation that it will exercise the right-to-purchase option, the right-of-use asset is depreciated over the economic life of the leased asset. Depreciation begins at the beginning of the lease.

Right-of-use assets are presented in the statement of financial position as a separate item, if any.

The Company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and the recognition of any identified impairment loss.

Based on the impact assessment conducted by management, the identified impact from the adoption of IFRS 16 was not material and, accordingly, no adjustments have been recognized by management in the accompanying financial statements.

The Company used the exemption available in IFRS 16 - Leases, for short-term leases and leases of low-value assets, which were recognized on a straight-line basis as an expense in the income statement and amounted to SAR (1.3 million) and SAR (0.7 million) for the year ended December 31, 2022G and 2021G, respectively.

5.4 Operation Results

5.4.1 Performance Indicator

Table No. (24): Performance Indicator

Performance Indicator	Financial Year Ended December 31		
	2020G (Audited)	2021G (Audited)	2022G (Audited)
Growth rate of gross written premiums	N/A	15.6%	8.4%
Attribution rate (includes net loss premiums)	17.1%	14.9%	13.8%
Net premiums earned as a percentage of gross written premiums	82.9%	85.1%	87.0%
Net loss rate	111.8%	105.2%	94.9%
The commission paid as a percentage of the total insurance premiums written	1.7%	1.1%	1.4%
Commission received as a percentage of the premiums assigned	15.8%	10.1%	15.7%
Net commission percentage	6.2%	6.4%	6.9%
Net expense ratio	22.1%	21.1%	19.9%

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G

5.4.2 Income Statement

The following table shows the income statement for the fiscal years ending on December 31, 2020G, 2021G, and 2022G.

Table No. (25): Income Statement

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Revenues						
Gross written premiums	379,114	438,300	475,264	15.6%	8.4%	12.0%
Reinsurance premium assigned/ceded:						
Foreign	(37,499)	(44,856)	(40,312)	19.6%	(10.1%)	3.7%
Local	(2,416)	(896)	(1,895)	(62.9%)	111.4%	(11.4%)
Loss surplus premiums:						
Foreign	(21,293)	(15,091)	(19,605)	(29.1%)	29.9%	(4.0%)
Local	(3,738)	(4,473)	(3,691)	19.7%	(17.5%)	(0.6%)
Net written premiums	314,168	372,983	409,761	18.7%	9.9%	14.2%
Changes in unearned insurance premiums	59,305	(75,076)	(914)	(226.6%)	(98.8%)	NA
Changes in reinsurers share of unearned premiums	3,849	8,543	580	121.9%	(93.2%)	(61.2%)
Net premiums earned	377,322	306,450	409,427	(18.8%)	33.6%	4.2%
Reinsurance Commission	6,315	4,628	6,614	(26.7%)	42.9%	2.3%
Total Revenue	383,637	311,078	416,040	(18.9%)	33.7%	4.1%
Underwriting costs and expenses:						
Total paid liabilities	(495,300)	(373,258)	(389,825)	(24.6%)	4.4%	(11.3%)
Reinsurers share of claims paid	85,390	16,772	23,072	(80.4%)	37.6%	(48.0%)

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Claims administration expenses	(17,036)	(20,704)	(26,436)	21.5%	27.7%	24.6%
Net claims and other benefits paid	(426,946)	(377,190)	(393,189)	(11.7%)	4.2%	(4.0%)
Changes in outstanding claims	63,139	32,718	19,844	(48.2%)	(39.3%)	(43.9%)
Changes in reinsurers share of outstanding claims	(43,146)	8,451	(21,833)	(119.6%)	(358.3%)	(28.9%)
Changes in claims incurred but not reported	(12,940)	18,363	8,884	(241.9%)	(51.6%)	NA
Changes in reinsurers share of claims incurred but not reported	(1,900)	(4,667)	(5,623)	145.6%	20.5%	72.0%
Net claims and other benefits incurred	(421,794)	(322,325)	(391,917)	(23.6%)	21.6%	(3.6%)
Policy Acquisition Costs	(23,345)	(19,686)	(28,072)	(15.7%)	42.6%	9.7%
Changes in additional insurance premium reserves	3,290	(2,185)	(9,762)	(166.4%)	346.7%	NA
Changes in other technical reserves	(4,084)	995	843	(124.4%)	(15.2%)	NA
Other underwriting expenses	(9,620)	(10,514)	(8,824)	9.3%	(16.1%)	(4.2%)
Total underwriting costs and expenses	(455,552)	(353,715)	(437,730)	(22.4%)	23.8%	(2.0%)
Net underwriting loss	(71,915)	(42,637)	(21,690)	(40.7%)	(49.1%)	(45.1%)
(Expenses)/ Other operational income						
Recoveries from/(provision) for doubtful debts	(83)	(3,209)	1,028	3,754.8%	(132.0%)	NA
General and administrative expenses	(69,381)	(75,486)	(80,878)	8.8%	7.1%	8.0%
Investment income and commission	12,511	6,081	3,268	(51.4%)	(46.3%)	(48.9%)
Change in the fair value of financial assets at FVTPL	6,157	9,610	(1,582)	56.1%	(116.5%)	NA
Profits realized from available-for-sale investments	2,419	14,567	11,581	502.1%	(20.5%)	118.8%
Refund of accumulated surplus due	9,187	16,042	691	74.6%	(95.7%)	(72.6%)
Financial costs of lease obligations	-	(129)	(62)	NA	(51.8%)	NA
Other income	5,126	2,462	18,748	(52.0%)	661.5%	91.2%
Total other operating expenses	(34,064)	(30,064)	(47,206)	(11.7%)	57.0%	17.7%
Total loss for the year before allocating surplus and Zakat	(105,979)	(72,701)	(68,896)	(31.4%)	(5.2%)	(19.4%)
Surplus returned to insurance operations	-	-	-	NA	NA	NA
Total Loss before Zakat	(105,979)	(72,701)	(68,896)	(31.4%)	(5.2%)	(19.4%)
Zakat expense	(6,500)	(1,770)	(4,600)	(72.8)	159.9%	(15.9%)
Total loss attributable to shareholders	(112,479)	(74,471)	(73,496)	(33.8%)	(1.3%)	(19.2%)
Probable average number of outstanding shares	40,000	14,000	14,000	(65.0%)	-	(40.8%)
Loss per share (in Saudi Riyals per share)						
Loss of basic share	(2,8)	(5,3)	(5,2)	89.2%	(1.3%)	36.6%
Diluted loss per share	(2,8)	(5,3)	(5,2)	89.2%	(1.3%)	36.6%
Other comprehensive income (loss):						
Items that will not be reclassified in the income statement in the subsequent years:						
Remeasurement of employee benefits obligations' profit	1,825	1,079	1,550	(40.9%)	43.6%	(7.9%)

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Items that will be reclassified in the income statement in the subsequent years:						
Net change in the fair value of available-for-sale investments	2,989	(1,113)	(11,005)	(137.2%)	888.9%	NA
Total (loss) other comprehensive income	4,814	(34)	(9,456)	(100.7%)	27,571.4%	NA
Total comprehensive loss for the year/period	(107,665)	(74,505)	(82,952)	(30.8%)	11.3%	(12.2%)

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Gross Written Premiums (GWP)

The health and vehicle sector are the Company's main business sectors, as they both contributed by 88.0%, 88.0% and 89.1% of the gross written insurance premiums recorded during the fiscal years 2020G, 2021G, and 2022G, respectively.

Gross Written Premiums increased by 15.6% from SAR (379.1 million) in the year 2020G to SAR (438.3 million) in the year 2021G, as a result of the noticeable growth mainly in the vehicle sector, which recorded an increase in the gross written premiums by 88.6% or the equivalent of SAR (109.9 million), from SAR (124.0 million) in 2020G to SAR (233.8 million) in 2021G. In general, the high activity rate under the motor sector can be mainly attributed to the Company's tendency to work on increasing its business volume in this sector during 2021G, by reducing prices which led to an increase in the volume of sales through electronic insurance brokers such as "Tameeni wa Tameenak" (My Insurance and your Insurance).

The balance of gross written premiums continued to increase by 8.4%, or SAR (37.0 million), to reach SAR (475.3 million) during 2022G. The additional increase in 2022G was mainly influenced by a rise in gross written premiums for the medical sector by 52.9% from SAR (151.9 million) in 2021G to SAR (232.2 million) in 2022G. It should be noted that the aforementioned increase in medical sector insurance premiums was offset by a decrease in written insurance premiums in the vehicle, property and casualty sectors by 18.3% and 1.2%, respectively, during 2022G. The increase in premiums for the medical insurance sector was affected by some regulatory decisions that the Company had issued during 2021G, and the change of the third administrative party, in addition to the decrease in the realized loss percentage for the medical sector, which reached 63.0% during 2022G compared to 96.9% in 2021G. While the decrease in insurance premiums under the vehicle sector resulted from a reduction in the volume of business after the Company has achieved high losses in 2021G, which led the Company to take a decision to reduce the number of policies subscribed in this sector during 2022G.

Reinsurance Premiums Assigned and Excess of Loss Expenses

The Company carries out reinsurance according to a risk management strategy with the aim of protecting the business from potential losses and securing additional growth potential. Reinsurance operations are carried out under proportional and optional reinsurance agreements and contracts, and surplus loss reinsurance.

The assignment rate decreased in 2021G to 14.9% compared to 17.1% in 2020G. This is mainly due to the decrease in the medical sector assignment rate, which reached 8.9% compared to 10.3% in 2020G. This rate was relatively high in 2020G, given that the surplus loss was at high levels after recording paid claims, the number of which reached (1.9 million) claims during the aforementioned year. The Company changed the third administrative party and appointed a new company more capable of controlling claims management, which led to a decrease in the number of claims filed to (1.1 million) claims during 2021G.

Reinsurance premiums assigned rate continued to decline in 2022G, reaching 13.8% due to the decrease in the rate of the medical, property, and casualty sectors which reached 7.2% and 83.1%, respectively, compared to 8.9% and 88.5% in 2021G. While the continuing decline in the medical sector attribution rate was affected by changing the third administrative party and improving the ability and control to accurately manage and track claims, the decrease in the assignment rate related to the property and casualty sectors resulted from the Company's decision to reduce the assignment rate in the general accident insurance sector based on reinsurance agreements from 70.0% in 2021G, reaching 58.0% in 2022G, and in the marine insurance sector, from 87.0% in 2021G, reaching 73.0% in 2022G.

Net Premiums Written

The variation in net written insurance premiums was mainly related to the vehicle sector, which recorded the highest retention rate among all the Company's sectors, as it reached 97.5% between 2020G and 2022G. Net written insurance premiums for the vehicle sector represented the highest percentage of the total net written insurance premiums at a rate of 48.4% between 2020G and 2022G, then the medical sector came in second place, as the retention rate associated with this sector reached 91.2% in the period between 2020G and 2022G. Net written insurance premiums in the medical sector represented an average of 49.8% of the total net written insurance premiums in the period between 2020G and 2022G.

Net written premiums increased by 18.7% from SAR (314.2 million) in 2020G to reach SAR (373.0 million) in 2021G. Then, an additional increase of 9.9% was recorded in 2022G, reaching SAR (409.8 million) during the aforementioned year. The aforementioned increases were generally in line with the rise in the level of the Company's business, especially under the vehicle/motor sector (in 2021G) and the medical

sector (in 2022G).

Changes in Unearned Premiums

The net change in unearned premiums represents the difference between net premiums written and net premiums earned during each year. The value of changes in unearned insurance premiums was positive at a value of SAR (59.3 million) in 2020G, before the change became negative at a value of SAR (75.1 million) in 2021G. The negative change value returned and decreased by 98.8%, or SAR (74.2 million), from a negative change of SAR (75.1 million) in 2021G, to a negative change of SAR (0.9 million). The value of these changes fluctuates during the normal course of business.

Net Premiums Earned

Net earned premiums decreased by 18.8% from SAR (377.3 million) in 2020G to SAR (306.4 million) in 2021G. The aforementioned decrease was mainly related to the medical sector, which recorded a decrease in net earned insurance premiums by 26.4% from SAR (187.9 million) in 2020G to SAR (138.4 million) in 2021G. As mentioned previously, the decrease in premiums under this segment resulted from the Company reviewing, increasing prices during the year, and then restricting the network of care providers, which resulted in a corresponding decrease in the total medical business in the Small and medium-sized enterprises (SMEs).

In 2022G, net earned premiums increased by 33.6% from SAR (306.4 million) in 2021G to SAR (409.4 million) in 2022G. The aforementioned increase included all operating sectors as a result of the Company taking some control measures, which in turn led to improved performance in those sectors, as previously stated.

Reinsurance Commissions

Reinsurance commissions represent income generated from reinsurance arrangements/agreements. Reinsurance commissions in the majority of reinsurance arrangements/agreements depend on the profitability of the reinsured portfolio, which is affected (positively and negatively) in the event of an increase and a decrease in claims incurred. Reinsurance commissions were mainly concentrated in commissions earned from the property and casualty sector, as commissions from this sector constituted to 98.4% of the total commissions between the years 2020G and 2022G. Total reinsurance commissions decreased by 26.7%, or SAR (1.7 million), from SAR (6.3 million) in 2020G to SAR (4.6 million) in 2021G, as a result of the decrease in reinsurance commissions for the property and casualty sector and the expansion in the volume of professional business compensation insurance which led to a decrease in the commission rate as a percentage of the total premiums assigned. The value of commissions rose again to the usual level by 42.9% and reached SAR (6.6 million) in 2022G.

Net Claims and Other Benefits Paid

Net claims and other benefits paid include total claims paid, reinsurers' share of claims paid and claims administration expenses. For more information about the nature of the aforementioned components, please refer to the subsequent sections.

With regard to the total paid claims, the total paid liabilities decreased by 24.6%, or SAR (122.0 million), from SAR (495.3 million) in 2020G to SAR (373.2 million) in 2021G, then the total partially increased by 4.4%, or from SAR (16.6 million) to SAR (389.8 million) in 2022G. While the decline in 2021G was driven by a general decline in the business volume of the medical sector by 27.5% in 2021G, which led to a decrease in liabilities paid by 41.4%, from SAR (378.7 million) in 2020G to SAR (221.8 million) in 2021G. The slight increase in 2022G was driven by an increase in paid liabilities in the motor sector as a result of the expansion in volume of this sector in 2021G, which had an impact on the total liabilities between 2021G and 2022G.

Regarding the reinsurer's share of paid claims, the value of the aforementioned share decreased by 80.4%, or SAR (68.6 million), from SAR (85.4 million) in 2020G to SAR (16.8 million) in 2021G, in line with the decrease in the business volume of the medical sector, then rose by 37.6%, or from SAR (6.3 million) to SAR (23.1 million) in 2022G, after an increase in the volume of claims from the motor, property and casualty sectors for the reasons mentioned previously.

Claims management expenses gradually increased by 21.5%, or SAR (3.7 million), from SAR (17.0 million) in 2020G to SAR (20.7 million) in 2021G, with a continuous increase of 27.7%, from SAR (5.7 million), to SAR (26.4 million) in 2022G. The aforementioned increase was affected by the rise in expenses related to Najm Company, specialized in managing claims for the vehicle sector, which increased in volume during 2021G and led to an increase in the percentage of claims between 2021G and 2022G, against the backdrop of an increase in the volume of business in this sector during 2021G by 88.6%.

Changes in Outstanding Claims

Changes in outstanding claims and changes in claims incurred but not reported represent changes in the reserve for estimated claims and claims incurred but not reported that are estimated by the actuary during the year. The value of these changes decreased by 48.2%, or SAR (30.4 million), and dropped from SAR (63.1 million) in 2020G to SAR (32.7 million) in 2021G, with an additional decline of 39.3%, or from SAR (12.9 million) to SAR (19.8 million) in 2022G. The ongoing decline was affected by the appointment of a new third administrative party with the ability and control to accurately manage and track claims, which allowed the Company to settle all claims carried over from previous periods and control the accuracy of claims and allocations, in addition to the issuance of the Council of Health Insurance decision stipulating the settlement of all claims related to previous periods.

Changes in Reinsurers Share of Outstanding Claims

The reinsurer's share of outstanding claims is determined by the reinsurance agreement for each of the Company's insurance sectors. The value of the changes was negative in 2020G, and a negative change of SAR (43.1 million) was recorded in 2020G. Then, in 2021G, a positive change of SAR (8.5 million) was recorded, before the same value became negative once again and dropped to SAR (21.8 million) in 2022G. It should be noted that the value of these changes fluctuates constantly and is affected by the value of the provisions made up for the outstanding claims and reinsurer's share in accordance with the reinsurance agreements concluded between the Company and reinsurers.

Changes in Claims Incurred but Not Reported (CIBNR)

Regarding changes in claims incurred but not reported, they represent the change in the provisions' value made for claims incurred but not yet reported and which is expected to be reported in the subsequent period. The value of the changes fluctuated during the two years between 2020G and 2022G. It was negative in 2020G and accounted for SAR (12.9 million), before turning to a positive value and amounting to SAR (18.4 million) in 2021G and SAR (8.9 million) in 2022G. These changes do not follow a specific trend, but rather fluctuate with the volume of business. (In 2020G, the negative change resulted from medical sector losses carried over from the previous year, while in 2021G and 2022G the Company's performance improved with regard to claims management, which led to a positive change in the two aforementioned years).

Changes in Reinsurers Share of Claims Incurred but Not Reported

Changes in reinsurers' share of claims incurred but not reported were negative throughout the period between 2020G and 2022G. The value of these changes gradually increased by 145.6%, from SAR (1.9 million) in 2020G to SAR (4.7 million) in 2021G, with an additional increase of 20.5% to reach SAR (5.6 million) in 2022G. The increase in the value of negative changes was related to the change in the value of the reserve from year to year in accordance with reinsurance agreements.

Policy Acquisition Costs

The cost of obtaining the policy is primarily related to commissions paid to sales intermediaries, brokers, and agents. These costs are consistent with movements in gross written premiums. The value of these costs decreased by 15.7%, or SAR (3.7 million), from SAR (23.3 million) in 2020G to SAR (19.7 million) in 2021G. Then, they increased by 42.6% and reached SAR (28.1 million) in 2022G. The decline in 2021G was mainly affected by a significant decline in the business of the total written insurance premiums in the medical sector which decreased by 27.5%, from SAR (209.5 million) in 2020G to SAR (151.9 million) in 2021G. Regarding the subsequent increase, it should be noted that the Company was obtaining insurance policies in the property and casualty sector from related parties without paying any commissions, but in 2022G, these policies were acquired in return for noticeable costs. Moreover, the Company increased the volume of business in the comprehensive vehicle/motor sector, usually characterized by a relatively high commission rate.

Changes in Additional Insurance Premiums and Other Technical Reserves

Changes in additional insurance premium reserves and other technical reserves included in the income statement for the fiscal years 2020G, 2021G, and 2022G are based on the recommendations of the actuary. These changes mainly represent additional premium reserves. In the case of changes in additional insurance premium reserves, the value was positive in 2020G and accounted for SAR (3.3 million), but it recorded a negative change of SAR (2.2 million) and SAR (9.8 million) in 2021G and 2022G. It should be noted that the value of these changes fluctuates continuously, given that when estimates show that the book value of unearned insurance premiums (less the relevant deferred acquisition costs) is insufficient, a deficit is recognized in the income statement by setting aside an allocation for insurance premium deficiency (additional reserve premiums).

Other Underwriting Expenses

Other underwriting expenses mainly include expenses related to supervision, inspection fees and expenses related to customer inquiries. Other underwriting expenses increased by 9.3% in 2021G to reach SAR (10.5 million), compared to SAR (9.6 million) in 2020G, as a result of the rise in customer inquiry service expenses. The aforementioned increase was in line with the augmentation in written insurance premiums, specifically in the retail sector, which in turn witnessed a higher number of inquiries compared to other sectors. Other underwriting expenses decreased by 16.1% and dropped to SAR (8.8 million) in 2022G, after a relative decrease in written insurance premiums in the retail sector and an increase in business in the other corporate sector. As a result, the cost related to inquiries about the insured decreased, which led to a decline in this cost.

Recovery / (Provision) for Doubtful Debts

Provision for doubtful debts relates to the carrying amount of premiums receivable due for a long period of time and for which events or circumstances indicate that the carrying amount may be recoverable. The Company reviews the book value of insurance and reinsurance premiums receivable in accordance with the guidelines set by the Saudi Central Bank and then records the change in the decrease of the late premiums due as a provision for doubtful debts. These provisions (or recoveries) do not follow a specific trend but are affected by the collection process.

General and Administrative Expenses

General and administrative expenses did not witness any fundamental change, as they increased by 8.8% in 2021G, reaching SAR (75.5 million), compared to SAR (69.4 million) in 2020G. General and administrative expenses continued to rise by 7.1% in 2022G and amounted to SAR (80.9 million), compared to SAR (75.5 million) in 2021G. This type of expenses mainly consists of the cost of salaries and benefits for administrative employees. The increase in these expenses was affected by the rise in the cost of salaries, benefits, professional fees, and repair and maintenance expenses during the aforementioned years.

Investment Income and Commission

Net investment income consists of commission income on deposits, debt instruments, dividends from investment funds, as well as profits/ (losses) from the sale of available-for-sale investments, less any impairment charge on available-for-sale investments. The aforementioned revenues decreased by 51.4%, or SAR (6.4 million), and dropped from SAR (12.5 million) in 2020G to SAR (6.1 million) in 2021G, with an additional decrease of 46.3% to reach SAR (3.3 million) in 2022G. This gradual decline was affected by the decrease in the rate of return on those investments between 2021G and 2022G.

Change in the Fair Value of Financial Assets at Fair Value Through Profit or Loss (FVTPL)

The fair value of financial assets at FVTPL relates primarily to available-for-sale investments and financial assets at fair value. It should be noted that a review of available-for-sale investments and financial assets at FVTPL is conducted to assess the extent to which these investments are exposed to impairment, and profit and loss from changes in this value are reflected in the income statement.

Profits Generated from Available-for-sale Investments

Profits generated from available-for-sale investments are obtained from excluding available-for-sale investments that are sold by the Company. These profits do not follow a specific trend, but rather fluctuate constantly with the size of the portfolio of investments sold.

Accumulated Surplus Refund

In accordance with Article No. (35) of the Saudi Central Bank policy for distributing surplus, the Company reacquired the outstanding unclaimed surplus amounting to SAR (9.2 million), SAR (16.0 million), and SAR (0.7 million) in 2020G, 2021G and 2022G respectively. Regarding the refund of the surplus due, it represents the refund of the unclaimed surplus calculated at 10.0% of the net profit of the policyholders. According to the approved surplus distribution policy, this profit can be returned in the income statement if it remains unclaimed after five years from the date of distribution. In light of this, the unclaimed surplus for 2015G, 2016G, and 2017G, which amounted to SAR (9.2 million), SAR (16.0 million), and SAR (0.7 million) was refunded during the years 2020G, 2021G, and 2022G, respectively.

Financial Costs of Lease Contracts Obligation

The financial costs of lease contracts are related to assets acquired by the Company under capital lease contracts, which mainly include office buildings and points of sale. These costs did not witness any noticeable change between 2021G and 2022G.

Other Income

Other income consists of several components, including mainly: Umrah insurance policy income related to medical insurance, general insurance, and accident insurance, according to an agreement signed with 28 other insurance companies. The mandatory Umrah insurance policy is provided by the Ministry of Hajj and Umrah and approved by the Saudi Central Bank for insurance for pilgrims coming from outside the Kingdom of Saudi Arabia, with the exception of citizens of Gulf Cooperation Council countries. This covers general accidents and health benefits for pilgrims entering Saudi Arabia to perform Umrah and Hajj.

In light of this, other income decreased by 52.0%, or SAR (2.7 million) as a result of the restrictions imposed by the Ministry of Health in the Kingdom of Saudi Arabia during the spread of the COVID-19 pandemic. Other income increased by 661.5%, or SAR (16.3 million) to reach SAR (18.7 million) in 2022G after the aforementioned restrictions were lifted.

Zakat Provision

The Company received final Zakat assessments from 2012G to 2018G during 2020G, and the total additional Zakat provision according to assessments amounted to SAR (36.3 million) for these aforementioned years. The Company submitted an appeal to the Saudi General Secretariat of Zakat, Tax, and Customs Committees (GSZTCC) against these assessments, and a settlement request to the Settlement Committee of the Zakat, Tax and Customs Authority (ZATCA). During 2021G, the Committee offered to reduce the Zakat assessment to an amount of SAR (36.2 million), which the Company did not accept, and accordingly, it continued the appeal submitted to the General Secretariat of Zakat Committees (Supreme Committees), which issued the decision. The final additional Zakat provision was assessed at SAR (36.2 million). The Company resubmitted an appeal to the Appeal Committee to resolve tax disputes against this assessment.

During 2021G, the Company received an initial assessment from the ZATCA for the years between 2019G and 2020G, with an additional obligation of SAR (9.6 million) and submitted an objection to the General Secretariat of Zakat, Tax and Customs Committees (GSTCC) against this assessment.

The Company believes that Authority will reconsider the assessment and allow a certain deduction from the Zakat base, and that the current value of Zakat provision maintained by the Company is sufficient to cover the uncertain Zakat provision.

Total Comprehensive Loss for the Year

In terms of overall profit (or loss), it mainly included income from profit on remeasurement of employee benefit obligations and the net change in the fair value of available-for-sale investments. Regarding profit (or loss) associated with employee benefit obligations (end-of-service obligation) which are measured by an actuary at the end of each year, reported profits (or losses) fluctuate constantly and are affected by assumptions used in actuarial studies.

On the other hand, in relation to changes in the fair value of available-for-sale investments, as it was pointed out previously, these profits and losses are related to investments recorded by the Company, the value of which is periodically evaluated.

Comprehensive loss decreased from SAR (107.7 million) in 2020G to SAR (74.5 million) in 2021G as a result of a drop in the net underwriting loss, from SAR (71.9 million) to SAR (42.6 million) between the two years after the overall net loss rate declined and the profits realized from available-for-sale investments and accrued accumulated surplus increased.

The value of the comprehensive loss increased from SAR (74.5 million) in 2021G to SAR (83.0 million) in 2022G, after an increase recorded in general and administrative expenses, and in losses resulting from the net change in the fair value of available-for-sale investments, which rose from SAR (1.1 million) in 2021G, to reach SAR (11.0 million) in 2022G.

5.4.2.1 Revenues

5.4.2.1.1 Gross Written Premiums

The following table shows the gross written premiums for the fiscal years ending on December 31, 2020G, 2021G, and 2022G.

Table No. (26): Gross Written Premiums

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Medical	209,514	151,895	232,192	(27.5%)	52.9%	5.3%
Vehicle/ Motor	123,992	233,843	191,141	88.6%	(18.3%)	24.2%
Property and Casualty	45,608	52,563	51,931	15.3%	(1.2%)	6.7%
Protection and Savings	-	-	-	NA	NA	NA
Total	379,114	438,300	475,264	15.6%	8.4%	12.0%
Percentage of the Total						
Medical	55.3%	34.7%	48.9%			
Vehicle/ Motor	32.7%	53.4%	40.2%			
Property and Casualty	12.0%	12.0%	10.9%			
Total	100.0%	100.0%	100.0%			

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

The Company issues insurance policies via direct sales through its main offices in Dammam, Riyadh, Jeddah and points of sale spread throughout the Kingdom of Saudi Arabia, in addition to brokers approved by the authorities regulating the work in the Saudi insurance market. Sales are concentrated in the Eastern Region, which represented an average of 72.4% of the total written insurance premiums between 2020G and 2022G, followed by the Western Region at 14.3% and the Central Region at 13.5% during the same years.

Written insurance premiums were concentrated in the medical and vehicle/motor sectors, as insurance premiums collected from the two aforementioned sectors constituted to 88.4% of the total written insurance premiums during the period extending between the years 2020G and 2022G. Regarding the movement of written insurance premiums, there was an increase of 15.6%, or SAR (59.2 million), from SAR (379.1 million) in 2020G to SAR (438.3 million) in 2021G, with a continuous increase of 8.4%, or a value of SAR (37.0 million), to SAR (475.3 million) in 2022G. Whereas the rise in 2020G was concentrated in the vehicle/motor sector, the subsequent additional rise was related to the medical sector.

Medical Sector

The Company's medical insurance strategy is designed to ensure that risks are well diversified in terms of type and level of benefits. This can be achieved through diversifying sectors and geographic regions so that prices take into account current health conditions, regular review of actual claims, product price, and detailed follow-up procedures of claims. Besides, the Company adopts a policy based on serious and active follow-up of claims in order to cover unexpected future risks that could negatively affect its business. Hence, it has reinsurance coverage to limit losses related to any individual claim up to SAR (60,000) per person and per year.

The medical sector is the largest sector contributing to the total written insurance premiums, which represented 55.3%, 34.7%, and 48.9% of the gross written premiums written in 2020G, 2021G, and 2022G, respectively. Written premiums for the medical sector declined by 27.5%, from SAR (209.5 million) in 2020G to SAR (151.9 million) in 2021G. Premiums increased by 52.9% in 2022G, reaching SAR (232.2 million). This decrease was affected by a decline in the written insurance premiums of the medical sector for small and medium-sized companies by SAR (60.5 million), from SAR (149.1 million) in 2020G to SAR (88.6 million) in 2021G, which is mainly due to prices review and increase, in addition to restricting care providers' network. Consequently, a corresponding decrease in the total medical business in the SME sector resulted, and the subsequent increase was driven by regulatory decisions taken by the Company during 2021G, the change of the third administrative party which has the ability and control to manage and track claims accurately, and the decrease in the medical sector's loss percentage achieved in 2022G, which reached 63.0% compared to 96.9% in 2021G. The Company also increased its exposure to all types of medical insurance.

Vehicle/Motor Sector

In relation to motor insurance contracts, the main risk elements are claims arising from damages relating to death, bodily injury and damage to the other party's property as well as similarly insured vehicles.

Potential court rulings for death, bodily injury and the extent of property damage are major factors that affect the level of claims and both risks are covered by excess loss per accident agreements which also cover damage to more than one vehicle in a single accident. The Company has established good risk acceptance procedures based on important insurance factors such as the driver's age, driving experience, and vehicle's nature to control the quality of risks. It also has risk management procedures in place to control claim costs.

As previously stated, the increase in written insurance premiums in 2021G was driven by an increase in written insurance premiums for the vehicle sector, which rose by 88.6%, or a value of SAR (109.9 million), from SAR (124.0 million) in 2020G to SAR (233.8 million) in 2021G, mainly as a result of the Company's decision to increase the size of its business in this sector during 2021G by reducing prices, which led to an increase in the volume of sales through electronic insurance brokers such as "My insurance and your Insurance." The value of written insurance premiums decreased by 18.3% and reached SAR (42.7 million), SAR (191.1 million) in 2022G, after the reduction of the business volume as a result of the losses incurred in 2021G. The volume of business carried out through electronic insurance brokers during the aforementioned year led to noticeable losses, which prompted the Company to reduce the number of policies subscribed in this sector in the following year.

Property/Casualty (P/C) Insurance

Property insurance is designed to compensate policyholders for damage to property or lost property value. Policyholders may also receive compensation for loss of earnings resulting from the inability to use that insured property. Substantial risks underwritten by the Company under this category are physically examined by qualified risk engineers to ensure adequate security, safety, and fire protection. The Company also monitors the accumulated potential risks' nature.

Various categories of casualty insurance are underwritten such as money loss, personal accident, workers compensation, travel, general third-party liability, and professional indemnity or compensation. The extent of losses or damages, and potential court awards towards the type of liability are major factors influencing the level of claims.

Total written insurance premiums for property and casualty insurance increased by 15.3%, or SAR (7.0 million), from SAR (45.6 million) in 2020G to SAR (52.6 million) in 2021G, as a result of an increase in insurance premiums for the professional business compensation insurance sector from SAR (3.0 million) in 2020G, reaching SAR (12.0 million) in 2021G, in respect to business concluded with a new client (Nesma Group).

5.4.2.1.2 Reinsurance Premiums Assigned and Net Loss Premiums

The table below sets forth all incurred reinsurance premiums including net loss premiums for the financial years ending on December 31, 2020G, 2021G, and 2022G.

Table No. (27): Incurred Reinsurance Premiums and Net Loss Premiums

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Medical	(21,580)	(13,481)	(16,663)	(37.5%)	23.6%	(12.1%)
Vehicle/ Motor	(2,800)	(5,302)	(5,674)	89.4%	7.0%	42.4%
Property and Casualty	(40,566)	(46,534)	(43,166)	14.7%	(7.2%)	3.2%
Total	(64,946)	(65,317)	(65,503)	0.6%	0.3%	0.4%
Attribution Rate: Reinsurance Premiums Assigned/Gross Premiums Written						
Medical	(10.3%)	(8.9%)	(7.2%)			
Vehicle/ Motor	(2.3%)	(2.3%)	(3.0%)			
Property and Casualty	(88.9%)	(88.5%)	(83.1%)			
Total	(17.1%)	(14.9%)	(13.8%)			

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Reinsurance premiums refers to the portion of risk that a Company transfers to another insurer who is often an expert in reinsurance. Hence, the Company will be able to reduce potential losses when it is responsible for compensating policyholders for large sums of money, upon the occurrence of an insured event.

Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the provision for outstanding claims and are made in accordance with reinsurance contracts. Impairment is reviewed at each reporting date or more frequently when an indicator of impairment arises during the reporting year. Impairment occurs when there is objective evidence that the Company may not recover amounts due under the terms of the contract, and when the effect on the amounts the Company will receive from reinsurers can be reliably measured. An impairment loss is recognized in the income statement.

Assigned reinsurance arrangements do not relieve the Company of its obligations to policyholders.

Premiums and claims on reinsurance assumed income and expenses are recognized in the same manner as if reinsurance were considered a direct business, taking into account the classification of insurance business. Reinsurance liabilities represent balances required by reinsurers, and amounts due are determined in a manner consistent with the reinsurance contract to which they relate.

Reinsurance assets or liabilities are derecognized when contractual rights expire, or when the contract is transferred to another party. Recoveries receivable from reinsurers are recognized as an asset at the same time that claims giving rise to the right of recovery are recognized as liabilities and are measured at the amount expected to be recovered.

While external assigned/ceded reinsurance premiums represented an average of 62.7% of the total reinsurance premiums between 2020G and 2022G, local assigned/ceded reinsurance premiums represented an average of 2.7% of the total reinsurance premiums during the aforementioned period. On the other hand, surplus loss arrangements represented 34.7% of the total reinsurance premiums assigned between 2020G and 2022G.

Total reinsurance premiums ceded represented an average of 15.3% of the total insurance premiums written between 2020G and 2022G. The main business sectors that the Company outsourced during this period include the property and casualty sector with an attribution rate of 86.9%, the medical sector with an attribution rate of 8.8%, followed by the vehicles sector with an attribution rate of 2.5% between 2020G and 2022G.

In general, total reinsurance premiums ceded declined from 17.1% in 2020G to reach 13.8% in 2022G, driven by a decrease in the percentage of the medical, property and casualty sectors attribution (as shown below).

Medical Sector

Insurance premiums in the medical sector are covered by surplus loss insurance policies, as the attribution rate for the medical sector reached 10.3% in 2020G and 8.9% in 2021G. It then recorded an additional decrease to 7.2% in 2022G. Attribution rate was relatively high in 2020G and 2021G, given that the surplus loss was at high levels after the increase in paid claims, which reached (1.9 million) claims and (1.1 million) claims in 2020G and 2021G, respectively. It should be mentioned that the decrease in 2022G was driven by a decline in the total number of claims paid, which reached (0.6 million) claims during 2022G.

Vehicle/Motor Sector

Insurance premiums in the vehicle/motor sector are covered by surplus loss insurance policies and didn't significantly change between 2020G and 2021G. They represented 2.3% of total premiums assigned in the same sector, then recorded an increase of 3.0% in 2022G due to the fact that the percentage of surplus loss under the agreement was raised from 1.5% in 2021G to reach 1.8% in the year 2022G as a result of the high percentage of losses in this sector during 2021G, which led to raise the loss tolerance rate in the following year (2022G).

Property and Casualty Sector

The attribution rate of the property and casualty sector was almost constant between 2020G and 2021G, then recorded a decrease from 88.5% in 2021G to 83.1% in 2022G, after the Company's decision to reduce this rate in the general accident sector, based on reinsurance agreements, from 70.0% in 2021G to 58.0% in 2022G, and in the (marine) ship or hull insurance sector, from 87.0% in 2021G to 73.0% in 2022G.

5.4.2.1.3 Net Written Premiums

The following table shows net written premiums for the fiscal years ending on December 31, 2020G, 2021G, and 2022G.

Table No. (28): Net Written Premiums

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Medical	187,935	138,413	215,529	(26.4%)	55.7%	7.1%
Vehicle/ Motor	121,192	228,541	185,467	88.6%	(18.8%)	23.7%
Property and Casualty	5,041	6,029	8,765	19.6%	45.4%	31.9%
Total	314,168	372,983	409,761	18.7%	9.9%	14.2%
Retention Ratio: Net Written Premiums / Gross Written Premiums						
Medical	89.7%	91.1%	92.8%			
Vehicle/ Motor	97.7%	97.7%	97.0%			
Property and Casualty	11.1%	11.5%	16.9%			
Total	82.9%	85.1%	86.2%			

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

The medical and vehicle sectors constitute the main drivers of changes in net written insurance premiums, as they represented an average of 49.4% and 48.8%, respectively, of the total net written insurance premiums between 2020G and 2022G. The average retention ratio did not witness any fundamental changes between 2020G and 2022G, as it reached 82.9%, 85.1%, and 86.2% in 2020G, 2021G, and 2022G, respectively. The slight change during the aforementioned period was linked to a change in the medical sector's retention rate, which rose from 89.7% in 2020G to 92.8% in 2022G.

5.4.2.1.4 Net Earned Written Premiums

The following table shows the net earned written premiums for the fiscal years ending on December 31, 2020G, 2021G, and 2022G.

Table No. (29): Net Earned Written Premiums

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Medical	275,121	147,226	188,070	(46.5%)	27.7%	(17.3%)
Vehicle/ Motor	97,186	155,167	214,582	59.7%	38.3%	48.6%
Property and Casualty	5,015	4,056	6,775	(19.1%)	67.0%	16.2%
Total	377,322	306,450	409,427	(18.8%)	33.6%	4.2%
Percentage from Total						
Medical	72.9%	48.0%	45.9%			
Vehicle/ Motor	25.8%	50.6%	52.4%			

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Property and Casualty	1.3%	1.3%	1.7%			
Total	100.0%	100.0%	100.0%			

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Net earned insurance premiums were concentrated in the medical and vehicle insurance sectors and constituted 55.6% and 42.9% of the total balance between 2020G and 2022G.

Net earned insurance premiums decreased by 18.8% from SAR (377.3 million) in 2020 to 306.4 million in 2021G, due to a decline in gross written premiums related to the medical sector.

Net earned premiums increased by 33.6% from SAR (306.4 million) in 2021G to SAR (409.4 million) in 2022G due to an increase in gross written insurance premiums related to the medical sector, which rose by 52.9% from SAR (151.9 million) to SAR (232.2 million) between 2020G and 2022G.

5.4.2.1.5 Reinsurance Commissions

The following table shows reinsurance commissions for the fiscal years ending on December 31, 2020G, 2021G, and 2022G.

Table No. (30): Reinsurance Commissions

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Medical	12	24	16	92.7%	(33.4%)	13.3%
Vehicle/ Motor	86	51	81	(40.3%)	58.0%	(2.9%)
Property and Casualty	6,217	4,553	6,516	(26.8%)	43.1%	2.4%
Total	6,315	4,628	6,614	(26.7%)	42.9%	2.3%
Reinsurance Commission Received as a Percentage of Assigned Premiums						
Medical	15.0%	11.5%	365.2%			
Vehicle/ Motor	33.8%	22.7%	12.7%			
Property and Casualty	15.7%	10.0%	15.7%			
Total	15.8%	10.1%	15.7%			

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Reinsurance commissions represent income generated from reinsurance agreements. Reinsurance commissions in the majority of reinsurance agreements depend on the profitability of the reinsured portfolio, which is negatively or positively affected in the event of an increase or decrease in incurred claims.

Medical Sector

In the case of the medical sector, no reinsurance commissions were significantly recorded since this sector is covered by surplus loss agreements which do not require any commissions.

Vehicle Sector

Reinsurance commissions in the low-value vehicles sector were at SAR (0.1 million) between 2020G and 2022G. Additionally, commission as a percentage of the total assigned premiums gradually decreased during the aforementioned period because it is only collected on vehicle insurance policies of cash nature or large value, which led to a decrease in commission as a percentage of the total assigned premiums.

Property and Casualty Sector

Reinsurance commissions were concentrated in the property and casualty sector, given that there is more than one sub-sector of the property and casualty sector, which generally leads to a high commission rate. Regarding the value of these commissions, they decreased by 26.8%, or SAR (1.7 million), from SAR (6.2 million) in 2020G to SAR (4.6 million) in 2021G, as a result of the expansion of professional business compensation insurance sector, which led to a decrease in the value of these commissions. Commission rate as a percentage of total premiums rose to the normal level by 43.1%, or SAR (2.0 million) to reach SAR (6.5 million) in 2022G.

5.4.2.1.6 Total and Reinsurers Share of Paid Claims

The following table presents details of the total and reinsurers' share of paid claims for the fiscal years ending December 31, 2020G, 2021G, and 2022G.

Table No. (31): Total and Reinsurers Share of Paid Claims

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Medical	(378,704)	(221,759)	(136,366)	(41.4%)	(38.5%)	(40.0%)
Vehicle/ Motor	(58,435)	(148,547)	(240,574)	154.2%	62.0%	102.9%
Property and Casualty	(58,161)	(2,951)	(12,885)	(94.9%)	336.6%	(52.9%)
Total Liabilities Paid	(495,300)	(373,258)	(389,825)	(24.6%)	4.4%	(11.3%)
Medical	27,624	12,728	9,199	(53.9%)	(27.7%)	(42.3%)
Vehicle/ Motor	274	1,902	2,656	595.0%	39.6%	211.5%
Property and Casualty	57,492	2,142	11,218	(96.3%)	423.6%	(55.8%)
Total Reinsurers Share of Claims Paid	85,390	16,772	23,072	(80.4%)	37.6%	(48.0%)
Expenses of Claims Management	(17,036)	(20,704)	(26,436)	21.5%	27.7%	24.6%
Changes in Outstanding Claims	63,139	32,718	19,844	(48.2%)	(39.3%)	(43.9%)
Changes in Reinsurers Share of Outstanding Claims	(43,146)	8,451	(21,833)	(119.6%)	(358.3%)	(28.9%)
Changes in Claims Incurred but Not Reported	(12,940)	18,363	8,884	(241.9%)	(51.6%)	NA
Changes in Reinsurers Share of Claims Incurred but Not Reported	(1,900)	(4,667)	(5,623)	145.6%	20.5%	72.0%
Net Claims and Other Benefits Incurred	(421,794)	(322,325)	(391,917)	(23.6%)	21.6%	(3.6%)
Reinsurer Share as a Percentage of Total Claims Paid						
Medical	7.3%	5.7%	6.7%			
Vehicle/ Motor	0.5%	1.3%	1.1%			
Property and Casualty	98.8%	72.6%	87.1%			
All Sectors	17.2%	4.5%	5.9%			

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Total Liabilities Paid

As previously stated, paid liabilities represented claims paid by the Company regarding claims raised by insured parties in different sectors.

Total paid liabilities decreased by 24.6% from SAR (495.3 million) in 2020G to SAR (373.3 million) in 2021G. Then, liabilities increased by 4.4% and reached SAR (389.8 million) in 2022G.

Medical Sector

Claims paid in the medical sector decreased by 41.4%, from SAR (378.7 million) in 2020G to SAR (221.8 million) in 2021G, then by 38.5% and dropped to SAR (136.4 million) in 2022G. The Company changed and restricted the network of care providers, which led to a corresponding decrease in the total medical business in the small and medium-sized companies' sector. Furthermore, the Company took some supervisory decisions during 2021G and changed the third administrative party which has power and accurate control over management and tracking of claims.

Vehicle Sector

Claims paid for the vehicle sector increased by 154.2% from SAR (58.4 million) in 2020G to SAR (148.5 million) in 2021G, and by 62.0% to reach SAR (240.6 million) in 2022G, as a result of the Company's expansion during 2021G, by doing business with electronic insurance brokers, which led to a rise in the volume of claims between 2021G and 2022G.

Property and Casualty Sector

Claims paid to the property and casualty insurance sector fluctuate from year to year based on different types and number of claims which vary from a year to another. As there might be a year during which no claims are recorded and another year during which high value claims are accounted for. Claims paid for the property and casualty sector decreased by 94.9% from SAR (58.2 million) in 2020G to SAR (3.0 million) in 2021G. The high value during 2020G was related to the Company paying a high value claim to one of its main customers related to property accident insurance (there were no similar claims and payments during 2020G). After that, paid claims recorded an increase of 336.6% and amounted to SAR (12.9 million) in 2022G when high value claims associated with another real estate insurance policy for "Arkaz" were reported, which resulted in an increase in claims compared to 2021G.

Reinsurers Share of Claims Paid

Reinsurers' share of paid claims is determined by the reinsurance agreement for each of the Company's insurance sectors. Regarding reinsurers' total share of paid claims, the balance decreased significantly by 80.4%, or SAR (68.6 million), and dropped from SAR (85.4 million) in 2020G to SAR (16.8 million) in 2021G. Then it increased by 37.6% and reached SAR (23.1 million) in 2022G.

Medical Sector

Reinsurers' share of claims paid in the medical sector decreased by 53.9% from SAR (27.6 million) in 2020G to SAR (12.7 million) in 2021G, with an additional decrease of 27.7% to reach SAR (9.2 million) in 2022G. This gradual decline was affected by the aforementioned decrease in the total volume of claims paid in the medical sector between the years 2021G and 2022G.

Vehicle Sector

Reinsurers' share of claims paid in the vehicle sector increased by 595.0% from SAR (0.3 million) in 2020G to SAR (1.9 million) in 2021G, with an additional rise to SAR (2.7 million) in 2022G. This successive rise was mainly influenced by the increase mentioned in the total claims made in the same sector as previously mentioned.

Property and Casualty Sector

The property and casualty sector accounted for the largest proportion of reinsurers' share of paid claims, as it represented 56.6% of the total reinsurers' share of claims paid during the period between 2020G and 2022G.

Reinsurer's share of claims paid within the property and casualty sector decreased by 96.3% from SAR (57.7 million) in 2020G to SAR (2.1 million) in 2021G due to a high value claim paid to a major customer in 2020G. An increase of 423.6% was recorded from SAR (2.1 million) in 2021G to SAR (11.2 million) in 2022G, as a result of the claim paid regarding the customer's insurance policy (Arkaz).

5.4.2.1.7 Net Claims and Other Benefits Incurred

The following table presents details of net claims and other benefits incurred for the fiscal years ending on December 31, 2020G, 2021G, and 2022G.

Table No. (32): Net Claims and Other Benefits Incurred

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Medical	(352,270)	(142,621)	(118,518)	(59.5%)	(16.9%)	(42.0%)
Vehicle/ Motor	(66,827)	(177,602)	(274,661)	165.8%	54.6%	102.7%
Property and Casualty	(2,696)	(2,102)	1,262	(22.0%)	(160.0%)	NA
Total	(421,794)	(322,325)	(391,917)	(23.6%)	21.6%	(3.6%)
Loss Ratio: Net claims and Other Benefits Incurred/Net Premiums Earned						
Medical	(128.0%)	(96.9%)	(63.0%)			
Vehicle/ Motor	(68.8%)	(114.5%)	(128.0%)			
Property and Casualty	(53.8%)	(51.8%)	18.6%			
Total	(111.8%)	(105.2%)	(95.7%)			

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Total net claims and other benefits incurred decreased by 23.6%, from SAR (421.8 million) in 2020G to SAR (322.3 million) in 2021G. Then the balance increased by 21.6% and reached SAR (391.9 million) in 2022G.

Medical Sector

Total net claims and other benefits incurred in the medical sector decreased by 59.5% from SAR (352.3 million) in 2020G to SAR (142.6 million) in 2021G, with an additional decrease of 16.9% to attain SAR (118.5 million) in 2022G. This successive decline resulted from a decrease in loss rate from 128.0% in 2020G to 96.9% and 63.0% in 2021G and 2022G, respectively, as a result of new supervisory decisions taken by the Company, including changing the third administrative party in order to control the management and tracking of claims more accurately.

Vehicle Sector

The net loss rate for the vehicle sector increased from 68.8% in 2020G to 114.5% in 2021G, with an additional increase to 128.0% in 2022G, as the value of net claims increased by 165.8% from SAR (66.8 million) in 2020G to SAR (177.6 million) in 2021G, with an additional increase of 54.6% to SAR (274.7 million) in 2022G, after the company incurred noticeable losses following the expansion that occurred in insurance policies subscribed for through electronics insurance brokers during 2021G.

Property and Casualty Sector

The net loss rate for the property and casualty sector decreased from 53.8% in 2020G to 51.8% in 2021G. Then the sector recorded a negative net loss rate of 18.6% in 2022G, due to the Company reversing some of the reserves in this sector, which led to an improvement in the loss ratio.

5.4.2.1.8 Policy Acquisition Costs

The following table presents details of policy acquisition costs for the fiscal years ending on December 31, 2020G, 2021G, and 2022G.

Table No. (33): Policy Acquisition Costs

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Medical	(16,772)	(8,516)	(8,833)	(49.2%)	3.7%	(27.4%)
Vehicle/ Motor	(3,419)	(7,225)	(13,573)	111.3%	87.9%	99.3%
Property and Casualty	(3,154)	(3,945)	(5,665)	25.1%	43.6%	34.0%
Total	(23,345)	(19,686)	(28,072)	(15.7%)	42.6%	9.7%
Costs of Insurance Policies Paid/Total Written Premiums						
Medical	(8.0%)	(5.6%)	(3.8%)			
Vehicle/ Motor	(2.8%)	(3.1%)	(7.1%)			
Property and Casualty	(6.9%)	(7.5%)	(10.9%)			
Total	(6.2%)	(4.5%)	(5.9%)			

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Costs of acquiring insurance policies are mainly related to commissions paid to sales representatives, brokers, intermediaries, and agents, in addition to expenses related to Najm Company. The movement of these costs is consistent with the movement in the total insurance premiums written. The costs of acquiring insurance policies were concentrated in the medical and vehicle insurance sectors, as insurance policies constituted 86.5%, 80.0%, and 79.8% of the total costs of acquiring insurance policies in 2020G, 2021G, and 2022G, respectively.

Medical Sector

Costs of acquiring medical insurance policies decreased by 49.2%, or SAR (8.3 million), from SAR (16.8 million) in 2020G to SAR (8.5 million) in 2021G, they later on recorded a slight increase of 3.7%, or a value of SAR (0.3 million) in 2022G. The decrease in 2021G was mainly associated with a noticeable decrease in the volume of total written insurance premiums for the medical sector which decreased by 27.5% from SAR (209.5 million) in 2020G to SAR (151.9 million) in 2021G.

Vehicle Sector

Policy acquisition costs related to the vehicle sector increased by 111.3%, or a value of SAR (3.8 million), from SAR (3.4 million) in 2020G to SAR (7.2 million) in 2021G, with an additional increase of 87.9%, or a value of SAR (6.3 million), to reach SAR (13.6 million) in 2022G. The successive rise was affected by an increase in the business volume in general. In 2022G, costs increased significantly as the Company reduced the business volume in the comprehensive vehicle sector, which is characterized by a commission rate of 2.0%, in exchange for a high business volume in the "Third Party Liability" vehicle sector, which is characterized by a commission rate of 15.0% and led to an increase in those costs.

Property and Casualty Sector

Policy acquisition costs related to the property and casualty sector increased by 25.1%, or a value of SAR (0.8 million), from SAR (3.2 million) in 2020G, to SAR (3.9 million) in 2021G, with an additional increase of 43.6% to SAR (5.7 million) in 2022G. The Company was obtaining insurance policies in the property and casualty sector from related parties without paying any commissions for those policies. However, the Company obtained insurance policies from new parties in late 2021G and 2022G, which led to an increase in those costs.

5.4.2.1.9 Other Underwriting Expenses

The following table presents details of other underwriting expenses for the fiscal years ending on December 31, 2020G, 2021G, and 2022G.

Table No. (34): Other Underwriting Expenses

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Supervision and Inspection Fees	5,128	3,395	4,402	(33.8%)	29.7%	(7.3%)
Customer Inquiry Fees	3,898	5,244	4,007	34.5%	(23.6%)	1.4%
Other	593	1,876	415	216.2%	(77.9%)	(16.4%)
Total	9,620	10,514	8,824	9.3%	(16.1%)	(4.2%)

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Supervision and Inspection Fees

Supervision and inspection fees represent expenses paid to the regulatory authorities, namely the Saudi Central Bank, at a rate of 0.5% of the total subscribed insurance premiums, net of local reinsurance obligations, in addition to the fees paid to the Council of Health Insurance at a rate of 1.0% of the total subscribed insurance premiums in the medical sector.

Supervision and inspection fees decreased by 33.8%, or a value of SAR (1.7 million), from SAR (5.1 million) in 2020G to SAR (3.4 million) in 2021G. These fees increased by 29.7%, or a value of SAR (1.0 million) to reach SAR (4.4 million) in 2022G. This volatility is mainly due to a decrease in the total insurance revenues written in the medical sector during 2021G, its later increase in 2022G. These expenses are affected by the movement of revenues during the normal course of business.

Customer Inquiry Fees

Customer inquiry fees represent expenses related to the fees payable to Elm Information Security Company for inquiries about the insured. These expenses are directly related to the business volume. These expenses increased by 34.5% from SAR (3.9 million) in 2020G to SAR (5.2 million) in 2021G, as a result of the increase in insurance premiums written mainly within the retail sector, which in turn usually records a higher number of inquiries compared to other sectors. Then these fees decreased by 23.6%, or by SAR (1.2 million) to reach SAR (4.0 million) in 2022G, as a result of the decrease in insurance premiums subscribed to (specifically the retail sector) compared to the increase in the level of business in the corporate sector. Thus, the cost related to inquiries about the insured decreased which explains the decline in customer inquiry fees in general.

Other

Other expenses mainly included expenses related to the pre-survey stage for customers issuing new insurance policies, in addition to expenses related to the vehicle sector, which are disbursed to electronic insurance brokers and related to the issuance of new insurance policies to individuals. Other expenses increased by 216.2% from SAR (0.6 million) in 2020G to SAR (1.9 million) in 2021G, as a result of an increase in the volume of business during the year, as total insurance premiums for the vehicle sector witnessed an increase of 88.6% in 2021G. Then, other expenses recorded a decrease of 77.9% and accounted for SAR (0.4 million) in 2022G due to a decline in the volume of the vehicle sector business.

5.4.2.1.10 General and Administrative Expenses

The following table presents details of general and administrative expenses for the fiscal years ending on December 31, 2020G, 2021G, and 2022G.

Table No. (35): General and Administrative Expenses

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Employees Expenses	41,052	45,285	46,258	10.3%	2.1%	6.2%
Professional Expenses	4,194	4,578	8,181	9.1%	78.7%	39.7%
Repair and Maintenance	2,420	3,163	3,821	30.7%	20.8%	25.7%
Depreciation and Amortization	2,980	1,368	3,579	(54.1%)	161.6%	9.6%
Board Members Remuneration and Attendance Allowances	3,817	3,931	3,268	3.0%	(16.9%)	(7.5%)
Employees End of Service Benefits	-	2,026	2,125	N/A	4.9%	N/A
Bank Expenses	2,473	3,614	1,985	46.2%	(45.1%)	(10.4%)
Benefits (Utility Expenses)	1,903	1,296	1,935	(31.9%)	49.3%	0.8%
Depreciation of Right-of-use Assets	1,212	2,313	1,821	90.9%	(21.3%)	22.6%
Communication	498	814	1,725	63.6%	111.8%	86.1%
Lease	671	788	1,393	17.5%	76.8%	44.1%
Business Trips and Transport	2,682	907	1,026	(66.2%)	13.1%	(38.1%)
Storage	1,096	669	466	(38.9%)	(30.4%)	(34.8%)
Stationery	1,160	223	240	(80.7%)	7.5%	(54.5%)
Promotion and Advertising	185	343	46	85.9%	(86.7%)	(50.2%)
Fees and Subscriptions	329	371	428	12.7%	15.3%	14.0%
Other Expenses	2,711	3,795	2,583	40.0%	(32.0%)	(2.4%)
Total	69,381	75,486	80,878	8.8%	7.1%	8.0%
Percentage of Total						
Employees Expenses	59.2%	60.0%	57.2%			
Professional Expenses	6.0%	6.1%	10.1%			
Repair and Maintenance	3.5%	4.2%	4.7%			
Depreciation and Amortization	4.3%	1.8%	4.4%			
Board Members Remuneration and Attendance Allowances	5.5%	5.2%	4.0%			
Other Expenses	21.5%	22.7%	19.5%			
General and Administrative Expenses	100.0%	100.0%	100.0%			

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Employees Expenses

Employees' expenses represent the main component of general and administrative expenses, as they constituted 59.2%, 60.0%, and 57.2% of the total general and administrative expenses in the years 2020G, 2021G, and 2022G, respectively.

Employees' expenses mainly consist of the basic salary, housing and transportation allowances, in addition to bonuses, benefits, contributions from the GOSI, and others. These SAR (41.1 million) in 2020G to SAR (45.3 million) in 2021G, with an additional increase of 2.1% to reach SAR (46.3 million) in 2022G. The continuing rise mainly resulted from the growing number of employees, as their average number was 250 employees in 2022G, compared to 274 and 264 employees during the years 2021G and 2022G, respectively, due to appointments that included key positions and an annual increase in employees' salaries and annual incentives.

Professional Expenses

Professional expenses mainly include payments for the Company's external auditors. Professional fees increased by 9.1%, or SAR (0.4 million), from SAR (4.2 million) in 2020G to SAR (4.6 million) in 2021G, with an additional increase of 78.7%, or SAR (3.6 million), to SAR (8.2 million) in 2022G. This successive increase, specifically in 2022G, was affected by the incurrence of non-recurring expenses amounting to SAR (3.5 million) related to the implementation of IFRS 17.

Repair and Maintenance

Repair and maintenance expenses consist of office maintenance expenses and fees related to the IT department and subscriptions. Repair and maintenance expenses increased by 30.7% from SAR (2.4 million) in 2020G to SAR (3.2 million) in 2021G, with an additional increase of 20.8% to reach SAR (3.8 million) in 2022G. The aforementioned increases were driven by a rise in the cost of IT software licenses and maintenance, which escalated compared to 2020G. It should be noted that these expenses fluctuate periodically, as they are affected by the scope and number of maintenance and repair operations.

Depreciation and Amortization

Depreciation and amortization expenses generally relate to the depreciation of the Company's property and equipment. These expenses decreased by 54.1% from SAR (3.0 million) in 2020G to SAR (1.4 million) in 2021G, they then increased by 161.6%, or SAR (2.2 million) to reach SAR (3.6 million) in 2022G. The movement of these expenses is usually related to the movement of additions and sales of fixed assets during the aforementioned years, which are mainly concentrated in furniture, fixtures, and improvements to rented spaces and computers.

Board Members Remuneration and Attendance Allowances

With regard to remuneration for Board Members, the company's policy stipulates that the annual remuneration for the Chairman and Directors shall be equal to a minimum of SAR (0.4 million) and a maximum of SAR (0.5 million) in exchange for their membership in the BOD and their participation in its work, including additional remuneration if a member participates in any of the committees emanating from the Board, as in all cases, it does not exceed the total remuneration received by a Board member of financial or in-kind benefits amounting to SAR (0.5 million). On the other hand, with regard to the allowances for attending Board meetings, the policy stipulates that the maximum limit for attending Board and Committee sessions is SAR (5,000) for each session, not including travel expenses and residence. These expenses did not witness a fundamental change between 2020G and 2021G. Later on, a decrease of 16.9%, or SAR (0.6 million) was recorded to reach SAR (3.3 million) in 2022G. It should be noted that these expenses fluctuate constantly with the change in the number of Board Members, Committee meetings, and the amount of remuneration, which may also vary depending on the results achieved.

Employees End-of-service Benefits

These expenses include end-of-service payments that are calculated through actuarial studies conducted annually. They remained almost constant between 2021G and 2022G.

Bank Expenses

Banking expenses are related to the Company's daily operations of deposits and withdrawals. They increased by 46.2% from SAR (2.5 million) in 2020G to SAR (3.6 million) in 2021G, and then decreased to SAR (2.0 million) in 2022G. These expenses fluctuate periodically and do not follow a specific trend.

Benefits (Utility Expenses)

Utility expenses are water and electricity expenses related to the Company's administrative offices and point-of-sale buildings. These expenses fluctuate periodically within the normal course of business.

Depreciation of the Right-of-use Assets

Depreciation expenses are related to assets that the Company has acquired under capital leases. As it was pointed out previously, these assets mainly include offices, main buildings, in addition to point-of-sale buildings. These expenses increased significantly by 90.9% from SAR (1.2 million) in 2020G to SAR (2.3 million) in 2021G. They then decreased by 21.3% to reach SAR (1.8 million) in 2022G. These expenses are usually affected by the movement of increase and sales associated with the assets mentioned.

Communication

Communication expenses are general utility expenses that fluctuate within the normal course of business. These expenses gradually increased from SAR (0.5 million) in 2020G to SAR (1.7 million) in 2022G. The Company has improved some Internet services and subscriptions to enhance the performance and speed of the Internet service.

Business Trips and Transportation

Business travel and transportation expenses are the accommodation and transportation expenses incurred by the Company during employees' business trips. These expenses decreased by 66.2% from SAR (2.7 million) in 2020G to SAR (0.9 million) in 2021G and SAR (1.0 million) in 2022G. It should be noted that these expenses fluctuate constantly, as they do not follow a specific trend, but are generally affected by the number and duration of business trips.

Stationery

Stationery expenses are part of administrative expenses incurred in offices. These expenses decreased by 80.7% from SAR (1.2 million) in 2020G to SAR (0.2 million) in 2022G. They fluctuate periodically.

Fees and Subscriptions

Fees and subscriptions expenses are related to the Company's subscriptions to some government agencies. These expenses did not witness any fundamental change between the years 2020G and 2022G.

Other Expenses

Other expenses include expenses related to SIMA subscriptions, cleaning, and expenses related to deduction and addition taxes, and other miscellaneous expenses. These expenses fluctuate periodically.

5.4.2.1.11 Investment and Commission Income

As previously noted, investment and commission income mainly includes commission income on deposits and debt instruments, dividends from investment funds, in addition to profits/(losses) from the sale of available-for-sale investments, less any impairment charge on available-for-sale investments. The aforementioned revenues decreased by 51.4%, or SAR (6.4 million), from SAR (12.5 million) in 2020G to SAR (6.1 million) in 2021G, with an additional decrease of 46.3% to SAR (3.3 million) in 2022G. This income fluctuates as dividend pay-out ratio (DPR) fluctuates.

5.4.2.1.12 Change in the Fair Value of Financial Assets at Fair Value Through Profit or Loss (FVTPL)

As mentioned previously, the fair value of financial assets at FVTPL is primarily related to available-for-sale investments and financial assets at fair value. It should be noted that the change in the value of these investments fluctuates continuously and is linked to the evaluation and value review process, which is conducted annually.

5.4.2.1.13 Profits Realized from Available-for-sale Investments

As already indicated that these profits achieved from available-for-sale investments are obtained from excluding available-for-sale investments that are sold by the Company. These profits do not follow a specific trend, but rather fluctuate constantly with the size of the portfolio of investments sold.

5.4.2.1.14 Refund of Accumulated Surplus Due

In accordance with Article No. (35) of the Saudi Central Bank policy for distributing surplus, the Company reacquired the outstanding unclaimed surplus amounting to SAR (9.2 million), SAR (16.0 million), and SAR (0.7 million) in 2020G, 2021G and 2022G. The refund of the surplus due represents the refund of the unclaimed surplus calculated at 10.0% of the policyholders' net profit. According to the approved surplus distribution policy, this profit can be returned in the income statement if it remains unclaimed after five years from the date of distribution. In light of this, the unclaimed surplus for the years 2015G, 2016G, and 2017G, which amounted to SAR (9.2 million), SAR (16.0 million), and SAR (0.7 million) was refunded during the years 2020G, 2021G and 2022G, respectively.

5.4.2.1.15 Financial Costs of Lease Contracts Obligation

The financial costs of lease contracts are related to assets acquired by the Company under capital lease contracts, which mainly include offices, buildings, and points of sale. These costs did not witness any noticeable change between 2021G and 2022G.

5.4.2.1.16 Other Income

Other income consists of several components, which mainly include income from the Umrah product related to medical insurance, general insurance, and accident insurance, under an agreement signed with 28 other insurance companies. The compulsory Umrah product is provided by the Ministry of Hajj and Umrah and approved by the Saudi Central Bank for insurance for pilgrims coming from outside the Kingdom of Saudi Arabia, with the exception of citizens of Gulf Cooperation Council countries. This insurance covers general accidents and health benefits for pilgrims entering the KSA to perform Umrah and Hajj.

Other income decreased by 52.0%, or SAR (2.7 million), from SAR (5.1 million) in 2020G to SAR (2.5 million) in 2021G, as a result of the restrictions imposed during the spread of the COVID-19 pandemic by the Ministry of Health in the KSA. Other income increased by 661.5%, or SAR (16.3 million) to reach SAR (18.7 million) in 2022G after restrictions were lifted.

5.4.2.1.17 Zakat Provision

The Company received final Zakat assessments from 2012G to 2018G during 2020G, and the total additional Zakat provision according to assessments amounted to SAR (36.3 million) for these aforementioned years. The Company submitted an appeal to the Saudi General Secretariat of Zakat, Tax, and Customs Committees (GSZTCC) against these assessments, and a settlement request to the Settlement Committee of the Zakat, Tax and Customs Authority (ZATCA). During 2021G, the Committee offered to reduce the Zakat assessment to an amount of SAR (36.2 million), which the Company did not accept, and accordingly, it continued the appeal submitted to the General Secretariat of Zakat Committees (Supreme Committees), which issued the decision. The final additional Zakat provision was assessed at SAR (36.2 million). The Company resubmitted an appeal to the Appeal Committee to resolve tax disputes against this assessment.

During 2021G, the Company received an initial assessment from the ZATCA for the years between 2019G and 2020G, with an additional obligation of SAR (9.6 million) and submitted an objection to the General Secretariat of Zakat, Tax and Customs Committees (GSTCC) against this assessment.

The Company believes that the Authority will reconsider the assessment and allow a certain deduction from the Zakat base, and that the current value of Zakat provision maintained by the Company is sufficient to cover the uncertain Zakat provision.

Total Comprehensive Loss for the Year

In terms of overall profit (or loss), it mainly included income from profit on remeasurement of employee benefit obligations and the net change in the fair value of available-for-sale investments. Regarding profit (or loss) associated with employee benefit obligations (end-of-service obligation) which are measured by an actuary at the end of each year, reported profits (or losses) fluctuate constantly and are affected by assumptions used in actuarial studies.

On the other hand, in relation to changes in the fair value of available-for-sale investments, as it was pointed out previously, these profits and losses are related to investments recorded by the Company, the value of which is periodically evaluated.

Comprehensive loss decreased from SAR (107.7 million) in 2020G to SAR (74.5 million) in 2021G as a result of a drop in the net underwriting loss, from SAR (71.9 million) to SAR (42.6 million) between the two years after the overall net loss rate declined and the profits realized from available-for-sale investments and accrued accumulated surplus increased.

The value of the comprehensive loss increased from SAR (74.5 million) in 2021G to SAR (83.0 million) in 2022G, after an increase recorded in general and administrative expenses, and in losses resulting from the net change in the fair value of available-for-sale investments, which rose from SAR (1.1 million) in 2021G, to reach SAR (11.0 million) in 2022G.

5.5 Statement of Financial Position

The following table presents details of the statement of financial position for the fiscal years ending on December 31, 2020G, 2021G, and 2022G.

Table No. (36): Statement of Financial Position

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Assets						
Cash and cash equivalents	343,337	288,218	222,967	(16.1%)	(22.6%)	(19.4%)
Term Deposits	86,250	86,250	127,000	-	47.2%	21.3%
Insurance premiums and balance receivables	63,839	94,626	105,209	48.2%	11.2%	28.4%
Reinsurers' share of unearned insurance premiums	18,949	27,492	28,071	45.1%	2.1%	21.7%
Reinsurers share of outstanding claims	26,902	35,353	13,520	31.4%	(61.8%)	(29.1%)
Reinsurers share of claims incurred but not reported	12,002	7,335	1,713	(38.9%)	(76.7%)	(62.2%)
Deferred policy acquisition costs	9,025	12,522	15,304	38.7%	22.2%	30.2%
Total	560,304	551,796	513,784	(1.5%)	(6.9%)	(4.2%)
Investments:						
Financial assets at FVTPL	100,465	57,192	20,893	(43.1%)	(63.5%)	(54.4%)
Available-for-sale Investments	44,085	30,567	31,385	(30.7%)	2.7%	(15.6%)
Prepaid expenses and other assets	22,213	27,537	33,551	24.0%	21.8%	22.9%
Property and equipment	3,984	5,210	5,248	30.8%	0.7%	14.8%
Right-of-use asset	-	4,405	2,687	NA	(%39.0)	NA
Intangible assets	1,863	5,721	6,053	207.1%	5.8%	80.3%
Goodwill	25,514	25,514	25,514	-	-	-
Statutory deposit	40,000	40,000	21,000	-	(47.5%)	(27.5%)
Revenues due on a statutory deposit	5,574	5,841	6,026	4.8%	3.2%	4.0%
Total	243,697	201,986	152,357	(17.1%)	(24.6%)	(20.9%)
Total assets	804,001	753,782	666,141	(6.2%)	(11.6%)	(9.0%)
Liabilities						
Creditors	7,792	5,855	4,101	(24.9%)	(30.0%)	(27.5%)
Accrued expenses and other liabilities	29,921	32,321	48,376	8.0%	49.7%	27.2%
Reinsurance credits	2,702	17,935	20,239	563.7%	12.8%	173.7%
Unearned insurance premiums	171,429	246,505	247,419	43.8%	0.4%	20.1%
Unearned reinsurance commission	3,195	2,776	3,244	(13.1%)	16.9%	0.8%
Outstanding claims	106,553	73,836	53,992	(30.7%)	(26.9%)	(28.8%)
Claims incurred but not reported	76,121	57,758	48,874	(24.1%)	(15.4%)	(19.9%)
Additional insurance premiums reserves	14,025	16,210	25,972	15.6%	60.2%	36.1%
Other technical reserves	6,129	5,134	4,291	(6.2%)	(16.4%)	(16.3%)
Lease contracts obligation	-	3,806	2,617	NA	(31.2%)	NA

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Due to related parties	1,124	1,124	1,124	-	-	-
Employee benefits obligations	9,207	9,204	8,032	(0.0%)	(12.7%)	(6.6%)
Zakat due	46,858	42,652	42,654	(9.0%)	0.0%	(3.6%)
Commission income payable to the Saudi Central Bank	5,574	5,841	6,026	4.8%	3.2%	4.0%
Dividends payable	371	370	370	(0.1%)	-	(0.1%)
Accrued accumulated surplus	35,219	19,177	18,486	(45.5%)	(3.6%)	(%27.6)
Total liabilities	516,219	540,505	535,817	4.7%	(0.9%)	1.9%
Property rights						
Paid-up Capital	400,000	400,000	140,000	-	(65.0%)	(40.8%)
Accumulated losses	(122,572)	(197,043)	(10,539)	60.8%	(94.7%)	(70.7%)
Reserve for remeasurement of employee benefits	2,297	3,375	4,925	47.0%	45.9%	46.4%
Investments' fair value reserve	8,058	6,945	(4,061)	(13.8%)	(158.5%)	NA
Net equity	287,782	213,277	130,325	(25.9%)	(38.9%)	(32.7%)
Total liabilities and equity	804,001	753,782	666,141	(6.2%)	(11.6%)	(9.0%)

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

The Company's assets are mainly concentrated in cash, cash equivalents, and term deposits, with these two components representing 53.4%, 49.7%, and 52.5% of total assets as of December 31, 2020G, December 31, 2021G, and December 31, 2022G, respectively. Cash and cash equivalents consist primarily of cash at banks, cash in hand, time deposits and money market fund deposits. On the other hand, long-term deposits represent deposits placed in local banks and financial institutions with an original maturity greater than three months but less than or equal to twelve months from the date of deposit.

The asset balance fluctuated between December 31, 2020G and December 31, 2022G. The balance of assets decreased by 6.2%, or SAR (50.2 million), from SAR (804.0 million), as of December 31, 2020G, to SAR (753.8 million), as of December 31, 2021G, with an additional decrease of 11.6%, or by SAR (87.6 million), to SAR (666.1 million). As of December 31, 2022G. The decline between December 31, 2020G and December 31, 2021G was mainly affected by the decline in the balances of cash and cash equivalents, financial assets at FVTPL and long-term deposits. Regarding the additional decline recorded in the total balance of assets as of December 31, 2022G, it was also influenced by an additional drop recorded in the balances of cash and cash equivalents and financial assets at FVTPL.

Regarding the Company's liabilities, they are considered to be concentrated in unearned insurance premiums, outstanding claims and claims incurred but not reported. The three components represented 68.6%, 70.0% and 65.4% of the total liabilities as of December 31, 2020G, December 31, 2021G, and December 31, 2022G, respectively. As for unearned premiums, they represent the share of written premiums related to the period of coverage in effect. On the other hand, outstanding claims represent claims under settlement, and incurred claims include claims that were disbursed during the period/year. At the level of movement in the total balance of liabilities, the balance recorded an increase of 4.7%, or a value of SAR (24.3 million), from SAR (516.2 million) as of December 31, 2020G to SAR (540.5 million) as of December 31, 2021G, then a slight decrease of 0.9% or a value of SAR (4.7 million) was recorded as of December 31, 2022G. Whereas the increase as of December 31, 2021G was driven by a rise in reinsurance payable balances and unearned insurance premiums, the subsequent decrease was affected by a decline in the balance of outstanding claims during the aforementioned period.

In terms of equity, it mainly included capital and accumulated losses. Regarding capital, the Company's paid-up capital amounted to SAR (140.0 million) as of December 31, 2022G and consisted of (14.0 million) shares with a value of SAR (10) per share. It should be noted that the Company's capital amounted to SAR (400.0 million) between December 31, 2020G and December 31, 2021G, before it decreased to SAR (40.0 million) as a result of the Company's Shareholders' Resolution to extinguish losses.

Concerning accumulated losses, the Company recorded an increase in the value of these losses by 60.8%, or SAR (74.5 million), from SAR (122.6 million) as of December 31, 2020G to SAR (197.0 million) as of December 31, 2021G, as a result of the accumulation of losses between the two aforementioned years. The balance then witnessed a slight improvement, as accumulated losses decreased by 94.7%, or SAR (186.5 million) and reached SAR (10.5 million), as of December 31, 2022G, after approving capital reduction in order to amortize losses.

In addition to the aforementioned components (capital and accumulated losses), equity includes reserve for remeasurement of employee liabilities, and fair value reserve for investments. With reference to the employee liability remeasurement reserve, it is linked to the employee liability and is measured by the actuary. On the other hand, investment fair value reserve relates to the various investments recorded by the Company, which mainly consisted of financial assets at fair value and available-for-sale investments. Detailed information on all the aforesaid items is set forth in the subsequent sections of this Prospectus.

5.5.1 Cash and Cash Equivalents

The following table presents details of cash and cash equivalents for the fiscal years ending December 31, 2020G, December 31, 2021G, and December 31, 2022G.

Table No. (37): Cash and Cash Equivalents

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Cash in hand	32	38	49	19.8%	29.2%	24.4%
Cash at banks	26,803	93,616	60,123	249.3%	(35.8%)	49.8%
Term deposits	48,750	-	78,000	(100.0%)	NA	26.5%
Money market fund	267,753	194,564	84,794	(27.3%)	(56.4%)	(43.7%)
Total	343,337	288,218	222,967	(16.1%)	(22.6%)	(19.4%)

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

As shown in the table above, cash and cash equivalents consist of several components including cash in hand, cash at banks, time deposits and money market fund balance.

With regard to cash in hand, it represents low-value balances placed in the custody of employees in order to manage expenses and daily needs. The company's policy in this regard is to maintain a low value covenant that is renewed on a monthly basis. The cash balance in the fund remained low throughout the period between December 31, 2020G and December 31, 2022G. Regarding cash at banks, it includes balances deposited in the various banks with which the Company deals.

Time deposits are short-term in nature with an original maturity of less than three months. These deposits earn commission income at an average rate ranging from 1.1% to 6.6% per year.

The money market fund balance is a balance deposited in the money market fund, which the Company has the right to liquidate within a period of less than 90 days.

In terms of the total balance, the balance of cash and cash equivalents decreased by 16.1%, or SAR (55.1 million), from SAR (343.3 million) as of December 31, 2020G, to SAR (288.2 million), as of December 31, 2021G, with an additional decrease of 22.6%, or SAR (65.3 million) as of December 31, 2022G. The decrease was mainly impacted by the movement in net cash generated (or used) in investing or financing activities.

As for investment activities, the Company recorded a positive cash flow of SAR (248.5 million) in 2020G, which later decreased by 70.9% or SAR (176.1 million) to reach SAR (72.4 million) in 2021G after liquidating short-term deposits worth SAR (170.1 million) during the aforementioned year. Then, cash generated from investing activities recorded an additional decrease of 88.5%, or a value of SAR (64.0 million), to SAR (8.4 million) in 2022G. The indicated additional decline was influenced by monetization and tying of short-term deposits.

On the other hand, with regard to financing activities, the Company recorded negative cash flows amounting to SAR (2.9 million) and SAR (1.3 million) between 2021G and 2022G, as these negative flows were mainly associated with lease payments.

It is worth noting that the Company recorded negative cash flows from operating activities amounting to SAR (160.2 million), SAR (124.6 million), and SAR (72.3 million) in 2020G, 2021G, and 2022G, respectively. The decrease recorded between 2020G and 2021G is mainly due to the decline in net losses and the increase in unearned insurance premium balances. As for the years 2021G and 2022G, the decline in negative cash flows from operating activities was affected by an increase in insurance premiums and debit balances, and a decrease in the balance of the reinsurer's share of outstanding claims during the mentioned periods.

Term Deposits

As formerly stated, cash and cash equivalent balances included time deposits with a maturity of less than three months. In the case of time deposits, which are classified as a separate item, they are also financial deposits deposited with banks and local financial institutions, but with a maturity of more than three months but less than or equal to twelve months from the date of deposit. It should be noted that these deposits generate commission income at an average rate ranging from 1.1% to 6.6% annually.

These deposits are classified under the loans and receivables category of financial assets and are carried at amortized cost. The balance of these deposits was zero as of December 31, 2020G, then it increased and reached SAR (86.3 million) as of December 31, 2021G, with an additional increase of 47.2%, or a value of SAR (40.8 million) as of December 31, 2022G. The ongoing increase was driven by the Company's decision to include some high-value proceeds within the short-term deposits item due to expectations of an increase in return and interest rates associated with the aforementioned deposits item.

5.5.2 Insurance Premiums and Balance Receivables

The following table shows details of insurance premiums and balance receivables for the fiscal years ending on December 31, 2020G, December 31, 2021G, and December 31, 2022G.

Table No. (38): Insurance Premiums and Balance Receivables

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Insurance premiums receivable	68,918	123,845	135,358	79.7%	9.3%	40.1%
Insurance premiums receivable from related parties	11,480	8,934	-	(22.2%)	(100.0%)	(100.0%)
Receivable balances due from insurance and reinsurance companies	19,716	1,332	8,308	(93.2%)	523.8%	(35.1%)
Sum	100,114	134,110	143,666	34.0%	7.1%	19.8%
Provision for doubtful debts:						
Insurance premiums receivable	(33,305)	(35,222)	(37,855)	5.8%	7.5%	6.6%
Insurance premiums receivable from related parties	(2,324)	(3,737)	-	60.8%	(100.0%)	(100.0%)
Receivable balances due from insurance and reinsurance companies	(646)	(526)	(602)	18.6%	14.4%	(3.5%)
Sum	(36,275)	(39,485)	(38,457)	8.8%	(2.6%)	3.0%
Total	63,839	94,626	105,209	48.2%	11.2%	28.4%

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Premiums' receivable is stated at gross written premiums receivable from insurance contracts, less an allowance for any uncollectible amounts. Premiums and reinsurance balances receivable are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of receivable is reviewed for impairment and whenever events or circumstances indicate that the carrying amount may not be recoverable, the impairment loss is recorded as "Allowance for Impairment of Doubtful Debts" in the income statement. Receivable balances are derecognized when the Company no longer controls the contractual rights that comprise the receivable balance, which is normally the case when the receivable balance is sold, or all the cash flows attributable to the balance are passed through to an independent third party. It should be noted that insurance premiums receivable generally included three components: premiums' receivable, premiums' receivable due from related parties, and balances receivable due from insurance and reinsurance companies.

Premiums' receivable includes balances receivable from customers (private and other companies).

Insurance premiums due from related parties represent receivable balances from sister companies that obtain the Company's insurance services.

Balances receivable from insurance and reinsurance companies are balances receivable from reinsurers.

Total premiums and insurance receivable balances increased by 34.0%, or SAR (34.0 million), from SAR (100.1 million) as of December 31, 2020G, to SAR (134.1 million), as of December 31, 2021G, with an additional increase of 7.1%, or SAR (9.6 million) to SAR (143.7 million) as of December 31, 2022G. The indicated increase in 2021G was affected by an increase in insurance premiums receivable by 79.7%, or by SAR (54.9 million), from SAR (68.9 million) to SAR (123.8 million) between December 31, 2020G and December 31, 2021G. On the other hand, the additional increase as of December 31, 2022G was driven by an increase in receivable balances due from insurance and reinsurance companies by 523.8%, or by SAR (7.0 million), from SAR (1.3 million) to SAR (8.3 million) between December 31, 2021G and December 31, 2022G.

Regarding insurance premium balances receivable, the continuous increase in the balance (between December 31, 2020G and December 31, 2023G) was influenced by the rise in insurance premiums in general during the aforementioned period and the high level of activity with institutions (companies) mainly.

It should be noted that the increase in insurance premiums receivable was offset by a decrease in insurance premiums receivable due from related parties, and a fluctuation in the debit balance due from insurance and reinsurance companies. Concerning insurance premiums receivable due from related parties, the balance decreased by 22.2%, or by SAR (2.5 million), from SAR (11.5 million) as of December 31, 2020G, to SAR (8.9 million) as of December 31, 2021G, and a successive decrease to zero as of December 31, 2022G. Moreover, the largest part of transactions with related parties were concluded with Abdul Rahman Ali Al Turki Group Company (ATCO), and the decrease in the balance of insurance premiums receivable from related parties was affected after renewing a number of documents with ATCO in 2021G. However, the aforementioned company was no longer a related party in 2022G, which led to the reclassification of debit balance into debit insurance premiums category.

The debit balance due from insurance and reinsurance Companies fluctuated, and it decreased by 93.2%, or SAR (18.4 million), from SAR (19.7 million) as of December 31, 2020G, to SAR (1.3 million), as of December 31, 2021G, given that the net surplus loss debit associated with the medical insurance sector was higher than the surplus loss premium payments associated with the same sector, as a result of the high volume of medical claims subject to the reinsurance agreement and surplus loss. Then the balance increased by 523.8% to SAR (8.3 million) as of December 31, 2022G, driven by a decrease in collections for the surplus loss.

5.5.3 Provision for Doubtful Debts

Regarding the balance of the provision for doubtful debts, it was concentrated in the provision for insurance premiums receivable. The provision associated with these installments increased by 7.5%, or SAR (2.6 million), from SAR (35.2 million) to SAR (37.9 million) between December 31, 2021G and December 31, 2022G. The increase in the provision was generally affected by the rise in the balance of insurance premiums receivable for the reasons mentioned above.

The provision for doubtful debts and insurance premiums receivable included a provision of SAR (3.7 million) as of December 31, 2021G. The aforementioned provision was mainly related to the significant increase in insurance receivable balances. As aforementioned, the increase in the balance of insurance premiums receivable was concentrated in the balances of companies and institutions.

The aforementioned provision (total provision for doubtful debts) also included a provision related to debit balances due from insurance and reinsurance companies amounting to SAR (0.5 million) and SAR (0.6 million) as of December 31, 2021G and December 31, 2022G.

5.5.4 Age of Insurance Premiums and Receivables

The following table presents details of the age of insurance premiums and receivable balances for the fiscal years ending on December 31, 2020G, December 31, 2021G, and December 31, 2022G.

Table No. (39): Age of Insurance Premiums and Receivables

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Not past due and not impaired	30,483	65,502	81,424	114.9%	24.3%	63.4%
From 91 to 180 days	17,189	18,115	15,945	5.4%	(12.0%)	(3.7%)
From 181 to 360 days	14,597	8,509	6,655	(41.7%)	(21.8%)	(32.5%)
More than 360 days	37,845	41,985	39,643	10.9%	(5.6%)	2.3%
Total	100,114	134,110	143,666	34.0%	7.1%	19.8%

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

With respect to the age of insurance premiums and receivables, the Company's business terms generally require premiums to be settled in less than 90 days. In addition, the Company offers installment payment methods which are based on the total premium amount.

In general, and as shown in the table above, the collection movement generally improved during the period between 2020G and 2022G, as obsolete balances witnessed a relative decline during the aforementioned period. The overall improvement in the collection movement can be attributed to the enhancement in the pace of collection from related parties and the connection of a large portion of the work and services implemented to the retail sector, where collection is done in advance in most cases.

Based on previous experience, it is expected to collect the full non-impaired balances of insurance premiums receivable, balances receivable from insurance and reinsurance companies, and premiums receivable from related parties, noting that the company doesn't usually obtain guarantees on these receivables, and therefore they are not guaranteed.

5.5.5 Reinsurers Share of Unearned Premiums

Reinsurers' share of unearned insurance premiums is calculated on a proportional basis with the same mechanism for calculating unearned insurance premiums. The reinsurer's share of unearned insurance premiums coincides proportionately with his share of written premiums according to the reinsurance agreements.

In terms of total balance, it gradually increased by 45.1%, or SAR (8.5 million), from SAR (18.9 million) as of December 31, 2020G to SAR (27.5 million) as of December 31, 2021G, with a gradual increase by 2.1%, or a value of SAR (0.6 million), as of December 31, 2022G. The indicated increase was generally in line with the rise in total insurance premiums receivable.

5.5.6 Reinsurers Share of Outstanding Claims

In relation to outstanding claims, they mainly include the total estimated cost of claims incurred but outstanding at the statement of financial position date. As for the reinsurer's share of outstanding claims, it is recognized similarly to the amounts related to insurance contracts in accordance with the terms of the reinsurance agreements.

As for the total balance, it increased by 31.4%, or SAR (8.5 million), from SAR (26.9 million) as of December 31, 2020G to SAR (35.4 million) as of December 31, 2021G, as a result of the increase in the value of claims related to the engineering sector, before it decreased again by 61.8%, or SAR (21.8 million) to reach SAR (13.5 million), as of December 31, 2022G, after a decline in balances of outstanding claims within the engineering and general accidents sectors.

5.5.7 Reinsurers Share of Claims Incurred but Not Reported

According to the terms of the reinsurance agreements, amounts recoverable from reinsurers are recognized similarly to amounts relating to insurance contracts.

The balance of reinsurers' share of incurred but not reported claims witnessed a gradual decrease by 38.9%, or SAR (4.7 million), from SAR (12.0 million) as of December 31, 2020G to SAR (7.3 million) as of December 31, 2021G with an additional decline of 76.7%, or a value of SAR (5.6 million), as of December 31, 2022G. The aforementioned decline in 2021G was affected by the medical insurance sector. Regarding the medical insurance sector, the balance of the reinsurers' share of incurred but not reported claims decreased by SAR (2.9 million) between December 31, 2020G and December 31, 2021G, with an additional drop of a similar amount between December 31, 2021G and December 31, 2022G.

On the other hand, the decrease in the balance of reinsurers' share of claims incurred but not reported in 2022G was related to medical insurance, motor insurance, marine insurance, and property insurance sectors, as the aforementioned sectors recorded successive declines in the balances of claims and the balances of the reinsurers' share of these claims.

5.5.8 Deferred Policy Acquisition Costs

The following table details the costs of acquiring deferred insurance policies for the fiscal years ending December 31, 2020G, December 31, 2021G, and December 31, 2022G.

Table No. (40): Deferred Policy Acquisition Costs

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
January 1	11,861	9,025	12,522	(23.9%)	38.7%	2.8%
Incurring during the year	20,510	23,182	30,853	13.0%	33.1%	22.7%
Amortized during the year	(23,345)	(19,686)	(28,072)	(15.7%)	42.6%	9.7%
December 31	9,025	12,522	15,304	38.7%	22.2%	30.2%

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Deferred policy acquisition costs relate primarily to policy underwriting expenses, mainly representing commissions paid to intermediaries, sales representatives, brokers, and agents. These costs are generally in line with movements in gross written premiums.

The value of deferred policy acquisition costs increased by 38.7%, or by SAR (3.5 million), from SAR (9.0 million) as of December 31, 2020G to SAR (12.5 million) as of December 31, 2021G, with an additional increase of 22.2%, or a value of SAR (2.8 million) as of December 31, 2022G. This successive increase was in line with the rise in insurance premium balances between the aforementioned years.

5.5.9 Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Investments generally consist of two components: financial assets at FVTPL and available-for-sale investments. The investments referred to can be classified into more than one category. They include investments listed on the capital market and investments (not listed on the mentioned market). They also include investments deposited in investment funds and other investments that include ordinary shares.

Investments listed on the capital market are trading market investments. As for investments not listed in the capital market, they include unlisted stock investments and mutual funds.

At the component level, investments deposited in investment funds are investments in investment pools that collect the capital of a group of investors and manage it according to a specific investment strategy and objectives set by the fund manager. On the other hand, common shares are diversified investments.

Regarding the balance of financial assets at FVTPL, the value of these assets gradually decreased by 43.1%, or by SAR (43.3 million), from SAR (100.5 million) as of December 31, 2020G, to SAR (57.2 million) as of December 31, 2021G, with an additional decrease of 63.5%, or a value of SAR (36.3 million) as of December 31, 2022G. This decline was affected by the liquidation of a number of funds (a SAR (25.0 million) fund in Franklin Templeton Investment Fund, a SAR (8.5 million) fund in Emirates NBD, and a SAR (6.8 million) fund in Vistra Capital).

At the level of investments available for sale, a similar and gradual decrease of 30.7%, or a value of SAR (13.5 million), was recorded from SAR (44.1 million) as of December 31, 2020G to SAR (30.6 million) as of December 31, 2021G, as a result of selling and liquidating a number

of investments. The balance then increased by 2.7%, or by SAR (0.8 million), as of December 31, 2022G, after the value of Najm Company's investments augmented.

It is worth noting that the Company has conducted a review of available-for-sale investments and financial assets at FVTPL to assess the extent to which these investments are exposed to impairment. Based on certain information, management believes that there is no need to reduce the value of these investments. All investments are registered in Saudi Riyals (SAR) and US Dollars.

5.5.10 Prepaid Expenses and Other Assets

The following table presents details of prepaid expenses and other assets for the fiscal years ending on December 31, 2020G, December 31, 2021G, and December 31, 2022G.

Table No. (41): Prepaid Expenses and Other Assets

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Deferred supervision fees	3,814	13,858	6,726	263.3%	(51.5%)	32.8%
Other expenses paid in advance	2,621	3,382	3,610	29.0%	6.7%	17.4%
Amounts receivable from the Arab War Risk Insurance Fund (AWRIS)	2,548	2,561	2,572	0.5%	0.5%	0.5%
VAT refunded	5,240	1,457	2,289	(72.2%)	57.1%	(33.9%)
Employees accounts receivable	875	1,235	1,327	41.0%	7.4%	23.1%
Amounts receivable from the Manafeth Fund	817	883	11	8.1%	(98.7%)	(88.2%)
Receivables from Umrah Fund	4,444	191	13,878	(95.7%)	7,151.8%	76.7%
Accrued income	718	1,646	1,470	129.1%	(10.6%)	43.1%
Other	1,134	2,324	1,668	104.9%	(28.2%)	21.3%
Total	22,213	27,537	33,551	%24.0	21.8%	22.9%

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Prepaid expenses and other assets include various assets, expenses and amounts.

The deferred supervision fees are fees from the Saudi Central Bank, the Council of Health Insurance, and Najm Company. It should be noted that the balance of these expenses fluctuates constantly, being affected by the fluctuation of the volume of business in different sectors. The value of these fees increased by 263.3%, or by SAR (10.0 million), from SAR (3.8 million) as of December 31, 2020G to SAR (13.9 million) as of December 31, 2021G. The balance then decreased by 51.5% or a value of SAR (7.1 million) as of December 31, 2022G. While the increase as of December 31, 2021G was driven by an augmentation in the volume of business in the vehicle/motor sector, which led to an increase in Najm Company's expenses, the subsequent decrease was also due to a decline in the volume of business under the same sector, which automatically resulted in a decrease in Najm Company's expenses.

Other prepaid expenses mainly include miscellaneous expenses such as medical insurance expenses and deposits. These expenses increased by 29.0%, or SAR (0.8 million), from SAR (2.6 million) as of December 31, 2020G to SAR (3.4 million) as of December 31, 2021G, with a slight additional increase of 6.7% or a value of SAR (0.2 million) to reach SAR (3.6 million) as of December 31, 2022G. The ongoing rise was driven by higher medical insurance expenses and surplus loss deposits. It should be noted that these expenses fluctuate periodically, as they are not only affected by business activity.

Amounts receivable from the Arab War Risks Insurance Fund (AWRIS) include the Company's share of the aforesaid fund's profits. These amounts did not witness any noticeable change during the period between 2020G and 2022G, but rather remained almost constant. It should be noted that the AWRIS Fund plays a role similar to that of the Syndicate of Insurance Companies, as it provides integrated, appropriate and rapid coverage of war and other political risks to its member companies.

VAT refunds are amounts that represent collection debit balances associated with some unbilled balances and some unearned insurance premium balances not yet collected. The balance decreased by 72.2%, or SAR (3.8 million), from SAR (5.2 million) as of December 31, 2020G and reached SAR (1.5 million) as of December 31, 2021G, as a result of recording VAT credit amounts of SAR (4.4 million) related to some unearned premiums balances, which led to a decrease in the debit balance. The balance increased by 57.1%, or SAR (0.8 million) to SAR (2.3 million), as of December 31, 2022G, as a result of some balances related to hidden defects insurance.

Employee receivables are balances associated with low-value advances and loans made to employees in the ordinary course of business. In this regard, the Company's policy stipulates the granting of housing allowances whose value varies according to the employee's salary and is deducted from this salary within a period of time ranging between six months and a year. These balances fluctuate constantly and are affected

by the value and number of loans that are requested and approved by the Company's management.

Regarding receivables from Manafeth Fund, they represent the Company's share associated with Manafeth Insurance which is managed by Tawuniya Insurance. The debit balance from the Manafeth Fund witnessed a partial increase of 8.1%, or SAR (0.1 million), from SAR (0.8 million) as of December 31, 2020G to SAR (0.9 million) as of December 31, 2021G, before decreasing to zero as of December 31, 2022G. The balance fluctuates within the normal course of business and is affected by the pace of collection. It should also be indicated that the aforementioned decrease as of December 31, 2022G was impacted by a decline in the scope and number of Manafeth insurance policies that were issued through the Company by way of Najm Insurance Company.

Receivables from the Umrah Fund are balances related to medical and general accident insurance services that are provided during the Hajj and Umrah seasons which is managed by Tawuniya Insurance. The balance decreased by 95.7%, or SAR (4.2 million), from SAR (4.4 million) as of December 31, 2020G to SAR (0.2 million) as of December 31, 2021G, as a result of a decline in the scope of aforementioned services, as restrictions related to the COVID-19 pandemic were still partially in effect. Then the balance increased by 7,151.8%, or SAR (13.7 million) and reached SAR (13.9 million), as of December 31, 2022G, after restrictions were completely lifted during the year 2022G.

Accrued income is related to various deposits held by the Company in addition to unrealized income related to investments. Accrued income increased by 129.1%, or SAR (0.9 million), from SAR (0.7 million) as of December 31, 2020G, to SAR (1.6 million), as of December 31, 2021G, as a result of the increase in interest rates. The balance then witnessed a slight decrease of 10.6%, or by SAR (0.2 million) and attained SAR (1.5 million), as of December 31, 2022G. The decrease was linked to the adoption of new accounting policies that stipulated including income in the investment value.

Other balances mainly include advance payments to a number of suppliers with whom the Company deals. The balance increased by 104.9%, or SAR (1.2 million), from SAR (1.1 million) as of December 31, 2020G, to SAR (2.3 million), as of December 31, 2021G. Then the balance decreased by 28.2%, or SAR (0.6 million) to SAR (1.7 million) as of December 31, 2022G, since the value of these payments is generally related to the scope and volume of services provided by suppliers.

5.5.11 Property and Equipment

The following table presents details of property and equipment for the fiscal years ending December 31, 2020G, December 31, 2021G, and December 31, 2022G.

Table No. (42): Property and Equipment

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Vehicles	9	7	-	(15.6%)	(100.0%)	(100.0%)
Computers	1,407	1,352	1,111	(4.0%)	(17.8%)	(11.2%)
Office furniture, fixtures, and fittings (equipment)	1,364	1,751	2,261	28.3%	29.1%	28.7%
Leasehold improvements	1,203	2,100	1,877	74.6%	(10.7%)	24.9%
Net Total	3,984	5,210	5,248	30.8%	0.7%	14.8%

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

With regard to property and equipment, the Company does not have a high value fixed asset base.

Property and equipment included three components:

Vehicles: The value of vehicles classified as property and equipment was low, as the Company owns a number of cars and vehicles that are used by employees on their daily commute.

Computers: This category includes various computer devices used by the Company's employees in the administrative offices and various centers.

Office furniture, fixtures and fittings (equipment): All used in the Company's administrative offices and various operating centers.

Leasehold improvements: Expenses related to decoration and installation works carried out in the Company's various offices.

The balance of property and equipment did not record any noticeable movement during the period extending between December 31, 2020G and December 31, 2022G, rather a partial increase of 30.8%, or a value of SAR (1.2 million) was recorded, from SAR (4.0 million) as of December 31, 2020G to SAR (5.2 million), as of December 31, 2021G as a result of increase in leasehold improvements.

Useful lives of assets are reviewed at the end of each reporting date and adjusted, if necessary. The carrying value of an asset is reduced immediately to its recoverable amount if the carrying value of the asset is greater than its estimated recoverable amount. Profits and losses resulting from disposal are determined at book value and included in the income statement under other income.

It should be noted that the company currently does not intend to purchase or lease any important or high-value assets during the coming periods.

5.5.12 Right-of-use Assets

The following table presents details of the right-of-use assets for the financial years ending on December 31, 2020G, December 31, 2021G, and December 31, 2022G.

Table No. (43): Right-of-use Assets

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Point-of-sale buildings	-	1,756	907	NA	(48.3%)	NA
Main office buildings	-	2,650	1,780	NA	(32.8%)	NA
Total as of December 31	-	4,405	2,687	NA	(39.0%)	NA

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Right-of-use asset balances are mainly associated with contracts for main office buildings and point-of-sale buildings.

It should be noted that the lease contracts for the aforementioned buildings range from a period of six months to 5 years, and the option of extension with the approval of both parties. The duration of the lease contract is discussed on an individual basis, and the contract includes a wide range of time periods and conditions. Lease contracts do not include any conditions that do not use leased assets as collateral for borrowing purposes.

Right-of-use assets' balance was not recorded as of December 31, 2020G, because the Company applied IFRS 16 concerning capital lease contracts in the year 2021G, given that the Company has concluded lease contracts whose duration exceeded one year during the aforementioned year.

The Company recorded the right-of-use assets balance of SAR (4.4 million) as of December 31, 2021G, before this balance decreased by 39.0%, or SAR (1.7 million) and reached SAR (2.7 million) as of December 31, 2022G. The indicated decrease was related to the ongoing amortization of these assets.

5.5.13 Intangible Assets

The following table presents details of the right to intangible assets for the financial years ending on December 31, 2020G, December 31, 2021G and December 31, 2022G.

Table No. (44): Intangible Assets

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Computer programs	1,863	5,721	6,053	207.1%	5.8%	80.3%
Net Total	1,863	5,721	6,053	207.1%	5.8%	80.3%

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Intangible assets mainly include various computer programs used during daily operations.

Intangible assets with finite useful lives are amortized over their estimated useful lives in accordance with the expected pattern of consumption of economic benefits. The estimated useful life of the software is four years. Intangible assets with an indefinite useful life are not subject to amortization, but are tested for impairment at one or more statement of financial position dates if there is an indication of impairment. Intangible assets with finite useful lives are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The amortization expense is included in general and administrative expenses in the income statement.

The balance of intangible assets increased by 207.1%, or SAR (3.9 million), from SAR (1.9 million) as of December 31, 2020G to SAR (5.7 million) as of December 31, 2021G, with an additional increase of 5.8 % or a value of SAR (0.3 million) as of December 31, 2022G. The aforementioned increase was driven by new applications that were added to programs, in addition to expenses related to the process of implementing IFRS 17 "Insurance Contracts."

5.5.14 Goodwill

The Company began practicing insurance operations on January 1, 2009G. On February 1, 2009G, the General Assembly approved the conclusion of an agreement under which it would acquire the entire business (net identifiable assets) of Saudi Al Sagr Insurance Company as of January 1, 2009G, with goodwill amounting to SAR (39.0 million), pursuant to a letter from the Saudi Central Bank, after completing the procedures required under the Authority's letter issued on November 10, 2008G. The Company later adjusted the value of goodwill and reduce it by SAR (13.5 million), based on correspondence with the Saudi Central Bank in this regard, to become SAR (25.5 million). The Company paid an amount of SAR (9.9 million) in 2011G, and SAR (15.6 million) in 2021G, in exchange for goodwill to Shareholders of the Saudi Al Sagr Insurance Company.

In regard to impairment testing, management determines the recoverable amount of the cash generating unit based on value-in-use calculations. These calculations require the use of estimates regarding future cash flows, based on the last five business plans, and the use of an appropriate discount rate. Cash flows beyond the five-year period are extrapolated using the estimated growth rate shown below. This growth rate is consistent with projections in industry reports for the industry in which the cash generating unit operates. Actual conditions may differ from assumptions and therefore, actual cash flows may differ from those projected with a potentially material impact on recoverability. The value-in-use calculation is most sensitive to assumptions regarding compound annual growth in gross written premiums and average claims ratio, which are determined according to historical performance, recent market and industry trends, and expected results of various performance improvement metrics implemented by management.

5.5.15 Statutory Deposit and Revenues

The statutory deposit represents 10.0% of the paid-up capital maintained in accordance with the Cooperative Insurance Companies Control Law in the KSA. The Saudi Central Bank has the right to the profits of this statutory deposit that cannot be withdrawn without its approval.

In accordance with the instructions of the Saudi Central Bank contained in the circular issued on March 1, 2016G, the Company recorded the commissions due on the statutory deposit as of December 31, 2021G as an asset and a liability in these financial statements. In 2022G, the Company liquidated statutory deposits amounting to SAR (19.0 million) at the expense of reducing capital.

5.5.16 Creditors

Creditors' balances mainly consist of current claims due for settlement. The balance decreased by 24.9%, or SAR (1.9 million), from SAR (7.8 million) as of December 31, 2020G, to SAR (5.9 million), as of December 31, 2021G, with an additional decrease of 30.0%, or a value of SAR (1.8 million) as of December 31, 2022G. The aforementioned successive decrease was mainly related to ongoing repayments and settlement of outstanding balances against outstanding claims balances.

5.5.17 Accrued Expenses and Other Liabilities

The following table presents details of accrued expenses and other liabilities for the fiscal years ending on December 31, 2020G, December 31, 2021G, and December 31, 2022G.

Table No. (45): Accrued Expenses and Other Liabilities

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Commission due	9,408	10,949	12,903	16.4%	17.8%	17.1%
Cast tax M Add-on is payable	298	4,785	5,762	1,506.4%	20.4%	339.8%
Fees Due to Najm Company	1,809	4,034	4,511	122.9%	11.8%	57.9%
Fees Inspection services and costs Other due payment	1,253	2,477	10,038	97.7%	305.2%	183.0%
Fees Supervisor Postponed	1,894	2,247	2,089	18.6%	(7.0%)	5.0%
Fees Deserved professionalism	1,184	835	2,014	(29.5%)	141.1%	30.4%
Payable employee benefits	567	200	200	(64.7%)	-	(40.6%)
Fees Administrative Payable to a third party	612	1	382	(99.8%)	32,124.2%	(21.0%)
Installments Excess accrued loss	6,777	-	-	(%100.0)	NA	(100.0%)
Board Members meeting attendance allowances are payable	3,837	4,239	3,324	10.5%	(21.6%)	(6.9%)
Other	2,282	2,554	7,155	%12.0	180.1%	77.1%
Total	29,921	32,321	48,376	8.0%	49.7%	27.2%

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Accrued expenses and other liabilities were concentrated in accrued commissions, VAT payable, inspection services fees and other costs payable, as the aforementioned components represented a rate of 36.6%, 56.3%, and 59.3% as of December 31, 2020G, 31 December 2021G and December 31, 2022G, respectively.

Commissions payable represent commissions to suppliers and intermediaries who deal with the Company for the purpose of cooperating and securing business. The balance of commissions payable increased by 16.4%, or SAR (1.5 million), from SAR (9.4 million) as of December 31, 2020G to SAR (10.9 million) as of December 31, 2021G, with an additional increase of 17.8% or a value of SAR (2.0 million), to SAR (12.9 million) as of December 31, 2022G. The ongoing rise was generally influenced by higher written premiums and uncollected premium balances, given that the payment of commissions is usually linked to the process of collecting receivable balances.

The VAT payable represents the credit balance to the ZATCA regarding works carried out and insurance policies issued by the Company. The balance gradually increased by 1,506.4%, or SAR (4.5 million), from SAR (0.3 million) as of December 31, 2020G, to SAR (4.8 million), as of December 31, 2021G, with an additional increase of 20.4%, or a value of SAR (1.0 million) to SAR (5.8 million) as of December 31, 2022G. The aforementioned increase was affected by the rise in business in general, and the issuance of policies with a high value, especially within the medical and motor insurance sectors.

Accrued expenses owed to Najm Company are related to services provided by this company, which mainly include claims management. These fees increased by 122.9%, or SAR (2.2 million), from SAR (1.8 million) as of December 31, 2020G to SAR (4.0 million) as of December 31, 2021G, with an additional increase of 11.8% to reach SAR (4.5 million) as of December 31, 2022G. The successive increase was driven by a rise in business under the motor insurance segment.

Accrued expenses for inspection services and other costs payable are credits to Najm Company for managing the business of Manafeth. The balance increased by 97.7%, or SAR (1.2 million), from SAR (1.3 million), as of December 31, 2020G, to SAR (2.5 million), as of December 31, 2020G, with an additional increase of 305.2%, or SAR (7.6 million) to SAR (10.0 million) as of December 31, 2022G. The ongoing rise was linked to the increase in the volume of hidden defect insurance business.

Deferred supervision expenses represent fees payable to the Saudi Central Bank and the Council of Health Insurance. These fees did not witness radical changes between the years 2020G and 2022G, rather a slight increase was recorded by 18.6%, or a value of SAR (0.3 million), from SAR (1.9 million) as of December 31, 2020G to SAR (2.2 million) as of December 31, 2021G, then the balance partially decreased to SAR (2.1 million) as of December 31, 2022G.

Accrued professional fees include those of the external auditor, financial advisors and actuaries. The value of these expenses decreased by 29.5%, or SAR (0.3 million), from SAR (1.2 million) as of December 31, 2020G to SAR (0.8 million) as of December 31, 2021G, after the external auditor's fees decreased. Then the balance increased by 141.1%, or a value of SAR (1.2 million), as of December 31, 2022G, due to the fees associated with the merger that took place in 2022G.

In relation to accrued employee benefits, they include salaries and allowances payable to employees at the end of each financial period. It should be noted that the Company's policy stipulates that monthly salaries are paid before the end of each month, but this payment process may be delayed at the end of the year as a result of the closure of accounts. The balance of benefits and salaries was relatively high as of December 31, 2020G, and then decreased by 64.7%, or SAR (0.4 million), from SAR (0.6 million) as of December 31, 2020G, to SAR (0.2 million) as of December 31, 2021G and 2022G. This decrease was affected by the repayment of benefits that had been recorded in prior periods as credit balance to one of the former directors.

Third-party administrative expenses are fees payable to companies that Al Sagr Insurance engage in business with, in exchange for managing the Company's insurance claims. These fees are calculated as a percentage of the insurance premiums and are amortized over the period of insurance coverage. The value of these fees amounted to SAR (0.6 million) as of December 31, 2020G, then a decrease to zero was recorded as of December 31, 2021G, after the Company concluded new contracts with new companies during this year. Services provided by the mentioned companies are usually free during the first year of the contract. Later, an increase of SAR (0.4 million) was recorded as of December 31, 2022G after new contracts took effect.

Regarding accrued surplus loss premiums recorded in the amount of SAR (6.8 million) as of December 31, 2020G, they are related to reinsurance premiums.

Accrued expenses included Directors' remuneration and meeting attendance allowances. The Company's policy stipulates the payment of these remuneration and allowances as stipulated in the provisions of its Articles of Incorporation. The total value of remuneration and allowances increased by 10.5%, or SAR (0.4 million), from SAR (3.8 million) as of December 31, 2020G, to SAR (4.2 million) as of December 31, 2021G. Then the balance decreased by 21, 6%, or an amount of SAR (0.9 million), to SAR (3.3 million) as of December 31, 2022G. These balances fluctuate constantly as they are affected by the Company's decisions regarding remuneration and meetings held within the mentioned period.

Other expenses included social insurance, taxes, and miscellaneous expenses. These expenses did not witness any fundamental changes between December 31, 2020G and December 31, 2021G. However, the balance increased by 180.1% or a value of SAR (4.6 million), from SAR (2.6 million) as of December 31, 2021G to SAR (7.2 million) as of December 31, 2022G. This rise was within the normal course of business.

5.5.18 Reinsurance Payables

Reinsurance payables include reinsurance premiums ceded/assigned and payable under reinsurance transactions and agreements, which are subject to adjustments according to reinsurance commissions payable from reinsurers and reinsurers share of claims paid. The balance increased by 563.7%, or SAR (15.2 million), from SAR (2.7 million), as of December 31, 2020G, to SAR (17.9 million), as of December 31, 2021G, with an additional increase of 12.8%, or SAR (2.3 million) as of December 31, 2022G. The ongoing increase was influenced by several factors, including the presence of a high value amount associated with facultative reinsurance, the settlement of the surplus loss balance for the motor sector, and a balance associated with hidden defect insurance.

5.5.19 Unearned Insurance Premiums

Insurance premiums are transferred to the income statement on a proportional basis over the terms of insurance policies to which they relate. Unearned premiums represent the share of premiums written relating to the period of coverage in effect.

The balance of unearned insurance premiums increased by 43.8%, or SAR (75.1 million), from SAR (171.4 million) as of December 31, 2020G, to SAR (246.5 million) as of December 31, 2021G, with an additional increase of 0.000. 4%, or a value of SAR (0.9 million) as of December 31, 2022G. The ongoing rise was driven by an increase in insurance premiums, specifically under the vehicle sector.

5.5.20 Unearned Reinsurance Commission

The following table shows details of unearned reinsurance commission for the fiscal years ending on December 31, 2020G, December 31, 2021G, and December 31, 2022G.

Table No. (46): Unearned Reinsurance Commission

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
January 1	2,197	3,195	2,776	45.4%	(13.1%)	12.4%
Commission received during the year	7,313	4,210	7,081	(42.4%)	68.2%	(1.6%)
Commission earned during the year	(6,315)	(4,628)	(6,614)	(26.7%)	42.9%	2.3%
December 31	3,195	2,776	3,244	(13.1%)	16.9%	0.8%

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Unearned reinsurance commission represents reinsurance commission income from business assigned/ceded pursuant to pro rata and facultative reinsurance transactions. The commission is recorded in the income statement over the period of the insurance policies to which it is linked on a proportional basis. Unearned reinsurance commission represents the share of the commission related to the unexpired period of insurance coverage.

The balance of unearned reinsurance commission decreased by 13.1%, or SAR (0.4 million), from SAR (3.2 million) as of December 31, 2020G, to SAR (2.8 million) as of December 31, 2021G, as a result of reviewing a number of reinsurance agreements. The balance then increased by 16.9%, or SAR (0.5 million), as of December 31, 2022G, affected by an additional review of a number of reinsurance agreements, which led to an increase in the value of the commission.

5.5.21 Outstanding Claims

Outstanding claims are claims under settlement. These claims include the total estimated cost of claims incurred but outstanding at the statement of financial position date. Provisions are set aside for claims reported and unpaid at the date of the statement of financial position on a case-by-case basis. A provision is also set aside, in accordance with management's estimates and the Company's previous experience, for the cost of paying claims incurred but not reported at the date of the statement of financial position. The final liabilities may be more or less than the allowance set aside.

The balance of outstanding claims decreased by 30.7%, or SAR (32.7 million), from SAR (106.6 million) as of December 31, 2020G to SAR (73.8 million) as of December 31, 2021G, with a continuing decrease of 26.9%. or a value of SAR (19.8 million), to SAR (54.0 million) as of December 31, 2022G. The ongoing decline can be attributed to the decrease in the value of claims under the engineering and general accident sectors after continuous reimbursements.

5.5.22 Claims Incurred but Not Reported

Estimates are made at the end of the reporting period for both the ultimate cost of a claim and the expected final costs of claims incurred but not reported as well as the reinsurers' share of such claims based on reinsurance agreements. Unpaid claims are estimated using valuation inputs for individual cases reported to the Company. At the end of each reporting period, estimates of unpaid claims are reassessed using valuation inputs for the Company's individual reported cases. At the end of each reporting period, the prior year's claims estimates are reassessed for adequacy and changes are made to the allowance.

The provision for claims incurred but not reported is an estimate of claims that are expected to be presented after the statement of financial position date for an insured incident that occurred before the statement of financial position date. Technical methods used by management in estimating the cost of claims as well as incurred but not reported claims are done by following the same methods of settling previous claims when predicting methods of paying future claims.

Actuaries use a variety of methods to determine these provisions. These methods are based on a number of explicit or implicit assumptions regarding the expected settlement value and the claims settlement pattern.

The balance of incurred but not reported claims decreased by 24.1%, or SAR (18.4 million), from SAR (76.1 million) as of December 31, 2020G to SAR (57.8 million) as of December 31, 2021G, with a continued decrease of 15.4%, or a value of SAR (8.9 million) as of December 31, 2022G. The ongoing decline was largely due to an improvement in claims management process and continued repayment of all past-due balances.

5.5.23 Additional Insurance Premium Reserves

Regarding insurance premium reserves, they are calculated by an actuary who works on estimating the reserve disability and loss premium. The balance increased by 15.6%, or SAR (2.2 million), from SAR (14.0 million), as of December 31, 2020G, to SAR (16.2 million), as of December 31, 2021G, with an additional increase of 60.2%, or SAR (9.8 million) to SAR (26.0 million) as of December 31, 2022G. This increase was affected by the rise in the loss rate and expected losses associated with the vehicle insurance sector.

5.5.24 Other Technical Reserves

Other technical reserves include various reserves, including loss adjustment expense reserves and various other reserves. The balance decreased by 16.2%, or SAR (1.0 million), from SAR (6.1 million) as of December 31, 2020G, to SAR (5.1 million), as of December 31, 2021G, with an additional decrease of 16.4%, or SAR (0.8 million) as of December 31, 2022G. The value of these reserves fluctuates continuously. These reserves are generally related to claims, as the Company aims to maintain adequate reserves in relation to its insurance business in order to protect against adverse developments and future claims.

5.5.25 Lease Contracts Obligation

As mentioned previously, lease obligations are related to lease contracts for the main offices and points of sale buildings acquired under capital leases. The balance was zero as of December 31, 2020G, but increased to SAR (3.8 million) as of December 31, 2021G. It then decreased by 31.2%, or SAR (1.2 million) and reached SAR (2.6 million) as of December 31, 2022G. While the increase as of December 31, 2021G was driven by the conclusion of new contracts and the application of IFRS 16, the subsequent decrease as of December 31, 2022G was due to the continued amortization of these assets and liabilities.

5.5.26 Due to Related Parties and Transactions with Related Parties

The following table presents details of the main transactions with related parties for the financial years ending on December 31, 2020G, December 31, 2021G, and December 31, 2022G.

Table No. (47): Due to Related Parties and Transactions with Related Parties

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
A) Details of major transactions with related parties during the financial year ending on December 31:						
Gross written premiums	14,518	5,195	1,126	(64.2%)	(78.3%)	(72.2%)
Lease expenses	(1,174)	(1,184)	(335)	0.8%	(71.7%)	(46.6%)
Consulting services	(552)			(100.0%)	NA	(100.0%)
Reinsurance commissions revenue	33	45	16	35.5%	(64.2%)	(30.4%)
Reinsurers share of claims paid	194	144	243	(26.0%)	69.1%	11.8%
Assigned reinsurance premiums	(461)	(915)	(4)	98.3%	(99.5%)	(90.3%)
Claims incurred	(2,315)	(4,372)	(111)	88.9%	(97.5%)	(78.1%)
Remuneration of Board Members and Attendance Allowances	(3,817)	(3,931)	-	%3.0	(100.0%)	(100.0%)
Total	10,242	(1,088)	935	(110.6%)	(185.9%)	(69.8%)

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Related party transactions include transactions entered into with associate companies, major shareholders, key management personnel and other companies under common control or over which these parties have significant influence. Pricing policies and terms of these transactions are approved by the Company's Management and Board of Directors. Transactions with related parties comprise transactions related to insurance services provided and obtained by the Company in the ordinary course of business, in addition to transactions with the official management personnel.

With respect to transactions with official management personnel, it includes employees' salaries, benefits and end-of-service benefits. These compensations are subject to the employment contract's terms and the Company's Bylaws.

5.5.27 Employee Benefits Obligations

The following table details employee benefits obligations for the fiscal years ending on December 31, 2020G, December 31, 2021G, and December 31, 2022G.

Table No. (48): Employee Benefits Obligations

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
January 1	9,664	9,207	9,204	(4.7%)	(0.0%)	(2.4%)
Loaded during the year	2,473	2,026	2,125	(18.1%)	4.9%	(7.3%)
Sum paid during the year	(1,104)	(950)	(1,748)	(13.9%)	83.9%	25.8%
Profit on revaluation of liabilities	(1,825)	(1,079)	(1,550)	(40.9%)	43.6%	(7.9%)
December 31	9,207	9,204	8,032	(%0.0)	(12.7%)	(%6.66)

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

Employee benefits obligations are end-of-service expenses payable to employees. The Company implements a defined benefit plan that complies with the requirements of the Saudi Labor Law. The amounts paid upon the end of employees' services in accordance with the plan are calculated on the basis of last salaries and allowances and years of accumulated service as of the date of the end of their service, as indicated in the conditions stipulated in the Saudi Labor Law. Employees' end-of-service benefits plans are unfunded and satisfied once reported.

Sensitivity analyzes are based on the change in any assumption while holding all other assumptions constant. In reality, this is unlikely to happen, and changes in some assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to the fundamental actuarial assumptions, the same method (the present value of the defined benefit obligation calculated by the planned unit credit method at the end of the reporting period) was applied when calculating employees' end-of-service benefits.

Employee end-of-service obligations remained constant at a value of (9.2 million) between December 31, 2020G and 2021G, then decreased by 12.7%, or SAR (1.2 million) to reach SAR (8.0 million) as of December 31, 2022G, after a number of resignations recorded during this period.

5.5.28 Zakat Payable

The Company received final Zakat assessments from 2012G to 2018G during 2020G, and the total additional Zakat provision according to assessments amounted to SAR (36.3 million) for these aforementioned years. The Company submitted an appeal to the Saudi General Secretariat of Zakat, Tax, and Customs Committees (GSZTCC) against these assessments, and a settlement request to the Settlement Committee of the Zakat, Tax and Customs Authority (ZATCA). During 2021G, the Committee offered to reduce the Zakat assessment to an amount of SAR (36.2 million), which the Company did not accept, and accordingly, it continued the appeal submitted to the General Secretariat of Zakat Committees (Supreme Committees), which issued the decision. The final additional Zakat provision was assessed at SAR (36.2 million). The Company resubmitted an appeal to the Appeal Committee to resolve tax disputes against this assessment.

During 2021G, the Company received an initial assessment from the ZATCA for the years between 2019G and 2020G, with an additional obligation of SAR (9.6 million) and submitted an objection to the General Secretariat of Zakat, Tax and Customs Committees (GSTCC) against this assessment.

The Company believes that the Authority will reconsider the assessment and allow a certain deduction from the Zakat base, and that the current value of Zakat maintained by the Company is sufficient to cover the uncertain Zakat obligation.

5.5.29 Income Commission Payable to the Saudi Central Bank

Regarding the commission income payable, it is related to the aforesaid statutory deposit that represents 10.0% of the paid-up capital, and is maintained in accordance with the Cooperative Insurance Companies Control Law in the KSA. The Saudi Central Bank has the right to the profits of this statutory deposit which cannot be withdrawn without its approval.

In accordance with the instructions of the Saudi Central Bank contained in the circular issued on March 1, 2016G, the Company recorded commissions payable on the statutory deposit as of December 31, 2021G as an asset and a liability in the present financial statements. During the year 2022G, the Company liquidated statutory deposits amounting to SAR (19.0 million), at the expense of reducing its capital.

5.5.30 Dividends Payable

The balance of dividends payable, which remained constant at SAR (0.4 million) between December 31, 2020G and 2022G, represent past due credit amounts owed to a number of previous shareholders. This balance remained constant during the aforementioned period.

5.5.31 Accrued Accumulated Surplus

In accordance with Article (35) of the Saudi Central Bank's surplus distribution policy, the Company reacquired the unclaimed due surplus amounting to SAR (0.7 million) for the year 2022G. The accumulated surplus due represents balances due to a number of policyholders resigned from the Company. This balance gradually decreased during the period between December 31, 2020G and 2022G as a result of partial repayments.

5.5.32 Equity

The following table shows details of equity for the financial years ending on December 31, 2020G, December 31, 2021G, and December 31, 2022G.

Table No. (49): Shareholders' Equity/Property Rights

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Capital	400,000	400,000	140,000	-	(65.0%)	(40.8%)
Accumulated losses	(122,572)	(197,043)	(10,539)	60.8%	(94.7%)	(70.7%)
Reserve for Remeasurement of Employee Obligations	2,297	3,375	4,925	47.0%	45.9%	46.4%
Fair value reserve for investments	8,058	6,945	(4,061)	(13.8%)	(%158.5)	NA
Balance at the end of the year	287,782	213,277	130,325	(25.9%)	(38.9%)	(32.7%)

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

As previously mentioned, the balance of equity includes capital and accumulated losses.

Share Capital

The authorized, issued and paid-up capital amounted to SAR (140 million) as of September 30, 2023G, and consists of (14 million) shares with a value of SAR (10) per share. Regarding the decrease in capital from SAR (400.0 million) as of December 31, 2020G and 2021G to SAR (140.0 million) as of December 31, 2022G, the Company's accumulated losses amounted to SAR (269.4 million) as of December 31, 2022G, which exceeded half of the Company's capital and amounted to 67.4% of it. This condition, in accordance with the requirements of Article 150 of the companies Law' regulations issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G), requires the Company's Board to hold an EGA meeting during the period specified by the regulations to reduce accumulated losses to less than half of the capital, or to dissolve the Company before the period specified in the Bylaws. Accordingly, the Company obtained the letter from the Saudi Central Bank containing its approval to reduce the company's capital on 24/02/1444H (corresponding to 20/09/2022G) and the approval of the Capital Market Authority on 09/03/1444H (corresponding to 05/10/2022G). The Extraordinary General Assembly held on 17/03/1444H (corresponding to 13/10/2022G) agreed to reduce the company's capital from SAR (400.000.000) divided into 40 million shares with a nominal value of SAR 10 per share to SAR (140.000.000) divided into 14 million shares with a nominal value of SAR 10 per share, by extinguishing accumulated losses amounting to SAR (260.000.000) and canceling 26 million shares of the company's shares, in order to reduce accumulated losses to less than half of the capital. The amortization of accumulated losses against capital was reflected in the statement of financial position for the year ending on December 31, 2022G.

Accumulated Losses

The value of accumulated losses amounted to SAR (122.6 million) as of December 31, 2020G, which then increased by 60.8%, or a value of SAR (74.5 million) as of December 30, 2021G, after an increase in the value of losses associated with the shareholders' account. The balance decreased by 94.7%, or a value of SAR (186.5 million), as of December 31, 2022G, after amortizing a significant portion of the aforementioned losses against the capital that was reduced.

Reserve for Remeasurement of Employee Obligations

The reserve for remeasurement of employee obligations is related to end-of-service expenses which are calculated by actuaries at the end of each year. The balance fluctuates within the normal course of business and does not follow a specific trend.

Fair Value Reserve for Investments

This reserve is related to available-for-sale investments that the Company acquired during the period extending between the years 2020G and 2022G. The value of this reserve fluctuates continuously. While a reserve was recorded positive with a value of SAR (8.1 million) and SAR (6.9 million) in the years 2020G and 2021G, it became negative with a value of SAR (4.1 million) as of December 31, 2022G. The said balance fluctuates constantly, as does the fair value of investments, which is reviewed on an ongoing basis.

5.6 Statement of Cash Flows

The following table presents details of the statement of cash flows for the financial years ending on December 31, 2020G, December 31, 2021G, and December 31, 2022G.

Table No. (50): Statement of Cash Flows

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Cash flows used in operating activities						
Total loss before Zakat and surplus	(105,979)	(72,701)	(68,896)	(31.4%)	(5.2%)	(19.4%)
Adjustments for non-cash items:				NA	NA	NA
Depreciation of property and equipment	1,249	765	1,745	(38.7%)	128.1%	18.2%
Depreciation of the right-of-use assets	-	2,314	1,821	NA	(21.3%)	NA
Amortization of intangible assets	654	603	1,835	(7.8%)	204.1%	67.4%
Provision for employee benefits obligations	2,473	2,026	2,125	(18.1%)	4.9%	(7.3%)
Change in the fair value of financial assets at FVTPL	(6,157)	(9,610)	1,582	56.1%	(116.5%)	NA
Profit realized from available-for-sale investments	(2,419)	(14,567)	(11,581)	502.1%	(20.5%)	118.8%
Loss realized on financial assets at FVTPL	(1,109)	1,043	415	(%194.0)	(60.2%)	NA
Refund of surplus dividends due	(9,187)	(16,042)	(691)	74.6%	(95.7%)	(72.6%)
Financial costs of lease obligations	-	129	62	NA	(51.8%)	NA
Allowance for doubtful debts (Recovered)	83	3,209	(1,028)	3,754.8%	(132.0%)	NA
Losses on disposal of property and equipment	-	-	3	NA	NA	NA
Changes in operating assets and liabilities:						
Unearned insurance premiums	(59,305)	75,076	914	(226.6%)	(98.8%)	NA
insurance premiums and balances receivable	27,979	(33,997)	(9,556)	(221.5%)	(71.9%)	NA
Reinsurers share of unearned insurance premiums	(3,849)	(8,543)	(580)	121.9%	(93.2%)	(61.2%)
Reinsurers share of outstanding claims	43,146	(8,451)	21,833	(%119.6)	(358.3%)	(28.9%)
Reinsurers share of claims incurred but not reported	1,900	4,667	5,623	145.6%	20.5%	72.0%
Policy Acquisition Costs	2,835	(3,497)	(2,782)	(223.3%)	(20.4%)	NA
Prepaid expenses and other assets	1,845	(5,323)	(6,015)	(388.5%)	13.0%	NA
Commission income payable from a statutory deposit	(820)	(267)	(185)	(67.4%)	(30.6%)	(52.5%)
Creditors	2,374	(1,936)	(1,754)	(181.6%)	(9.4%)	NA
Accrued expenses and other liabilities	(1,061)	2,400	16,055	(326.2%)	568.8%	NA
Reinsurance credit balances	(2,632)	15,233	2,304	(678.8%)	(84.9%)	NA
Unearned reinsurance commission	998	(419)	468	(142.0%)	(211.7%)	(31.5%)
Outstanding claims	(61,314)	(32,718)	(19,844)	(46.6%)	(39.3%)	(43.1%)
Claims incurred but not reported	12,940	(18,363)	(8,884)	(241.9%)	(51.6%)	NA
Additional insurance premiums reserves	(3,290)	2,185	9,762	(166.4%)	346.7%	NA
Other technical reserves	4,084	(995)	(843)	(124.4%)	(15.2%)	NA
Paid employee benefits obligations	(1,104)	(950)	(1,748)	(13.9%)	83.9%	25.8%
Paid Zakat	(5,373)	(5,975)	(4,599)	%11.2	(23.0%)	(7.5%)

Thousands Saudi Riyals	Fiscal Year Ended December 31			Increase/(Decrease)		CAGR
	2020G (Audited)	2021G (Audited)	2022G (Audited)	December 2021G	December 2022G	(2020G-2022G)
Income commission payable to the Saudi Central Bank	820	267	185	(67.4%)	(30.6%)	(52.5%)
Financing costs paid for lease obligations	-	(129)	(62)	NA	(51.8%)	NA
Surplus dividends payable to policyholders	-	(0)	-	NA	(%100.0)	NA
Net cash used in operating activities	(160,219)	(124,564)	(72,317)	(22.3%)	(41.9%)	(33.8%)
Cash flows from investing activities						
Monetization of short-term deposits	170,131	-	116,250	(100.0%)	NA	(17.3%)
Short-term deposits	(50,000)	-	(157,000)	(100.0%)	NA	77.2%
Purchase of financial assets at FVTPL	(285)	(2,172)	(2,519)	661.7%	16.0%	197.2%
Purchase of available-for-sale investments	(42,991)	(57,679)	(57,822)	34.2%	0.2%	16.0%
Purchase of property and equipment	(1,088)	(1,992)	(1,791)	83.0%	(10.1%)	28.3%
Purchase of intangible assets	(921)	(4,461)	(2,167)	384.4%	(51.4%)	53.4%
Proceeds from disposal of available-for-sale investments	43,408	84,651	57,579	95.0%	(32.0%)	15.2%
Proceeds from disposal of financial assets at FVTPL	5,199	54,011	36,821	938.9%	(31.8%)	166.1%
Proceeds from disposal of held-to-maturity investments	110,000	-	-	(100.0%)	NA	(100.0%)
Proceeds from disposal of property and equipment	-	-	5	NA	NA	NA
Monetization of long-term deposits	15,000	-	19,000	(100.0%)	NA	12.5%
Net cash generated from investing activities	248,452	72,359	8,357	(70.9%)	(88.5%)	(81.7%)
Cash flows from financing activities						
Main components of lease payments	-	(2,912)	(1,291)	NA	(55.7%)	NA
Paid dividends	-	(0)	-	NA	(100.0%)	NA
Net cash used in financing activities	-	(2,913)	(1,291)	NA	(55.7%)	NA
Net decrease in cash and cash equivalents	88,233	(55,119)	(65,252)	(162.5%)	18.4%	NA
Cash and cash equivalents at the beginning of the year	255,104	343,337	288,218	34.6%	(16.1%)	6.3%
Cash and cash equivalents at the end of the year	343,337	288,218	222,967	(16.1%)	(22.6%)	(19.4%)
Net change in fair value reserve for available-for-sale investments	2,989	(1,113)	(11,005)	(137.2%)	888.9%	NA
Right-of-use assets for lease obligations	-	6,718	103	NA	(98.5%)	NA
Settlement of dividends surplus due against debit premiums collected from shareholders	26	-	-	(100.0%)	NA	(100.0%)
Settlement of insurance premiums receivable from shareholders through accrued lease	1,172	-	-	(100.0%)	NA	(100.0%)
Settlement of insurance premiums receivable from shareholders against outstanding claims	1,825	-	-	(100.0%)	NA	(100.0%)
Profit remeasurement of employee benefits liabilities	1,825	1,079	1,550	(40.9%)	43.6%	(7.9%)

Source: Audited Financial Statements for the Financial Years ending on December 31, 2020G, 2021G and 2022G.

In general, the movement of cash flows was affected by operational and investment activities between 2020G and 2022G. The Company recorded a positive cash flow of SAR (88.2 million) in 2020G, yet a negative one in 2021G equal to SAR (55.1 million). The movement between these two years was mainly affected by the movement of cash generated from investment activities, which witnessed a noticeable decline of 70.9%, or a value of SAR (176.1 million), between 2020G and the year 2021G.

The value of the negative cash change increased by 18.4%, or SAR (10.1 million), from two negative cash flows of SAR (55.1 million) in 2021G and SAR (65.3 million) in 2022G. The aforementioned increase was affected by the additional decline witnessed in net cash generated from investment activities from SAR (72.4 million) to SAR (8.4 million) in 2022G.

5.6.1 Net Cash Used in Operating Activities

Regarding operating activities, the Company recorded successive negative cash flows of SAR (160.2 million), SAR (124.6 million), and SAR (72.3 million) in 2020G, 2021G and 2022G. In general, negative cash flows were affected by losses incurred by the Company during the aforementioned years.

The decrease in negative cash flow came by 22.3%, or SAR (35.7 million), from SAR (160.2 million) in 2020G to SAR (124.6 million) in 2021G, mainly affected by the decrease in the value of the annual loss by 31.4%, or a value of SAR (33.3 million), from SAR (106.0 million) to SAR (72.7 million) between the two aforesaid years.

On the other hand, the additional decline in negative cash flow by 5.2%, or SAR (3.8 million) from SAR (72.7 million) in 2021G, to SAR (68.9 million) in 2022G, was affected by an additional decline in the annual loss, and a significant decrease witnessed in the balance of reinsurers' share of outstanding claims.

5.6.2 Net Cash Generated from Investing Activities

The Company recorded a significant positive cash flow from investment activities amounting to SAR (248.5 million) in 2020G, as a result of the liquidation of short-term deposits and the sale of held-to-maturity investments.

Cash flows from investment activities gradually decreased by 70.9%, or SAR (176.1 million), from SAR (248.5 million) in 2020G to SAR (72.4 million) in 2021G. It is worth noting that the positive cash flow in 2021G resulted from the exclusion of investments available for sale and investments held to maturity.

Positive cash flow recorded an additional decrease of 88.5% or SAR (64.0 million) to SAR (8.4 million) in 2022G. This decrease was influenced by the binding/tying of short-term deposits worth SAR (157.0 million), and the purchase of available-for-sale investments worth SAR (57.8 million) during the aforementioned year.

5.6.3 Net Cash Used in Financing Activities

Negative cash flows from financing activities, amounting to SAR (2.9 million) and SAR (1.3 million) in 2021G and 2022G were related to capital lease payments in relation to leased buildings and points of sale.

Management Discussion and Analysis for the Nine-month Period Ended September 30, 2023G

IFRS 17

Overview

IFRS 17 replaces IFRS 4 "Insurance Contracts" and is effective for annual periods beginning on or after January 1, 2023G, with early adoption permitted. The Company expects to initially apply IFRS 17 on that date. IFRS 17 sets out principles for recognition, measurement, presentation and disclosure for insurance contracts, reinsurance contracts and investment contracts with direct participation features.

Structure and Status of the Implementation Project

To ensure that insurance companies implement IFRS 17 to the highest standards, the Saudi Central Bank issued Circular No. 172, dated December 20, 2018G, which directs all insurance companies to implement a four-stage model that includes a gap assessment, financial impact assessment, implementation plan, and multiple experimental operations. The IFRS 17 implementation project has been substantially completed under the supervision of the Steering Committee. The company submitted the required documents to the Saudi Central Bank.

Upon transition to IFRS 17, the Company applied the full retrospective approach to all insurance contracts issued and reinsurance contracts held. Therefore, on the transition date, January 1, 2022, the Company did the following:

- Each group of insurance contracts is identified, recognized and measured as if IFRS 17 had always applied;
- Derecognition of any current balances that would not have existed if IFRS 17 had always been applied; and
- Any resulting difference is recognized in equity.

The impact on total equity, total assets and total liabilities as of January 1, 2023G and January 1, 2022G, arises from adjusting actuarial risks, discounting, and adjusting the loss component and estimates of expected receipts from premiums. The overall decrease in net equity is primarily due to a change in the methodology used for calculating the loss component adjustment under the requirements of IFRS 17 compared to the premium deficiency reserve under IFRS.

5.7 Performance Indicator

The following table presents details of performance indicators for the financial period ending on September 30, 2023G, and comparison figures for the nine-month period ending on September 30, 2022G.

Table No. (51): Performance Indicator

Key Indicator	Nine-month Period Ended September 30	
	2022G Unaudited	2023G Unaudited
Insurance revenue growth rate	N/A	3.8%
Insurance service expenses as a percentage of insurance revenues	5.3%	5.3%
Net expense ratio	(36.4%)	84.7%
Net loss ratio	114.7%	93.8%
Attribution rate (includes net loss premiums)	(16.8%)	9.6%
Commission expense as a percentage of written premiums	5.7%	6.4%

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G.

5.8 Income Statement

The following table presents details of the income statement for the financial period ending on September 30, 2023G, and the comparative figures for the nine-month period ending on September 30, 2022G.

Table No. (52): Income Statement

Thousands Saudi Riyals	Nine-month Period Ended September 30		Increase/(Decrease)
	2022G Unaudited	2023G Unaudited	September 2023G
Insurance revenues	351,546	364,878	3.8%
Insurance service expenses	(344,909)	(319,385)	(7.4%)
Net revenues/(expenses) from reinsurance contracts	(58,270)	(22,822)	(60.8%)
Insurance service result	(51,633)	22,671	(143.9%)
Interest income from financial assets not measured at FVTPL	1,294	16,015	1,137.4%
Net (loss)/revenues on financial assets from investments measured at FVTPL	1,134	6,447	468.7%
Net investment revenues	2,428	22,462	825.2%
(Expenses)/financing revenues from insurance contracts issued	2,940	898	(69.5%)
Finance revenues /(expenses) from reinsurance contracts held	(357)	722	(302.3%)
Net insurance financing revenues	2,583	1,620	(37.3%)
Net result of insurance and investment	(46,621)	46,753	(200.3%)
Other operating expenses	(18,772)	(19,195)	%2.2
Financing interest for lease obligations	(48)	(23)	(52.3%)
Other income	10,175	11,650	14.5%
Total income/(loss) for the period before Zakat	(55,267)	39,186	(170.9%)
Zakat expense	(3,600)	(4,200)	16.7%
Net income/(loss) for the period attributable to Shareholders	(58,867)	34,986	(159.4%)

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G.

Insurance Revenues

Insurance revenues under IFRS 17 include gross written premiums, gross movement in unearned premiums, and expected credit losses on receivables from policyholders, where the health sector and the motor sector are considered the two main business sectors of the Company, together contributing 44.1% and 44.6% of the total insurance premiums written during the nine-month period ending on September 30, 2023G and according to the comparative figures dated September 30, 2022G, respectively.

Total written insurance premiums increased by 3.8% from SAR (351.5 million) in the nine-month period ending on September 30, 2022G to SAR (364.9 million) in the same period ending on September 30, 2023G, as a result of growth in most sectors, especially the medical sector, which recorded an increase in total premiums. Insurance subscriptions increased by 22.4% from SAR (142.3 million) in the nine-month period ending on September 30, 2022G, to SAR (174.2 million) in the same period ending on September 30, 2023G.

Insurance Service Expenses

Insurance service expenses basically comprise claims incurred for the period, and other direct expenses incurred, in addition to the exhaustion of cash flows from the acquisition of insurance contracts. Insurance service expenses decreased by 7.4%, from SAR (344.9 million) in the nine-month period ending on September 30, 2022G to SAR (319.4 million) in the same period ending on September 30, 2023G, as a result of a 6.7% decrease in the value of claims incurred and other direct expenses, from SAR (321.3 million) in the nine-month period ending on September 30, 2022G, to SAR (299.6 million) in the same period ending on September 30, 2023G.

Net Income/(Expenses) from Reinsurance Contracts

Net expenses from reinsurance contracts consist of reinsurance expenses less recoveries from reinsurers, as the Company recognizes reinsurance expenses because it receives coverage or other services under groups of reinsurance contracts undertaken by the Company in accordance with the risk management strategy, with the aim of protecting its entity from potential losses, and securing additional potential growth.

Net reinsurance contract expenses decreased by 60.8% from SAR (58.3 million) in the nine-month period ending on September 30, 2022G to SAR (22.8 million) in the same period ending on September 30, 2023G, as a result of an increase in recovered claims from SAR (2.6 million) in the nine-month period ending on September 30, 2022G, to SAR (30.9 million) in the same period ending on September 30, 2023G.

Interest Income from Financial Assets not Measured at FVTPL

Interest income increased from SAR (1.3 million) in the nine-month period ending on September 30, 2022G to SAR (16.0 million) in the same period ending on September 30, 2023G. This is mainly due to the increase in the return on investments from 0.4% during the nine-month period ending on 2022G, to 6.1% during the nine-month period ending on 2023G.

Net (Loss)/Income on Financial Assets from Investments Measured at FVTPL

Income from financial assets increased from SAR (1.1 million) in the nine-month period ending on September 30, 2022G to SAR (6.4 million) in the same period ending on September 2023G, as a result of an increase in fair value.

(Expenses)/Financing Income from Insurance Contracts Issued

Insurance financing income or expense includes changes in the carrying value of groups of insurance and reinsurance contracts resulting from the effects of the time value of money, financial risks, and changes therein. Insurance financing income or expenses during the period are classified in the statement of profit or loss.

Financing Income /(Expenses) from Reinsurance Contracts Held

Net income/(expenses) from reinsurance contracts held under IFRS 17 comprise reinsurance premiums held/ceded, changes in the reinsurer's share of unearned premiums, reinsurance commission earned, reinsurance share of claims paid, reinsurance share of Outstanding claims, reinsurance share of changes in claims incurred but not reported, change in reinsurance maturity reserve, expected credit losses on reinsurance receivables, the impact of loss adjustment, and risk adjustment related to non-financial risks.

Other Operating Expenses

Other operating expenses consist largely of employees' fees and professional expenses, which together represented 41.0% and 22.8% of the total other operating expenses during the nine-month period ending on September 30, 2022G, and the same period ending on September 30, 2023G. Other operating expenses did not witness any material change between the two mentioned periods.

Other Revenues

Other revenues increased by 14.5% during the nine-month period ending on September 30, 2023G or by SAR (1.5 million) to reach SAR (11.7 million), compared to SAR (10.2 million) during the nine-month period ending on September 30, 2022G.

Zakat Expense

For more information, please refer to the section 5.5.28.

Net Income/(Loss) for the Period

The net loss for the period shifted by 159.4%, from a loss of SAR (58.9 million) in the nine-month period ending on September 30, 2022G to a profit of SAR (35.0 million) in the nine-month period ending on September 30, 2023G. This is mainly due to the increase in the net insurance service result, which went from a loss of SAR (51.6 million) in the nine-month period ending on September 30, 2022G to a profit of SAR (22.7 million) in the nine-month period ending on September 30, 2023G.

The aforementioned improvement was also affected by the increase in interest income from financial assets not measured at FVTPL, which increased from SAR (1.3 million) in the nine-month period ending on September 30, 2022G, to reach SAR (16.0 million) in the nine-month period ending on September 30, 2023G.

5.8.1 Revenues

Insurance Revenues

The following table shows insurance revenues for the financial period ending on September 30, 2023G, and comparative figures for the nine-month period ending on September 30, 2022G.

Table No. (53): Insurance Revenues

Thousands Saudi Riyals	Nine-month Period Ended September 30		Increase/(Decrease)
	2022G Unaudited	2023G Unaudited	September 2023G
Medical Insurance	142,334	174,151	22.4%
Comprehensive Vehicle Insurance	42,031	69,376	65.1%
Third-party Insurance (Liability/Vehicle)	135,957	71,415	(47.5%)
Engineering Insurance	7,721	10,100	30.8%
Property Insurance	11,756	16,945	44.1%
General Accident Insurance	11,146	19,653	76.3%
Marine Cargo Insurance	(227)	1,146	(%604.2)
Marine Hull and Machinery Insurance	829	2,092	152.3%
Total	351,546	364,878	3.8%
As a percentage of the Total			
Medical Insurance	40.5%	47.7%	44.1%
Comprehensive Vehicle Insurance	%12.0	%19.0	15.5%
Third-party Insurance	38.7%	19.6%	29.1%
Engineering Insurance	%2.2	2.8%	2.5%
Property Insurance	3.3%	%4.6	%4.0
General Accident Insurance	%3.2	5.4%	%4.3
Marine Cargo Insurance	(%0.1)	%0.3	%0.1
Marine Hull and Machinery Insurance	%0.2	%0.6	%0.4
Total	100.0%	100.0%	100.0%

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G.

Insurance revenue consists mainly of three components, which are: the total insurance premiums written, the change in the value of unearned insurance premiums, and the allowance for the reduction of doubtful debts.

Total written insurance premiums during the nine-month period ending on September 30, 2023G were concentrated in the Eastern Region at a rate of 62.0%, followed by the Western Region at a rate of 19.6%, and then the Central Region at a rate of 18.3%.

The medical and automotive (vehicle/motor) sector are the Company's two main business sectors, which jointly contributed 44.1% and 44.6% of the total insurance premiums written during the nine-month period ending on September 30, 2023G, and the comparative period dated September 30, 2022G, respectively.

Medical Sector

Written premiums for the medical sector increased by 22.4% from SAR (142.3 million) in the nine-month period ending on September 30, 2022G, to SAR (174.2 million) in the nine-month period ending on September 30, 2023G. This was mainly driven by the change in the value of unearned premiums.

Comprehensive Vehicle Sector

Written premiums for the comprehensive vehicle sector increased by 65.1% from SAR (42.0 million) in the nine-month period ending on September 30, 2022G, to SAR (69.4 million) in the nine-month period ending on September 30, 2023G due to the change in the value of unearned premiums.

Third-party Liability Vehicle Sector

Insurance premiums written for the third-party liability vehicle sector decreased by 47.5% from SAR (136.0 million) in the nine-month period ending on September 30, 2022G to SAR (71.4 million) in the nine-month period ending on September 30, 2023G. This was affected by a decline in the number of policies subscribed to after the losses associated with this sector during the nine-month period ending on 2022G.

Engineering Sector

Insurance written premiums for the engineering sector increased by 30.8% from SAR (7.7 million) in the nine-month period ending September 30, 2022G, to SAR (10.1 million) in the nine-month period ending on September 30, 2023G due to a positive change in the value of unearned insurance premiums of SAR (1.8 million) between the two mentioned periods.

Property Sector

Insurance premiums written in the property sector increased by 44.1%, from SAR (11.8 million) in the nine-month period ending on September 30, 2022G, to SAR (10.1 million) in the nine-month period ending on September 30, 2023G. This was driven by a positive change in the value of unearned insurance premiums of SAR (2.4 million) between the two mentioned periods.

General Accident Sector

Insurance premiums written for the general accident sector increased by 76.3%, from SAR (11.1 million) in the nine-month period ending on September 30, 2022G, to SAR (19.7 million) in the nine-month period ending on September 30, 2023G mainly due to an increase in the value of written premiums in the medical errors sector by SAR (10.0 million) between the two mentioned periods.

Marine Hull and Machinery Sector

Insurance premiums written for the marine hull and machinery sector increased by 152.3%, from SAR (0.8 million) in the nine-month period ending on September 30, 2022G, to SAR (2.1 million) in the nine-month period ending on September 30, 2023G due to the subscription to a new insurance policy.

5.8.2 Insurance Service Expenses

The following table displays insurance service expenses for the financial period ending on September 30, 2023G, and comparative figures for the nine-month period ending on September 30, 2022G.

Table No. (54): Insurance Services Expenses

Thousands Saudi Riyals	Nine-month Period Ended September 30		Increase/(Decrease)
	2022G Unaudited	2023G Unaudited	September 2023G
Claims incurred and other direct expenses	(321,259)	(299,586)	(6.7%)
Changes relating to previous service – settlement of liabilities relating to claims incurred	353	16,822	%4,671.0
Losses in futile contracts	24,814	16,900	(31.9%)
Exhaustion of cash flows to acquire insurance	(48,817)	(53,521)	9.6%
Total	(344,909)	(319,385)	(7.4%)
As a Percentage of the Total			
Claims incurred and other direct expenses	93.1%	93.8%	
Changes relating to previous service – settlement of liabilities relating to claims incurred	(%0.1)	(5.3%)	
Losses in futile contracts	(7.2%)	(5.3%)	
Exhaustion of cash flows to acquire insurance	%14.2	16.8%	
Total	100.0%	100.0%	

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G.

Insurance services expenses under IFRS mainly include claims incurred for the period and other direct expenses incurred in addition to the exhaustion of cash flows from the acquisition of insurance contracts.

5.8.3 Claims Incurred and Other Direct Expenses

The following table shows the claims incurred and other direct expenses for the financial period ending on September 30, 2023G, and comparative figures for the nine-month period ending on September 30, 2022G.

Table No. (55): Claims Incurred and Other Direct Expenses

Thousands Saudi Riyals	Nine-month Period Ended September 30		Increase/(Decrease)
	2022G Unaudited	2023G Unaudited	September 2023G
Medical Insurance	(92,909)	(136,315)	46.7%
Comprehensive Vehicle Insurance	(58,227)	(60,038)	3.1%
Third-party Insurance (Liability/Vehicle)	(158,220)	(68,550)	(56.7%)
Engineering Insurance	(2,452)	(2,756)	12.4%
Property Insurance	(2,692)	(27,545)	923.2%
General Accident Insurance	(5,742)	(4,004)	(30.3%)
Marine Cargo Insurance	(429)	(184)	(57.2%)
Marine Hull and Machinery Insurance	(588)	(193)	(67.1%)
Total	(321,259)	(299,586)	(6.7%)
As a percentage of the Total			
Medical Insurance	28.9%	45.5%	
Comprehensive Vehicle Insurance	%18.1	20.0%	
Third-party Insurance	49.2%	22.9%	
Engineering Insurance	0.8%	0.9%	
Property Insurance	0.8%	9.2%	
General Accident Insurance	%1.8	1.3%	
Marine Cargo Insurance	%0.1	0.1%	
Marine Hull and Machinery Insurance	%0.2	0.1%	
Total	100.0%	100.0%	

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G.

Claims incurred and other direct expenses consist of claims incurred during the period, in addition to the change in the value of claims incurred but not reported.

Medical Sector

Although the total underwritten insurance revenues in the medical sector increased by 22.4% from SAR (142.3 million) in the nine-month period ending on September 30, 2022G to SAR (174.2 million) in the nine months ending on September 30, 2023G, this increase was offset by a similar increase in total claims incurred. Other direct expenses related to the medical sector increased by 46.7% from SAR (92.9 million) in the nine-month period ending on September 30, 2022G, to SAR (136.3 million) in the nine-month period ending on September 30, 2023G. This was mainly driven by the fluctuation in turnover between the two mentioned periods.

Comprehensive Vehicle Sector

Written premiums for the comprehensive vehicle sector increased by 65.1% from SAR (42.0 million) in the nine-month period ending on September 30, 2022G, to SAR (69.4 million) in the nine-month period ending on September 30, 2023G. Moreover, the total claims and other direct expenses increased by 3.1% from SAR (58.2 million) in the nine-month period ending on September 30, 2022G, to reach SAR (60.0 million) in the nine-month period ending on September 30, 2023G due to the fluctuation in turnover between the two mentioned periods.

Third-party Liability Vehicle Sector

Total claims and other direct expenses decreased by 56.7%, from SAR (158.2 million) in the nine-month period ending on September 30, 2022G, to SAR (68.6 million) in the nine-month period ending on September 30, 2023G, as a result of a decrease in written premiums for the third-party liability vehicles sector by 47.5%, from SAR (136.0 million) in the nine-month period ending on September 30, 2022G, to SAR (71.4 million) in the nine-month period ending on September 30, 2023G.

Property Sector

Total claims and other direct expenses increased from SAR (2.7 million) in the nine-month period ending on September 30, 2022G, to SAR (27.5 million) in the nine-month period ending on September 30, 2023G, as a result of a new claim amounting to SAR (24.4 million) received during the nine-month period ending on September 30, 2023G.

5.8.4 Changes Relating to Previous Service – Settlement of Obligations Relating to Claims Incurred

Changes related to past service and settlement of obligations related to incurred claims represent the change in the value of the provisions and reserves established by the Company in the statement of financial position that relate to the claims incurred. Total changes relating to prior service witnessed an increase from SAR (0.4 million) in the nine-month period ending on September 30, 2022G to SAR (16.8 million) in the nine-month period ending on September 30, 2023G due to fluctuations in the business volume and estimated value of claims incurred that were calculated by the actuary.

5.8.5 Losses in Futile Contracts

Losses due to futile contracts relate to losses arising at any time during the coverage period when facts and circumstances indicate that a group of contracts is useless. Hence, the Company records a loss in insurance services expenses and increases the remaining coverage liability to the extent that the current estimates of fulfilled cash meet the specified flows, within the framework of the general measurement model. These losses were concentrated in the medical sector, the comprehensive vehicle sector, and third-party liability. Losses on futile/void contracts decreased by 31.9% from SAR (24.8 million) in the nine-month period ending on September 30, 2022G, to SAR (16.9 million) in the nine-month period ending on September 30, 2023G, as this was mainly caused by turnover volatility.

5.8.6 Exhaustion of Cash Flows to Acquire Insurance

Insurance acquisition cash flow exhaustion primarily represents policy acquisition costs, which were concentrated in the medical, comprehensive vehicle, and third-party liability sectors. Insurance acquisition cash flow exhaustion increased by 9.6% from SAR (48.8 million) in the nine-month period ending on September 30, 2022G, to SAR (53.5 million) in the nine-month period ending on September 30, 2023G. This increase was mainly driven by the significant rise in insurance revenues after due to the increase in the number of insurance policies between the two mentioned periods.

5.8.7 Net Revenues/(Expenses) of Reinsurance Contracts

The following table shows the net revenues/(expenses) of reinsurance contracts for the financial period ending on September 30, 2023G, and the comparative figures for the nine-month period ending on September 30, 2022G.

Table No. (56): Net Revenues/(Expenses) of Reinsurance Contracts

Thousands Saudi Riyals	Nine-month Period Ended September 30		Increase/(Decrease)
	2022G Unaudited	2023G Unaudited	September 2023G
Premium from reinsurance	(41,484)	(49,518)	14.9%
Recovered claims	2,559	30,857	%1,105.9
Impact of changes on the risk of non-performance	(82)	(814)	%886.8
Changes relating to previous service – settlement of claims incurred	(19,262)	(3,347)	(82.6%)
Total	(58,270)	(22,822)	(60.8%)
As a percentage of the Total			
Premium from reinsurance	71.2%	217.0%	
Recovered claims	(4.4%)	(%135.2)	
Impact of changes on the risk of non-performance	%0.1	3.6%	
Changes relating to previous service – settlement of claims incurred	33.1%	14.7%	
Total	100.0%	100.0%	

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G.

Net reinsurance expenses consist of reinsurance fees less recoveries from reinsurers.

5.8.8 Assigned/Ceded Premium from Reinsurance

The reinsurance premium represents what has been assigned to reinsurers of the total insurance premiums during the period. The reinsurance ceded premium did not witness any material change between the nine-month period ending on September 30, 2022G and the nine-month period ending on 2023G.

5.8.9 Recovered Claims

Total claims recovered increased from SAR (2.6 million) in the nine-month period ending on September 30, 2022G to SAR (30.9 million) in the nine-month period ending on September 30, 2023G due to a recovered claim in the property sector amounting to SAR (24.0 million).

5.8.10 Changes Related to Previous Service – Settlement of Claims Incurred

Changes related to previous service primarily pertain to claims formerly incurred. These changes decreased by 82.6% from SAR (19.3 million) in the nine-month period ending on September 30, 2022G, to reach SAR (3.3 million) in the nine-month period ending on September 30, 2023G due to fluctuation in business volume.

5.8.11 Other Operating Expenses

The following table shows other operating expenses for the period ending on September 30, 2023G, and comparative figures for the nine-month period ending on September 30, 2022G.

Table No. (57): Other Operating Expenses

Thousands Saudi Riyals	Nine-month Period Ended September 30		Increase/(Decrease)
	2022G Unaudited	2023G Unaudited	September 2023G
Employees Expenses/Cost	8,644	6,915	(20.0%)
Professional Expenses	4,181	4,493	7.5%
Repair and maintenance	1,878	1,865	(0.7%)
Board members remuneration and attendance allowances	-	1,771	NA
Business trips and transportation	838	464	(44.6%)
Services	1,393	887	(36.3%)
Storage	466	424	(9.1%)
Stationery	154	100	(35.0%)
Other Expenses	1,218	2,274	86.8%
Total	18,772	19,195	2.2%
As a percentage of the Total			
Employees Expenses/Cost	46.0%	36.0%	41.0%
Professional Expenses	22.3%	23.4%	22.8%
Repair and maintenance	10.0%	9.7%	9.9%
Board members remuneration and attendance allowances	-	9.2%	4.6%
Other Expenses	21.7%	21.6%	21.6%
General and administrative expenses	100.0%	100.0%	100.0%

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G.

Employees Expenses/Costs

The cost of employees represents the main expense within other indirect operating expenses, as it constituted 46.0% and 36.0% of the total other operating expenses for the nine-month period ending September 30, 2023G, and the same period ending on September 30, 2022G, respectively.

These costs decreased by 20.0% from SAR (8.6 million) in the nine-month period ending on September 30, 2022G, to SAR (6.9 million) in the nine-month period ending on September 30, 2023G basically due to the decrease in the average number of employees that reached 238 employees during the nine months ending in 2023G compared to 268 employees during 2022G.

5.8.11.1 Professional Expenses/Fees

Professional fees comprise expenses for the Company's external auditors.

Expenses for professional fees represented 22.3% and 23.4% of the total other operating expenses for the nine-month period ending on September 30, 2023G, and the same period ending September 30, 2022G, respectively. Professional fees did not witness any material change during the aforementioned period.

5.8.11.2 Other Expenses

Other expenses mainly consist of various expenditures, such as government expenses, and subscription expenses related to particular institutions, such as SIMA, and the head office's cleaning expenses.

Other expenses increased by 86.8% from SAR (1.2 million) in the nine-month period ending on September 30, 2022G to SAR (2.3 million) in the same period ending on September 30, 2023G. The recorded rise was within the normal course of business.

5.9 Statement of Financial Position

The following table shows the statement of financial position for the financial period ending on September 30, 2023G, and comparative figures for the financial year ending on December 31, 2022G.

Table No. (58): Statement of Financial Position

Thousands Saudi Riyals	Financial Year Ended December 31	Nine-month Period Ended September 30	Increase/(Decrease)
	2022G Audited	2023G Unaudited	September 2023G
Assets			
Cash and cash equivalents	222,967	173,702	(22.1%)
Term deposits	127,000	185,327	45.9%
Total	349,967	359,030	2.6%
Investments:			
Financial assets at FVTPL	50,354	53,537	6.3%
Financial assets measured at fair value through other comprehensive income	39,703	39,703	-
Prepaid expenses and other assets	26,833	22,572	(15.9%)
Insurance contract assets	579	-	(100.0%)
Reinsurance contract assets	33,931	44,035	29.8%
Property and equipment	5,248	4,323	(17.6%)
Right-of-use assets	2,687	1,308	(51.3%)
Intangible assets	6,053	5,273	(12.9%)
Goodwill	25,514	25,514	-
Statutory deposit	21,000	21,000	-
Income due on a statutory deposit	6,026	1,464	(75.7%)
Total	217,929	218,728	0.4%
Total assets	567,895	577,758	1.7%
Liabilities			
Accrued expenses and other liabilities	27,734	26,593	(4.1%)
Insurance contracts liabilities	323,256	310,688	(3.9%)
Reinsurance contracts liabilities	2,625	67	(97.4%)
Lease obligations	2,617	1,477	(43.5%)
Due to related parties	1,124	1,124	-
Employee benefits obligations	8,032	7,631	(5.0%)
Zakat payable	42,654	39,899	(6.5%)
Income commission payable to the Saudi Central Bank	6,026	1,464	(75.7%)
Dividends payable	370	370	-
Total liabilities	414,437	389,314	(6.1%)
Equity			
Paid-up capital	140,000	140,000	-
Accumulated losses	(29,247)	5,739	(119.6%)
reserve for remeasurement of employee benefits obligations	4,925	4,925	-
Fair value reserve for investments	37,780	37,780	-
Net equity	153,458	188,444	22.8%
Total liabilities and equity	567,895	577,758	1.7%

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G

5.9.1 Assets

Assets are limited to cash and cash equivalents and time deposits. At the level of total balance, assets increased by 2.6%, or SAR (9.1 million), from SAR (350.0 million) as of December 31, 2022G to SAR (359.0 million) as of September 30, 2023G. The aforementioned increase was mainly driven by a rise in the balance of term deposits by 45.9%, or SAR (58.3 million), from SAR (127.0 million) as of December 31, 2022G, to SAR (185.3 million) as of September 30, 2023G, as a result of the reclassification of some cash and cash equivalents balances included in the deposit category, with the aim of achieving a relatively high rate of return on deposits.

5.9.1.2.1 Cash and Cash Equivalents

The following table shows cash and cash equivalents for the financial period ending on September 30, 2023G, and comparative figures for the financial year ending on December 31, 2022G.

Table No. (59): Cash and Cash Equivalents

Thousands Saudi Riyals	Financial Year Ended December 31	Nine-month Period Ended September 30	Increase/(Decrease)
	2022G Audited	2023G Unaudited	September 2023G
Cash in hand	49	43	(13.7%)
Cash at banks	60,123	23,862	(60.3%)
Term deposits	78,000	71,200	(8.7%)
Money market fund	84,794	78,598	(7.3%)
Total	222,967	173,702	(22.1%)

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G

The balance of cash and cash equivalents decreased by 22.1%, or SAR (49.3 million), from SAR (223.0 million) as of December 31, 2022G, to SAR (173.7 million) as of September 30, 2023G. The decline was generally impacted by the negative cash flows recorded by the Company during the nine-month period ending on September 30, 2023G, which were primarily related to term deposits.

5.9.1.1 Term Deposits

The balance of term deposits increased by 45.9%, or SAR (58.3 million), from SAR (127.0 million) as of December 31, 2022G, to 1 SAR (85.3 million) as of September 30, 2023G, as a result of the reclassification of cash and cash equivalents in the deposit category with the aim of achieving a relatively high rate of return on deposits.

5.9.1.2 Investments

The following table sets forth investments for the financial period ending on September 30, 2023G, and comparative figures for the financial year ending on December 31, 2022G.

Table No. (60): Investments

Thousands Saudi Riyals	Financial Year Ended December 31	Nine-month Period Ended September 30	Increase/(Decrease)
	2022G Audited	2023G Unaudited	September 2023G
Financial assets at FVTPL			
Investment funds	20,893	17,922	(14.2%)
Ordinary shares	29,462	35,614	20.9%
Total	50,354	53,537	6.3%
Financial assets at fair value through comprehensive income (FVOCI)			
Available-for-sale Investments	39,703	39,703	-
Total	39,703	39,703	-

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G

5.9.1.3 Financial Assets at FVTPL

The balance of financial assets at FVTPL increased by 6.3%, or SAR (3.2 million), from SAR (50.4 million) as of December 31, 2022G to SAR (53.5 million) as of September 30, 2023G, due to profits resulting from the revaluation of those investments on September 30, 2023G.

5.9.1.4 Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVOCI)

The balance of financial assets measured at FVOCI remained stable at SAR (39.7 million) between December 31, 2022G and September 30, 2023G.

5.9.1.5 Prepaid Expenses and Other Assets

The following table shows prepaid expenses and other assets for the financial period ending on September 30, 2023G, and comparative figures for the financial year ending on December 31, 2022G.

Table No. (61): Prepaid Expenses and Other Assets

Thousands Saudi Riyals	Financial Year Ended December 31	Nine-month Period Ended September 30	Increase/(Decrease)
	2022G Audited	2023G Unaudited	September 2023G
Advance Lease	15	60	295.4%
Employees accounts receivable	1,327	814	(38.7%)
Other prepaid expenses	3,675	6,463	75.8%
Income due	1,470	233	(84.2%)
Amounts receivable from The Arab War Risks Insurance Syndicate (AWRIS)	2,572	2,606	1.3%
VAT refunded	2,289	653	(71.5%)
Receivables from Umrah Fund	13,889	10,528	(24.2%)
Bank letter of guarantee	2	1	(36.4%)
Other	1,593	1,213	(23.9%)
Total	26,833	22,572	(15.9%)

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G

The balance of prepaid expenses and other assets decreased by 15.9%, or SAR (4.3 million), from SAR (26.8 million) as of December 31, 2022G, to SAR (22.7 million) as of September 30, 2023G. The decrease was mainly due to a decline in the balance due from the Umrah Fund, which dropped by 24.4% or a value of SAR (3.4 million), from SAR (13.9 million) as of December 31, 2022G, to reach SAR (10.6 million) on September 30, 2023G.

5.9.1.6 Insurance Contract Assets

The balance of insurance contract assets decreased from SAR (0.6 million) as of December 31, 2022G, to zero as of September 30, 2023G as a result of ongoing collections.

5.9.1.7 Reinsurance Contract Assets

The balance of reinsurance contract assets increased by 29.8% from SAR (33.9 million) as of December 31, 2022G, to SAR (44.0 million) as of September 30, 2023G due to overall higher business volumes.

5.9.1.8 Property and Equipment

The following table shows details of property and equipment for the financial period ending on September 30, 2023G, and comparative figures for the financial year ending on December 31, 2022G.

Table No. (62): Property and Equipment

Thousands Saudi Riyals	Financial Year Ended December 31	Nine-month Period Ended September 30	Increase/(Decrease)
	2022G Audited	2023G Unaudited	September 2023G
Vehicles	-	-	NA
Computers	1,111	729	(%34.3)
Furniture, Fixtures, and Equipment (FF&E)	2,261	1,938	(%14.3)
Leasehold improvements	1,877	1,655	(%11.8)
Total	5,248	4,323	(17.6%)

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G

The balance of property and equipment did not witness any material change between December 31, 2022G and September 30, 2023G. Rather, a partial decrease of 17.6%, or SAR (0.9 million), was recorded from SAR (5.2 million) as of December 31, 2022G to SAR (4.3 million) as of September 30, 2023G.

5.9.1.9 Right-of-use Assets

The following table shows right-of-use assets for the financial period ending on September 30, 2023G and comparative figures for the financial year ending on December 31, 2022G.

Table No. (63): Right-of-use Assets

Thousands Saudi Riyals	Financial Year Ended December 31	Nine-month Period Ended September 30	Increase/(Decrease)
	2022G Audited	2023G Unaudited	September 2023G
Point of sale buildings	907	155	(82.9%)
Main buildings offices	1,780	1,153	(35.3%)
Total as of December 31	2,687	1,308	(51.3%)

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G

The balance of the right-of-use assets decreased by 51.3%, or SAR (1.4 million), from SAR (2.7 million) as of December 31, 2022G to SAR (1.3 million) as of September 30, 2023G as a result of continuous amortization.

5.9.1.10 Intangible Assets

The following table shows intangible assets for the financial period ending on September 30, 2023G, and comparative figures for the financial year ending on December 31, 2022G.

Table No. (64): Intangible Assets

Thousands Saudi Riyals	Financial Year Ended December 31	Nine-month Period Ended September 30	Increase/(Decrease)
	2022G Audited	2023G Unaudited	September 2023G
Computer Programs	6,053	5,273	(12.9%)
Net Total	6,053	5,273	(12.9%)

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G

The balance of intangible assets decreased by 12.9% from SAR (6.1 million) as of December 31, 2022G to SAR (5.3 million) as of September 30, 2023G as a result of continued amortization within the normal course of business.

5.9.1.11 Goodwill

The value of goodwill remained constant at SAR (25.5 million) between December 31, 2022G and September 30, 2023G.

5.9.1.12 Statutory Deposit/Revenues Due from a Statutory Deposit

The value of the statutory deposit remained constant at SAR (21.0 million) between December 31, 2022G and September 30, 2023G. Regarding revenues due from the statutory deposit, they decreased by 75.7%, or SAR (4.5 million), from SAR (6.0 million) as of December 31, 2022G to SAR (1.5 million) as of September 30, 2023G, as a result of the settlement of balance related to previous periods.

5.9.2 Liabilities

In general, the balance of liabilities decreased by 6.1%, or SAR (25.1 million), from SAR (414.4 million) as of December 31, 2022G to SAR (389.3 million) as of September 30, 2023G. The decrease was mainly affected by a decrease in the balance of liabilities of insurance contracts, and a decline in the balance of commission income payable.

5.9.2.1 Accrued Expenses and Liabilities

The following table shows accrued expenses and liabilities for the financial period ending on September 30, 2023G, and comparative figures for the financial year ending on December 31, 2022G.

Table No. (65): Accrued Expenses and Liabilities

Thousands Saudi Riyals	Financial Year Ended December 31	Nine-month Period Ended September 30	Increase/(Decrease)
	2022G Audited	2023G Unaudited	September 2023G
VAT payable	5,762	6,659	15.6%
Inspection service and other fees payable	10,038	8,780	(12.5%)
Administrative fees payable to third-party	-	132	NA
Other	8,411	11,022	31.1%
Employee benefit payables	200	-	(%100.0)
Directors' remuneration and attendance allowances	3,324	-	(%100.0)
Total	27,734	26,593	(4.1%)

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G

Regarding accrued expenses and other liabilities, the balance did not show any noticeable change, but rather a slight decrease of 4.1%, from SAR (27.7 million) as of December 31, 2022G to SAR (26.6 million) as of September 30, 2023G as a result of a decrease in inspection services and other fees payable.

5.9.2.2 Insurance Contract Liabilities

The balance of insurance contract liabilities decreased by 3.9%, or SAR (12.6 million), from SAR (323.3 million) as of December 31, 2022G, to SAR (310.7 million) as of September 30, 2023G. The aforementioned decrease was impacted by a decrease in the number of claims.

5.9.2.3 Reinsurance Contract Liabilities

The balance of reinsurance contract liabilities decreased by 97.4%, or SAR (2.5 million), from SAR (2.6 million) as of December 31, 2022G, to SAR (0.1 million) as of September 30, 2023G, after a decrease in the number and scope of claims.

5.9.2.4 Lease Contract Obligations

The lease contract obligation (liability) balance decreased by 43.5%, or SAR (1.1 million), from SAR (2.6 million) as of December 31, 2022G, to SAR (1.5 million) as of September 30, 2023G, as a result of ongoing payments.

5.9.2.5 Transactions with Related Parties

The following table displays details of the most important transactions with related parties for the financial period ending on September 30, 2023G, and comparative figures for the financial period ending on September 30, 2022G.

Table No. (66): Transactions with Related Parties

Thousands Saudi Riyals	Financial Year Ended December 31	Nine-month Period Ended September 30	Increase/(Decrease)
	2022G Audited	2023G Unaudited	September 2023G
a) Details of the main transactions with related parties during the period:			
Gross written premiums	1,126	5	(99.5%)
Lease expenses	(335)	-	(100.0%)
Reinsurance commissions income	16	-	(100.0%)
Reinsurers' share of claims paid	243	20	(91.9%)
Assigned/Ceded reinsurance premiums	(4)	-	(100.0%)
Claims incurred	111	-	(100.0%)
Total	1,157	25	(97.8%)

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G

The value of transactions with related parties decreased from SAR (1.2 million) in the nine-month period ending on September 30, 2022G to SAR (25,000) in the nine-month period ending on September 30, 2023G, as a result of a decrease or business interruption with related parties since the beginning of 2022G.

5.9.2.6 Employee Benefits Obligations

The following table shows employee benefits obligations for the financial period ending on September 30, 2023G, and comparative figures for the financial period ending on September 30, 2022G.

Table No. (67): Employee Benefits Obligations

Thousands Saudi Riyals	Financial Year Ended December 31	Nine-month Period Ended September 30	Increase/(Decrease)
	2022G Audited	2023G Unaudited	September 2023G
January 1	9,204	8,032	(12.7%)
Loaded during the year	2,125	1,415	(33.4%)
Paid during the year	(1,748)	(1,816)	3.9%
Evaluation of commitments	(1,550)	-	(100.0%)
December 31	8,032	7,631	(5.0%)

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G

The balance of employee benefits obligations decreased by 5.0%, or SAR (0.4 million), from SAR (8.0 million) as of December 31, 2022G, to SAR (7.6 million) as of September 30, 2023G, as a result of a number of resignations handed in during this period.

5.9.2.7 Accrued Zakat (Due)

The following table shows accrued Zakat for the financial period ending on September 30, 2023G and comparative figures for the financial year ending on December 31, 2022G.

Table No. (68): Zakat Due

Thousands Saudi Riyals	Financial Year Ended December 31	Nine-month Period Ended September 30	Increase/(Decrease)
	2022G Audited	2023G Unaudited	September 2023G
As of January, 1	42,652	42,654	0.0%
Allocations:			
For the current period/year	3,678	4,200	%14.2
Amendments relating to previous years	922	-	(100.0%)
Total	4,600	4,200	(8.7%)
Paid during the year and period	(4,599)	(6,955)	51.2%
As of December 31,	42,654	39,899	(6.5%)

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G

Accrued Zakat expenses decreased by 6.5%, or SAR (0.4 million), from SAR (8.0 million) as of December 31, 2022G, to SAR (7.6 million) as of September 30, 2023G, within the normal course of business.

5.9.2.8 Income Commission Payable to the Saudi Central Bank

The following table shows the income commission payable to the Saudi Central Bank for the financial period ending on September 30, 2023G, and the comparative figures for the financial year ending on December 31, 2022G.

Table No. (69): Income Commission Payable to the Saudi Central Bank

Thousands Saudi Riyals	Financial Year Ended December 31	Nine-month Period Ended September 30	Increase/(Decrease)
	2022G Audited	2023G Unaudited	September 2023G
Commission income payable to the Saudi Central Bank	6,026	1,464	(75.7%)
	6,026	1,464	(75.7%)

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G

The value of commission income payable to the Saudi Central Bank decreased by 75.7%, or SAR (4.5 million), from SAR (6.0 million) as of December 31, 2022G to SAR (1.5 million) as of September 30, 2023G, after the Company settled the previous periods' balances.

5.9.2.9 Dividends Payable

The amount of dividends payable remained constant between December 31, 2022G and September 30, 2023G.

5.10 Statement of Cash Flows

The following table shows the statement of cash flows for the financial period ending on September 30, 2023G, and the comparative figures for the financial year ending on December 31, 2022G.

Table No. (70): Statement of Cash Flows

Thousands Saudi Riyals	Financial Year Ended December 31	Nine-month Period Ended September 30	Increase/(Decrease)
	2022G Audited	2023G Unaudited	September 2023G
Cash flows from operating activities			
Total loss for the year before allocating surplus and zakat	(55,267)	39,186	(170.9%)
Adjustments to non-cash items:			NA
Depreciation of property and equipment	579	934	61.3%
Depreciation of the right-of-use assets	1,358	1,130	(%16.8)
Amortization of Intangible assets	380	965	153.7%
Financing interest for lease contracts obligations	48	23	(52.3%)
Gain on disposal of property and equipment	-	(14)	NA
Net profit on financial assets measured at FVTPL	(1,134)	(6,447)	468.7%
Provision for employee benefits obligations	1,519	1,415	(6.8%)
Changes in operating assets and liabilities:			
Prepaid expenses and other assets	(10,318)	4,262	(141.3%)
Accrued expenses and other liabilities	15,870	(1,127)	(107.1%)
Income due on a statutory deposit	(278)	4,563	(1,740.4%)
income commission payable to the Saudi Central Bank	278	(4,563)	(1,740.4%)
Change in insurance contract assets	-	579	NA
Change in reinsurance contract assets	21,972	(10,104)	(146.0%)
Change in insurance contract liabilities	(43,428)	(12,568)	(71.1%)
Change in reinsurance contract liabilities	129	(2,558)	(2,079%)
Cash generated from/ (used in) operating activities	(68,291)	15,675	(%123.0)
Paid employee benefits obligations	(1,610)	(1,816)	12.8%
Financing interest paid for lease contracts obligations	(48)	(23)	(52.3%)
Zakat paid	(4,599)	(6,955)	51.2%
Net cash generated from operating activities	(74,547)	6,881	(109.2%)
Cash flows from investing activities			
Term Deposits	(42,233)	(200,327)	374.3%
Monetization of Term Deposits	66,250	142,000	114.3%
Purchase of financial assets at FVTPL	(54,536)	(12,188)	(77.7%)
Proceeds from disposal of financial assets at FVTPL	90,607	15,452	(82.9%)
Payments for the purchase of property and equipment	(1,131)	(14)	(98.8%)
Purchase of intangible assets	(1,139)	(185)	(83.7%)
Proceeds from disposal of property and equipment	-	19	NA

Thousands Saudi Riyals	Financial Year Ended December 31	Nine-month Period Ended September 30	Increase/(Decrease)
	2022G Audited	2023G Unaudited	September 2023G
Net cash used in investing activities	57,818	(55,243)	(195.5%)
Cash flows from financing activities			
Payments for lease fundamental items	(1,203)	(903)	(25.0%)
Net decrease in cash and cash equivalents	(17,932)	(49,264)	174.7%
Cash and cash equivalents at the beginning of the period	288,218	222,967	(22.6%)
Cash and cash equivalents at the end of the period	270,286	173,702	(35.7%)

Source: Unaudited Financial Statements for the Nine-month Period Ended September 30, 2023G, and Comparative Figures Dated September 30, 2022G.

5.10.1 Net Cash Used in Operating Activities

Regarding operational activities, the Company recorded a negative cash flow of SAR (74.5 million) during the nine-month period ending on September 30, 2022G, as a result of losses amounting to SAR (55.3 million) during the aforementioned period. The Company then achieved positive cash flows during the nine-month period ending on September 30, 2023G, driven mainly by the profits recorded during that period, which amounted to SAR (39.2 million) during the period.

5.10.2 Net cash Generated from Investing Activities

The Company recorded positive cash flows from investing activities amounting to SAR (57.8 million) in the nine-month period ending September 30, 2022G, as a result of the liquidation of time deposits, and the disposal of financial assets at FVTPL amounting to SAR (156.9 million). On the other hand, the Company registered negative cash flows of SAR (22.2 million) in the nine-month period ending on September 30, 2023G, as a result of tying up term deposits worth SAR (200.3 million).

5.10.3 Net Cash used in Financing Activities

Negative cash flows from financing activities were associated with capital lease payments related to leased buildings and sales centers and amounted SAR (0.9 million) and SAR (1.9 million) in the nine-month period ending September 30, 2023G, and the comparative figures period ending on September 30, 2022G, respectively.

5.11 Capital Obligations and Other Contingent Liabilities

Lawsuit

The Company operates in the insurance sector and is exposed to lawsuits in the ordinary course of business with respect to the claims of insurance policyholders. While the final results of all pending or risky lawsuits cannot be predicted or determined in a practical manner, the Company does not believe that such lawsuits (including legal proceedings) will have a material impact on its results of operations or financial position.

6. Use of Offer Proceeds

6.1 Net Offer Proceeds

The total proceeds of the Rights Issue Offering are one hundred and sixty million (160,000,000) Saudi Riyals, of which (6,925,000) Saudi Riyals will be paid to cover the offering expenses, which include the fees of the financial advisor, lead manager, legal advisor, underwriting manager, media and public relations advisor, in addition to underwriting expenses, marketing, printing expenses, distribution and other expenses related to subscription. Accordingly, the net proceeds of the offering will amount to (153,075,000) Saudi Riyals, which will be used to support the Company's future plans and enhance the margin of its financial solvency.

This will be done by using the subscription proceeds to (increase the statutory deposit, invest in debt instruments, increase bank deposits, and replace the technical system for insurance and financial operations).

The Company will also disclose to the public on the Saudi Tadawul website when there is a difference of (5%) or more between the actual uses of the proceeds of the offering against what was disclosed in this Prospectus as soon as it becomes aware of that in accordance with paragraph (f) of Article (72) of the Rules on the Offer of Securities and Continuing Obligations, which stipulate that "The Issuer must, in the event of any difference of 5% or more between the actual use of the proceeds from a rights issue or a share issuance with the suspension of preemptive rights and the planned use of proceeds that was disclosed in the relevant prospectus, disclose such discrepancy to the public as it becomes aware of such discrepancy".

6.2 Use of Net Offer Proceeds

All insurance Companies operating in the Kingdom carry out their activities in accordance with the Cooperative Insurance Companies Control Law and its Implementing Regulations, and subsequent amendments issued by the Saudi Central Bank from time to time.

On 28/02/1445H (corresponding to 13/09/2023G), the Board of Directors recommended increasing the Company's capital by offering Rights Issue Shares worth of one hundred and sixty million (160,000,000) Saudi Riyals, in compliance with the minimum required capital of insurance Companies and to support the Company's future plans, and financial solvency margin, conditional on obtaining the approval of the Saudi Central Bank, the CMA, and Saudi Tadawul, in addition to the approval of the EGA. Knowing that all continuing obligations, in accordance with the requirements of the Saudi Central Bank, are now towards the Insurance Authority, to which its powers were transferred, which officially started its work on 09/05/1445H (corresponding to 23/11/2023G) to regulate, supervise and control the insurance sector in the Kingdom. Therefore, The Company obtained the Insurance Authority's no-objection on the capital increase according to letter No. (134-23) dated 26/05/1445H (corresponding to 10/12/2023G).

Net Offering Proceeds will be mainly used to support the Company's business and enhance its solvency margin while complying with the solvency requirements which are imposed by the Saudi Central Bank on all insurance Companies operating in the Kingdom of Saudi Arabia. Such will be done by using the subscription proceeds to (increase the statutory deposit, invest in debt instruments, increase bank deposits, and the technical system for insurance and financial operations), and shareholders will not receive any of the subscription proceeds.

The below table outlines the suggested use of Offering Proceeds:

Table No. (71): Suggested Use of the Offer Proceeds

Description	Amount (SAR)	Percentage* of Total Offer Proceeds (%)
Increase of the Statutory Deposit	9,000,000	5.6%
Investment in debt instruments	50,000,000	31.3%
Increase in bank deposits	79,075,000	49.4%
Replacement of the technical system for insurance and financial operations	15,000,000	9.4%
Estimated offering expenses	6,925,000	4.3%
Total Proceeds of the Offering	160,000,000	100.0%

Source: The Company

*These percentages are approximate.

The Company will use the Offer Proceeds as follows:

6.2.1 Use of Net Offer Proceeds to Increase the Statutory Deposit

Pursuant to the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by the Saudi Central Bank, the statutory deposit should be 10% of the paid-up share capital. The Saudi Central Bank, may raise such percentage to a maximum of fifteen percent (15%) according to the risks that the Company may face. Accordingly, the Company will allocate nine million (9,000,000) Saudi Riyals from the Net Offering Proceeds as statutory deposit. The total statutory deposit will be thirty million (30,000,000) Saudi Riyals as (10%) of the company's capital after the capital increase so that the current regular deposit becomes twenty-one million (21,000,000) Saudi Riyals. This is after the Insurance Authority agreed to reduce the statutory deposit ratio in view of the risks faced by the company based on its request.

6.2.2 Use of Net Offer Proceeds for Investments and Deposits

The Company will use the fifty million (50,000,000) Saudi Riyals of the net Offering Proceeds to invest in debt instruments and seventy-nine million and seventy-five thousand (79,075,000) Saudi Riyals to increase bank deposits.

It is worth mentioning that the amounts will be distributed to investment channels in accordance with Article Sixty-One (61) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, which states the following:

1. The Company shall, when formulating its investment policy, take into consideration that the maturity of its invested assets equals its liabilities according to the issued policies. The Company shall provide the Saudi Central Bank with an investment policy that include the assets distribution. If such investment policy was not approved by Saudi Central Bank, the Company shall adhere to the investment standards in Table (1) of the Implementing Regulations, provided that investments outside the Kingdom shall not exceed 20% of the total investment and in accordance with paragraph (2) of Article (59) which states that the Company shall invest (50%) of its total invested assets in Saudi Riyals. If the Company wishes to reduce this percentage, it should receive the prior written approval of Saudi Central Bank.
2. The Company shall take into consideration the investment concentration risks, so that the concentration percentage does not exceed (50%) of each investment in Table (1) of the Implementing Regulations.

According to Article (62) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the Company shall not use financial instruments, such as derivatives and off-balance-sheet items prior to the obtainment of the prior written approval of Saudi Central Bank. The Company is permitted to invest in such instruments when the following conditions are met:

1. It must be listed on a major financial market, capable of liquidation in a short time, built on assets listed in the asset valuation table, and has a clear and known pricing method. Such derivatives must be listed on financial exchange, are capable of being readily closed out, are based on underlying admissible assets and have a prescribed pricing basis.
2. The Company has set aside assets that can be used to settle any obligations under these derivatives and set adequate provisions for any adverse changes on the derivatives and their coverage.
3. The counter party must be reputable and in an acceptable financial condition.

It is worth noting that the Company has current outstanding investments (for more information, please refer to subparagraph (5.5.9) "**Financial Assets at Fair Value Through Profit or Loss (FVTPL)**" from paragraph (5.5) "**Statement of Financial Position**" from Section (5) "**Financial Information and Management Discussion and Analysis**".

In line with the requirements of Paragraph (f) of Article (72) of the Rules on the Offer of Securities and Continuing Obligations, the Company will disclose to the public any discrepancy of (5%) or more between the actual use of the Proceeds from a Rights Issue or share issuance against what was disclosed in this Prospectus as it becomes aware of such discrepancy.

6.2.3 Using the net proceeds from the offering to replace the technical system for insurance and financial operations

The Company will use an amount of fifteen million (15,000,000) Saudi Riyals from the net proceeds of the offering to replace the technical system for insurance and financial operations aiming to meet the information security requirements stated by the Insurance Authority, in addition to increasing the Company's general productivity as a result of increasing the smoothness of internal operations, automating its operations and providing business and data analysis capabilities. The Company will also be able to develop electronic sales channels, the table below shows the main stages and timeline for project implementation:

Table No. (72): The expected timetable for using the Offer Proceeds to replace the technical system for insurance and financial operations

The project	2024G		2025G
	Third quarter	The fourth quarter	First Quarter
Replacement of the technical system for insurance and financial operations	Planning and preparing the new system	<ul style="list-style-type: none"> - Install system software - System testing and staff training 	Final testing and system activation

Source: The Company

6.2.4 The Effect of the Capital Increase on the Solvency Margin

The Company aims to increase its capital from one hundred and forty million (140,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals to support the growth of its business, by using the Offering Proceeds in Financial Investments (within the traditional activities of the Company) and increasing the Statutory Deposit.

The Implementing Regulations of the Cooperative Insurance Companies Control Law require insurance companies to maintain a minimum level of admissible net assets recognizable in the solvency margin account. This requirement translates into the need to maintain a minimum amount of the full solvency margin (100%) (net admissible assets divided by the minimum solvency margin).

As per the article (65) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the Saudi Central Bank requires insurance companies to value its assets for the purpose of calculating solvency margin in accordance with the specific tables and percentages of inclusion issued by Saudi Central Bank, taking into account the following:

- Market value shall not be exceeded in the valuation process and shall all assets linked to Investment part of the Protection and Savings insurance policy shall be excluded.
- Maximum limit of 20% of the total assets value in any one-asset category.

Article (66) of the Implementing Regulations of the Cooperative Insurance Companies Control Law states that the Company, in respect to its general health insurance business, shall maintain a margin of solvency equivalent to the highest of the following three amounts:

- Minimum capital requirements, which is one hundred million (100,000,000) SAR for insurance Companies and two hundred million (200,000,000) SAR for reinsurance Companies or insurance Companies that are engaged in reinsurance operations.
- Gross Premiums Written
- Claims

The following table outlines the Solvency Statement (Margin/Cover) as of December 31, 2020G, 2021G, 2022G, and the nine-month period ending on September 30, 2023G:

Table No. (73): The Company margin and solvency cover

(SAR)	December 31, 2020G	December 31, 2021G	December 31, 2022G	September 30, 2023G
Minimum capital requirements	100,000,000	100,000,000	100,000,000	100,000,000
Total premium solvency margin	59,866,300	74,548,170	75,487,620	79,141,870
Total claims solvency margin	77,909,398	88,315,622	93,295,063	20,637,687
Minimum required solvency margin	100,000,000	100,000,000	100,000,000	100,000,000
Net admissible assets	177,469,240	120,797,652	72,639,858	100,291,009
Increase (deficit) in net admissible assets compared to the minimum required solvency margin	77,469,240	20,797,652	(27,360,142)	291,009
Solvency margin (%)	177.5%	120.8%	72.6%	100.3%

Source: The Company

It is to be noted that the Company is committed to submitting a corrective plan to the Saudi Central Bank in February 2023, outlining the steps it will take to improve its financial solvency, including the necessary time period, in accordance with Paragraph (B) of Article (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law. The Company has achieved the minimum solvency margin during the third quarter of 2023.

The following are the expected contributions of the net Offering Proceeds in order to maintain capital requirements for the coming years, which were calculated based on certain requirements imposed by the Saudi Central Bank on insurance Companies:

Table No. (74): Expected Contribution of the Net Offer Proceeds to Maintain Financial Solvency Requirements

(SAR)	December 31, 2023G	December 31, 2024G	December 31, 2025G	December 31, 2026G	December 31, 2027G	December 31, 2028G
Minimum capital required	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Total solvency margin for premiums	74,000,000	84,000,000	91,000,000	98,000,000	106,000,000	115,000,000
Total solvency margin for requirements	46,000,000	37,000,000	37,000,000	40,000,000	43,000,000	46,000,000

(SAR)	December 31, 2023G	December 31, 2024G	December 31, 2025G	December 31, 2026G	December 31, 2027G	December 31, 2028G
The minimum required solvency margin	100,000,000	100,000,000	100,000,000	100,000,000	106,000,000	115,000,000
Net assets includable in financial solvency	118,000,000	305,000,000	344,000,000	391,000,000	446,000,000	500,000,000
An increase (deficit) in acceptable net assets compared to the minimum required solvency margin	18,000,000	205,000,000	244,000,000	291,000,000	340,000,000	385,000,000
Solvency margin cover (%)	118.0%	305.0%	344.0%	391.0%	420.8%	434.8%

Source: The Company

The below table outlines the expected timetable for using the Offer Proceeds:

Table No. (75): The expected timetable for using the Offer Proceeds

Statement	2024G		2025G	Total (SAR)	Percentage of total Offer Proceeds (%)
	Third Quarter	Fourth Quarter	First Quarter		
Increase the statutory deposit	9,000,000	-	-	9,000,000	5.6%
Investing in debt instruments	50,000,000	-	-	50,000,000	31.3%
Increase bank deposits	79,075,000	-	-	79,075,000	49.4%
Replacement of the technical system for insurance and financial operations	4,500,000	7,500,000	3,000,000	15,000,000	9.4%
Estimated offering expenses	6,925,000	-	-	6,925,000	%4.3
Total proceeds from the offering	149,500,000	7,500,000	3,000,000	160,000,000	100.0%

Source: The Company

It should be noted that the above-mentioned provisions will be financed from the proceeds of the offering.

7. Statements by Experts

The Advisors whose names appear on pages (vii) and (viii), have given their written consents to include their names, addresses and logos and statements in the form and content included in this Prospectus and have not withdrawn such consent until the date of this Prospectus.

The Advisors or any of their employees or relatives do not have any shares or interest of any kind in a way that may affect their independence as of the date of this Prospectus.

8. Declarations of Board Members

As of the date of this Prospectus, the Board members declare that:

1. There has not been any interruption in the business of the Issuer which may have a significant effect on the financial position in the last 12 months.
2. No commissions, discounts, brokerages or other non-cash compensation have been granted within three years immediately preceding the application for registration and offer of securities that are subject to this Prospectus in connection with the issue or offer of any securities by the Issuer.
3. Other than what has been mentioned in sub-section No. (3.2) "**Major Changes in the Company's Capital**" of Section No. (3) "**Company Overview and Nature of Business**" in relation to the reduction of the Company's capital on page (32) of this Prospectus, there has not been any material adverse change in the financial or trading position of the Issuer during the three years immediately preceding the date of submitting the registration application and offering the securities subject to this prospectus, in addition to the period covered by the certified public accountant's report until the approval of the prospectus.
4. Other than what has been mentioned in sub-section No. (4.2) "**Board of Directors**" of Section No. (4) "**Organizational and Administrative structure**" on page (42) of this Prospectus, the Board members do not have any shareholding or interest of any kind in the Issuer, and nor does any of their relatives.
5. The Company did not maintain treasury shares, and the Company's EGA did not approve the purchase of the Company's shares.

9. Legal Information

9.1 Company Overview

9.1.1 Company's Trade Name

The Company was registered in the Commercial Registry of Joint Stock Companies in the city of Al Khobar under the trade name of "Al Sagr Cooperative Insurance Company" which is the current trade name of the Company. There has been no amendment to said trade name until the date of this Prospectus.

9.1.2 Company's Incorporation and Capital Development Phases

- Al Sagr Cooperative Insurance Company has been incorporated as a Joint Stock Company by (17) Saudi and Gulf shareholders in the city of Riyadh in the Kingdom of Saudi Arabia with a paid-up capital of two hundred million (200,000,000) Saudi Riyals divided into twenty million (20,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share. The founding shareholders' ownership amounted to one hundred and sixteen million (116,000,000) Saudi Riyals, divided into eleven million and six hundred thousand (11,600,000) ordinary shares, while eight million and four hundred thousand (8,400,000) ordinary shares, with a total value of (84,000,000) Saudi Riyals were subscribed by the public.
- On 15/02/1428H (corresponding to 05/03/2007G), the Ministerial Resolution No. (63) was issued approving the license with respect to the incorporation of a joint stock company under the trade name of Al Sagr Cooperative Insurance Company.
- On 16/02/1428H (corresponding to 06/03/2007G), the Royal Decree No. (M/11) was issued approving the incorporation of the Company, pursuant to which the Ministerial Resolution approving the incorporation of the Company was approved.
- On 03/02/1429H (corresponding to 10/02/2008G), all of the Company's shares were registered and listed on the Saudi Stock Exchange (Tadawul), and trading in its shares began upon the obtainment of the Authority's approval to publish the Prospectus dated 08/10/1428H (corresponding to 20/10/2007G).
- On 15/02/1430H (corresponding to 10/02/2009G), the Company announced the relocation of its head office from the city of Riyadh to the city of Al Khobar. The Commercial Registration number has been amended accordingly from (1010243765) to (2051036871) on 22/03/1429H (corresponding to 30/03/2008G).
- The Company obtained a license from the Saudi Central Bank to carry out insurance business (insurance in the branches of general and health insurance) in the Kingdom of Saudi Arabia under number (TMN/13/20083) dated 23/03/1429H (corresponding to 31/03/2008G).
- On 26/06/1434H (corresponding to 06/05/2013G), the EGA approved an increase in the Company's capital by fifty million (50,000,000) Saudi Riyals by granting a free share for every (4) outstanding shares, provided that the value of the increase is paid in the capital by transferring fifty million (50,000,000) Saudi Riyals from retained earnings, so that the Company's capital becomes two hundred and fifty million (250,000,000) Saudi Riyals, based on the recommendation of the Board of Directors on 20/04/1434H (corresponding to 02/03/ 2013G) and the Saudi Central Bank's no-objection.
- On 16/11/1439H (corresponding to 29/07/2018G), the EGA approved an increase in the Company's capital by one hundred fifty million (150,000,000) Saudi Riyals by granting (3) bonus shares for every (5) outstanding shares, provided that the capital increase shall be paid by capitalizing the amount of one hundred and fifty million (150,000,000) Saudi Riyals (the amount of one hundred and nineteen million (119,000,000) Saudi Riyals from the retained earnings account, and the amount of thirty-one million (31,000,000) Saudi Riyals from the Statutory Reserve), so that the Company's capital becomes four hundred million (400,000,000) Saudi Riyals, based on the recommendation of the Board of Directors issued on 14/08/1439H (corresponding to 30/04/2018G) and the Saudi Central Bank's no-objection.
- On 10/03/1442H (corresponding to 27/10/2020G), the OGA approved the use of the Statutory Reserve balance in the amount of forty-seven million three hundred and forty-two thousand two hundred and two (47,342,202) Saudi Riyals to amortize part of the accumulated losses recorded in the balance as of 30/06/2020G and amounting to one hundred and seven million five hundred and eighty-six thousand seven hundred and five (107,586,705) Saudi Riyals representing (26.8%) of the Company's paid-up capital equal to four hundred million (400,000,000) Saudi Riyals. Accordingly, accumulated losses decreased after amortization and reached sixty million two hundred and forty-four thousand five hundred and three (60,244,503) Saudi Riyals accounting for (15%) of the Company's capital.
- On 01/12/1443H (corresponding to 30/06/2022G), the Company's accumulated losses amounted to (65%) and amounted to two hundred sixty million and eighty-two thousand and nine hundred four (260,082,904) Saudi Riyals. Hence, the Company became subject to the application of the procedures and instructions related to listed companies, with accumulated losses

reaching 20% or more of their share capital, in addition to the provisions of the Companies Law of the companies that have accumulated losses reaching (half) the capital. The announcement of this event was made on 08/02/1444H (corresponding to 04/09/2022G), after informing the Board of Directors that the accumulated losses have reached this limit on 05/02/1444H (corresponding to 01/09/2022G).

- On 05/02/1444H (corresponding to 01/09/2022G), the Board of Directors resolved to recommend to the EGA a capital reduction from four hundred million (400,000,000) Saudi Riyals to one hundred and forty million (140,000,000) Saudi Riyals, with a reduction percentage of (65%), in order to restructure the Company's capital and amortize (100%) of the accumulated losses given that the accumulated losses have reached (65%) of the capital, by canceling twenty-six million (26,000,000) shares of the Company's shares. On 24/02/1444H (corresponding to 20/09/2022G), the Company received the Saudi Central Bank's letter under No. (44015739) containing its approval to reduce the Company's capital by two hundred and sixty million (260,000,000) Saudi Riyals, so that the capital becomes one hundred and forty million (140,000,000) Saudi Riyals. The Company then submitted a file to the CMA requesting its approval to reduce the capital on 25/02/1444H (corresponding to 21/09/2022G) and obtained it on 09/03/1444H (corresponding to 05/10/2022G). The EGA, held on 17/03/1444H (corresponding to 13/10/2022G), approved to reduce the Company's capital from four hundred million (400,000,000) Saudi Riyals to one hundred and forty million (140,000,000) Saudi Riyals, with a value of two hundred and sixty million (260,000,000) Saudi Riyals.
- On 28/05/1444H (corresponding to 22/12/2022G), the Company announced a decrease in the value of its accumulated losses with an equivalent of (12.12%) of its capital.
- On 30/08/1444H (corresponding to 22/03/2023G), the Company signed a binding merger agreement with Gulf Union Alahlia Cooperative Insurance Company, involving the merger of Al Sagr Insurance Company into Gulf Union Alahlia Cooperative Insurance Company, through the issuance of sixteen million one hundred and twenty-four one thousand three hundred and seventeen (16,124,317) new shares in Gulf Union Alahlia Cooperative Insurance Company, in exchange of all the capital shares of Al Sagr Cooperative Insurance Company, hence Al Sagr Cooperative Insurance Company was taken over by Alahlia Co., in accordance with the no-objection letter issued by the General Authority for Competition to complete the Economic Concentration transaction No. (471) issued on 04/07/1444H (corresponding to 26/01/2023G) and the Saudi Central Bank's approval on the suggested merger under number (440946454) on 29/12/1444H (corresponding to 17/07/2023G). On 14/02/1445H (corresponding to 30/08/2023G), the EGA of Shareholders resolved not to approve the provisions the merger agreement.
- On 28/02/1445H (corresponding to 13/09/2023G), the Board of Directors recommended increasing the Company's capital by offering Rights Issue Shares at a value of one hundred and sixty million (160,000,000) Saudi Riyals, in compliance with the minimum required capital of insurance companies and to support the Company's future plans, and financial solvency margin, provided that it obtains the approval of the Saudi Central Bank, the CMA (hereinafter referred to as the "Authority"), and TADAWUL, in addition to the approval of the EGA. The Company received the non-objection of the Insurance Authority to increase the capital pursuant to letter No. (134-23) dated 26/05/1445H (corresponding to 10/12/2023G) valid for one year from its issuance date.

9.1.3 Capital and Statutory Deposit

Paid-up Capital

- Article (8) of the Bylaws specifies the Company's capital at one hundred and forty million (140,000,000) Saudi Riyals, divided into fourteen million (14,000,000) shares of equal value with a nominal value of ten (10) Saudi Riyals per share.
- According to Article (9) of the Bylaws, Shareholders subscribed for the entire capital of the Company and the full value was paid.

Statutory Deposit

- According to Article (14) of the Cooperative Insurance Companies Control Law, and Article (58) of its Implementing Regulations, a Statutory Deposit must be deposited in a local bank for the order of the Saudi Bank, provided that the percentage of the Statutory Deposit is (10%) of the paid-up capital, and the Central Bank may raise this percentage to a maximum of (15%) according to the risks faced by the Company, which must deposit the amount of the Statutory Deposit within three months from the date of being granted the license in the bank specified by the Central Bank at the time, it is then invested by the Central Bank, which also benefits from its returns.
- In accordance with the instructions of the Central Bank regarding the presentation of the Statutory Deposit and its returns in the financial statements issued on 21/05/1437H (corresponding to 01/03/2016G), the Company recognized the commissions due on the Statutory Deposit as of December 31, 2021G as an asset and a liability in these financial statements. During the year ending on December 31, 2022G, the Company liquidated Statutory Deposits amounting to (19.0) million Saudi Riyals, which was accounted for as a reduction in its capital.

9.1.4 Substantial Shareholders

- As of the date of this Prospectus, there is one substantial Shareholder whose percentage exceeds (5%) of the Company shares, which is Al Sagr National Insurance Company (an Emirati public joint stock company) owning three million six hundred and forty thousand (3,640,000) shares representing (26%) of the Company's total shares.
- In accordance with Article (38) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the Company has to abide by continuing obligations in terms of informing the Saudi Central Bank of the ownership percentage

of any person who owns (5%) or more of its shares through a quarterly report that it prepares. Al Sagr National Insurance Company has also to notify the Saudi Central Bank in writing of its ownership percentage and any change thereof within (5) days of the date of this occurrence of such event.

9.1.5 Head Office

- According to Article (5) of the Bylaws, the Company's head office is in the city of Dammam in the Kingdom of Saudi Arabia. It is permissible, by decision of the EGA the head office to transfer the head office to any other city in the Kingdom with the approval of the Saudi Central Bank. The Company may establish branches, offices or agencies inside or outside the KSA after obtaining approval of the Saudi Central Bank.
- The company's head office is located in Dammam area, First floor, ATCO Building, King Khalid Street, Postal code: Al Khobar 31952, P.O. box 3501.
- As of the date of this Prospectus, the Company has (10) branches inside the KSA and does not have any branch outside it.

9.1.6 Company's Term

- Article (6) of the Bylaws states that the Company's term shall be (99) Gregorian years starting from the date of its registration in the Commercial Register and may be extended by a decision issued by the EGA at least one year prior the expiration of its term.
- The Commercial Registration Certificate indicates that the Company's term expired on 16/01/1531H (corresponding to 11/01/2107G).

9.1.7 Company's Activities

- According to Article (3) of the Bylaws, the Company's objectives are: practicing cooperative insurance business and related businesses and all related activities, such as reinsurance, agencies, representation, correspondence or mediation. The Company may carry out all necessary business activities to achieve its purposes, whether in the field of insurance, funds' investment, or own and move fixed and cash funds, sell, exchange, lease them directly or through companies it establishes or purchases, or within partnership with other parties. The Company carries out activities in accordance with the Cooperative Insurance Companies Control Law and its Implementing Regulations, and all applicable laws and rules in the Kingdom of Saudi Arabia, upon obtaining the necessary licenses from relevant authorities, if any.
- The Company's activities, according to the Commercial Register's Certificate are: health insurance, and general insurance.
- The Company carries out its activities through its head office, which it established in the Kingdom in accordance with the applicable regulations and upon obtaining the necessary licenses from relevant authorities. The Company has received the final approval of the Central Bank to carry out its insurance activity (For more information, please refer to Section (9.5) "**Government Approvals, Licenses and Certificates**").

9.1.8 Bylaws

- The current version of the Company's Bylaws was issued based on the EGA resolution held on 17/03/1444H (corresponding to 13/10/2022G), and was adopted by the Ministry of Commerce (Corporate Governance Directorate) on 09/07/1444H (corresponding to 31/01/2023G). It should be noted that the Company did not amend the By-laws in accordance with the new Companies Law issued by Royal Decree No. (G/132) dated 12/01/1443H (corresponding to 30/06/2022G). The Company is also committed to uploading an updated version of its Bylaws on its page on Tadawul website.
- The Bylaws have been amended several times as follows:
 1. The Company's capital upon incorporation amounted to two hundred million (200,000,000) Saudi Riyals divided into twenty million (20,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share. The founders have subscribed for all the Company's shares and the full value has been paid.
 2. On 26/06/1434H (corresponding to 06/05/2013G), the EGA approved an increase in the Company's capital by an amount of fifty million (50,000,000) Saudi Riyals by granting a bonus share for every (4) outstanding shares, provided that the amount of the increase is paid-in-capital by transferring fifty million (50,000,000) Saudi Riyals from retained earnings, so that the Company's capital becomes two hundred and fifty million (250,000,000) Saudi Riyals, based on the recommendation of the Board of Directors issued on 20/04/1434H (corresponding to 02/03/2013G) and the Saudi Central Bank's no-objection.
 3. On 20/08/1438H (corresponding to 16/05/2017G), the EGA approved the Bylaws' amendment to be in line with the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 11/11/ 2015G).
 4. On 16/11/1439H (corresponding to 29/07/2018G), the EGA approved an increase in the Company's capital by an amount of one hundred fifty million (150,000,000) Saudi Riyals by granting (3) bonus shares for every (5) outstanding shares, provided that the capital increase is paid by capitalizing the amount of one hundred and fifty million (150,000,000) Saudi Riyals (the amount of one hundred and nineteen million (119,000,000) Saudi Riyals from the retained earnings account and the amount of thirty-one million (31,000,000) Saudi Riyals from the Statutory Reserve), so that the Company's capital becomes equal to four hundred million (400,000,000) Saudi Riyals, based on the recommendation of the Board of Directors issued on 14/08/1439H (corresponding to 30/04/2018G) and the Saudi Central Bank's non-objection.

5. On 05/02/1444H (corresponding to 01/09/2022G), the Board of Directors decided to recommend to the EGA to reduce the capital from four hundred million (400,000,000) Saudi Riyals to one hundred and forty million (140,000,000) Saudi Riyals, by (65 %) in order to restructure the Company's capital and amortize (100%) of the accumulated losses which reached (65%) of the capital, by canceling twenty-six million (26,000,000) shares. On 24/02/1444H (corresponding to 20/09/2022G), the Company received the Saudi Central Bank's letter No. (44015739) in which it approves the reduction of the Company's capital by two hundred and sixty million (260,000,000) Saudi Riyals, so that the capital becomes one hundred and forty million (140,000,000) Saudi Riyals. Subsequently the Company submitted a file to the CMA requesting its approval of capital reduction on 25/02/1444H (corresponding to 21/09/2022G), and obtained it on 09/03/1444H (corresponding to 05/10/2022G). The EGA held on 17/03/1444H (corresponding to 13/10/2022G) approved the capital reduction from four hundred million (400,000,000) Saudi Riyals to one hundred and forty million (140,000,000) Saudi Riyals, with a value of two hundred and sixty million (260,000,000) Saudi Riyals.

9.2 Management

9.2.1 Board of Directors

9.2.1.1 Formation of the Board of Directors

- Pursuant to Article (15) of Bylaws, the Company shall be managed by a Board of Directors consisting of seven (9) members elected by the OGA for a period not exceeding three (3) years, and the composition must reflect sustainable representation of independent members which in all cases shall not be less than two or one-third of the Board members, whichever is greater. Such appointment shall not prejudice the right of the legal person to replace someone who represents him in the Board, and members may be re-elected for similar terms.
- The Company is in compliance with the provisions of the Companies Law in terms of the Board members' number, which shall not be less than three (3). The Corporate Governance Regulations for insurance companies state that the number of members shall not be more than (11) and not less than (5) on a continuous basis. Moreover, the Company is in compliance with the provisions of Article (16) of the Corporate Governance Regulations, which stipulates that the majority of Board members of listed companies shall be non-executive directors, and that the number of its independent members shall not be less than two members or one-third of the Board members whichever is greater, and to Clause (53) of the Companies Governance Regulations which state that the number of independent members shall not be less than two members, or one-third of the Board members, whichever is greater, according to the total number of Board members where the number of non-executive members is (8) and the number of independent members is (6).
- On 08/05/1445H (corresponding to 22/11/2023G), the OGA approved the election of Board members for its current term, which starts on 09/05/1445H (corresponding to 23/11/2023G) for a period of three (3) years ending on 12/06/1448H (corresponding to 22/11/2026G). On 02/03/1445H (corresponding to 17/09/2023G), the Company obtained the Saudi Central Bank's approval for the Board candidates during its current term.
- On 11/06/1445H (corresponding to 24/12/2023G), the Board of Directors decided to appoint Mr. Saud Saleh Al-Arifi as Chairman of the Board, and Mr. Naif Rashed Al-Arfaj as his Deputy Chairman, and the Company obtained the Insurance Authority's non-objection on 11/06/1445H (corresponding to 24/12/2023G).

Table No. (76): Board of Directors – Current Session

Name	Position	Nationality	Age	Membership Status		Date of Appointment	Representation	Direct Ownership		Indirect Ownership	
				Independent / non-independent	Executive / non-executive			Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage
1- Saud Saleh Alarifi	Chairman of the Board	Saudi	69	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	-	-	-	-
2- Naif Rashed Alarfaj	Vice Chairman of the Board	Saudi	34	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	-	-	-	-
3- Sultan Abdulaziz Alsuwaidi	Board Member	Saudi	34	Non-Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Al Sagr National Insurance Company	-	-	-	-
4- Yasser Mohammed Alharbi	Managing Director	Saudi	53	Non-Independent	Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	1,000	0.0071429%	-	-

Name	Position	Nationality	Age	Membership Status		Date of Appointment	Representation	Direct Ownership		Indirect Ownership	
				Independent / non-independent	Executive / non-executive			Number of Shares	Ownership Percentage	Number of Shares	Ownership Percentage
5- Abdel Muhsen Nafez Jaber	Board Member	Canadian	51	Non-Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Al Sagr National Insurance Company	-	-	-	-
6- Abdullah Sulaiman Alhendi	Board Member	Saudi	44	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	-	-	-	-
7- Mohamed Abdulaziz Alnuaim	Board Member	Saudi	72	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	100	0.0007143%	-	-
8- Sami Ahmed Albabtin	Board Member	Saudi	36	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	-	-	-	-
9- Ahmed Khader Albaqshi	Board Member	Saudi	32	Independent	Non-Executive	09/05/1445H (corresponding to 23/11/2023G)	Himself	-	-	-	-

Source: The Company

- According to Article (18) of the Bylaws, taking into account the powers assigned to the GA, the Board of Directors (BOD) has the broadest powers in managing the Company in order to achieve its objectives. It has the right to participate in other companies. It is also entitled, within the limits of its jurisdiction, to delegate one or more of its members or third-parties to carry out specific task(s). It also manages the Company's affairs and dispose of its assets, properties, and real estate, yet it shall not sell or mortgage real estate unless upon the approval of the OGA. The Board of Directors may also conclude loans with government funds, agencies, and institutions whose terms do not exceed the end of the Company's term, provided that the following conditions are observed regarding commercial loans whose terms exceed three years: The conditions of the loans and guarantees provided to the Board of Directors not to harm the Company, its shareholders, and the general guarantees to the creditors.

9.2.1.2 Chairman, Vice Chairman and Secretary

- In accordance with the Article (20) of the Company's Bylaws, the Board shall appoint from among its members a Chairman, a Deputy-Chairman, and a Chief Executive Officer (CEO) and may also appoint a Managing Director of its members. It is not permissible to combine the position of the Board's Chairman with any executive position in the Company. The BOD shall appoint a secretary from its members or others and determines its remuneration. The Chairman shall be responsible for representing the Company before the judiciary and third parties. He shall also have the right to appoint others to perform a specific task(s), as for the Managing Director, he is responsible for the Executive Management of the Company. The BOD determines the salaries, allowances and remuneration for both the Chairman and the Managing Director in accordance with Article (22) of the Bylaws.
- The appointment of a Deputy Chairman became mandatory. As for the Managing Director, his appointment is not mandatory. Moreover, the Company is required to appoint a Secretary for the Board.
- The BOD shall also appoint a CEO from among its members or third parties, and the appointment decision determines his authorities and remuneration.
- The Chairman has the authority to call the Board to convene a meeting and to preside Board meetings, and the Ordinary and Extraordinary General Assemblies of Shareholders, in addition to the authorities stipulated in Article (20) of the Bylaws.
- The Company has complied with the Bylaws and the Corporate Governance Regulations regarding mandatory appointments to these positions after obtaining the necessary approvals for the appointments from the Saudi Central Bank as follows:

Table No. (77): Mandatory Positions of the Board of Directors

Position	Date of the Board Decision on appointment	Saudi Arabian Monetary Agency (SAMA)/ Central Bank Approval	Appointed Person
Chairman of BOD	11/06/1445H (corresponding to 19/12/2023G)	24/06/1445H (corresponding to 24/12/2023G)	Saud Saleh Al-Arifi
Vice Chairman of the Board	11/06/1445H (corresponding to 19/12/2023G)	24/06/1445H (corresponding to 24/12/2023G)	Nayef Rashid Al-Arfaj

Position	Date of the Board Decision on appointment	Saudi Arabian Monetary Agency (SAMA)/ Central Bank Approval	Appointed Person
Managing Director	12/07/1445H (corresponding to 25/01/2024G)	04/06/1445H (corresponding to 17/12/2023G)	Yasser Mohammed Al-Harbi
Secretary of the Board*	--	--	--

Source: The Company

*As of the date of this Prospectus, the Secretary of the Board of Directors has not been appointed.

9.2.1.3 Board Members Remuneration

- Remunerations are distributed to Board members in accordance with Article (19) of the Company's Bylaws, so that the annual remuneration for the Chairman and members of the Board of Directors consists of a minimum amount of four hundred thousand (400,000) Saudi Riyals and a maximum of five hundred thousand (500,000) Saudi Riyals, in exchange for their membership and participation, including additional remuneration if the member participates in any of the Committees emanating from the BOD. In the event that the Company realizes profits, it may distribute 10% of net profits after deducting the reserves determined by the General Assembly in implementation of the Cooperative Insurance Companies Control Law and after distributing at least 5% of the Company's paid-up capital as dividends to shareholders. The entitlement of such remunerations has to be proportional to the number of sessions attended by the member; and any estimate to the contrary is deemed void. In all cases, the total remuneration of the Board member, including bonuses and monetary or in-kind benefits, does not exceed (500,000) Saudi Riyals annually. The maximum allowance for attending the Board and Committees sessions shall be five thousand (5,000) Saudi Riyals for each session, not including travel and accommodation expenses.
- Each Board member, including the Chairman, is reimbursed for the actual expenses they bear in order to attend Board and Committees meetings, including travel, accommodation and subsistence expenses.
- The remunerations' policy for members of the Executive Management includes disclosure of remuneration for Executive Management employees in an appropriate manner and in accordance with any instructions and regulations issued by the regulatory and supervisory authorities in force in the KSA, as this report determines the remunerations and benefits for five senior executives who received the highest remuneration from the Company.
- The following table outlines the total remuneration of the Board and Senior Executives for the past three years:

Table No. (78): Remuneration of the Board and Senior Executives

Distributions*	2020G	2021G	2022G
Board of Directors	3,816,667	3,931,111	3,323,889
Committee Members	95,000	120,000	10,000
Senior Executives	5,321,428	4,919,434	4,331,133
Total	9,233,095	8,970,545	7,665,022

Source: The Company

*On 07/11/1442H (corresponding to 17/06/2021G), The OGA approved the remuneration distributed to the Board and Committees members for the fiscal year 2020G which amounted to (3,846,667) Saudi Riyals. On 03/03/1444H. (corresponding to 29/09/2022G), the OGA approved the remuneration distributed to the Board and Committees members for the fiscal year 2021G which amounted to (3,931,111) Saudi Riyals. On 13/01/1445H (corresponding to 31/07/2023G), the OGA approved the remuneration distributed to the Board and Committees members for the fiscal year 2022G which amounted to (3,323,889) Saudi Riyals.

9.2.1.4 Board Meetings

- Pursuant to article (21) of the Company's Bylaws that the Board shall meet at the Company's head office upon the invitation of the Chairman who is required to convene the Board whenever two of its members at least requested and such invitation shall be recorded as per the requirements of the Board, either by attendance or by proxy on behalf of another member. The Board may convene its meeting outside the Company's head office of the Company provided that it meets at least 4 times during one fiscal year, so that there is at least one meeting every three months.
- The following table outlines the Company's compliance with the Bylaws in terms of the number of meetings for the past three years up to the date of this Prospectus:

Table No. (79): Board Meetings

Number of Board Meetings	2020G	2021G	2022G	2023G*
	8	8	8	21

Source: The Company

*Until the date of this Prospectus

9.2.2 Board Committees

The Board has formed six committees to assist it in carrying out its responsibilities:

(1) the Audit Committee, (2) the Nominations and Remuneration Committee, (3) the Executive Committee, (4) the Investment Committee and (5) the Risk Committee.

9.2.2.1 Audit Committee

9.2.2.1.1 Formation of the Audit Committee

The Board of Directors, held on 05/06/1445H (corresponding to 18/12/2023G), appointed the Chairman and members of the Audit Committee, which consists of three (3) members for a period of three (3) years starting from 09/05/1445H (corresponding to 23/11/2023G) and ending on the end date of the current session of the Board on 12/06/1448H (corresponding to 22/11/2026G), after obtaining the approval of the Insurance Authority on 05/05/1445H (corresponding to 17/12/2023G).

Table No. (80): Audit Committee Members

Name	Position	Membership Status
Sami Ahmed Al-Babtain	Committee Chairman	Independent Board Member
Moaz Suleiman Al-Zaid	Committee Member	Independent Non-Board Member
Muhammad Ahmed Al Khamis	Committee Member	Independent Non-Board Member

Source: The Company

The Company has an Audit Committee Work Regulations that was approved by the OGA in its meeting held on 10/03/1442H (corresponding to 27/10/2020G). The modified version of the regulations was subsequently approved by the BOD in its meeting held on 17/07/1444H (corresponding to 08/02/2023G), which is set to be officially approved at the nearest OGA.

9.2.2.1.2 Functions, Powers and Competencies of the Audit Committee

According to the Company's Audit Committee work regulations, the duties and powers of the Audit Committee are as follows:

- Develop a work plan approved by a decision of the Board of Directors, including the rules, responsibilities and obligations of the Audit Committee.
- Supervise the Company's internal audit department to ensure the effectiveness of its tasks.
- Oversee the Company's compliance department to ensure of the effectiveness duties of its tasks.
- Appoint or dismiss the Director of the Compliance Department after obtaining a written non-objection from the Central Bank.
- Appoint or dismiss the Director of the Internal Audit Department after obtaining a written non-objection from the Central Bank.
- Determine the monthly salary and incentive bonuses for the Director of the Internal Audit Department and the Director of the Compliance Department in accordance with the Company's internal regulations approved by the Board.
- Ensure the independence of the Internal Audit Department and the Compliance Department in performing their task duties and ensuring that there is no negative impact on their work.
- Ensure the independence of the Company's Board members, Senior Management, and external auditors.
- Study and review the annual financial statements and submit recommendations to the Board of Directors in this regard.
- Discuss proposals regarding the Company's annual regulatory control work plan and approve it.
- Study the plan of the internal audit department and the external auditors, in addition to the compliance plans, approve them and follow up on their implementation.
- Study the important accounting strategies, their procedures, and the changes that occur and submit recommendations to the Board of Directors in this regard.
- Study internal audit reports and follow up on the mechanism for implementing corrective actions.
- Study audit reports on compliance management and submit recommendations thereon to the Board of Directors.
- Monitoring on reports issued by the institution and the relevant supervisory and regulatory bodies and submit recommendations thereon to the Board of Directors.
- Make recommendations to the Board of Directors regarding approval of the appointment or reappointment of internal or external auditors.
- Approve contracts with the Company's internal and/or external auditors, and obtain written approval from the Central Bank.

- Study the reports of internal or external auditors and submit recommendations thereon to the Board of Directors.
- Evaluate the efficiency and effectiveness of the work of internal or external auditors.
- Study the observations of the Central Bank and the supervisory and regulatory authorities related to any regulatory violations, request corrective measures, direct the Company's internal departments to implement them, and submit recommendations to the Board of Directors in this concern.
- Ensure the Company's commitment to implementing the actuarial expert suggestions and recommendations, and submit recommendations thereon to the Board of Directors.
- Ensure the optimal use of information technology and provide the necessary controls to obtain accurate and reliable information and data.
- Review the surplus distribution processes on a semi-annual basis and submit reports to the Company's Board of Directors in the event of any observations.
- Discuss the initial quarterly financial statements with the external auditors and the Company's Senior Management before issuance.
- Study and oversee the initial quarterly financial statements and recommend them to the Board of Directors.
- Study the internal and external auditors' evaluation of internal control procedures.
- Study operations among group entities and operations with related parties.
- Study the actuary's reports and submit recommendations thereon to the Board of Directors.
- Ensure the Company's commitment to implementing the actuary's suggestions and recommendations.
- Ensure the availability of a written regulation of the rules of professional conduct after approval by the Company's Board of Directors to guarantee that the Company's activities are carried out in a fair and ethical manner.
- Follow up on important lawsuits filed by or against the Company and submit periodic reports to the Board of Directors in this regard.
- Periodically review the financial dues for insurance premiums related to the insurance policies of related parties and potential default cases and submit a report to the Company's Board of Directors if the need arises.

9.2.2.1.3 Audit Committee Meetings

Pursuant to Clause (53) of the Audit Committees Regulation in Insurance and/or Reinsurance Companies, the Audit Committee shall meet at least six times a year. In accordance with the Committee Meetings Article of the Audit Committee's Work Regulations, the Committee holds six (6) meetings per year, including the annual meeting with the Board of Directors.

The Audit Committee held its meetings during the past years until the date of this Prospectus according to the following schedule:

Table No. (81): Audit Committee Meetings

Year	2020G	2021G	2022G	2023G*
Number of Meetings	6	7	1	6

Source: The Company

*As of the date of this Prospectus

It should be noted that the Company doesn't comply with the minimum number of meetings as stated in Paragraph (53) of the Audit Committees Regulation in Insurance and/or Reinsurance Companies and according to the Work Regulations of its Audit Committee for the year 2022G, as (1) meeting was held in that year, noting that the minimum number of meetings is (6) meetings per year including the annual meeting with the Board of Directors.

9.2.2.2 Nominations and Remuneration Committee

9.2.2.2.1 Members of the Nominations and Remuneration Committee

The Board of Directors, held on 11/06/1445H (corresponding to 24/12/2023G), appointed the Chairman and members of the Nominations and Remuneration Committee, which consists of four (4) members for a period of three (3) years starting from 09/05/1445H (corresponding to 23/11/2023G) and ending on the end date of the current term of the Board on 12/06/1448H (corresponding to 22/11/2026G), after obtaining the approval of the Insurance Authority on 11/06/1445H (corresponding to 24/12/2023G).

Table No. (82): Nominations and Remuneration Committee Members

Name	Position	Membership Status
Abdullah Suleiman Al Hindi	Chairman of the Committee	Independent Board Member
Ahmed Khader Al-Baqshi	Committee Member	Independent Board Member
Mohammad Abdulaziz Al-Naim	Committee Member	Independent Board Member
Naif Rashed Al-Arfaj	Committee Member	Independent Board Member

Source: The Company

The Company has a Work Regulation for the Nominations and Remuneration Committee (amended) that was approved by the Ordinary General Assembly of Shareholders held on 10/03/1442H (corresponding to 27/10/2020G).

9.2.2.2.2 Duties, Powers and Competencies of the Nominations and Remuneration Committee

The Company's Nominations and Remuneration Committee's Work Regulations specify its duties and powers as follows:

- Develop clear policies for the remuneration of the Board of Directors, members of Senior Management, and committees, taking into account the use of standards related to performance, and make them clear and available to all shareholders before the General Assembly is held.
- Provide policies and procedures regarding job succession for the Company, the Board of Directors, and members of Senior Management and monitoring their implementation.
- Establish clear procedures for the Board membership, that includes the approvals of the General Assembly and regulatory authorities, provided that every shareholder has the right to be a candidate for the Board membership, as stated in the regulations.
- Develop plans to fill vacant leadership positions in the Company, including members of Senior Management, and follow up on the implementation of plans and procedures for filling vacant positions.
- Provide recommendations regarding the nomination of Board members and determine their financial compensation according to the requirements and policies approved by the Company in compliance with the rules and regulations issued by the regulatory authorities.
- Provide a training and induction program for Board members that includes the Company's functions and achievements enabling them to perform their work with the required efficiency and supervise it periodically.
- Ensure the independence of independent Board members.
- The Nomination and Remuneration Committee has to submit its plans regarding the shares of remuneration and compensation for the Senior Executive Management and employees to the Audit Committee to be reviewed according to the Key Performance Indicators (KPIs) and then approved by the Board of Directors and the Shareholders' Assembly.
- Verify annually that there are no cases of conflict of interest among Board members if one of them is a member of the Board of Directors of another Company.
- Identify weaknesses and strengths in the Board of Directors and provide suggestions on addressing them in a way that is consistent with the interest of the Company and in accordance with periodic and annual evaluation standards and procedures of performance and suitability, fill out all forms of periodic and annual evaluation, as well as the annual suitability form for the Board, Committees and Senior Management members.
- Review annually all necessary competencies and identify of qualifications and appropriate skills required for Board membership.
- Oversee the needs required for membership in the Board of Directors and its Committees and prepare a description of the capabilities and qualifications required for membership in the Board of Directors or Committees, and specify the time that a member must devote to the work of the Board of Directors and/or Board Committees.
- Review plans to fill vacant positions for Board and Committees members.
- Review the compensation, financial rewards and benefits of Senior Management members and submit recommendations thereon to the Board of Directors.
- Review and approve matters related to annual salaries, KPI-linked bonuses, sales commission and cash bonuses, and long-

term incentive plans.

- Submit recommendations in the event of any change in the structure of the Board of Directors.
- Submit a recommendation to the Board of Directors regarding the selection and dismissal of Senior Management members.
- Submit performance reports of the Nominations and Remuneration Committee periodically to the Board of Directors.
- Establish job descriptions for Executive members, non-executive, independent, and Senior Executives.
- Verify annually the independence of members and the absence of conflicts of interest.

9.2.2.2.3 Nominations and Remuneration Committee Meetings

According to the Work Regulations of the Company's Nominations and Remuneration Committee, meetings shall not be less than twice a year, and additional meetings may be held when needed.

The Nominations and Remuneration Committee held its meetings during the past years as of the date of this Prospectus according to the following timetable:

Table No. (83): Nominations and Remuneration Committee Meetings

Year	2020G	2021G	2022G	2023G*
Number of Meetings	5	3	3	3

Source: The Company

*As of the date of this Prospectus

9.2.2.3 Risk Committee

9.2.2.3.1 Members of the Risk Committee

The Board of Directors, held on 11/06/1445H (corresponding to 24/12/2023G), appointed the Chairman and members of the Risk Committee, which consists of three (3) members for a period of three (3) years starting from 09/05/1445H (corresponding to 23/11 /2023G) and ending on the end of the current term of the Board on 12/06/1448H (corresponding to 22/11/2026G), after obtaining the approval of the Insurance Authority on 11/06/1445H (corresponding to 24/12/2023G).

Table No. (84): Members of the Risk Committee

Name	Position	Membership Status
Nayef Rashid Al-Arfaj	Chairman of the Committee	Independent Board Member
Sultan Abdulaziz Al Suwaidi	Committee Member	Non-executive Board Member
Saoud Saleh Al Arifi	Committee Member	Independent Board Member

Source: The Company

It should be noted that the Company has a special Work Regulations for the Risk Committee that has been approved by the Board on 17/07/1444H (corresponding to 08/02/2023G).

9.2.2.3.2 Functions, Powers and Competencies of the Risk Committee

According to Paragraphs (4.5) and (4.6) of the Company's Risk Committee Work Regulations, the Committee's main functions are to assist the Board of Directors in its supervisory responsibilities for risk management, including the following:

- Establish a risk management framework.
- Determine the Company's risk tolerance.
- Ensure implementation of action plans and restrictions to reduce and manage risks.
- Ensure strict Board oversight of critical risk issues.

The main functions of the Risk Committee include:

- Monitor the performance and implementation of the Company's internal control systems, ensure the effectiveness and efficiency of those systems, and ensure the implementation of internal control decisions and procedures.
- Identify risks that may expose the Company to danger and maintain an acceptable risk profile.
- Supervise the risk management system and evaluate its effectiveness.
- Define a comprehensive risk management strategy, supervise its implementation, review and update it periodically, taking

into account the Company's internal and external developments.

- Oversee risk management policies.
- Reassess the Company's risk tolerance and exposure on a regular basis (for example, through stress testing exercises).
- Submit reports to the Board of Directors detailing risk exposure and recommending the necessary actions to manage them.
- Ensure the availability of adequate resources and systems to manage risks.
- Verify the independence of the risk management employees from activities that may expose the Company to risks.
- Evaluate the performance of the Head of Risk Management and the activities of the Risk Management Department.
- Review and approve requests of information from management, employees, or any other party regarding the activities and decisions of the Committee.

The Committee evaluates matters that fall within its jurisdiction or that are referred to it by the Board and submits its recommendations to the BOD which issues decisions in this regard. The Committee shall take decisions in this regard if authorized by the Board. The Committee may seek the assistance of any experts or specialists, whether internally or externally, within the scope of its powers. This must be included in the minutes of the Committee's meeting.

9.2.2.3.3 Risk Committee Meetings

According to the Work Regulations of the Risk Committee, meetings shall not be less than four (4) times a year, and additional meetings may be held when needed.

The Risk Committee held its meetings over the past years until the date of this Prospectus according to the following schedule:

Table No. (85): Risk Committee Meetings

Year	2020G	2021G	2022G	2023G*
Number of Meetings	3	3	4	3

Source: The Company

*As of the date of this Prospectus

According to the abovementioned, the Company doesn't comply with the minimum number of meetings as stated in Article (7) of the Company's Risk Committee Work Regulations for the years 2020G and 2021G, as it held (3) meetings in both years, noting that the minimum number of meetings is (6) meetings per year.

9.2.2.4 Executive Committee

9.2.2.4.1 Executive Committee Members

The Board of Directors, held on 11/06/1445H (corresponding to 24/12/2023G), appointed the Chairman and members of the Executive Committee, which consists of five (5) members for a period of three (3) years starting from 09/05/1445H (corresponding to 23/11 /2023G) and ending on the end date of the current Board session on 12/06/1448H (corresponding to 22/11/2026G), after obtaining the approval of the Insurance Authority on 11/06/1445H (corresponding to 24/12/2023G).

Table No. (86): Members of the Executive Committee

Name	Position	Membership Status
Saud Saleh Al-Arifi	Chairman of the Committee	Independent Board Member
Abdul Mohsen Nafez Jaber	Committee Member	Non-executive Board Member
Sultan Abdulaziz Al Suwaidi	Committee Member	Non-executive Board Member
Yasser Mohammed Al-Harbi	Committee Member	Executive Board Member
Abdullah Suleiman Al Hindi	Committee Member	Independent Board Member

Source: The Company

It should be noted that the Company has a Work Regulations for the Risk Committee that has been approved by the Board on 17/07/1444H (corresponding to 08/02/2023G).

9.2.2.4.2 Functions, Powers and Competencies of the Executive Committee

In accordance with Article (11) of the Company's Executive Committee Work Regulations, members have to perform their functions and responsibilities, exercise the necessary diligence to do so, and work in good faith for the success of the Company. The Committee has also to assume the following functions:

- Provide recommendations to the Board of Directors regarding the strategic and operational plans, budgets and business plans developed by management.
- Make decisions on matters authorized by the Board that are outside the scope of the CEO's powers, including matters related to capital expenditures and purchases within the limits authorized to the Committee by the Board.
- Review the Company's mechanisms, procedures and strategy in cooperation with Executive Management.
- Supervise the Executive Management's performance and verify its work in accordance with the Company's strategy, policies and approved regulations.
- Oversee and evaluate the Executive Management's performance and its effectiveness and submit the necessary recommendations to the Board.
- Continuously analyze operational risks and work to reduce them.
- Ensure the implementation of the Company's internal control systems.
- Arrange priorities in allocating capital, human and technical resources.
- Monitor market shares, growth rates and penetration.
- Monitor the implementation of the expansion of points of sale and branches.

9.2.2.4.3 Executive Committee Meetings

In accordance with Article (98) of the Insurance Companies Governance Regulations and Article (5) of the Company's Executive Committee Work Regulations, the Committee shall convene periodically whenever the need arises and not less than six (6) meetings per year.

The Executive Committee held its meetings over the past years until the date of this Prospectus according to the following schedule:

Table No. (87): Executive Committee Meetings

Year	2020G	2021G	2022G	2023G*
Number of Meetings	5	1	6	5

Source: The Company

*As of the date of this Prospectus

According to the abovementioned, the Company doesn't comply with the minimum number of meetings as stated in Article (98) of the Insurance Companies Governance Regulations and Article (5) of the Company's Executive Committee Work Regulations for the years 2020G and 2021G, as it held (5) meetings in 2020G and only (1) meeting in 2021G, noting that the minimum number of meetings is (6) meetings per year.

9.2.2.5 Investment Committee

9.2.2.5.1 Investment Committee Members

The Board of Directors, held on 11/06/1445H (corresponding to 24/12/2023G), appointed the Chairman and members of the Investment Committee, which consists of four (4) members for a period of three (3) years starting from 09/05/1445H (corresponding to 23/11/2023G) and ending on the end of the current session of the Board on 12/06/1448H (corresponding to 22/11/2026G), after obtaining the approval of the Insurance Authority on 11/06/1445H (corresponding to 24/12/2023G).

Table No. (88): Members of the Investment Committee

Name	Position	Membership Status
Yasser Mohammed Al-Harbi	Chairman of the Committee	Executive Board Member
Abdul Mohsen Nafez Jaber	Committee Member	Non-executive Board Member
Muhammad Abdulaziz Al-Naeem	Committee Member	Independent Board Member
Ahmed Khader Al-Baqshi	Committee Member	Independent Board Member

Source: The Company

It should be noted that the Company has a special Work Regulations for the Risk Committee that has been approved by the Board on 17/07/1444H (corresponding to 08/02/2023G).

9.2.2.5.2 Functions, Powers and Competencies of the Investment Committee

According to Article (11) of the Company's Investment Committee Work Regulations, members of the Committee have to perform their functions and responsibilities, exercise the necessary diligence to do so, and work in good faith for the success of the Company. The Committee has also to undertake the following functions:

- Formulate and prepare the investment policy and review its performance and implementation on an annual basis.
- Review the performance of each asset class.
- Follow up on the general risks of investment policy.
- Submit the investment portfolio performance report to the Board of Directors.
- Ensure that all investment-related activities comply with the requirements of the investment regulations issued by the Saudi Central Bank and the requirements of other relevant laws and regulations.

9.2.2.5.3 Investment Committee Meetings

According to Article (5) of the Work Regulations of the Company's Investment Committee, meetings shall not be less than twice a year, and additional meetings may be held when needed.

The Investment Committee held its meetings during the past years as of the date of this Prospectus according to the following schedule:

Table No. (89): Investment Committee Meetings

Year	2020G	2021G	2022G	2023G*
Number of Meetings	3	3	3	1

Source: The Company

*As of the date of this Prospectus

9.2.3 Executive Management

According to the Company's Bylaws, policies and relevant Board of Directors Resolutions, the Executive Management is entrusted with the Managing Director (MD). As of the date of this Prospectus, the position of MD is held by Mr. Yasser Mohammed Al-Harbi, and the position of CEO is held by Mr. Masood Ahmed Bhatti. The table below outlines the names and details of Senior Management:

Table No. (90): Executive Management

Name	Position	Nationality	Age	Date of Appointment	Date of the Central Bank No-Objection Letter
Yasser Mohammed Alharbi	Managing Director	Saudi	53	12/07/1445H (corresponding to 25/01/2024G)	04/06/1445H (corresponding to 17/12/2023G)
Masood Ahmed Bhatti	Finance Director (Assignment)	Pakistani	42	29/05/1434H (corresponding to 10/04/2013G)	28/01/1445H (corresponding to 15/08/2023G)
Dalal Abdullah Al-Burhan	Head of Technical Administration	Saudi	39	22/10/1440H (corresponding to 25/06/2019G)	02/07/1444H (corresponding to 24/01/2023G)
Terky Nasser Al Maouh	Head of compliance	Saudi	49	14/05/1445H (corresponding to 28/11/2023G)	21/06/1445H (corresponding to 03/01/2024G)
Imad Mahdi Awani	Head of the Internal Audit Department	Saudi	39	17/03/1440H (corresponding to 25/11/2018G)	24/01/1440H (corresponding to 04/10/2018G)
Kazem Ahmed Al Kazem	Director of Medical Administration	Saudi	48	01/03/1442H (corresponding to 18/10/2020G)	14/01/1442H (corresponding to 02/09/2020G)
Ahmed Abdul Rahman Al-Mutaliq	Head of commercial activity	Saudi	42	08/03/1442H (corresponding to 25/10/2020G)	08/05/1445H (corresponding to 22/11/2023G)
Noura Al-Assoum	Risk Manager (Assigned)	Saudi	34	14/02/1442H (corresponding to 01/10/2020G)	21/04/1445H (corresponding to 05/11/2023G)
Ahmed Al-Ghanim	Reinsurance Manager	Saudi	37	17/07/1442H (corresponding to 01/03/2021G)	21/05/1445H (corresponding to 05/12/2023G)
Ahmed Al-Mousa	Senior Underwriting Manager, General Insurance	Saudi	38	25/06/1442H (corresponding to 07/02/2021G)	01/12/1444H (corresponding to 19/06/2023G)
Tariq Abdulaziz Al-Mashouq	Director of Legal Department	Saudi	43	19/06/1442H (corresponding to 01/02/2021G)	04/09/1444H (corresponding to 26/03/2023G)
Ali Abbas Ramadan	Director of Information Technology Department	Saudi	46	09/05/1442H (corresponding to 24/12/2020G)	26/11/1444H (corresponding to 15/06/2023G)

Name	Position	Nationality	Age	Date of Appointment	Date of the Central Bank No-Objection Letter
Yasmine Muhammad Al-Zahrani	Customer Care Manager	Saudi	28	01/11/1436H (corresponding to 03/03/2022G)	13/04/1441H (corresponding to 10/12/2019G)
Firas Ali Al Daoud	Vehicle Claims Manager	Saudi	51	30/07/1443H (corresponding to 03/03/2022G)	28/11/1443H (corresponding to 27/06/2022G)
Ritika Jain	Director of Actuarial Department	Indian	44	16/04/1445H (corresponding to 31/10/2023G)	29/04/1445H (corresponding to 13//2023G)

Source: The Company

9.3 Corporate Governance

- According to the Laws, Regulations and Instructions issued by the CMA, and in particular the Corporate Governance Regulations, in addition to the Insurance Companies Governance Regulations issued by the Saudi Central Bank, a Corporate Governance manual was developed for the Company and approved, along with its amendments, during the Board of Directors meeting held on 17/07/ 1444H (corresponding to 08/02/2023G) and the (Ordinary) General Assembly held on 13/01/1445H (corresponding to 31/07/2023G).

9.4 Subsidiaries and Associate Companies

- According to Article (4) of the Bylaws, the Company may create limited liability Companies or closed joint stock Companies (provided that the capital is not less than SAR (5.000.000) or a contribution from one person. The Company may also own shares and stakes in other existing Companies or merge with them, participate with third parties in establishing joint stock or limited liability companies, provided these companies carry out businesses similar to its business, financial business or help the Company achieve its objectives, after fulfilling the requirements of the implemented regulations and instructions in this regard and obtaining the Saudi Central Bank's approval.
- As of the date of this Prospectus, the Company does not have any subsidiaries Companies inside or outside the Kingdom of Saudi Arabia.
- It should be noted that the Company has an investment in Najm Insurance Services Company with (192,308) shares, representing (3.45%) of the capital.

9.5 Government Approvals, Licenses and Certificates

9.5.1 Licenses, Certificates and Approvals Related to the Head Office

- The Company obtained the required licenses, certificates and permits from the competent authorities that are necessary to carry out its activities, in accordance with the applicable laws and regulations in the Kingdom of Saudi Arabia.
- The following tables outlines the current licenses and approvals obtained by the Company related to its head office.

Table No. (91): Licenses, Certificates and Approvals Related to the Head Office

Certificate Type	Purpose	Certificate Number	Date of Issuance/ Renewal	Date of Expiry	Issuing Entity
Commercial Registration	Registration of the Company in the commercial registry (joint stock companies)	2051036871	22/03/1429H (corresponding to 30/03/2008G)	26/01/1446H (corresponding to 01/08/2024G)	Ministry of Commerce / Al-Khobar Office
Chamber of Commerce and Industry Membership Certificate	In accordance with the provisions of the Commercial Register Law, the Company is classified as first class	93322	01/05/1445H (corresponding to 15/11/2023G)	26/01/1446H (corresponding to 01/08/2024G)	Al-Sharqiyyah Chamber
Zakat Certificate	To indicate that the Company has filled its tax returns and has committed to paying Zakat	1110232995	18/03/1445H (corresponding to 10/03/2023G)	21/10/1445H (corresponding to 30/04/2024G)	Zakat, Tax and Customs Authority
VAT Certificate	Certificate of fulfilment of VAT registration	300010874200003	02/12/1438H (corresponding to 24/08/2017G)	--	Zakat, Tax and Customs Authority
GOSI Contribution Certificate	In accordance with the Social Insurance Law	59734811	12/06/1445H (corresponding to 25/12/2023G)	11/07/1445H (Corresponding to 23/01/2024G)	GOSI
Wage Protection Commitment Certificate	In accordance with the Wage Protection Law	20012311026480	30/04/1445H (corresponding to 14/11/2023G)	02/07/1445H (corresponding to 14/01/2024G)	Ministry of Human Resources and Social Development
Saudization Certificate	To indicate that the Company is compliant with the required Saudization percentage according to Nitaqat program	94822185-241457	12/06/1445H (Corresponding to 25/12/2023G)	14/09/1445H (Corresponding to 24/03/2024G)	Ministry of Human Resources and Social Development
Authorization to undertake insurance business	In accordance with the Cooperative Insurance Companies Control Law that authorizes the Company to carry out insurance activity in the two following branches (general insurance and health insurance)	TMN/13/20083	20/03/1444H (Corresponding to 16/10/2022G)	19/03/1447H (Corresponding to 11/09/2025G)	Saudi Central Bank
Council of Health Insurance license	Licensing the Company according to its qualifications to practice cooperative health insurance business	--	--	05/08/1445H (corresponding to 15/02/2024G)	Council of Health Insurance
Municipal License	Licensing the Company to practice commercial activity	440811699316		21/01/1446H (Corresponding to 27/07/2024G)	Al-Sharqiyyah or Eastern Province Municipality -West Dammam Municipality of Al Faisaliah - Omar bin Al-Khattab Street

Source: The Company

9.5.2 Licenses, Certificates and Approvals Related to the Company's Branches

- The Company has branches in several Saudi cities: Jeddah - Najran - Hail - Tabuk - Al-Bahah - Riyadh - Jizan - Buraidah - Madinah. The Company has to obtain licenses, certificates and approvals and maintain them to carry out its health insurance and general insurance activities.
- Below are details of the licenses, approvals and certificates obtained by the Company's branches:

Table No. (92): Licenses, Certificates and Approvals Related to the Company's Branches

Certificate Type	Purpose	Certificate Number	Date of Issuance/ Renewal	Date of Expiry	Issuing Entity
"Al Sagr Cooperative Insurance Company" Branch in Jeddah					
Commercial Registration	Register the branch in the Commercial Registry	4030182618	07/09/1429H (corresponding to 07/09/2008G)	07/09/1445H (corresponding to 17/03/2024G)	Ministry of Commerce / Jeddah Office
GOSI Contribution Certificate	In accordance with the Social Insurance Law	59734904	12/06/1445H (Corresponding to 25/12/2023G)	11/07/1445H (Corresponding to 23/01/2024G)	GOSI
Wage Protection Commitment Certificate	In compliance with the Wage Protection Commitment	413013-73292875	17/08/1445H (corresponding to 27/02/2024G)	17/09/1445H (Corresponding to 27/03/2024G)	Ministry of Human Resources and Social Development
Saudization Certificate	To indicate that the Company is compliant with the required Saudization percentage according to Nitaqat program	10402773-190404	12/06/1445H (Corresponding to 25/12/2023G)	14/09/1445H (Corresponding to 24/03/2024G)	Ministry of Human Resources and Social Development
"Al Sagr Cooperative Insurance Company" Branch in Riyadh					
Commercial Registration	Register the branch in the Commercial Registry	1010243765	26/01/1429H (corresponding to 04/02/2008G)	21/03/1446H (corresponding to 24/09/2024G)	Ministry of Commerce / Riyadh Office
GOSI Contribution Certificate	In accordance with the Social Insurance Law	59735534	12/06/1445H (Corresponding to 25/12/2023G)	11/07/1445H (Corresponding to 23/01/2024G)	GOSI
Saudization Certificate	To indicate that the Company is compliant with the required Saudization percentage according to Nitaqat program	20803180-199111	27/05/1445H (corresponding to 11/12/2023G)	14/09/1445H (corresponding to 24/03/2024G)	Ministry of Human Resources and Social Development
Municipal License	Licensing the Company's branch to practice commercial activity	43047978494	09/09/1445H (corresponding to 03/19/2024G)	--	Riyadh Municipality – Ulaya Sub-Municipality – Al Nuzha Quarter – Abu Bakr Al-Siddiq
Salamah Certificate	In compliance with the Civil Defense Safety and Security Standards and Conditions	44-000884986-2	25/08/1444H (corresponding to 17/03/2023G)	25/08/1445H (corresponding to 06/04/2024G)	General Directorate of Civil Defense
"Al Sagr Cooperative Insurance Company" Branch in Tabuk					
Commercial Registration	Register the branch in the Commercial Registry	3550027342	29/01/1433H (corresponding to 24/12/2011G)	29/01/1446H (corresponding to 04/08/2024G)	Ministry of Commerce / Tabuk Office
Municipal License	Licensing the Company's branch to practice commercial activity	39066620	--	13/06/1446H (corresponding to 24/12/2024G)	Tabuk Municipality – Al Janoub Sub-Municipality – Al Saadah Quarter – Ali bin Abi Taleb
Salamah Certificate	In compliance with the Civil Defense Safety and Security Standards and Conditions	44-000697881-3	09/08/1444H (Corresponding to 03/01/2023G)	09/08/1445 (Corresponding to 19/02/2024G)	General Directorate of Civil Defense
"Al Sagr Cooperative Insurance Company" Branch in Buraydah					
Commercial Registration	Register the branch in the Commercial Registry	1131046600	02/03/1434H (corresponding to 14/01/2013G)	02/03/1446H (corresponding to 05/09/2024G)	Commercial Register - Buraydah Office
Municipal License	Licensing the Company's branch to practice commercial activity	3909362370	--	28/03/1446H (corresponding to 01/10/2024G)	Qassim Municipality-Deira Sub-Municipality-Al-Marqab Quarter

Certificate Type	Purpose	Certificate Number	Date of Issuance/ Renewal	Date of Expiry	Issuing Entity
Salamah Certificate	In compliance with the Civil Defense Safety and Security Standards and Conditions	44-00384067-3	08/09/1444H (corresponding to 30/03/2023G)	08/09/1445H (corresponding to 18/03/2024G)	General Directorate of Civil Defense
“Al Sagr Cooperative Insurance Company” Branch in Hail					
Commercial Registration	Register the branch in the Commercial Registry	3350044740	12/22/1438H (corresponding to 09/13/2017G)	12/22/1445H (corresponding to 06/28/2024G)	Ministry of Commerce - Hail Office
Municipal License	Licensing the Company’s branch to practice commercial activity	43099747396	--	16/01/1446H (corresponding to 22/07/2024G)	Hail Municipality - Al-Wasat Sub-Municipality -Alaaziziyah Quarter -Waraqa Bint Nofal Street
Salamah Certificate	In compliance with the Civil Defense Safety and Security Standards and Conditions	44-000959852-2	14/01/1445H (corresponding to 01/08/2023G)	14/01/1446H (corresponding to 20/07/2024G)	General Directorate of Civil Defense
“Al Sagr Cooperative Insurance Company” Branch in Najran					
Commercial Registration	Register the branch in the Commercial Registry	5950022375	11/11/1433H (corresponding to 02/05/2012G)	11/06/1446H (corresponding to 12/12/2024G)	Ministry of Commerce - Najran Office
Municipal License	Licensing the Company’s branch to practice commercial activity	3909105351	--	07/07/1445H (corresponding to 19/01/2024G)	Najran Municipality - Najran Sub-Municipality -Al-Fahd Quarter
“Al Sagr Cooperative Insurance Company” Branch in Jazan					
Commercial Registration	Register the branch in the Commercial Registry	5900027845	04/05/1435H (corresponding to 05/03/2014G)	04/05/1446H (corresponding to 11/06/2024G)	Ministry of Commerce - Jazan Office
Saudization Certificate	To indicate that the Company is compliant with the required Saudization percentage according to Nitaqat program	16418441-201078	12/04/1445H (corresponding to 25/12/2023G)	14/09/1445H (corresponding to 24/03/2024G)	Ministry of Human Resources and Social Development
Municipal License	Licensing the Company’s branch to practice commercial activity	40082143103	--	17/08/1445H (corresponding to 27/02/2024G)	Jazan Municipality - Jazan Sub-Municipality - Al-Safa Quarter
“Al Sagr Cooperative Insurance Company” Branch in Madinah					
Commercial Registration	Register the branch in the Commercial Registry	4650060439	02/03/1434H (corresponding to 14/01/2013G)	03/02/1446H (corresponding to 09/05/2024G)	commercial register
GOSI Contribution Certificate	In accordance with the Social Insurance Law	59734959	12/06/1445H (corresponding to 25/12/2023G)	11/07/1445H (corresponding to 23/01/2024G)	GOSI
Wage Protection Commitment Certificate	In compliance with the Wage Protection Commitment	189667-53422091	17/08/1445H (corresponding to 27/02/2024G)	17/09/1445H (corresponding to 27/03/2024G)	Ministry of Human Resources and Social Development
Saudization Certificate	To indicate that the Company is compliant with the required Saudization percentage according to Nitaqat program	110061-21382282	17/08/1445H (corresponding to 27/02/2024G)	19/11/1445H (corresponding to 27/05/2024G)	Ministry of Human Resources and Social Development
“Al Sagr Cooperative Insurance Company” Branch in Al-Bahah					
Commercial Registration	Register the branch in the Commercial Registry	5800014660	02/03/1434H (corresponding to 14/01/2013G)	02/03/1446H (corresponding to 04/09/2024G)	Ministry of Commerce – Al-Bahah Office
Municipal License	Licensing the Company’s branch to practice commercial activity	42095518726	--	22/07/1445H (corresponding to 03/02/2024G)	Al Baha Municipality -Al-Bahah Sub-Municipality -Al Souk Quarter

Source: The Company

9.5.3 Central Bank Approvals Related to Opening and Closing Points of Sale and Branches

The Company obtained approvals from the Central Bank to open, close and change the location of branches and points of sale as follows:

Table No. (93): Central Bank Approvals to Open and Close Points of Sale and Branches

No.	City	Address	The date of the Central Bank's approval to open the point of sale	The date of the Central Bank's approval to close the point of sale
1	Jeddah	Matar Bin Shuba Street	05/05/1432H (corresponding to 09/04/2011G)	14/11/1443H (corresponding to 13/06/2022G)
2	Abha	Wadi Bin Hashbal Road - Scheme Number 1	05/05/1432H (corresponding to 09/04/2011G)	22/05/1444H (corresponding to 15/12/2022G)
3	Khamis Mushait	King Fahd Road	05/05/1432H (corresponding to 09/04/2011G)	Closed
4	Al Khobar	Majid Bin Abdul Aziz Street	05/05/1432H (corresponding to 09/04/2011G)	27/05/1441H (corresponding to 22/01/2020G)
5	Qatif	Al Quds Street	05/05/1432H (corresponding to 09/04/2011G)	NA
6	Tabuk	Madinah Street - Opposite King Abdul Aziz Charitable Society	05/05/1432H (corresponding to 09/04/2011G)	NA
7	Najran (Company's Branch)	Salman Al Farsi Street – Opposite Jawazat Building	05/05/1432H (corresponding to 09/04/2011G)	NA
8	Riyadh	King Fahd Road, Opposite Jawazat	02/07/1435H (corresponding to 01/05/2014G)	27/05/1441H (corresponding to 22/01/2020G)
9	Riyadh	Riyadh District – Hafsa Bint Omar Street, Opposite Al -Rawda Al Jadida	02/07/1435H (corresponding to 01/05/2014G)	NA
10	Al Khobar	Al-Thuqbah District - Street N. (10)	02/07/1435H (corresponding to 01/05/2014G)	27/05/1441H (corresponding to 22/01/2020G)
11	Taif	Qamriya District – Hind Bint Al Hassan Street (Near Jawazat)	02/07/1435H (corresponding to 01/05/2014G)	NA
12	Al Jawf	Sakaka - Al-Rahmaniyah District - King Fahed Street	02/07/1435H (corresponding to 01/05/2014G)	NA
13	Hafr al-Batin	Al-Safa District/King Fahd Street, Opposite Labor Office	26/11/1436H (corresponding to 10/09/2015G)	Closed
14	Jeddah	Al Rabwah District – Al Makrounah Street (Al Thamaneen)	26/11/1436H (corresponding to 10/09/2015G)	Closed
15	Jeddah	Al-Balad District - King Abdul Aziz Street - The address was moved to Al-Jawhara District on Al-Ma'arada Street in Jeddah, and was approved by the Central Bank on 29/04/1437H (corresponding to 08/02/2016G) pursuant to Resolution No. (371000049374).	26/11/1436H (corresponding to 10/09/2015G)	Closed
16	Al Jubail	Jubail District – Al Balad – Al Jubail Street, Intersection with Jeddah Street	26/11/1436H (corresponding to 10/09/2015G)	NA
17	Makkah al-Mukarramah	Al-Zahir District - Al Ain Al Moajer Street	26/11/1436H (corresponding to 10/09/2015G)	14/11/1443H (corresponding to 13/06/2022G)
18	Riyadh	Al-Naseem District - Al-Arbaeen Street	26/11/1436H (corresponding to 10/09/2015G)	Closed
19	Al Qassim (Unaizah)	Al Jamiyin District - Al-Wazir Bin Sulaiman Street	26/11/1436H (corresponding to 10/09/2015G)	23/04/1445H (corresponding to 08/11/2023G)
20	Hail (Company's Branch)	Hail Region - Omar bin al-Khattab Street – Al Azizia District - The address was transferred to Al-Aziza - Hail, Uqda Road - opposite the Hail Traffic Department - Office No. 10 (formerly Omar bin Al-Khattab Street) pursuant to the approval of the Central Bank on 08/09/1442H (corresponding to 20/04/2021G).	26/11/1436H (corresponding to 10/09/2015G)	NA
21	Al Qatif (Al-Awamiyah)	Al-Rif District - Al-Awamiyah Main Street	26/11/1436H (corresponding to 10/09/2015G)	Closed

No.	City	Address	The date of the Central Bank's approval to open the point of sale	The date of the Central Bank's approval to close the point of sale
22	Ash-Sharqiyah (Eastern Province)	Al Khobar - King Faisal Street - Al-Rawaby District - Pavilion Commercial Building 8422 - Ground Floor The address was transferred to the Eastern Region – Al Khobar - King Faisal Road - Al-Yarmouk District - Ground Floor pursuant to the approval of the Central Bank on 26/11/1442H (corresponding to 07/07/2021G).	05/05/1442H (corresponding to 20/12/2020G)	22/05/1444H (corresponding to 15/12/2022G)
23	Dammam	King Khaled Road - In front of Jawazat Gate - Ash-Sharqiyah	12/01/1436H (corresponding to 11/05/2014G)	22/05/1444H (corresponding to 15/12/2022G)
24	Riyadh	Al Shifaa District – Al-Marwa - Al-Khalil Bin Ahmed Street - Building No. 7525	04/09/1433H (corresponding to 23/07/2012G)	It was closed in accordance with the approval of the Central Bank on 27/05/1441H (corresponding to 22/01/2020G).
25	Al-Ahsa	Al Dahran Street - Mubarraz Roundabout	--	27/05/1441H (corresponding to 22/01/2020G)
26	Yanbu	Yanbu Al-Bahr - Al-Amoudi District - Jawazat Roundabout	04/09/1433H (corresponding to 23/07/2012G)	27/05/1441H (corresponding to 22/01/2020G)
27	Al Qassim (Branch)	Al-Marqab neighbourhood - Al-Arbaeen Street, next to Passports	04/09/1433H (corresponding to 23/07/2012G)	NA
28	Jeddah	Al-Kandara District – Al Matar Street	04/09/1433H (corresponding to 23/07/2012G)	NA
29	Al-Ahsa	Government Departments Complex -Opposite Jawazat Al-Ahsa	04/09/1433H (corresponding to 23/07/2012G)	NA
30	Al Bahah (Company's Branch)	Abu Bakr Al-Siddiq Street, near Passports	04/09/1433H (corresponding to 23/07/2012G)	NA
31	Jazan (Company's Branch)	Jawazat District - Port Road - Tawhid Roundabout	04/09/1433H (corresponding to 23/07/2012G)	NA
32	AL Madinah AL Munawwarah	Al Khaldiyeh District - Opposite Jawazat Office	04/09/1433H (corresponding to 23/07/2012G)	NA
33	Riyadh	Makkah Al-Mukarramah Branch Road - King Abdul Aziz District - Building No. 3922	--	26/10/1442H (corresponding to 07/07/2021G)
34	Riyadh (Company's Branch)	Siteen Street - Malaz District - Platinum Center The address was moved to Abu Bakr Al-Siddiq Road, Al-Nuzha District, Unit No. 37, pursuant to the approval of the Central Bank dated 08/09/1442H (corresponding to 20/04/2021G)	08/09/1442H (corresponding to 20/04/2021G)	NA
35	Jeddah (Company's Branch)	Makkah Al-Mukarramah - Jeddah - Abdul Rahman Al-Dakhil Street - Al Nahda District The address was moved to Prince Sultan - Al-Rawda District, pursuant to the approval of the Central Bank dated 08/09/1442H (corresponding to 20/04/2021G)	08/09/1442H (corresponding to 20/04/2021G)	NA

Source: The Company

9.6 Continuing Obligations Imposed by Government Entities on the Company as the “Licensee”

The Company and its branches are required, as license issuer, to adhere to the essential requirements imposed by the competent authorities in order to maintain licenses, certificates and approvals as follows:

9.6.1 Continuing Obligations According to the Requirements of the Ministry of Commerce

- The Company complies with the Law of Commercial Register in terms of registration with the CR Department in the city of Al-Khobar, where its headquarters are located, under Certificate No. (2051036871) dated 22/03/1429H (corresponding to 30/03/2008G) which expires on 26/01/1446H (corresponding to 08/01/2024G). It also complies with the Law of Commercial Register in terms of obtaining a membership certificate from the Chamber of Commerce and Industry under Certificate No. (93322) dated 05/01/1445H (corresponding to 15/11/2023G) and expiring 26/01/1446H (corresponding to 08/01/2024G).
- As of the date of this Prospectus, the Company was not committed to amend its Bylaws in line with the new and recent amendments that occurred based on the Companies Law issued by Royal Decree No. (M/132) dated 12/01/1443H (corresponding to 30/06/2022G). The latest version of the Bylaws was issued based on the EGA held on 17/03/1444H (corresponding to 13/10/2022G), and approved by the Ministry of Commerce (Operations Department) on 09/07/1444H (corresponding to 31/01/2023G). The Company is in compliance with the requirements of the CMA and the Saudi Tadawul Company (Saudi Tadawul) in terms of uploading a copy of the Bylaws on the Tadawul website on the Company's page.
- Furthermore, the Company is in compliance with the Law of Commercial Register in terms of registration before the Commercial Registry Department for all its branches in the cities of: Jeddah - Najran - Hail - Tabuk - Al-Bahah - Riyadh - Jizan - Buraidah - Madina Al Munawwarah, but it did not complete all procedures for establishing its branches. Therefore, registration certificates were not issued in the Chambers of Commerce and Industry for each of these branches.
- The Company is in compliance with Article (88) of the Companies Law, which requires the GA of Shareholders to convene at least once during the six months following the end of the fiscal year. The Company held its GA within the regulatory deadline on 04/11/1444H (corresponding to 24/05/2023G).

9.6.2 Continuing Obligations According to the Requirements of the Zakat, Tax and Customs Authority (ZATCA)

- The Company, like other registered establishments and Companies operating in the Kingdom, is required to submit its Zakat and tax declarations within (120) days of the end of the fiscal year for the purpose of renewing the certificate issued by the ZATCA. The Company was registered as a taxpayer under the distinctive tax number (3000108742). It submitted its Zakat declarations for the fiscal year ending on December 31, 2022G, and obtained a Zakat certificate from the ZATCA under number (1110232995) dated 18/03/1445H (corresponding to 10/03/2023G) and expiring on 21/10/1445H (corresponding to 30/04/2024G). This certificate enables the Company to complete all its transactions, including paying its final dues for contracts.
- It should be noted that Zakat due to be paid to the ZATCA for the fiscal year ending on December 31, 2022G amounted to (4,598,601) Saudi Riyals, and the Zakat due to be paid for the nine-month period ended September 30, 2023G, amounted to (6,955,053) Saudi Riyals.
- During the year ending on December 31, 2020G, the Company received final Zakat assessments for the years starting from 2012G to 2018G, and the total additional Zakat obligations according to the assessment amounted to (36,300,000) Saudi Riyals for these years. The Company filed an appeal before the General Secretariat of Zakat Committees (Supreme Committees) against the assessments, and submitted simultaneously a settlement request to the ZATCA's Settlement Committee to reduce the Zakat assessment so that it reaches (36,200,000) Saudi Riyals. The Company also filed an appeal to resolve tax disputes against this assessment that was rejected. Thus, it is currently working to settle this obligation.
- During the year ending December 31, 2021G, the Company received a preliminary assessment from ZATCA for the years 2019G and 2020G, with an additional liability of (9,600,000) Saudi Riyals. The Company filed an objection to the General Secretariat of Zakat Committees (Higher Committees) against this assessment.
- The Company is also compliant with the VAT Law and its Implementing Regulations and is registered before the ZATCA under tax number (300429165900003) according to a certificate issued on 12/02/1438H (corresponding to 24/08/2017G), noting that it has been registered since 14/04/1439H (corresponding to 01/01/2018G).
- On 11/01/1443H (corresponding to 19/08/2021G), the Company was subject to a fine of (10,000) Saudi Riyals by the ZATCA, due to its failure to comply with the requirements of the tax invoice and display a certificate of compliance with the VAT Law at the Khamis Mushait point of sale. The Company ultimately paid this fine.

9.6.3 Continuing Obligations According to the requirements of the Ministry of Human Resources and Social Development

- A file has been opened before the Ministry of Human Resources and Social Development (Labor Office) under the unified number (202308-1) according to the Saudization certificate. As of the date of publishing this Prospectus, the Company benefits from the electronic services of the Ministry of Human Resources and Social Development; a Saudization certificate has been issued to indicate that the Company is committed to the required Saudization percentage which is 79%, placing it in the Platinum category, as per the Saudization certificate issued under No. (94822185-241457) dated 12/06/1445H (corresponding to 25/12/2023G), which expires on 14/09/1445H (corresponding to 24/03/2024G).
- The Company is committed to the Wage Protection System as well as the organized reporting of wages of its employees, under a Wage Protection Commitment Certificate No. (20012311026480) dated 30/04/1445H (corresponding to 14/11/2023G). This certificate is valid for a period of (60) days from the date of issuance, i.e., until 02/07/1445H (corresponding to 14/01/2024G), and the percentage of compliance reached (97%) for the month of October 2023G.
- Further, the Company is committed to the requirements of the Ministry with respect to electronically documenting the employment contracts of its employees with a compliance rate of (100%) as of November 2023G, according to a report issued by Mudad platform.
- The Company is in compliance with Article (13) of Labor Law, which requires every employer to draft a Bylaws to his firm in line with the Ministry's model bylaws to organize work and announce it, in addition to any amendment made to it in a visible place in the facility. The Company adopted an internal work organization regulation at the Ministry of Human Resources and Social Development under No. (84572) dated 20/07/1441H (corresponding to 15/03/2020G).
- It should be noted that the Company has committed a number of violations of the Labor Law during the years 2020G and 2021G, and was subjected to fines by the Ministry of Human Resources and Social Development according to the following:

Table No. (94): Summary of Violations of The Ministry of Human Resources and Social Development

Violation	Date of Violation	Type of Penalty	Fine amount	Status of Violation
2020G				
Failure to open a file and register points of sale in Jazan and Madina Al Munawarrah labor offices.	21/04/1442 H (corresponding to 06/12/2020 G)	Fine	SAR (20,000)	The fine was paid on 22/04/1442H (corresponding to 07/12/2020G).
Al-Ahsa point of sale panel is not visible.	25/04/1442 H (corresponding to 10/12/2020 G)	Fine	SAR (500)	The fine was paid on 29/04/1442H (corresponding to 14/12/2020G).
2021G				
Failure to pay workers' wages within a week at most from the end date of the contractual relationship.	06/09/1442 H (corresponding to 18/04/2021 G)	Fine	SAR (10,000)	The fine was paid on 08/09/1442H (corresponding to 20/04/2021G).

Source: The Company

9.6.4 Continuing Obligations According to the Requirements of the General Organization for Social Insurance (GOSI)

The Company has opened a file before GOSI under the membership number (502302655) and is participating in the pension and occupational hazards branches for Saudi and non-Saudi employees according to GOSI certificate number (59734811) dated 12/06/1445H (corresponding to 25/12/2023G). The amount of the contributions paid for the year 2022G amounted to (4,925,522.08) Saudi Riyals.

9.6.5 Continuing Obligations According to the Requirements of the Ministry of Municipal, Rural Affairs and Housing

- The Company must obtain a municipal licenses for its administrative offices branches, and points of sale; in order to occupy them, taking into consideration that the Municipality or secretariat requires the submission of the following documents: the Register of Commerce, By-laws, lease contract and building permit for the rented building, food establishment or shop and warehouse and real estate license and a remote photograph of the building with the billboard (with a copy of the billboard bill and the property registration of the Company trademark to be used on the facade) in addition to the civil defense license.
- The Company has a number of (13) leased sites for the purpose of conducting its activities, which are used as administrative offices for the head office, branches, and points of sale (for more information, please refer to Subparagraph (9.7.2) "*Lease Contracts*" of Paragraph (9) "*Legal Information*" of this Section).
- The table below outlines the branches and points of sale operated by the Company and its obtainment of municipal licenses and salamah certificates:

Table No. (95): Municipal Licenses and Salamah Certificates

No.	Company	Municipal License No.	Commercial Registration No.	License Expiration Date	Address According to Municipal License	Salamah Certificate (Civil Defense)
1.	Al Sagr Cooperative Insurance Company	440811699316	2051036871	21/01/1446H (Corresponding to 27/07/2024G)	Ash-Sharqiyah /Eastern Province Municipality - West Dammam Municipality – Al Faisaliah District - Omar bin al-Khattab Street.	
2.	Al Sagr Cooperative Insurance Company	43047978494	1010243765	09/09/1445H (Corresponding to 19/03/2024G)	Riyadh Municipality - Olaya Municipality - Al-Nuzha District - Abu Bakr Al-Siddiq.	Salamah Certificate No. (44-0000884986-2) Expires on 25/08/1445H (corresponding to 06/04/2024G)
3.	Al Sagr Cooperative Insurance Company	39066620	3550027342	06/13/1446H (corresponding to 12/14/2024G)	Tabuk Region Municipality-South Municipality-Al Saadah District -Ali bin Abi Talib Street	Salamah Certificate No. (44-000697881-3) Expires on 09/08/1445H (corresponding to 19/02/2024G)
4.	Branch of Al Sagr Cooperative Insurance Company	3909362370	1131046600	28/03/1446H (corresponding to 01/10/2024G)	Al Qassim Region Municipality - Deira Sub-Municipality - Al-Marqab District.	Salamah Certificate No. (44-000384067-4) Expires on 08/09/1445H (corresponding to 18/03/2024G)
5.	Al Sagr Cooperative Insurance Company	43099747396	3350044740	16/01/1446H (corresponding to 22/07/2024G)	Hail Region Municipality - Al-Wasat Municipality – Al Aziziyah District.	Salamah Certificate No. (44-000959852-2) Expires on 14/01/1446H (corresponding to 20/07/2024G)
6.	Al Sagr Cooperative Insurance Company	3909105351	5950022375	07/07/1446H (corresponding to 07/01/2025G)	Najran Municipality – Najran Sub Municipality - Al-Fahd District.	Non-Compliant
7.	Al Sagr Cooperative Insurance Company	40082143103	5900027845	17/08/1445H (corresponding to 27/02/2024G)	Jazan Municipality - Jazan Sub-Municipality - Al-Safa District -39A Street.	Non-Compliant
8.	Al Sagr Cooperative Insurance Company	42095518726	5800014660	22/07/1445H (corresponding to 03/02/2024G)	Al-Bahah Municipality - Al-Bahah Sub-Municipality - Market District.	Non-Compliant
9.	Al Sagr Cooperative Insurance Company	43016058616	2051036871	19/05/1446H (corresponding to 21/11/2024G)	Eastern Province Municipality – Al Qatif Municipality - Warehouse District.	Non-Compliant
10.	Al Sagr Cooperative Insurance Company	440310727933	1010243765	07/04/1446H (corresponding to 10/10/2024G)	Riyadh Municipality - Al-Shifa Sub-Municipality - Al-Marwa District – Al Khalil Street.	Salamah Certificate No. (45-001024213-2) Expires on 13/05/1446H (corresponding to 15/11/2024G)
11.	Al Sagr Cooperative Insurance Company	441112358031	2051036871	22/01/1446H (corresponding to 28/07/2024G)	Al-Ahsa Municipality - Mubarraz Sub-Municipality - Ain Najm District -Ibn Al-Qassas Street.	Non-Compliant

No.	Company	Municipal License No.	Commercial Registration No.	License Expiration Date	Address According to Municipal License	Salamah Certificate (Civil Defense)
12.	Branch of Al Sagr Cooperative Insurance Company	42034117138	1010414342*	29/07/1445H (corresponding to 10/02/2024G)	Riyadh Municipality-Rawda Sub-Municipality-Al Rawdah -Hafsa bint Omar.	Salamah Certificate No. (44-000165135-6) Expires on 16/08/1445H (corresponding to 26/02/2024G)
13.	Al Sagr Cooperative Insurance Company	40112492006	4650060439	23/12/1445H (corresponding to 29/06/2024G)	Municipality of Madinah Region - Quba Municipality - Al-Rawabi District - Muhammad bin Ahmed bin Abi Al-Sagr.	

Source: The Company

*This certificate was issued on a canceled registration number.

The Company adheres to the requirements and regulations of the Ministry of Municipal, Rural Affairs and Housing, However, it did not obtain a salamah certificate for a number of branches and points of sale.

9.6.6 Continuing Obligations According to the CMA Requirements

- The CMA required all listed companies on Saudi Stock Exchange to adhere to the Rules on the Offer of Securities and Continuing Obligations (OSCOs) and CMA's instructions in particular the reporting requirements of material and financial developments and the Board's annual report.
- The annual financial results announced on Tadawul website must be derived from the audited financial statements approved by the Company's external auditor appointed by the OGA and approved by the Board. The Company must adhere to the CMA's Instructions for Companies Announcement with respect to the disclosure of its financial results. The Company must also provide a statement of all the causes and effects of the changes in the financial results for the current fiscal year with the comparison period, so that the reasons include all the items of the financial results announcement
- The CMA required listed companies in the Capital Market to disclose the stages of their compliance with the transition to the (IFRS). On 26/11/1437H (corresponding to 29/08/2016G), the Company announced on the Tadawul website that since its incorporation, it has been applying (IFRS), and annually indicating this in the announced financial statements.
- The CMA required public joint stock companies to comply with the Instructions for Companies Announcement which was issued pursuant to the CMA Board Decision No. No. (1-199-2006) dated 18/07/1427H (corresponding to 12/08/2006G) and amended pursuant to Resolution No. (3-79-2023) dated 19/02/1445H (corresponding to 04/09/2023G).
- The Company adheres to the requirement of appointing authorized representatives before the CMA with respect to all matters pertaining to the Capital Market Law and its Implementing Regulations. The Board appointed on 20/05/1445H. (corresponding to 04/12/2023G) the following members as representatives: Yasser Mohammed Al-Harbi (Managing Director) and Ghaya Abdul Aziz Buhaliqa (Legal Representative).
- The Authority also requires listed companies to comply with the Implementing Regulations of the Companies Law for Listed Joint Stock Companies issued by the Board of the CMA pursuant to Resolution No. (8-127-2016) dated 16/01/1438H (corresponding to 17/10/2016G) based on the Companies Law issued By Royal Decree No. (M/3) dated 28/01/1437H, amended by Authority Board Resolution No. (2-26-2023) dated 05/09/1444H (corresponding to 27/03/2023G) and the Companies Law issued by Royal Decree No. (M/132) dated 12/01/1443H, which requires the Board of a listed company to disclose in its annual report details of the Remuneration policies, and mechanisms for determining such Remuneration, including amounts in cash and in-kind benefits paid to each Board member in exchange for any executive, technical, managerial, or advisory work or positions. The Company complied to disclose the remuneration received by Board members for the fiscal years 2020G, 2021G, and 2022G.
- On 23/01/1438H (corresponding to 24/10/2016G), the CMA Board issued the resolution 1-130-2016 stipulating the amendment of the procedures and instructions for companies whose shares are listed on Tadawul and whose accumulated losses amounted to 50% or more of their capital according to the new Companies Law, the name of which has been amended to "Procedures and Instructions Related to Listed Companies with Accumulated Losses reaching 20% or more of their Share Capital" as amended by CMA Board resolution 1-77-2018 dated 05/11/1439H (corresponding to 18/07/2018G). These procedures and instructions have been amended in accordance with CMA Board Resolution No. (8-5-2023) and dated 25/06/1444H (corresponding to 18/01/2023G). It should be noted that on 04/03/1444H (corresponding to 30/09/2022G), the value of the Company's accumulated losses amounted to (269,400,000) Saudi Riyals, as the percentage of losses exceeded half of the capital, at a rate of (67.4%) of capital, amounting to four hundred million (400,000,000) Saudi Riyals. Since the Company adhered to the CMA Regulations, especially to the procedures and instructions mentioned above, it has taken the necessary measures to reduce the accumulated losses, as the Board of Directors submitted a recommendation to the Shareholders on 05/02/1444H (corresponding to 01/09/2022G) for the purpose of reducing the Company's capital by canceling shares to amortize accumulated losses, and obtained the CMA approval to capital reduction on 09/03/1444H (corresponding to 05/10/2022G).
- On 17/03/1444H (corresponding to 13/10/2022G), the GA of Shareholders (Extraordinary) approved reducing the Company's capital from four hundred million (400,000,000) Saudi Riyals to one hundred and forty million (140,000,000) Saudi Riyals

divided into fourteen million (14,000,000) ordinary shares in order to amortize all accumulated losses equal to one hundred and sixty million (260,000,000) Saudi Riyals by cancelling twenty-six million (26,000,000) shares of the Company's issued shares, and the reduction percentage amounted to (65%) of the capital. On 28/05/1444H (corresponding to 22/12/2022G), the Company announced a decrease in the value of the its accumulated losses to the equivalent of (12.12%) of the Company's capital.

Suspension of Trading Shares

- On 15/01/1443H (corresponding to 23/08/2021G), Saudi Tadawul announced the suspension of the Company's shares for one session on 15/01/1443H (corresponding to 23/08/2021G), provided that trading in the Company's shares would resume for twenty trading sessions starting from 16/01/1443H (corresponding to 24/08/2021G), following the session in which trading was suspended. The Company is required to publish its financial statements before the end of 13/02/1443H (corresponding to 20/09/2021G). However, due to the Company's failure to announce the financial statements for Q2 of 2021G within the statutory period, Saudi Tadawul announced on 14/02/1443H (corresponding to 21/09/2021G) the re-suspension of shares starting from 14/02/1443H (corresponding to 21/09/2021G) until the financial statements are announced. On 26/04/1443H (corresponding to 01/12/2021G), the Company announced its financial statements for the Q2 and Q3 of 2021G, and based on the Market's powers as stated in the Listing Rules, the Saudi Tadawul announced on 01/05/1443H (corresponding to 05/12/2021G) the lifting of the suspension on Trading the Shares, starting on 01/05/1443H (corresponding to 05/12/2021G).
- On 24/10/1443H (corresponding to 25/05/2022G), Saudi Tadawul announced the suspension of trading in the Company's shares due to its failure with announcing the financial statements for Q1 of 2022G during the statutory period and for one session on 24/10/1443H (corresponding to 25/05/2022G), provided that trading shares will resume for twenty trading sessions beginning from 25/10/1443H (corresponding to 26/05/2022G) following the session in which trading was suspended. The Company must publish the financial statements before the end of 23/11/1443H (corresponding to 22/06/2022G). Due to the Company's failure to announce the financial statements for Q1 of 2022G during the statutory period, the Saudi Tadawul announced on 24/11/1443H (corresponding to 23/06/2022G) suspending the Company shares starting from 24/11/1443H (corresponding to 23/06/2022G), since it failed to publish its financial statements for the period ending on 31/03/2022G during the specified statutory period. On 28/03/1444H (corresponding to 24/10/2022G), the Company announced its initial financial statements for the period ending 30/06/2022G, and pursuant to the Market's powers stipulated in the Listing Rules, Saudi Tadawul announced lifting the suspension on Trading the Shares, starting on 29/03/1444H (corresponding to 25/10/2022G).

Table No. (96): Summary of the CMA Violations

Violation	Date of Violation	Type of Penalty	Fine amount (where applicable)	Violation Status
2020G				
Failure to disclose the expiry of the CEO's mandate/term.	13/01/1442H (corresponding to 01/09/2020G)	Fine	SAR (10,000)	Payment was made on 02/03/1442H (corresponding to 19/10/2020G).
2022G				
The Company did not adhere to the Statutory deadline for publishing the financial statements contained in the instructions for corporate announcements.	28/04/1444H (corresponding to 22/11/2022G)	Warning	--	--
2023G				
The Company's failure to notify the Authority of the names of committee members and their membership positions within five working days from the date of their appointment and the changes that occurred within five working days from the date of the changes.	09/06/1444H (corresponding to 02/01/2023G)	Warning	--	--
The Company's failure to disclose immediately and without delay the signing of a contract with "Maharah Human Resources Company".	(20/03/1445H Corresponding to 05/10/2023G)	Warning	--	--

Source: The Company

- Regarding Corporate Governance, the table below shows the Company's compliance with the Corporate Governance Regulations issued by the Capital Market Authority:

Table No. (97): The Most Important Provisions of the Corporate Governance Regulations

Article of the Corporate Governance Regulations	Detailed Information	Responsible Party	Comment
8/a	Provide a copy of the information nominees for the membership on the Company's website.	Board of Directors	Compliant
9/b	Establish a clear policy for the distribution of stock dividends to achieve the interests of the Company and shareholders as per the Company's bylaws.	Board of Directors	Not Compliant – Absence of Independent Regulation
12/5	Review the financial statements for the year 2022G.	General Assembly of Shareholders	Compliant - The financial statements for the fiscal year ending on 31/12/2022G were reviewed by the OGA on 04/11/1444H (corresponding to 24/05/2023G)
12/6	Review the annual report of the Board of Directors for the year 2022G.	General Assembly of Shareholders	Compliant - The Board of Directors' report for the financial year ending on 31/12/2022G was reviewed by the OGA on 04/11/1444H (corresponding to 24/05/2023G)
12/8 and 78	Appoint the Company's auditors, specifying their fees reappoint them, dismissing them, and approve their reports.	General Assembly of Shareholders	Compliant - Voted by OGA held on 04/11/1444H (corresponding to 24/05/2023G) on appointing an auditor for "Al-Kharashi & Partners Certified Accountants and Auditors" and "Price Waterhouse & Partners Company" and determining his fees to audit the statements of Q2, Q3, and the annual for the year 2023G and the Q1 of 2024G.
13/d	Publish the announcement of the date, location and agenda of the GA at least 21 days before the date on the Company's website.	Board of Directors	Compliant
14/c	Make it available to shareholders through the Company's website - upon publishing the invitation to hold the GA - to obtain information related to the items on the GA's agenda, especially the report of the BOD, the auditor, the financial statements, and the report of the audit committee.	Board of Directors	Compliant – Through theTadawul website
21/1	Establishing plans, policies, strategies and main objectives for the Company	Board of Directors	Compliant
21/2	Setting rules and procedures for internal control and general overseeing them thereof, including: developing a written policy to address actual and potential "conflicts of interest" cases for each of the Board, Senior Management, and shareholders. This includes misuse of the Company's assets and facilities, and mismanagement resulting from transactions with related persons. Ensure the integrity of the financial and accounting rules, including rules relating to preparing financial reports. Ensure the implementation of appropriate control procedure for risk assessment and management by generally forecasting the risks that the Company may encounter. Create an environment which is aware of the culture of risk management at the Company level, and disclosing such risk it transparently to the stakeholders and parties related to the Company the effectiveness of the Company's internal control procedures on an annual basis.	Board of Directors	Compliant – The Company has a conflict-of-interest regulation
21/3	Setting forth specific and explicit policies, standards and procedures for membership in the Board, without prejudice to the mandatory provisions of these Regulations, and implementing them following approval by the General Assembly.	General Assembly of Shareholders	Compliant - The Company has a policy of nomination criteria for Board membership

Article of the Corporate Governance Regulations	Detailed Information	Responsible Party	Comment
21/4	<p>Develop a written policy that regulates the relationship with stakeholders pursuant to the provisions of the Corporate Governance Regulations, and it must cover - in particular – the following: Methods to compensate Stakeholders when their rights established by laws or protected by contracts are infringed;</p> <p>Methods for resolving complaints or disputes that may arise between the Company and the Stakeholders;</p> <p>Rules of professional conduct for Company managers and employees that are prepared in compliance with the proper professional and ethical standards and regulate their relationship with Stakeholders, provided that the Board shall establish mechanisms for supervising the implementation of, and compliance with such rules.</p>	Board of Directors	Compliant - The Company has a policy that regulates relationships with stakeholders
21/5	Developing a written policy that regulates the relationship with Stakeholders pursuant to the provisions of these Regulations	Board of Directors	Committed - The Company has a disclosure and transparency policy
21/13, 47, 57, 57/A and 61	Establish policies and procedures that ensure the Company's compliance with laws and regulations and its commitment to disclosing essential information to shareholders and stakeholders, and verifying the Senior Management's compliance. Form specialized committees emanating from the BOD with decisions specifying the duration of the committee, its powers and responsibilities, and how the Board will monitor it, provided that the formation decision includes naming the members and specifying their tasks, rights and duties, along with an evaluation of the performance and work of these committees and their members.	Board of Directors	Compliant – The Company has formed 5 Committees.
22/1	Approve and develop internal policies in respect of the Company's business, including specifying the duties, competencies and responsibilities assigned to the various organisational levels;	Board of Directors	Compliant
21/2	Approving a written and detailed policy that identifies the powers delegated to the Executive Management, a matrix stating these powers, means of implementation and the period of delegation. The Board may request the Executive Management to submit periodic reports in respect of its exercise of such delegated powers.	Board of Directors	Compliant – The delegated authority to Senior Management has been adopted by the Board on 28/08/1444H (corresponding to 20/03/2023G)
24	Appoint a CEO	Board of Directors	Compliant – Dr. Yasser Al-Harbi has been appointed as a Managing Director and assumed all necessary executive duties to manage the Company in accordance with the Board of Directors' resolution dated 12/07/1445H (corresponding to 25/01/2024G)
25/5	Proposing the organisational and human resources structures of the Company and presenting them to the Board for approval.	Board of Directors	Compliant – The organizational structure has been approved by the BOD on 12/07/1445H (corresponding to 25/01/2024G)
25/10	Proposing the policy and types of remunerations granted to employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares;	Board of Directors	Compliant - According to the Corporate Governance Regulations
41	Develop an explicit and written policy to deal with actual and potential conflicts of interest situations which may affect the performance of Board members, a member of its committees, or the Executive Management or any other employees of the Company when dealing with the Company or other Stakeholders.	Board of Directors	Compliant - The Company has a conflict-of-interest policy.

Article of the Corporate Governance Regulations	Detailed Information	Responsible Party	Comment
51/H	The Company's General Assembly shall issue - based on a proposal from the BOD - the work regulations of the Audit Committee, provided that this regulation includes the controls and procedures for the Committee's work, duties, the rules for selecting its members, their nomination, the duration of their membership, their rewards, and the mechanism for appointing members temporarily in the event of vacancies.	General Assembly of Shareholders	Compliant - The Audit Committee's work regulations were approved by the OGA held on 10/03/1442H (corresponding to 27/10/2020G).
51 and 54	Formation of the Audit Committee	Board of Directors	Compliant – The members of the Audit Committee were appointed by the BOD held on 05/06/1445H (corresponding to 18/12/2023G).
52/B/4 and 71	Appoint the director of the internal audit unit or department or the internal auditor and suggest his remuneration.	Board of Directors	Compliant -The Internal Audit Manager Mr. Imad Mahdi Awani
57/B and 61/B	The GA issue – based on a proposal from the BOD - the work regulations of the Nominations and Remuneration Committee, provided that this regulation includes the committee's controls, procedures, and work plan, its duties, the rules for selecting its members, how to nominate them, the duration of their membership, their rewards, and the mechanism for appointing its members temporarily in the event of vacancy.	General Assembly of Shareholders	Compliant - The Regulations of the Remuneration and Nominations Committee were approved by the OGA on 27/03/1442H (corresponding to 27/10/2020G).
58/1	The Nominations and Remuneration Committee prepares a clear policy for the remuneration of Board members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy.	General Assembly of Shareholders	Compliant – Board member remuneration policy for the BOD, Committees and the Senior Management members has been approved by the OGA held on 13/01/1445H (corresponding to 31/07/2023G).
62/3	Providing recommendations to the Board by the nomination or the re-nomination of its members in accordance with approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty.	Nomination and Remuneration Committee	The policy of nomination criteria for Board members that was approved by the OGA held on 03/03/1444H (corresponding to 29/09/2022G).
65	Publish the nomination announcement for membership of the Board on the Company's website.	Board of Directors	Non-Compliant
81	Policies or procedures followed by stakeholders in submitting their complaints or reporting violations	Board of Directors	Compliant – According to the Corporate Governance Regulations
83	A policy of professional conduct and ethical values	Board of Directors	Compliant - The Company has a code of professional conduct policy.
86	Written disclosure policies, procedures and supervisory systems in accordance with the disclosure requirements contained in the Companies Law and the Financial Market Law	Board of Directors	Compliant According to the Corporate Governance Regulations and the Policy of Disclosure and Transparency
88/b	Publish the Audit Committee report on the Company's website	Board of Directors	Compliant
91	Corporate Governance Regulations that do not conflict with the mandatory provisions of the Governance Rules issued by the CMA	Board of Directors	Compliant - The Corporate Governance Regulations were approved by the OGA of Shareholders on 13/01/1445H (corresponding to 31/07/2023G).

Source: The Company

9.6.7 Continuing Obligations According to the Saudi Central Bank Requirements (Whose Powers Related to Insurance Will Be Transferred to the Insurance Authority)

- The license of the Saudi Central Bank (SAMA) was issued under No. (TMN/13/20083) and dated 23/03/1429H (corresponding to 31/03/2008G). It is valid for a period of (3) years starting from the date of renewal of the permit on 20/03/1444H (corresponding to 16/10/2022G) and ending on 19/03/1447H (corresponding to 11/09/2025G), under this license, the Company may practice insurance activity in the following branches (1) general insurance and (2) health insurance.
- The Company provides various types of insurance coverage to its customers according to standard conditions, and it may not offer its products except upon obtaining the approval (final or temporary) of the Monetary Agency (currently the Central Bank) for each product (pursuant to Article (16) of the Implementing Regulations). The Company has obtained, as of today, final approvals from the Monetary Agency (currently the Central Bank) for a number of its insurance products (and for more information about the Company's insurance products, kindly refer to paragraph (3.10) "*Products and Services*" of Section (3) "*Company Overview and Nature of Business*" of this Prospectus.).
- **Conditions for Maintaining the License (SAMA License)**
Article (76) of the Implementing Regulations of the Insurance Companies Control Law states that the Saudi Central Bank shall request to withdraw the Company's license if:
 - a. No business activities for a period of six months from the issuance date of the license.
 - b. None compliance with the Law and its Implementing Regulations.
 - c. Providing SAMA with false information in its licensing application.
 - d. Conducting its business and affairs in a manner that threatens to make it insolvent or that it is hazardous to its policyholders, stockholders, or the public.
 - e. Insolvency, or its assets are not sufficient for carrying on its business.
 - f. The business is fraudulently conducted.
 - g. The paid-up capital falls below the prescribed minimum limit or failure to fulfil the provisions of Article 68.
 - h. The business or volume of activities falls to a limit that SAMA find unviable to operate under.
 - i. Refusal or delay of payments due to beneficiaries without just cause.
 - j. Refusal to be examined or to produce its accounts, record, or files for examination by SAMA.
 - k. Failure to pay a final judgment against it related to its insurance operation.

As of the date of this Prospectus, the Company is in compliance with Article (76) of the Implementing Regulations of the Insurance Companies Control Law.

- With regard to paragraph (f) above of the conditions and with respect to the solvency requirements, the Company is required to comply with Articles (66) and (68) of the Implementing Regulations which states that:
 - a. The Company shall maintain a solvency margin according to the standards specified, and implement the following measures when its solvency margin falls below the required margin; it shall restore, in a period not exceeding the next financial quarter, its solvency margin when it falls between the ranges of 75% to 100% of the required solvency margin
 - b. The Company shall restore its solvency margin when it falls between 50% and 75% of the required margin. The company shall apply measures stated in paragraph (a) of this Article. If the required solvency margin is not restored to its appropriate level for two consecutive financial quarters, the company shall formulate and provide SAMA with a corrective action plan to be taken and the period necessary to restore its solvency
 - c. The Company shall restore its solvency margin when it falls between 25% and 50% of the required margin. The Company shall apply measures stated in paragraph (b) of this Article; required solvency margin is not restored to its appropriate level for two consecutive quarters, the company will be required by SAMA to take all or any of the following measures immediately:
 1. Increase the Company's capital;
 2. Adjust insurance premiums;
 3. Reduce costs;
 4. Stop underwriting business;
 5. Assets liquidation; or
 6. Any other measures deemed appropriate by the Company and approved by SAMA.
 - d. If the actual solvency margin falls below twenty-five percent (25%) or the Company fails to rectify its financial conditions, the Central Bank may appoint a consultant to advise the Company, or request the withdrawal of its license.

- As of 31/12/2022G, the solvency margin reached (72.6%), and accordingly the Company became subject to the procedures stated in Paragraph (b) of Article (68) of the Implementing Regulations. The Company submitted a corrective plan to the Saudi Central Bank in February 2023 explaining the steps it will take to improve its financial solvency, including the necessary time period, in accordance with these requirements. The Company achieved the required solvency margin during the third quarter of 2023G.
- On 28/02/1445H (corresponding to 13/09/2023G), the Board recommended to EGA to increase its capital to SAR (300 million), in compliance with the minimum required capital of insurance Companies and to support the Company's financial solvency margin. The Company obtained the Saudi Central Bank's non-objection letter No. (134-23) dated 26/05/1445H (corresponding to 10/12/2023G).
- It should be noted that the Company had previously been subjected to financial fines during the three years preceding the date of this Prospectus according to the following information:

Table No. (98): The Saudi Central Bank Violations

Violation	Date of Violation	Type of Penalty	Fine amount (where applicable)	Violation Status
2020G				
The Company's non-compliance with the Cooperative Insurance Companies' Control Law:				
- Intervention of a Board member in the Company's operational activities.	05/01/1442H (corresponding to 24/08/2020G)	Fine	SAR (140,000)	Payment was made on 12/01/1442H (corresponding to 31/08/2020G).
- Lack of independence of the Audit department.				
- Deficiencies in the internal customer protection policy.				
- Lack of an approved remuneration policy.				
Lack of consideration for sufficient social distancing between employees in the workplace.	30/04/1442H (corresponding to 15/12/2020G)	Fine	SAR (5,000)	Payment was made on 01/05/1442H (corresponding to 16/12/2020G).
2021G				
Al Sagr Company's violation of the Central Bank's supervisory and regulatory instructions regarding the transfer of compensation amounts due on claims linked to financial leased vehicle insurance policies without providing the relevant financing company with data on a number of vehicles or claims for those compensations.	12/08/1442H (corresponding to 25/03/2021G)	Draw attention	--	Draw the Company and Senior Management attention to put in place the necessary procedures in order to avoid the occurrence of such a violation in the future.
The Company violated the Central Bank's supervisory and regulatory instructions regarding the requirements for actuarial business controls.	14/09/1442H (corresponding to 26/04/2021G)	Fine	SAR (40,000)	The fine was paid on 11/10/1442H (corresponding to 23/05/2021G).
The Company violated the Central Bank's supervisory and regulatory instructions by dealing with an insurance brokerage company with an expired statement issued by the Central Bank.	06/10/1442H (corresponding to 18/05/2021G)	Fine	SAR (20,000)	The fine was paid on 11/10/1442H (corresponding to 23/05/2021G).
The Company failed to comply with the regulatory requirements and instructions issued by the Central Bank related to precautionary and preventive measures to combat the COVID-19 virus in terms of the lack of consideration for sufficient distancing space between employees.	14/10/1442H (corresponding to 26/05/2021G)	Fine	SAR (15,000)	The fine was paid on 20/10/1442H (corresponding to 01/06/2021G).
The Company violated the Central Bank's supervisory and regulatory instructions in terms of not submitting a request to obtain a written no-objection on the initial financial statements for Q1 2021G.	18/18121442H (corresponding to 28/07/2021G)	Fine	SAR (20,000)	The fine was paid on 23/12/1442H (corresponding to 02/08/2021G).
The Company violated the Central Bank's supervisory and regulatory instructions in terms of:				
- Management did not commit to publishing the violations regarding which executive decisions were issued according to the formula contained in the table specified in the circular, in the Board of Directors' report for 2020G.	12/02/1443H (corresponding to 19/09/2021G)	Draw attention	--	Draw the Company and the Senior Management attention to put in place the necessary procedures to avoid the occurrence of such a violation in the future.
- Failure to classify the topics of violations according to topics specified in the circular.				
2022G				

Violation	Date of Violation	Type of Penalty	Fine amount (where applicable)	Violation Status
- Issuing insurance policies to a related party (Chairman of the Board of Directors) before paying the full premium due.				
- Failure to immediately inform the Central Bank of a decline in the rating of the reinsurer (Al Sagr National Company) below the required level.	03/11/1443H (corresponding to 02/06/2022G)	Fine	SAR (160,000)	The fine was paid on 16/11/1443H (corresponding to 15/06/2022G).
- The Audit Committee did not study the actuary's reports during 2020G and make recommendations to the Board.				
- Correcting the aforementioned violations within 4 months.				
- The BOD held a meeting within (20) working days.				
- Providing the Central Bank with a copy of the minutes of the Board's meeting held within 5 days from the date convening.	07/03/1444H (corresponding to 03/10/2022G)	Warning	--	--
- Providing the Central Bank with a monthly report from the date of the Board's meeting in this regard, showing the level of progress in correcting the aforementioned violations.				
2023G				
The Company violated the Central Bank's supervisory and regulatory instructions.	22/01/1445H (corresponding to 09/08/2023G)	Warning	--	--
Commitment to correcting the comments contained in the security campaign and deliver it effectively.	28/02/1445H (corresponding to 13/09/2023G)	Warning	--	--

Source: The Company

• Supervisory Check Visits

The Company adheres to the Insurance Law in terms of allowing the SAMA officials to carry out their duties during the supervisory check visit when checking its premises and allowing them to inspect all documentations and registers. The Company was subject to multiple visits by SAMA official, and the latest one took place on 02/04/1445H (corresponding to 17/10/2023G) until the date of this Prospectus. However, it did not receive any comments or remarks after the inspection visit held on this date.

9.6.8 Continuing Obligations According to the Requirements of the Council of Health Insurance (CHI) (Whose powers Related to Insurance will Be Transferred to the Insurance Authority)

- The health/medical insurance services are subject to CHI rules after obtaining the Saudi Central Bank's non-objection letter (SAMA previously). The CHI supervises insurance Companies ensures that they comply with the its requirements pertaining to health insurance services.
- According to Article (43) of the CHI implementing regulations, insurance Companies are not allowed to carry out insurance activities unless they are qualified by the Council, noting that the qualification is limited to a period of 3 years renewable for similar periods. Furthermore, Article (44) of the implementing regulations of the health insurance law provides that Cooperative insurance Companies are qualified to practice health insurance upon the submission of an application to this purpose, and the Council may determine whatever details it deems appropriate related to the nature and scope of the data that must be included in these applications within the limits of what is necessary for that, and the Council decides on the qualification application within ninety days from the Submission date of the application
- The CHI supervises the insurance Company ensures compliance with the conditions regulating the provision of medical insurance products such as:
 - a. Commitment to providing specialized medical personnel to grant health approvals within a time period not exceeding (60) minutes. In the event of non-approval, the reasons have to be officially explained.
 - b. Commitment to paying the dues for the medical service providers such as hospitals and medical clinics within a period not exceeding (45) days.

On 17/06/1444H (corresponding to 07/02/2023G), the CHI approved the renewal of the Company's CHI license for a period of one year ending on 05/08/1445H (corresponding to 15/02/2024G) pursuant to which the Company can carry out its health insurance activities.

Disputes with the Insurance Board:

- The CHI Committee for Settlement of Disputes issued its resolution with respect to case No. (M 43/68) dated 17/11/1442H (corresponding to 27/06/2021G), filed against the Company with respect to the violation by the Company of the insurance policies. Subsequently, a final judgment has been issued against the Company for an amount of (295,600) Saudi Riyals for the violation of the Health Insurance Law. The Company paid the amount on 15/06/1445H (corresponding to 28/12/2023G).

Violations

- During the previous three years, the Company committed a number of violations of the CCHI and its Implementing Regulations which resulted in warnings and violations according to the following table:

Table No. (99): CHI Violations

Violation	Date of Violation	Type of Penalty	Fine amount (where applicable)	Violation Status
2021G				
Violations observed during the visit of the assigned General Secretariat team:				
- Failure to adhere to the deductible rates according to the Council's circular for the minimum actual benefit network for each treatment service as stipulated in the unified document.				
- Failure to adhere to the company's approved financial policy for collecting premiums from policyholders.	05/04/1442H (corresponding to 01/17/2021G)	comments	--	Comments have been answered.
- Contracting with health care service providers not accredited by the Council.				
- Failure to pay medical claims to health service providers within (45) working days from the date of receipt of the claim.				
Violating the provisions of the Cooperative Health Insurance System and its executive regulations in terms of the company's violation of Paragraph (B) of Article (14) of the Cooperative Health Insurance System and Articles (76) and (93) of the Executive Regulations.	12/29/1442H (corresponding to 08/08/2021G)	a fine	205,000 Saudi Riyals	The fine was not paid - a letter was sent to the Council of Health Insurance stating the company's position regarding the observed observations and the company is in the process of filing an appeal with the Board of Grievances.
2022G				
Failure to adhere to the unified contract with all service providers they deal with.	01/25/1444H (corresponding to 08/23/2022G)	Warning	--	--
The Company's failure to respond to the pre-approval request for more than 60 minutes on the National Platform for Electronic Insurance Transactions (NPHIES).	05/07/1444H (corresponding to 12/31/2022G)	Warning	--	--
2023G				
Failure to upload health insurance documents to the developed document issuance system within (48) hours of receiving the insurance premium.				
Failure to adhere to the specified periods for giving medical approvals with health care service providers within (60) minutes of receiving the approval request.				
The company's lack of commitment regarding doctors who give medical approvals that they are specialists or above, licensed by the Commission for Health Specialties.	06/10/1444H (corresponding to 04/26/2023G)	Warning	--	--
Failure to pay medical claims to health service providers within (30) days from the date of receipt of the claim, according to the price list and mechanism agreed upon in the contract signed between the two parties.				
The company's failure to comply with the provisions of Article Eleven of the Beneficiaries Regulations, Paragraphs (2), (3) and (4).	10/14/1444H (corresponding to 05/04/2023G)	Warning	--	--

Violation	Date of Violation	Type of Penalty	Fine amount (where applicable)	Violation Status
The company is not committed to receiving the insurance premium upon issuing the policy, and there is a period of time exceeding (48) hours between the date of issuance of the policy and the date of uploading the policy to the Council of Health Insurance law.	04/09/1445H (corresponding to 10/24/2023G)	Warning	--	--

Source: The Company

9.7 Summary of Material Agreements

9.7.1 Related Parties Contracts and Transactions

- According to the Company's financial statements for the fiscal year ending on December 31, 2022G, related parties represent the main shareholders, directors and employees, and other companies controlled, jointly controlled, or substantially influenced by entities. Pricing policies and terms of these transactions are approved and adopted by the Company's Management and Board.
- The table below outlines the related parties' contracts and transactions during 2020G, 2021G, and 2022G and September 2023G:

Table No. (100): Related Parties' Contracts and Transactions

Main Transactions with Related Parties					
Related Party	Nature of Transactions	Transactions for the year ending on 31/12/2020G	Transactions for the year ending on 31/12/2021G	Transactions for the year ending on 31/12/2022G	Transactions for the Period ending on 30/09/2023G
	Total written premiums	14,517,568	5,194,867	1,125,690	5,472
	Lease expenses	(1,174,472)	(1,183,827)	(334,534)	-
	Consulting services	(552,278)	-	-	-
	Reinsurance commission income	32,940	44,647	15,964	-
Shareholders	Reinsurers' share of claims paid	194,301	143,740	243,036	19,698
	Assigned reinsurance premiums	(461,381)	(915,110)	(4,371)	-
	Claims incurred	(2,315,154)	(4,372,340)	(111,144)	-
	Board members' remuneration and meetings' attendance allowances	(3,816,667)	(3,931,111)	-	-
Related Parties' Highest Balances					
	Receivable premiums collected from related parties	11,480,291	8,933,939	-	-
Shareholders	Total outstanding claims payable	(1,550,137)	(874,603)	-	-
	Reinsurance premiums credited	(616,386)	(529,196)	16,803	11,900
Senior Executives	Directors' remuneration and meetings' attendance allowances	(3,836,667)	(4,238,611)	(3,323,889)	-
Key Management Personnel's Compensations					
	Salaries and Benefits	11,754,884	11,327,804	10,237,483	5,097,907
Key Management Personnel	End-of-service Benefits	561,775	594,781	454,977	221,870
	Due for the Period	-	-	-	5,319,777

Source: Financial Statements

- It should be noted that Directors' remuneration amounted to SAR (4,300,000), SAR (3,800,000), and SAR (3,300,000) for the years ending on December 31, 2020G, 2021G, and 2022G, respectively.
- Due from related parties represents the required amounts owed to Saudi Al Sagr Insurance Company (a Bahraini closed joint stock company) by those parties.
- Transactions with related parties are carried out under commercial terms and conditions, and the key management personnel's compensation is subject to the terms of employment contracts and the Company's Bylaws.
- According to the Board of Directors' report for the year 2022G, transactions with related parties, balances, and information related to any business in which the Company is or was a party, and any member of the Company's Board, Senior Executives, or related party have interest, have been mentioned and are still valid during the year 2023G according to the following table:

Table No. (101): Related Parties' Transactions According to the Board's Report

Related Party	Nature of the relationship/with the company	Nature of the Arrangement/contract	Duration	Contract/Employment Terms	Arrangement Amount (Thousand SAR) during the period from 01/01/2022G until 31/12/2022G
Mr. Fahd Al-Turki Abdul Rahman Ali Al Turki Group	Board Chairman	Written insurance premiums	One year	According to the policy approved by the regulatory authorities and without preferential benefits	(100)
		Claims incurred		According to the document approved by the regulatory authorities and without preferential benefits	(335)
		Office Lease Expenses		Without preferential benefits	(100)
Mr. Abdullah Abdul Rahman Al-Bassam, Al-Bassam Group	Board Member	Written insurance premiums	One year	According to the policy approved by the regulatory authorities and without preferential benefits	128
		Claims incurred		According to the policy approved by the regulatory authorities and without preferential benefits	(12)
Mr. Abdullah Al-Sirri Mr. Majid Abdullah Al-Sirri Mr. Abdul Mohsen Jaber Al Sagr National Insurance Company	Board Members	Assigned/Cede Reinsurance Premiums	One year	According to the policy approved by the regulatory authorities and without preferential benefits	(4)
		Reinsurers' share of claims paid		According to the policy approved by the regulatory authorities and without preferential benefits	243
		Reinsurance commission income		According to the policy approved by the regulatory authorities and without preferential benefits	15
		Claims incurred		According to the policy approved by the regulatory authorities and without preferential benefits	-
		Other administrative expenses		According to the policy approved by the regulatory authorities and without preferential benefits	9

Source: Board of Directors Report for 2022G

- The Company, its Board members, and Shareholders are committed to applying Articles (71) and (27) of the Companies Law. These transactions were voted on in the Company's OGA, which was held on 04/11/1444H (corresponding to 24/05/2023G) and was conducted with related parties for the years 2022G and 2023G according to the following:
 - Approval of the business and contracts concluded between the Company and Abdul Rahman Ali Al Turki Group of Companies, in which the Board's former member, Mr. Fahd bin Abdul Rahman Al Turki, has an indirect interest consisting of insurance premiums for one year in exchange for (997,402) Saudi Riyals for the year 2022G. This agreement does not have any preferential terms and conditions.
 - Approval of the works and contracts concluded between the Company and Abdul Rahman Ali Al Turki Group of Companies, in which the Board's former member, Mr. Fahd bin Abdul Rahman Al Turki, has an indirect interest consisting of a share of the total claims for one year in exchange for (99,520) Saudi Riyals for the year 2022G. This agreement does not have any preferential terms and conditions.
 - Approval of the business and contracts concluded between the Company and Abdul Rahman Ali Al Turki Group of Companies, in which the Board's former member, Mr. Fahd bin Abdul Rahman Al Turki, has an indirect interest consisting of offices' leases for one year for (334,534) Saudi Riyals for the year 2022G. This agreement does not have any preferential terms and conditions.

- Non-approval of the business and contracts concluded between the Company and Al Sagr National Insurance Company (Dubai), in which the Board's former members, Mr. Abdullah bin Juma Al-Sirri, Mr. Majid bin Abdullah Al-Sirri, Mr. Abdul Mohsen bin Nafez Jaber, and Mr. Sultan bin Abdul Aziz Al-Suwaidi, have an indirect interest consisting of reinsurance premiums for one year for (4,371) Saudi Riyals for the year 2022G. This agreement does not have any preferential terms and conditions.
- Non-approval of the business and contracts concluded between the Company and Al Sagr National Insurance Company (Dubai), in which the Board's former members, Mr. Abdullah bin Juma Al-Sari, Mr. Majid bin Abdullah Al-Sari, Mr. Abdul Mohsen bin Nafez Jaber, and Mr. Sultan bin Abdul Aziz Al-Suwaidi have an indirect interest consisting of the reinsurer's share of the insurance claims paid for one year, compared to (243,036) Saudi Riyals for the year 2022G. This agreement does not have any preferential terms and conditions.
- Non-approval of the business and contracts concluded between the Company and Al Sagr National Insurance Company (Dubai), in which the Board's former members, Mr. Abdullah bin Juma Al-Sari, Mr. Majid bin Abdullah Al-Sari, Mr. Abdul Mohsen bin Nafez Jaber, and Mr. Sultan bin Abdul Aziz Al-Suwaidi, have an indirect interest consisting of reinsurance commissions from paid insurance claims for one year, compared to (15,964) Saudi Riyals for the year 2022G. This agreement does not have any preferential terms and conditions.
- Non-approval of the business and contracts concluded between the Company and Al Sagr National Insurance Company (Dubai), in which the Board's former members, Mr. Abdullah bin Juma Al-Sari, Mr. Majid bin Abdullah Al-Sari, Mr. Abdul Mohsen bin Nafez Jaber, and Mr. Sultan bin Abdul Aziz Al-Suwaidi have an indirect interest consisting of other administrative expenses for one year, compared to (9,005) for the year 2022G. This agreement does not have any preferential terms and conditions.
- Approval of the business and contracts concluded between the Company and Abdullah Al-Bassam Group of Companies, in which the Board's former member, Mr. Abdullah Al-Bassam, has an indirect interest consisting of insurance premiums for one year in exchange for (128,288) Saudi Riyals for the year 2022G. This agreement does not have any preferential terms and conditions.
- Approval of the business and contracts concluded between the Company and Abdullah Al-Bassam Group of Companies, in which the Board's former member, Mr. Abdullah Al-Bassam, has an indirect interest consisting of a share of the total claims for one year in exchange for (11,624) Saudi Riyals for the year. This agreement does not have any preferential terms and conditions.
- The Company's OGA, which was held on 03/03/1444H (corresponding to 29/09/2022G), voted on the transactions that took place with related parties for the year 2021G:
 - Non-approval of the business and contracts concluded between the Company and Abdul Rahman Ali Al Turki Group of Companies, in which the Board's former member, Mr. Fahd bin Abdul Rahman Al Turki, has an indirect interest consisting of insurance documents for one year in exchange for (5,123,177) Saudi Riyals for the year 2021G. This agreement does not have any preferential terms and conditions.
 - Non-approval of the business and contracts concluded between the Company and Abdul Rahman Ali Al Turki Group of Companies, in which the Board's former member, Mr. Fahd bin Abdul Rahman Al Turki, has an indirect interest consisting of a share of the total claims for one year in exchange for (4,341,949) Saudi Riyals for the year 2021G. This agreement does not have any preferential terms and conditions.
 - Approval of the business and contracts concluded between the Company and Abdul Rahman Ali Al Turki Group of Companies, in which the Board's former member, Mr. Fahd bin Abdul Rahman Al Turki, has an indirect interest consisting of offices' leases for one year in exchange for (1,183,827) Saudi Riyals for the year 2021G. This agreement does not have any preferential terms and conditions.
 - Approval of the business and contracts concluded between the Company and Al Sagr National Cooperative Insurance Company (Dubai), in which the Board's former members, Mr. Abdullah bin Juma Al-Sirri, Mr. Majid bin Abdullah Al-Sirri, Mr. Abdul Mohsen bin Nafez Jaber, and Mr. Sultan bin Abdul Aziz Al-Suwaidi, have an indirect interest consisting of reinsurance premiums for one year for (915,110) Saudi Riyals for the year 2021G. This agreement does not have any preferential terms and conditions.
 - Approval of the business and contracts concluded between the Company and Al Sagr National Cooperative Insurance Company (Dubai), in which the Board's former members, Mr. Abdullah bin Juma Al-Sirri, Mr. Majid bin Abdullah Al-Sirri, Mr. Abdul Mohsen bin Nafez Jaber, and Mr. Sultan bin Abdul Aziz Al-Suwaidi, have an indirect interest consisting of the reinsurer's share of claims paid for one year in exchange for (143,740) Saudi Riyals for the year 2021G. This agreement does not have any preferential terms and conditions.
 - Approval of the business and contracts concluded between the Company and Al Sagr National Cooperative Insurance Company (Dubai), in which the Board's former members, Mr. Abdullah bin Juma Al-Sirri, Mr. Majid bin Abdullah Al-Sirri, Mr. Abdul Mohsen bin Nafez Jaber, and Mr. Sultan bin Abdul Aziz Al-Suwaidi have an indirect interest consisting of commissions on reinsurance for a period of one year, compared to (44,647) Saudi Riyals for the year 2021G, This agreement does not have any preferential terms and conditions.
 - Approval of the business and contracts concluded between the Company and Abdullah Al-Bassam Group of Companies, in which the Board's former member, Mr. Abdullah Al-Bassam has an indirect interest consisting of insurance premiums for one year in exchange for (71,690) Saudi Riyals for the year 2021G. This agreement does not have any preferential terms and conditions.

- Approval of the business and contracts concluded between the Company and Abdullah Al-Bassam Group of Companies, in which the Board's former member, Mr. Abdullah Al-Bassam, has an indirect interest consisting of a claim in an insurance policy for one year in exchange for (30,391) Saudi Riyals for the year 2021G. This agreement does not have any preferential terms and conditions.
- The Company's OGA, which convened on 20/08/1443H (corresponding to 23/03/2022G), voted on the transactions that took place with related parties for the year 2020G:
 - Approval of the business and contracts for the year 2020G, which were concluded between the Company and Abdul Rahman Ali Al Turki Group of Companies, in which the Board's former member, Mr. Fahd bin Abdul Rahman Al Turki, has an indirect interest consisting of the rental of offices for one year in exchange for (1,174,472) Saudi Riyals. This agreement does not have any preferential terms and conditions.
- The Company's OGA, which was held on 07/11/1442H (corresponding to 17/06/2021G) voted on the transactions that took place with related parties for the year 2020G:
 - Non-approval of the business and contracts concluded between the Company and Abdul Rahman Ali Al Turki Group in which the Board's former member, Mr. Fahd bin Abdul Rahman Al Turki, has an indirect interest consisting of insurance policies for one year in exchange for (13,707,906) Saudi Riyals. This agreement does not have any preferential terms and conditions.
 - Non-approval of the business and contracts concluded between the Company and Abdul Rahman Ali Al Turki Group in which the Board's former member, Mr. Fahd bin Abdul Rahman Al Turki, has an indirect interest consisting of share of total claims for one year in exchange for (2,220,870) Saudi Riyals. This agreement does not have any preferential terms and conditions.
 - Non-approval of the business and contracts concluded between the Company Abdul Rahman Ali Al Turki Group in which the Board's former member, Mr. Fahd bin Abdul Rahman Al Turki has an indirect interest consisting of a one-year office lease for (1,174,472) Saudi Riyals. This agreement does not have any preferential terms and conditions.
 - Approval of the business and contracts concluded between the Company and Al Sagr National Insurance Company (Dubai), in which the Board's former member, Mr. Abdullah bin Juma Al-Sari has an indirect interest consisting of reinsurance premiums for one year in exchange for (461,381) Saudi Riyals. This agreement does not have any preferential terms and conditions.
 - Approval of the business and contracts concluded between the Company and Al Sagr National Insurance Company (Dubai), in which the Board's former member, Mr. Majid bin Abdullah Al-Sari has an indirect interest consisting of reinsurers' share of the claims paid for one year in exchange for (194,301) Saudi Riyals. This agreement does not have any preferential terms and conditions.
 - Approval of the business and contracts concluded between the Company and Al Sagr National Insurance Company (Dubai), in which the Board's former member, Mr. Abdul Mohsen bin Nafez Jaber has an indirect interest consisting of commissions for reinsurance for one year in exchange for (32,940) Saudi Riyals. This agreement does not have any preferential terms and conditions.
 - Approval of the business and contracts concluded between the Company and Al Sagr National Insurance Company (Dubai), in which the Board's former member, Mr. Abdul Mohsen bin Nafez Jaber has an indirect interest consisting of a consulting agreement for one year in exchange for (552,278) Saudi Riyals. This agreement does not have any preferential terms and conditions.
 - Approval of the business and contracts concluded between the Company and Abdullah Al-Bassam Group in which the Board's former member, Mr. Abdullah Al-Bassam has an indirect interest consisting of insurance premiums for one year in exchange for (133,617) Saudi Riyals. This agreement does not have any preferential terms and conditions.
 - Approval of the business and contracts concluded between the Company and Abdullah Al-Bassam Group in which the Board's former member, Mr. Abdullah Al-Bassam has an indirect interest consisting of a claim in an insurance policy for one year in exchange for (40,828) Saudi Riyals. This agreement does not have any preferential terms and conditions.
 - Non-approval of the business and contracts concluded between the Company and Nasser Ahmed Al-Binali Holding Group in which the Board's former member, Mr. Bassam bin Ahmed Al-Binali has an indirect interest consisting of insurance policies for one year in exchange for (664,267) Saudi Riyals. This agreement does not have any preferential terms and conditions.
 - Non-approval of the business and contracts concluded between the Company and Nasser Ahmed Al-Binali Holding Group in which the Board's former member, Mr. Bassam bin Ahmed Al-Binali has an indirect interest consisting of insurance claims for one year in exchange for (119,705) Saudi Riyals. This agreement does not have any preferential terms and conditions.
 - Non-approval of the business and contracts concluded between the Company and the Board's former member, Mr. Abdul Mohsen Al-Sunaid, in which he has a direct interest and consisting of a one-year insurance policy in exchange for (11,778) Saudi Riyals. This agreement does not have any preferential terms and conditions.
 - Non-approval of the business and contracts concluded between the Company and the Board's former member, Mr. Abdul Mohsen Al-Sunaid, in which he has a direct interest and consisting of a one-year insurance claim in exchange for (15,571) Saudi Riyals. This agreement does not have any preferential terms and conditions.

9.7.2 Lease Contracts

- As a tenant, the Company and its branches concluded (13) lease contracts for offices to carry out its business activity, and they are as follows:

Table No. (102): Summary of Lease Contracts

No.	Lessor	Property Location	Property Type	Lease Value	Lease Duration	Renewal	Notes
1.	Al-Khurajji Real Estate Company	7719, Omar Bin Al Khattab, Al Faisaliah District, Dammam, 4549-32272	Showroom in a mall	210,000 Saudi Riyals	(1,095) days starting on 17/05/1442H (corresponding to 01/01/2021G) and ending on 18/06/1445H (corresponding to 31/12/2023G).	The lease term ends with the expiration of the contract term, and if both parties wish to renew, a new contract agreed upon by both parties shall be written.	Electronically documented under No. 0-1/300001953890 Both parties agreed to add the following note: The tenant is obligated to submit all drawings and plans for decoration and duct works air conditioning, electrical installations, etc. that he wishes to add as prepared by an approved engineering office to get the lessor's approval before starting work. The tenant has the right to vacate the rental unit with written notice addressed to the landlord at least 60 days before the end of any year of the three years, and the landlord has no right to demand from the tenant for the remaining contract period.
2.	Saudi Investment Company	Riyadh, 11224, 1254, 2546	A store in a residential and commercial building –	41,750 Saudi Riyals	(364) days starting on 12/01/1444H (corresponding to 10/08/2022G) and ending on 22/01/1445H (corresponding to 09/08/2023G).	The rental period will be automatically renewed for a similar period unless one party notifies the other of its desire to terminate the contract 30 days before the expiration of the rental period.	Electronically documented under No. 1/20047689231
3.	Khaled Johar Mohammed Al Johar	Abu Bakr Al-Siddiq, 12473, Riyadh, 12473-2423, Riyadh	A rental unit in a mall	1,500,000 Saudi Riyals	(1,825) days starting on 20/10/1442H (corresponding to 01/06/2021G) and ending on 14/12/1447H (corresponding to 31/05/2026G).	The lease term ends with the expiration of the contract term, and if both parties wish to renew, a new contract agreed upon by both parties shall be written.	Electronically documented with No. 0-1/300002597045 This contract is not considered an executive document because of additional terms or conditions that provide if the tenant is two months late in paying the rent, the contract shall be canceled and he shall bear all the damages resulting from the termination of the contract.
4.	Jamal bin Abdullah bin Ahmed Al-Bayyat	Al Quds Street, 32632, 3667,8224	A store in an outdoor mall	34,500 Saudi Riyals	(364) days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 18/06/1445H (corresponding to 31/12/2023G).	The lease term ends with the expiration of the contract term, and if both parties wish to renew, a new contract agreed upon by both parties shall be written.	Electronically documented under No. 1/20674696977

No.	Lessor	Property Location	Property Type	Lease Value	Lease Duration	Renewal	Notes
5.	Suleiman Othman Muhammad Al-Ajami	3099, Al Marqab District, Buraidah, 52359 7688	A store in a commercial building	61,500 Saudi Riyals	(1,095) days starting on 17/05/1442H (corresponding to 01/01/2021G) and ending on 18/06/1445H (corresponding to 31/12/2023G).	The lease term ends with the expiration of the contract term, and if both parties wish to renew, a new contract agreed upon by both parties shall be written.	A draft that is not legally binding – Electronically documented under No. 0-1/300002061845 Both parties agreed to add the following: The tenant has the right to vacate the store at the end of any of the three rental years by giving at least 60 days' written notice, and the landlord does not have the right to demand the rental value from the tenant for the remaining period of the contract.
6.	Abdul Rahman bin Saad bin Muhammad Al-Amer	Buraidah, Al-Qassim, 52359, 7636, 3044	Apartment	21,000 Saudi Riyals	(1,094) days starting on 17/05/1442H (corresponding to 01/01/2021G) and ending on 18/06/1445H (corresponding to 31/12/2023G).	The lease term ends with the expiration of the contract term, and if both parties wish to renew, a new contract agreed upon by both parties shall be written.	Electronically documented under No. 1/300002373293 Both parties agreed to add the following: The tenant has the right to vacate the store at the end of any of the three rental years by giving at least 60 days' written notice, and the landlord does not have the right to demand the rental value from the tenant for the remaining period of the contract.
7.	Muhammad Dhafer Saleh Al-Ghamdi	65525, 6204, 3807	A store in a commercial and residential building	25,800 Saudi Riyals	364) days starting on 08/06/1444H (corresponding to 01/01/2023G) and ending on 18/06/1445H (corresponding to 31/12/2023G).	The lease term ends with the expiration of the contract term, and if both parties wish to renew, a new contract agreed upon by both parties shall be written.	Electronically documented under No. 1/20513911807
8.	Saudi Investment Company	Riyadh, 11224, 1254, 2546	A store in a commercial and residential building	125,250 Saudi Riyals	(1,095) days starting on 22/01/1444H (corresponding to 20/08/2022G) and ending on 25/02/1447H (corresponding to 19/08/2025G).	The lease term ends with the expiration of the contract term, and if both parties wish to renew, a new contract agreed upon by both parties shall be written.	Electronically documented under No. 3/20456878053 This contract is not an executive document because there are additional terms or conditions, so that the tenant (the Company) has the right to vacate the unit at the end of any of the three rental years by sending a written notice to the lessor 30 days before the new rental year.
9.	Ali Huwaidi Salem Al-Otaibi	47914, 2773, 9232	A store in a commercial and residential building	65,000 Saudi Riyals	(365) days starting on 21/08/1444H (corresponding to 13/03/2023G) and ending on 02/09/1445H (corresponding to 12/03/2024G).	The lease term ends with the expiration of the contract term, and if both parties wish to renew, a new contract agreed upon by both parties shall be written.	Electronically documented under No. 1/20448258297

No.	Lessor	Property Location	Property Type	Lease Value	Lease Duration	Renewal	Notes
10.	Nizar Muhammad bin Fahd Al-Bayoud	Oqda Road, 55424, 7489, 4582	A store in a mall	36,225 Saudi Riyals	(640) days starting on 10/09/1444H (corresponding to 01/04/2023G) and ending on 30/06/1446H (corresponding to 31/12/2024G).	The lease term ends with the expiration of the contract term, and if both parties wish to renew, a new contract agreed upon by both parties shall be written.	Electronically documented under No. 3/20714459931
11.	Suleiman bin Mohammed bin Abdullah Al-Malouhi	8607, Airport District, Unayzah, 56461-3424	A store in a mall	69,000 Saudi Riyals	(1,095) days starting on 17/05/1442H (corresponding to 01/01/2021G) and ending on 18/06/1445H (corresponding to 31/12/2023G).	The lease term ends with the expiration of the contract term, and if both parties wish to renew, a new contract agreed upon by both parties shall be written.	Electronically documented under No. 0-1/300002127347 Both parties agreed to add the following: The tenant has the right to vacate the store at the end of any of the three rental years by giving at least 60 days' written notice, and the landlord does not have the right to demand the rental value from the tenant for the remaining period of the contract.
12.	Khaled bin Masoud bin Mazyad Al Harithi	4278, Al-Zahir District, Mecca, 6243-24222	A store in a mall	241,500 Saudi Riyals	(1,096) days starting on 19/09/1442H (corresponding to 01/05/2021G) and ending on 21/10/1445H (corresponding to 30/04/2024G).	The lease term ends with the expiration of the contract term, and if both parties wish to renew, a new contract agreed upon by both parties shall be written.	A draft version and not legally binding– Electronically documented 300002507198 Both parties agreed to add the following: The tenant has the right to vacate the store at the end of any of the three rental years by giving at least 60 days' written notice, and the landlord does not have the right to demand the rental value from the tenant for the remaining period of the contract.
13.	Hussein bin Ali bin Hussein Al-Ajami	7308, Salman Al Farsi, Al Fahd, Najran	A store in a residential and commercial building	180,000 Saudi Riyals	(1,095) days starting on 17/05/1442H (corresponding to 01/01/2021G) and ending on 18/06/1445H (corresponding to 31/12/2023G).	The lease term ends with the expiration of the contract term, and if both parties wish to renew, a new contract agreed upon by both parties shall be written.	Electronically documented under No. 0-1/300002127347 Both parties agreed to add the following: The tenant has the right to vacate the store at the end of any of the three rental years by giving at least 60 days' written notice, and the landlord does not have the right to demand the rental value from the tenant for the remaining period of the contract.

Source: The Company

9.7.3 Services Provision Agreements

- The Company concluded (9) agreements for the provision of financial, legal, actuarial, financial collection, and technical services.

9.7.4 Insurance Brokerage Contracts

- The Company has concluded a number of insurance brokerage contracts with Companies specialized in the field of insurance brokerage, organized according to the laws of the KSA and licensed by the Central Bank and specialized in the field of insurance brokerage. The aim of these contracts is to attract customers and facilitate the sale of the Company's insurance products to individuals, companies and other entities. In return, insurance brokers are entitled to a commission estimated at a percentage of the premiums collected through the clients' broker for each type of insurance.

9.7.5 Reinsurance Contracts

- A number of reinsurance agreements were concluded with Companies specialized in reinsurance activity. Under these agreements, the Company reinsures all or part of the losses that may arise from its insurance policies to reduce its exposure to losses in exchange for an agreed upon percentage.


9.7.6 Memorandum of Understanding (MoU) and Merger Agreement

- On 23/02/1444H (corresponding to 19/09/2022G), the Company signed a Memorandum of Understanding (MoU) with Gulf Union Alahlia Cooperative Insurance Company to begin negotiations regarding a merger proposal, based on the fundamental conditions specified in the MoU.
- On 30/08/1444H (corresponding to 22/03/2023G), the Company signed a binding merger agreement with Gulf Union Alahlia National Cooperative Insurance Company, which revolve around merging Al Sagr Insurance Company into Alahlia Company through an issuance of sixteen million one hundred and twenty-four thousand three hundred and seventeen (16,124,317) new shares in Alahlia, in exchange for full capital shares of the Company which will cease to exist. It should be noted that on 14/02/1445H (corresponding to 30/08/2023G), The EGA of shareholders decided not to approve the provisions of the merger agreement concluded between the Company and Alahlia to merge both insurance companies.

9.8 Trademark and Intellectual Property Rights

- The Company has a logo (Al Sagr Insurance) that it uses when carrying on business in dealings and transactions, and it has been registered as a trademark at the Ministry of Commerce (Trademarks Department) under category (36), which is one of the trademarks categories that specialize in (insurance services, financing matters, financial matters and real estate matters). It will enable the Company to put its name and logo on the external facade of the building, offices or shops operated by the Company, as it has registered the trademark and granted it the necessary legal protection in accordance with the Saudi Trademark Law.
- The table below outlines the Company's registered trademark:

Table No. (103): Trademark Registration Certificate

Registration No.	Name of the Owner	Date of Registration	Insurance Date	Insurance Expiry Date	Category	Trademark
1440008758	Al Sagr Cooperative Insurance Company	03/07/1440H (corresponding to 10/03/2019G)	26/04/1440H (corresponding to 02/01/2019G)	26/04/1450H (corresponding to 16/09/2028G)	36	 الصقر للتأمين AlSagr Insurance

Source: The Company

9.9 Insurance

The Company has concluded number of insurance policies to ward off some risks, which include:

- Health Insurance

Al Sagr Insurance Company issued a health insurance policy under No. (P/100/01/23/401500) that provides coverage to its employees from 01/07/2023G until 30/06/2024G and includes (464) members.

This policy covers health care through the network of medical service providers appointed by the Company, provided that the case is covered by insurance coverage. The coverage benefits and compensation include all current or new employees shown in the payroll, (husband/wife, children - minimum: from the date of birth - maximum: up to 25 years, unmarried female children, including widows and divorced women and according to the Company's insurance policy- Orphans fostered by sponsoring families - the husband of a Saudi female employee in the event that the husband works in the government sector, if the institution is exempted from compulsory health insurance, or if he works in another sector that does not provide compulsory insurance, or if he is unemployed. Coverage includes male children of Saudi females, provided that they are unemployed and unmarried until the age of (25) years, and their unmarried and unemployed daughters (including widows and divorcees).

- Vehicle Insurance

According to the report issued by the Ministry of Interior (Tamm platform) on 13/11/2023G, the Company owns (6) vehicles with valid insurance and (1) vehicle whose insurance is no longer valid.

9.10 Disputes and Litigations

- The Company is a party to a number of lawsuits, claims, regulatory and arbitration procedures, and labor cases filed either against it in its capacity as the defendant or by it in its capacity as the plaintiff, as outlined in the below tables:

9.10.1 Lawsuits and Disputes Filed Against the Company as the Defendant

- As of the date of this Prospectus, the Company is a party to a number of lawsuits in its capacity as the defendant, as outlined in the below table:

Table No. (104): Summary of Lawsuits and Disputes Filed Against the Company as the Defendant

Lawsuit No.	Parties to the Lawsuit	Allegation	Lawsuit Date	Lawsuit Value (SAR)	Lawsuit Status
Claims					
435864	A lawsuit filed by a plaintiff against Al Sagr Insurance Company	A Claim for all Risk Auto Insurance	27/11/1443H (corresponding to 26/06/2022G)	33,860	Exchange of Memos
442406	A lawsuit filed by a plaintiff against Al Sagr Insurance Company	A Claim for Personal Accidents Insurance	19/04/1444H (corresponding to 13/11/2022G)	75,000	Exchange of Memos
442731	A lawsuit filed a plaintiff against Al Sagr Insurance Company	A Claim for all Risk Auto Insurance	20/04/1444H (corresponding to 14/11/2022G)	24,481	The plaintiff was awarded a money judgment of SAR (24,418) representing the value of subsequent damage to the vehicle - Initial Ruling (an appeal has been filed).
442834	A lawsuit filed by a plaintiff against Al Sagr Insurance Company	A Claim for all Risk Auto Insurance	05/05/1444H (corresponding to 29/11/2022G)	95,000	The plaintiff was awarded a money judgment of SAR (84,000). It represents the value of the subsequent damage to her vehicle, and the amount of 1880 represents compensation for transportation bills and vehicle inspection - initial ruling (an appeal has been filed).
443632	A lawsuit filed by a plaintiff against Al Sagr Insurance Company	A claim for a Comprehensive Insurance	12/06/1444H (corresponding to 05/01/2023G)	8,566	Exchange of Memos
440109	A lawsuit filed by a plaintiff against Al Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	04/12/1444H (corresponding to 22/06/2023G)	56,424	The plaintiff was awarded a money judgement of SAR (190.70). It represents the value of the subsequent damage to his vehicle that is the subject of the lawsuit, and the amount of 10,600 is equivalent to the value of the delay in settling the claim - a preliminary ruling (an appeal has been filed)
441428	A lawsuit filed by a plaintiff against Al Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	17/07/1444H (corresponding to 08/02/2023G)	14,000	Oblige the defendant Al Sagr Cooperative Insurance Company to pay the plaintiff an amount of SAR (14,000) representing vehicle damages resulting from the accident in question – First instance judgement (an appeal has been filed).
441128	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	18/01/1444H (corresponding to 16/08/2022G)	43,261	An appeal was filed.

Lawsuit No.	Parties to the Lawsuit	Allegation	Lawsuit Date	Lawsuit Value (SAR)	Lawsuit Status
441503D	A lawsuit filed by a plaintiff	A Claim for Third-party Auto Insurance	25/02/1444H (corresponding to 21/09/2022G)	95,000	The plaintiff was awarded a money judgement of SAR (55,000). It represents the value of the subsequent damage to her vehicle. Appeal judgment.
441009R	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	23/01/1444H (corresponding to 21/08/2022G)	1,400	Exchange of Memos
444196	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	10/07/1444H (corresponding to 01/02/2023G)	24,481	The plaintiff was awarded a money judgement of SAR (24481). This amount represents the value of subsequent damage to the vehicle. First instance judgement (an appeal has been filed).
441486	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A claim for a Comprehensive Insurance	23/07/1444H (corresponding to 14/02/2023G)	10,000	The plaintiff was awarded a money judgement of amount of SAR (10,000), representing the damages to the vehicle. First instance judgement (an appeal will be filed).
444574	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Personal Accidents Insurance	26/06/1444H (corresponding to 19/01/2023G)	2,505	Exchange of Memos
444601	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A claim for a Comprehensive Insurance	07/04/1444H (corresponding to 26/01/2023G)	80,000	Exchange of Memos
444687	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	02/08/1444H (corresponding to 22/02/2023G)	33,781	Exchange of Memos
444632	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A claim for a Comprehensive Insurance	25/07/1444H (corresponding to 16/02/2023G)	8,715	Exchange of Memos
445659	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	10/03/1444H (corresponding to 23/04/2023G)	20,000	Exchange of Memos
445899	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	07/10/1444H (corresponding to 27/04/2023G)	1,150	Exchange of Memos
446103	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	20/10/1444H (corresponding to 10/05/2023G)	66,000	Exchange of Memos
446624	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	10/11/1444H (corresponding to 30/05/2023G)	35,194	Exchange of Memos
446659	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	11/11/1444H (corresponding to 31/05/2023G)	3,000	Exchange of Memos
447052	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	03/12/1444H (corresponding to 21/06/2023G)	2,662	Exchange of Memos
447248	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	21/11/1444H (corresponding to 10/06/2023G)	2,651	Exchange of Memos

Lawsuit No.	Parties to the Lawsuit	Allegation	Lawsuit Date	Lawsuit Value (SAR)	Lawsuit Status
447173	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	16/11/1444H (corresponding to 05/06/2023G)	16,000	Exchange of Memos
447172	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	13/11/1444H (corresponding to 02/06/2023G)	1,281	Exchange of Memos
447127	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	11/11/1444H (corresponding to 31/05/2023G)	4,000	Exchange of Memos
447442	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	22/12/1444H (corresponding to 10/07/2023G)	25,450	Exchange of Memos
447450	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	23/11/1444H (corresponding to 12/06/2023G)	7,812	Exchange of Memos
447457	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	23/12/1444H (corresponding to 11/07/2023G)	1,800	Exchange of Memos
447520	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	25/11/1444H (corresponding to 14/06/2023G)	738	Exchange of Memos
450306	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	16/01/1445H (corresponding to 03/08/2023G)	35,000	Exchange of Memos
447679	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	18/12/1444H (corresponding to 06/07/2023G)	20,000	Exchange of Memos
447673	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	15/12/1444H (corresponding to 03/07/2023G)	33,862	Exchange of Memos
450455	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	01/17/1445H (corresponding to 08/04/2023G)	166,239	Exchange of Memos
450503	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	11/04/1444H (corresponding to 24/05/2023G)	5,949	Exchange of Memos
450683	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	12/01/1445H (corresponding to 30/07/2023G)	707	Exchange of Memos
445389	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	25/08/1444H (corresponding to 17/03/2023G)	9,300	The plaintiff, was awarded a money judgement of SAR (12,113). Compensation for vehicle damage and an amount of SAR (13,700) represents compensation for the delay in settling the claim and SAR (100) for each day of delay. First instance judgement (an appeal was filed).
445418	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Personal Accidents Insurance	16/08/1444H (corresponding to 08/03/2023G)	9,450	The plaintiff was awarded a money judgement of SAR (9,450) which represents compensation for vehicle damage. First instance judgement (an appeal was filed).

Lawsuit No.	Parties to the Lawsuit	Allegation	Lawsuit Date	Lawsuit Value (SAR)	Lawsuit Status
451211	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	12/12/1444H (corresponding to 30/06/2023G)	13,733	Exchange of Memos
451173	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	08/12/1444H (corresponding to 26/06/2023G)	2,237	Exchange of Memos
451295	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	24/12/1444H (corresponding to 12/07/2023G)	11,187	Exchange of Memos
451664	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	08/12/1444H (corresponding to 26/06/2023G)	4,204	Exchange of Memos
451637	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	08/12/1444H (corresponding to 26/06/2023G)	8,171	Exchange of Memos
451576	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	08/12/1444H (corresponding to 26/06/2023G)	1,375	Exchange of Memos
451534	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	10/01/1445H (corresponding to 28/07/2023G)	17,120	Exchange of Memos
451476	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	12/01/1444H (corresponding to 19/06/2023G)	17,300	Exchange of Memos
451470	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	23/11/1444H (corresponding to 12/06/2023G)	8,430	Exchange of Memos
451420	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	08/01/1445H (corresponding to 26/07/2023G)	35,000	Exchange of Memos
451363	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	22/12/1444H (corresponding to 10/07/2023G)	45,558	Exchange of Memos
445389	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	25/08/1444H (corresponding to 17/03/2023G)	9,300	A money judgment was awarded to the plaintiff in the amount of SAR (12,113). Compensation for vehicle damage and an amount of SAR (13,700) represents compensation for the delay in settling the claim and SAR (100) for each day of delay. First instance judgement (an appeal was filed).
451839	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	16/01/1445H (corresponding to 03/08/2023G)	10,654	Exchange of Memos
451853	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	22/01/1445H (corresponding to 09/08/2023G)	17,000	Exchange of Memos
451929	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	20/01/1445H (corresponding to 07/08/2023G)	15,218	Exchange of Memos

Lawsuit No.	Parties to the Lawsuit	Allegation	Lawsuit Date	Lawsuit Value (SAR)	Lawsuit Status
451951	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	28/12/1444H (corresponding to 16/07/2023G)	28,389	Exchange of Memos
451993	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	20/12/1444H (corresponding to 08/07/2023G)	30,000	Exchange of Memos
452062	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	2023G	46,933	Exchange of Memos
452063	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	08/01/1445H (corresponding to 26/07/2023G)	14,200	Exchange of Memos
452842	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	11/02/1445H (corresponding to 27/08/2023G)	88,220	Exchange of Memos
452763	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Personal Accidents Insurance	09/02/1445H (corresponding to 25/08/2023G)	7,264	Exchange of Memos
452867	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	11/02/1445H (corresponding to 27/08/2023G)	1,500	Exchange of Memos
452907	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	02/02/1445H (corresponding to 18/08/2023G)	1,057	Exchange of Memos
452674	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	10/02/1445H (corresponding to 26/08/2023G)	1,386	Exchange of Memos
453057	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	12/02/1445H (corresponding to 28/08/2023G)	23,000	Exchange of Memos
445671	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Auto Insurance	19/06/1444H (corresponding to 12/01/2023G)	71,845	The plaintiff, was awarded a money judgement of SAR (71,845.27) which represents compensation for vehicle damage. First instance judgement (an appeal was filed).
453551	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	07/02/1445H (corresponding to 23/08/2023G)	25,320	Exchange of Memos
453674	A lawsuit submitted by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	30/02/1445H (corresponding to 15/09/2023G)	1,315	Exchange of Memos
454034	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	29/02/1445H (corresponding to 14/09/2023G)	16,284	Exchange of Memos
453956	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	26/02/1445H (corresponding to 11/09/2023G)	10,000	Exchange of Memos
453930	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	28/02/1445H (corresponding to 13/09/2023G)	32,000	Exchange of Memos

Lawsuit No.	Parties to the Lawsuit	Allegation	Lawsuit Date	Lawsuit Value (SAR)	Lawsuit Status
453825	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	19/02/1445H (corresponding to 04/09/2023G)	8,000	Exchange of Memos
445438	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	45,000	Exchange of Memos
454092	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	26/12/1444H (corresponding to 14/07/2023G)	4,000	Exchange of Memos
454091	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	29/02/1445H (corresponding to 14/09/2023G)	25,000	Exchange of Memos
442036	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Cooperative Auto Insurance	01/04/1444H (corresponding to 26/10/2022G)	90,800	The plaintiff, was awarded a money judgement of SAR (70,600). The value of compensation for the damage to the vehicle. First instance judgement (an appeal was filed).
445775	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Auto Insurance - Medical Insurance	27/09/1444H (corresponding to 18/04/2023G)	3,176	Exchange of Memos
454039	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	01/03/1445H (corresponding to 16/09/2023G)	1,230	Exchange of Memos
445044	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	15/08/1444H (corresponding to 07/03/2023G)	33,055	Exchange of Memos/The decision will be delivered on 10/04/1445H
454228	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	10/03/1445H (corresponding to 25/09/2023G)	7,551	Exchange of Memos
454227	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	10/03/1445H (corresponding to 25/09/2023G)	80,000	Exchange of Memos
454225	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	03/02/1445H (corresponding to 09/17/2023G)	1,214	Exchange of Memos
454305	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	05/01/1445H (corresponding to 23/07/2023G)	2,000,000	Exchange of Memos
250290	A conciliation request submitted by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	20/03/1445H (corresponding to 05/10/2023G)	20,751	Exchange of Memos
454454	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	04/03/1445H (corresponding to 19/09/2023G)	4,557	Exchange of Memos
454418	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	26/02/1445H (corresponding to 11/09/2023G)	4,639	Exchange of Memos

Lawsuit No.	Parties to the Lawsuit	Allegation	Lawsuit Date	Lawsuit Value (SAR)	Lawsuit Status
454447	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	19/02/1445H (corresponding to 04/09/2023G)	74,500	Exchange of Memos
454431	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	09/03/1445H (corresponding to 24/09/2023G)	300,000	Exchange of Memos
454514	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	21/01/1445H (corresponding to 06/09/2023G)	46,600	Exchange of Memos
454493	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	11/03/1445H (corresponding to 26/03/2023G)	509,923	Exchange of Memos
452167	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	21/01/1445H (corresponding to 08/08/2023G)	2,070	Exchange of Memos
452925	A lawsuit by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	27/01/1445H (corresponding to 14/08/2023G)	12,904	Exchange of Memos
454595	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	17/03/1445H (corresponding to 02/10/2023G)	300,000	Exchange of Memos
454617	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	21/03/1445H (corresponding to 06/10/2023G)	614	Exchange of Memos
454720	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	21/03/1445H (corresponding to 06/10/2023G)	400	Exchange of Memos
454818	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	12/03/1445H (corresponding to 27/09/2023G)	1,433	Exchange of Memos
454826	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	12/03/1445H (corresponding to 27/09/2023G)	900	Exchange of Memos
454834	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	16/03/1445H (corresponding to 01/10/2023G)	300,000	Exchange of Memos
454840	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	30/03/1445H (corresponding to 15/10/2023G)	14,670	Exchange of Memos
454849	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	20/03/1445H (corresponding to 05/10/2023G)	2,417	Exchange of Memos
454869	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	25/03/1445H (corresponding to 10/10/2023G)	25,566	Exchange of Memos
454963	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	21/03/1445H (corresponding to 06/10/2023G)	11,266	Exchange of Memos

Lawsuit No.	Parties to the Lawsuit	Allegation	Lawsuit Date	Lawsuit Value (SAR)	Lawsuit Status
455001	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	17/03/1445H (corresponding to 02/10/2023G)	15,723	Exchange of Memos
455026	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Personal Accidents Insurance	04/04/1445H (corresponding to 19/10/2023G)	500,000	Exchange of Memos
455102	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	27/03/1445H (corresponding to 12/10/2023G)	9,606	Exchange of Memos
455159	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	01/04/1445H (corresponding to 16/10/2023G)	455,159	Exchange of Memos
455192	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	27/03/1445H (corresponding to 12/10/2023G)	10,138	Exchange of Memos
455224	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Other Insurances	08/04/1445H (corresponding to 23/10/2023G)	109,039	Exchange of Memos
455235	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	08/04/1445H (corresponding to 23/10/2023G)	17,059	Exchange of Memos
455341	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	01/04/1445H (corresponding to 16/10/2023G)	8,095	Exchange of Memos
455382	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Personal Accidents Insurance	04/04/1445H (corresponding to 19/10/2023G)	350,000	Exchange of Memos
455660	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	-	20,000	Exchange of Memos
455673	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	867	Exchange of Memos
455680	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	300,000	Exchange of Memos
455697	A lawsuit submitted by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	1,140	Exchange of Memos
455778	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	5,591	Exchange of Memos
455872	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	-	2,730	Exchange of Memos
455895	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	4,955	Exchange of Memos

Lawsuit No.	Parties to the Lawsuit	Allegation	Lawsuit Date	Lawsuit Value (SAR)	Lawsuit Status
455933	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	788,000	Exchange of Memos
455972	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	3,600	Exchange of Memos
455976	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	-	3,600	Exchange of Memos
455999	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	3,500	Exchange of Memos
456032	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	24,020	Exchange of Memos
456036	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	90,000	Exchange of Memos
456064	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	14,526	Exchange of Memos
456177	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Other Insurances	-	29,000	Exchange of Memos
456169	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	7,000	Exchange of Memos
456150	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	83,227	Exchange of Memos
456104	A lawsuit submitted by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Other Insurances	-	423,662	Exchange of Memos
456287	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	300,000	Exchange of Memos
456352	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	2,534	Exchange of Memos
456355	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	300,000	Exchange of Memos
456356	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for Third-party Auto Insurance	-	9,101	Exchange of Memos
456471	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company	A Claim for all Risk Auto Insurance	-	33,506	Exchange of Memos

Lawsuit No.	Parties to the Lawsuit	Allegation	Lawsuit Date	Lawsuit Value (SAR)	Lawsuit Status
Total		9,547,533			
Labor Lawsuits					
14450310736	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company (amicable settlement)	Labor lawsuit	10/03/1445H (Corresponding to 25/09/2023G)	Currently unknown	It was referred to the Labor Court, and no date has been set for the hearing.
14450320469	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company (amicable settlement)	Labor lawsuit	09/19/1444H (Corresponding to 10/04/2023G)	Currently unknown	The lawsuit was dismissed.
Cs/2819741/id314	A lawsuit filed by a plaintiff (amicable settlement)	Labor lawsuit	30/03/1445H (Corresponding to 15/10/2023G)	Currently unknown	No date has been set for the hearing.
Medical Claims					
443075	A lawsuit filed against Al-Sagr Cooperative Insurance Company (medical insurance)	Medical claims	02/05/1444H (Corresponding to 26/11/2022G)	25,000	Exchange of Memos
445775	A lawsuit filed by a plaintiff against Al-Sagr Cooperative Insurance Company (medical insurance)	Medical claims	27/09/1444H (Corresponding to 18/04/2023G)	3,176	The session was scheduled for 10/04/1445H at 1 p.m.
D 422481	A lawsuit filed by a plaintiff against Al-Sagr Company in Al-Qassim (medical insurance)	Medical claims	27/01/1444H (Corresponding to 25/08/2022G)	66,873	The Appeal Committee decided to refer it to the First Instance Committee.
Total		95,049			
Arbitration Claim					
-	A lawsuit filed by a plaintiff Company against Al-Sagr Cooperative Insurance Company	Arbitration regarding administrative fees	13/03/1445H (corresponding to 28/09/2023G)	7,756,620.68	Exchange of Memos

Source: The Company

9.10.2 Lawsuits and Disputes Filed by the Company as the Plaintiff

- As of the date of this Prospectus, the Company is a party to one lawsuit in its capacity as the plaintiff, with a total value of (1,829,908.60) Saudi Riyals, as outlined in the below table:

Table No. (105): Lawsuits in Which the Company Has Taken the Status of the Defendant

No.	Parties	Date	Amount (SAR)	Status
C450935	A lawsuit filed by Al Sagr Cooperative Insurance Company against a company.	14/01/1445H (corresponding to 08/01/2023G)	1,829,908.60	Under consideration

Source: The Company

9.11 Material Information that Changed since the CMA's Approval on the Most Recent Prospectus

The following is a summary of the most important information that has changed since the Authority's approval of the most recent Prospectus, which was issued on 08/10/1428H (corresponding to 20/10/2007G):

- **Head Office:** On 15/02/1430H (corresponding to 01/05/2016G), the Company announced moving its main headquarters from the city of Riyadh to the city of Al Khobar.
- **Election of Board of Directors (BOD) Members:**
 1. On 20/06/1432H (corresponding to 23/05/2011G), the OGA approved the election of the following gentlemen for the second term of the Board: Abdulrahman bin Ali Alturki, Abdullah Juma Alsari, Amjad Yousry Aldweik, Sami Rouhi Alshakhshir, Abdulrahman Hassan Alsharbatly, Abdulmohsen Abdullah Alsunaid, Mazen Ahmed Aljubeir, Bassam Ahmed Albinali, Walid David Ayoub, and Tariq Abdullah Albassam. They were elected for a new term starting from the OGA's date, 20/06/1432H (corresponding to 23/05/2011G).
 2. On 19/08/1435H (corresponding to 17/06/2014G), the OGA approved the election of the following gentlemen for the third term of the Board: Abdulrahman Alturki, Abdullah Juma Alsari, Amjad Yousri Aldweik, Sami Rouhi Alshakhshir, Abdulrahman Hassan Alsharbatly, Abdulmohsen Abdullah Alsunaid, Tariq Abdullah Albassam, Walid David Ayoub, Bassam Ahmed Albinali and Mazen Ahmed Aljubeir. The New BOD's term starts on 19/08/1435H (corresponding to 17/06/2014G) and ends on 21/09/1438H (corresponding to 16/06/2017G).
 3. On 18/09/1438H (corresponding to 13/06/2017G), the OGA approved the election of the following gentlemen for the fourth Board's term: Fahd Abdulrahman Ali Alturki, Amjad Muhammad Yousry, Mahmoud Aldweik, Abdullah Juma Majid Alsirri, Muhammad Sami Rouhi Hafez Alshakhshir, Salman Muhammad Hassan Abdullah Aljishi, Bassam Ahmed Nasser Albinali, Tariq Abdullah Abdulaziz Albassam, Mahmoud Muhammad Nashar, and Saud Saleh Alarifi for three years starting on 21/09/1438H (corresponding to 16/06/2017G) and ending on 24/10/1441H (corresponding to 16/06/2020G).
 4. On 09/10/1441H (corresponding to 01/06/2020G), the OGA approved the election of the following gentlemen for the fifth Board's term: Abdulmohsen Jaber, Majed Abdullah Alsirri, Sultan bin Abdulaziz Alsuwaidi, Abdullah Juma Majed Alsari, Fahd Abdulrahman Alturki, Abdullah bin Abdul Rahman Albassam, Yasser bin Abdulaziz Alqadi, Khaled bin Abdul Hamid Alshuwaier, Sultan Khaled Alturki, for three years starting on 24/10/1441H (corresponding to 16/06/2020G) and ending on 26/11/1444 H (corresponding to 15/06/2023G).
 5. On 08/05/1445H (corresponding to 22/11/2023G), the OGA approved the election of the following gentlemen for the sixth Board's term: Abdul Mohsen Nafez Jaber, Sultan bin Abdul Aziz Alsuwaidi, Abdullah Suleiman Alhindi, Muhammad Abdulaziz Alnaeem, Sami Ahmed Albabtin, Nayef Rashid Alarfaj, Yasser Mohammed Alharbi, Saud Saleh Alarifi, Ahmed Khader Albaqshi for three years starting on 09/05/1445H (corresponding to 23/11/2023G) and ending on 12/06/1448H (corresponding to 22/11/2026G).
- **Capital and Bylaws:**
 1. On 26/06/1434H (corresponding to 06/05/2013G), the EGA approved the Board of Directors' recommendation to increase the Company's capital from two hundred million (200,000,000) Saudi Riyals to two hundred and fifty million (250,000,000) Saudi Riyals by a percentage (25%) by granting a free share for every (4) outstanding shares owned by Shareholders registered in the Shareholder Register at the end of Trading on the day of the EGA, provided that the value of the capital increase is paid by transferring an amount of fifty million (50,000,000) Saudi Riyals from retained profits, and thus the number of shares will increase from twenty million (20,000,000) shares to twenty-five (25,000,000) shares, by five million (5,000,000) shares, and the text of Article (7) of the Company's By-laws will be amended as follows: The Company's capital amounting to two hundred and fifty million (250,000,000) Saudi Riyals will be divided into twenty-five million (25,000,000) shares with a nominal value of (10) Saudi Riyals per share.
 2. On 20/08/1438H (corresponding to 16/05/2017G), the EGA approved the amendment of the Company's Bylaws in accordance with the Companies Law.
 3. On 16/11/1439H (corresponding to 29/07/2018G), the EGA approved the Board of Directors' recommendation regarding the capital increase, by granting bonus shares to the Company's Shareholders as follows: The capital before the increase was equal to two hundred and fifty million (250,000,000) Saudi Riyals, and after the increase will amount to four hundred million (400,000,000) Saudi Riyals, with an increase percentage of (60%), and the number of shares before the increase was twenty-five million (25,000,000) shares, while after the increase will become forty million (40,000,000) shares, by granting (3) shares for every (5) shares.
 4. On 17/03/1444H (corresponding to 13/10/2022G), the EGA approved a capital reduction from four hundred million (400,000,000) Saudi Riyals to one hundred and forty million (140,000,000) Saudi Riyals divided into fourteen million (14,000,000) ordinary shares in order to amortize all accumulated losses accounting for two hundred and sixty million (260,000,000) Saudi Riyals by cancelling twenty-six million (26,000,000) shares of the Company's issued shares. The reduction percentage amounted to (65%) of the Company's capital.
 5. On 28/02/1445H (corresponding to 13/09/2023G), the Company's Board of Directors recommended increasing the capital by offering Rights Issue worth one hundred and sixty million (160,000,000) Saudi Riyals, so that the capital after the increase would become three hundred million (300,000,000) Saudi Riyals in compliance with the minimum required capital of insurance companies.

- **Corporate Governance:** The approval of internal regulations and policies related to Company's Corporate Governance in line with the provisions of the Corporate Governance Regulations for Listed Companies issued by the CMA and the Corporate Governance Regulations for Insurance Companies.

9.12 Declarations Related to Legal Information

In addition to the other declarations referred to in this Prospectus, the members of the BoD declare the following:

1. The issuance does not constitute a breach of the relevant laws and regulations in Saudi Arabia.
2. The issuance does not constitute a breach of any contract or agreement entered into by the Company.
3. All material legal issues concerning the Company have been disclosed in this Prospectus
4. Other than what has been mentioned in paragraph (9.10) "*Disputes and Litigations*" on page (166) of this Prospectus, the Company is not subject to any lawsuits or legal proceedings that could individually or collectively have a material effect on the affect its business or financial position.
5. Members of the Company's Board of Directors are not subject to any lawsuits or legal proceedings that could individually or collectively have a material effect on the Company's affect the Company's business or financial position.

10. Underwriting

The Company and the Underwriter, have entered into an Underwriting Agreement to cover the subscription of sixteen million (16,000,000) ordinary shares, at a price of then (10) Saudi Riyals per share, with a total value of one hundred and sixty million (160,000,000) Saudi Riyals, representing the entire amount or (100%) of the Rights Shares being offered for subscription (“**Underwriting Agreement**”).

10.1 Underwriter

Al Bilad Capital

Riyadh - Olaya district

King Fahd Road - P.O. Box 140, Riyadh 11411

Kingdom of Saudi Arabia

Phone Number: +966 (11) 920003636

Fax: +966 (11) 2906299

Website: www.albilad-capital.com

E-mail: investmentbanking@albilad-capital.com



10.2 Summary of Underwriting Arrangement

In accordance with the terms and conditions of the Underwriting Agreement:

- The Company undertakes to the Underwriter that, on the allocation date, it will allocate and issue to the Underwriter all Rights Shares that have not been subscribed for by Eligible Shareholders as additional shares at the Offer Price.
- The underwriter undertakes to the Company that, on the allocation date, it will purchase the Rights Issue Shares not subscribed for by Eligible Persons, as additional shares at the Offer Price.
- The Underwriter shall, on account of underwriting, receive a specified amount of money to be paid from the Offer Proceeds.
- The commitment of the Underwriter to subscribe to Rump Shares is subject to the termination provisions as stipulated in the agreement such as the occurrence of a force majeure event as defined in the agreement and satisfaction of the precedent conditions in line with the agreement.
- The Company shall provide specific warranties, covenants and undertakings to the Underwriter.

11. Waivers

The Company has not submitted a waiver request to the CMA in relation to this Offering.

12. Information Related to Shares and Terms and Conditions of the Offering

The Company has filed an application to the CMA for the registration and offering of the New Shares, and to the Saudi Stock Exchange (Tadawul) for listing the New Shares. All requirements have been fulfilled in accordance with the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

All Eligible Persons (the Registered Shareholders and holders of acquired Rights) and Institutional Investors applicants shall read the subscription terms and conditions carefully before electronic subscription, submission of the subscription application through a Broker, or filling out the Rump Offering application form. The submission of the Subscription Application or the signing and delivery of the Rump Offering Subscription application form constitutes acceptance of the mentioned terms and conditions.

12.1 The Offering

Pursuant to this Prospectus, sixteen million (16,000,000) new ordinary shares will be offered - by issuing rights shares - at an Offer Price of ten (10) Saudi Riyals per share, with a nominal value of ten (10) Saudi Riyals per share, and with a total offering value of one hundred and sixty million (160,000,000) Saudi Riyals, representing approximately (114.29%) of the Company's capital before the capital increase. New shares will be issued to all holder of Rights at a ratio of (1.1429) new shares for every one (1) current share, and subscription to the new shares is entitled to rights for all owners of trading rights, in order to increase the company's capital from one hundred and forty million (140,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals.

12.2 How to Apply for Subscription to Rights (New Shares)

Eligible shareholders wishing to subscribe to the Rights Issue shall submit the Subscription Applications during the Subscription Period through the investment portfolio on trading platforms through which purchase and sale orders are entered, in addition to subscribing through other channels available at the broker and shares Custodian. The data of the Eligible Person must be updated, and no changes have occurred in the data or information of the Eligible Person since the subscription to a recent offering, unless these amendments have been communicated and approved by the broker. If there is a Rump Offering Period, Subscription Application Forms can also be submitted during such period by Institutional Investors for any Rump Shares only.

By subscribing, the subscriber:

- Agrees to subscribe to the Company's shares in the number of such shares specified in the Subscription Application Form.
- Declares that he/she has read the Prospectus and understood all of its content.
- Accepts the Company's Bylaws and the terms mentioned in the Prospectus.
- Declares no applying for subscription to the same shares for this offering through broker, and the Company has the right to reject all applications in the event of a repeat subscription request.
- Accepts the number of shares allocated thereto and all other subscription instructions and terms mentioned in the Subscription Application Form and in this Prospectus;
- Warrants not to cancel or amend the Subscription Application Form after submitting it to the Broker.

Registered Shareholders will be able to trade the Rights deposited in their portfolios via Tadawul. These Rights are considered an acquired right for all Shareholders registered in the Company's Shareholder Register at the Depository Center at the end of the second Trading Day following the day of the EGA for the capital increase ("the **Eligibility Date**"). Each Right gives its holder the right to subscribe for one new share, at the Offer Price. Rights Issue Shares will be deposited no more than two business days after the EGA meeting for the capital increase is held. The Rights will appear in the Registered Shareholders' portfolios under a new symbol for Rights Issue, and the Registered Shareholders will then be notified of the deposit of the Rights in their portfolios.

12.3 Subscription and Application Form

Eligible Persons wishing to exercise their full right and subscribe for all the New Shares to which they are entitled must fill and submit a completed Subscription Application Form through the investment portfolio in the trading platforms used to insert purchase and sale orders in addition to subscribing through other channels available at the broker and shares Custodian.

The data of the eligible person must be updated, and no changes have occurred in the data or information of the eligible person since he subscribed to a recent offering, unless these amendments have been communicated to the broker and approved by him.

The number of Shares to which the Eligible Person is entitled to subscribe will be calculated based upon the number of Rights held by him. As for the subscription monies that the subscriber must pay for the New Shares will be calculated by multiplying the number of Rights owned prior to closing of the Subscription Period by SAR (10).

12.4 Trading Period, Offering Period, and Rump Offering Period

Eligible Shareholders wishing to subscribe to the Rights shall submit the Subscription Application during the Subscription Period, which begins in three (3) working days after the approval of the Extraordinary General Assembly including the approval of the capital increase, Tuesday 26/12/1445H (corresponding to 02/07/2024G) and ends on Sunday 08/01/1446H (corresponding to 14/07/2024G) during the period from ten o'clock (10:00) in the morning until two o'clock (2:00) in the evening. Eligible shareholders who wish to trade in rights issue shares must submit a trading request during the trading period, which begins on Tuesday 26/12/1445H (corresponding to 02/07/2024G) and ends Tuesday 03/01/1446H (corresponding to 09/07/2024G) during the period from ten o'clock (10:00) in the morning until three o'clock (3:00) in the evening.

The EGA held on Wednesday 20/12/1445H (corresponding to 26/06/2024G) approved the recommendation of the Board to increase the Company share capital through Rights Issue. Under this Prospectus sixteen million (16,000,000) Ordinary Shares ("Rights Shares" or "New Shares") will be offered at a nominal value of SAR 10/share, and at an Offer Price of ten (10) Saudi Riyals per share with a total value of one hundred and sixty million (160,000,000) Saudi Riyals. Hence, the Company's capital will increase from one hundred and forty million (140,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals, divided into thirty million (30,000,000) Ordinary Shares at an increased rate representing (114.29%) of the Company's current capital.

Pursuant to this Prospectus, sixteen million (16,000,000) Ordinary Shares will be offered for subscription through Rights Issue Shares, which represent approximately (114.29%) of the Company's capital before the subscription, at an Offer Price of ten (10) Saudi Riyals per share, a nominal value of ten (10) Saudi Riyals per share, and a total offering value of one hundred and sixty million (160,000,000) Saudi Riyals. The New Shares will be issued at a rate one share per Rights Issue. Subscription Rights will be offered to Shareholders registered in the Company's Shareholder Register at the end of the second trading day following the EGA, which includes the approval of capital increase from one hundred and forty million (140,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals by Issuing Rights on Wednesday 20/12/1445H (corresponding to 26/06/2024G), and to Eligible Persons who purchased the Rights during the Trading Period, including Registered Shareholders who purchased additional Rights in addition to the Rights they already own.

In the event that the Eligible Persons do not exercise their right to subscribe to the New Shares at the end of the Offering Period, the Rump Shares, in addition to Fractional Shares (if any) will be offered to the Institutional Investors during the Rump Offering Period.

The Registered Shareholders may trade in the Rights deposited in their portfolios through the Tadawul system. Such Rights are deemed a right entitled to all Shareholders registered in the Company Register as of the close on the second Trading Day following the EGA Meeting. Each Right grants its holder eligibility to subscribe to one New Share at the Offer Price. The Rights will be deposited after the EGA. The Shares will appear in the portfolios of Registered Shareholders under a new symbol that designates Rights Issue Shares.

Rights shares will be offered according to the phases and dates set out below:

- **Eligibility Date:** Close of trading on the day of the EGA Meeting dated Wednesday 20/12/1445H (corresponding to 26/06/2024G).
- **Trading Period and Offering Period:** The Trading Period and Offering Period start in three (3) working days after the approval of the Extraordinary General Assembly including approval of the capital increase in Tuesday 26/12/1445H (corresponding to 02/07/2024G), and the Trading Period will end on Tuesday 03/01/1446H (corresponding to 09/07/2024G), while the Offering Period will continue until the end of Sunday 08/01/1446H (corresponding to 14/07/2024G). It should be noted that trading hours for Rights Issue start from ten (10:00) in the morning until three (3:00) in the evening, while subscription hours for Rights Issue start from ten (10:00) in the morning until two (2:00) hours. 00) PM.
- **Rump Offering Period:** The period will start at 10:00 am on Wednesday 11/01/1446H (corresponding to 17/07/2024G) until the following day at 5:00 pm on Thursday 12/01/1446H (corresponding to 18/07/2024G). During this period, Rump Shares will be offered to several institutional investors (referred to as "Investment Institutions"). These investment institutions shall make offers to buy the Rump Shares during the Rump Offering Period. The Rump Shares will be allocated to the Investment Institutions in order of priority based on the price per Share offered (provided that it is not less than the Offer Price) with shares being allocated on a proportional bases among those Institutional Investors that tendered offers at the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner. In the event that the price of the unsubscribed shares is higher than the offer price, the difference (if any) shall be distributed as compensation to holders of priority rights who did not subscribe for their rights in proportion to the rights they own.
- **Final Allocation of Shares:** Shares will be allocated to each investor based on the number of Rights properly and fully exercised thereby. As for Shareholders entitled to fractional Shares, these shall be accumulated and offered to Institutional Investors during the Rump Offering. The total remaining Offer Price will be paid to the Company, and the remaining proceeds from the sale of the Rump Shares and fractional shares (above the Offer Price) shall be paid to the Eligible Persons, each according to what he deserves, no later than Tuesday 17/01/1446H (corresponding 23/07/2024G).
- **Trading of New Shares on the Exchange:** Trading in the New Shares will start on Tadawul upon the completion of all procedures relating to the registration, allocation and listing of the New Shares. The period between the end of subscription for New Shares and the deposit of shares in the Shareholders' portfolios will be (9) working days.

12.5 Eligible Persons not participating in the Subscription of the New Shares

Shareholders who do not participate fully or partially in the Subscription of New Shares will be subject to a decrease in their shareholding percentage in the Company, in addition to a decrease in the value of their current shares. Registered Shareholders who have not exercised their subscription right will retain the same number of the shares they owned before the capital increase.

Eligible Persons who neither subscribe nor sell their rights, are subject to loss. Eligible Persons who do not participate in the New Shares will not receive any benefits or rewards in return for the Rights Shares due to them other than cash compensation from the proceeds of the Rump Offering shares, each according to his due amount (if any). The Registered Shareholders will retain the same number of shares they held before the capital increase. If the Institutional Investors wish to buy the Rump Shares at the Offer Price only, or if they do not wish to subscribe to shares, and therefore the Underwriter buys the Rump Shares at the Offer Price, the Eligible Persons who did not participate in the Subscription will not receive any compensation due to not exercising their Rights in the New Shares.

If Rump Shares are sold to Institutional Investors at a price higher than the Offer Price, the compensation amount will be determined for Eligible Persons who did not participate in subscribing to the New Shares, in whole or in part, according to the following equation:

$$\text{Amount of the compensation for each remaining share} = \frac{\text{Total Proceeds of Rump Offering} - \text{Total Price of Rump Offering}}{\text{Number of Unsubscribed Shares}}$$

12.6 Allocation Refund

The Company and the Lead Manager will open an escrow account in which the proceeds of the Offering will be deposited. The Rights shall be allocated to Eligible Persons based on the number of Rights properly and fully exercised by it. As for the fractional Shares, these shall be accumulated and offered to Institutional Investors during the Rump Offering. The total remaining Offer Price will be paid to the Company, and the remaining proceeds from the sale of the Rump Shares and fractional shares (above the Offer Price, if any) shall be paid to Eligible Persons, at the Offer Price of ten (10) Saudi Riyals per share, whichever is due by the date of Monday 15/02/1446H (corresponding to 19/08/2024G). Excess unsubscribed Shares shall purchase by and allocated to the Underwriter at the launch price.

Final notice for the number of Shares allocated to each Eligible Person is expected to take place by depositing the shares into the accounts of Subscribers without any charges or withholdings by the Lead Manager. Eligible Persons shall contact the branch of the Broker where they have submitted the Subscription Application Form to obtain any further information. The announcement regarding the allocation shall be made no later than Tuesday 17/01/1446H (corresponding 23/07/2024G).

12.7 Payment of Compensation and Refund

The Cash compensation amounts which represents the remaining proceeds from the offering operations in excess of the Offer Price (the remaining proceeds of the Offer Proceeds beyond the Offer Price) will be paid by the issuer to the Eligible Persons who did not subscribe wholly or partially to the Rights (if any) without any commissions or deductions no later than one day, dated Monday 15/02/1446H (corresponding to 19/08/2024G). The amounts will be deposited in the bank accounts linked to the portfolios of Eligible Persons who have not exercised their right to subscribe to the New Shares and those entitled to fractional shares.

12.8 Supplementary Prospectus

In accordance with the requirements of Article (49) of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus to the Authority if it becomes aware at any time after the publication date of the prospectus and before the completion of the offering that:

- there is a significant change in fundamental matters in this prospectus; or
- the occurrence of important matters that should have been included in this prospectus.

The investor who subscribed for the New Shares prior to the publication of the supplementary Prospectus may cancel or amend his/her subscription for these shares before the end of the Offering Period.

12.9 Suspension or Cancellation of the Offering

The CMA may at any time issue a decision to suspend the offering if it deems that the offering may result in a breach of the capital market law, its implementing regulations, or the market rules. In addition, the offer will be canceled if the EGA does not approve any of the details of the offer.

12.10 Restrictions on trading in Rights

With the exception of regulatory restrictions imposed on publicly listed shares, there are no restrictions imposed on trading the Rights.

12.11 Questions and Answers on Rights Issue

What is a Rights Issue?

Rights Issue are tradable securities that give their holder the right to subscribe for the New Shares offered, upon approval of the EGA on the capital increase by issuing new shares. All shareholders registered in the Company's shareholders register at the Depository Center at the end of the second trading day following the date the EGA's meeting approving the capital increase will be entitled to receive said Rights. Each right grants its holder the eligibility to subscribe for one new share at the Offer Price.

Who is granted the Rights Issue?

All registered shareholders in the Company's shareholders register at the Depository Center at the end of the second trading day following the EGA's meeting approving the capital increase.

When are the Rights Issue deposited?

After the EGA approval on the capital increase through the offering of Right Issue Shares, the Rights Issue are deposited as securities in the shareholders' portfolios in the Company's shareholders' register at the Depository Center at the end of the second trading day after the EGA's meeting; and the Rights Issue will be listed in the shareholders' portfolios under a new symbol. These rights will only be traded or subscribed for at the beginning of the Trading and Subscription Periods.

How are investors notified of the Rights being deposited in their portfolios?

The notification is made through announcement on the Tadawul website, as well as through the (Tadawulaty) service provided by the Securities Depository Center Company (Edaa), and short text messages (SMS) are also sent through brokers.

How many Rights Issue can be acquired by a Registered Shareholder?

The number is subject to the Rights Issue ratio and the number of the current Shares held by the Shareholder in the capital as well as in the Company Shareholders' Register at the Securities Depository Center Company (Edaa) at the end of the second trading day following the Extraordinary General Assembly's meeting approving the capital increase.

What is the Subscription Eligibility Ratio?

It is the ratio that enables the Registered Shareholder to know how many Rights he/she is entitled to in relation to the current shares that he/she already owns at the end of the second trading day following the EGA's meeting approving the capital increase. This factor is calculated by dividing the number of new shares by the number of the current shares of the Company, and accordingly, the eligibility ratio is (1.1429) Rights approximately for every (1) share owned by the Registered Shareholder on the eligibility date. Thus, if a Registered Shareholder owns (1,000) shares on the eligibility date, then he/she will be allocated (1,142) Rights in exchange for the shares he/she owns.

Will the name and symbol of trading these rights differ from the name and symbol of the Company's shares?

Yes, the acquired rights will be deposited in the investors' portfolios under the original name, adding the Rights Issue term as well as a new symbol for these rights.

What is the value of the Rights at the beginning of trading?

The opening price of the Right is the difference between the closing price of the share on the day preceding the Rights listing and the Offer Price (the indicative value of the Right). For example, if the closing price of a share on the previous day is fifteen (15) Saudi Riyals and the Offer Price is ten (10) Saudi Riyals, the opening price of the Rights upon the commencement of trading will be five (5) Saudi Riyals.

Who is a Registered Shareholder?

Any shareholder owning shares at the end of the trading day of the EGA's meeting approving the capital increase and registered in the Company's Shareholders Register at the Depository Center at the end of the second trading day following the EGA's meeting held to approve the capital increase.

Can registered shareholders subscribe to additional shares?

Yes, Registered Shareholders can subscribe to additional shares by purchasing new Rights during the Trading Period and then subscribe to them during the Subscription Period after completing the purchase and settlement of Rights.

Is it possible for a shareholder to lose his/her eligibility to subscribe even if he/she has the right to attend the Extraordinary General Assembly's meeting and vote on increasing the capital through a Rights Issue?

Yes, the Shareholder loses his/her eligibility to subscribe if he/she sells his/her shares on the day of the EGA's meeting approving the capital increase or one business day prior to said meeting.

How is the Subscription process implemented?

The subscription process is implemented, as is currently being done, through submitting subscription applications during the Subscription Period through the investment portfolio on the trading platforms through which the purchase and sell orders are filed. In addition to the possibility of subscription through any other means provided by the broker and the custodian of shares.

What are the Trading and Subscription periods?

Trading and Subscription of rights begin at the same time after (3) three business days from the approval of the EGA on the Capital Increase, until the end of trading of the sixth day while the subscription continues until the ninth day, according to what is mentioned in this prospectus and the Company's announcements.

Can an Eligible Person subscribe to more shares than the Rights owned by him/her?

An Eligible Person cannot subscribe to more shares than the Rights owned by him/her.

Is it possible to Subscribe more than once and through more than one broker?

Yes, it is possible and the number of New Shares that can be subscribed through each broker will depend on the number of Rights available in the investment portfolio of the relevant broker. In all cases, it must be taken into consideration that the quantity of new subscribed shares does not exceed the number of Rights Issue owned at the end of the Rights Issue's trading period, as such will result in cancellation of the subscription application.

If the Company shares are acquired through more than one investment portfolio, in which portfolio will the Rights Issue be deposited?

Rights Issue will be deposited in the same portfolio where the company's rights-related shares are deposited. For example, if a shareholder holds one thousand (1,000) shares in the Company: eight hundred (800) shares in portfolio (A) and two hundred (200) shares in portfolio (B), then the total rights amounting to one thousand one hundred forty-two (1,142) Rights, as each share is eligible for (1.1429) Rights. Therefore, nine hundred fourteen (914) rights will be deposited in portfolio (A) and two hundred twenty-eight (228) Rights will be deposited in portfolio (B).

Are share certificate holders allowed to subscribe and trade?

Yes, holders of share certificates are allowed to subscribe. However, they will not be able to trade unless share certificates are deposited in investment portfolios through the brokers or Depository Center of the Saudi Exchange (Edaa) and submitting the required documents, before the end of Subscription Period.

What happens if New Shares are subscribed and Rights are subsequently sold?

If a Registered Shareholder subscribed for New Shares and then sells the Rights without purchasing a number of Rights equal to the number of exercised Rights, he/she subscribed in before the end of the Trading Period, then the subscription application will be rejected entirely, if all the rights have been sold, or partially in an amount equal to the number of sold rights. The Registered Shareholder will be notified and refunded the rejected subscription amount by the broker.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchaser of additional Rights may sell them and purchase other Rights during the Trading Period, only.

Is it possible to sell a part of the Rights Issue?

Yes, the Investor can sell a part of these Rights and subscribe for the remaining part.

When can a shareholder subscribe for the Rights Issue, he/she purchased during the Trading Period?

After settlement of the purchase of Rights (which is two business days), provided that the subscription for Rights Issue is completed during the Subscription Period.

Can the Eligible Person sell or assign the Rights Issue after the end of the Trading Period?

No, it is not possible. After the expiry of the Trading Period, the Eligible Person may only exercise the right to subscribe for the Rights Issue Shares or not. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

What happens to Rights Issue that are unsold or unsubscribed for during the Trading and Subscription Periods?

If the New Shares are not fully subscribed for during the Subscription Period, the remaining New Shares will be offered for subscription through an offering to be organized by the Lead Manager. The amount of compensation (if any) to the Rights holder will be calculated after deducting the subscription value. The investor may not receive any compensation if the sale occurs during the Rump Offering Period at the Offer Price.

Who has the right to attend the Extraordinary General Assembly and vote on increasing the Company's capital through offering Rights issue shares?

A shareholder registered in the Company's shareholders' register at the Depository Center at the end of the trading session, on the date of the EGA's meeting, has the right to attend the EGA's meeting and vote on increasing the Issuer's share capital through a Rights Issue.

When is the share price adjusted as a result of increasing the Issuer's share capital through a Rights Issue?

The share price is adjusted by Tadawul before the start of trading on the day and following the EGA's meeting.

If an investor buys securities on the date of the EGA, will he/she be eligible for the Rights resulting from the increase of the Issuer's share capital?

Yes, as the investor will be registered in the Company Shareholders Register two business days after the date of the purchase of shares (i.e., at the end of the second Trading Day following the day of the EGA), bearing in mind that Rights Issue will be granted to all shareholders registered in the Company Shareholders Register at the end of trading session on the second trading day following the date of the EGA. However, he/she may not attend or vote in the EGA for the capital increase.

If an investor has more than one portfolio with more than one brokerage company, how will their Rights be calculated?

The investor's shares will be distributed to their portfolios according to the percentage of ownership in each portfolio. In the event of fractional share, these fractions will be aggregated. If the outcome is an integer or more, the integer number will be added to the portfolio in which the investor has the largest number of Rights.

Will any other fees be added for Rights Trade?

The same commissions will be applied to selling and buying transactions as they are in shares, but without a minimum commission amount, provided that the maximum amount does not exceed fifteen and a half basis point (0.155%) of the total transaction value.

Is it possible to subscribe during the weekend?

No, it is not possible.

Can public investors other than registered shareholders subscribe for Rights Issue shares?

Yes, after completing the purchase of Rights Issue through the market during the Trading Period.

12.12 Trading of New Shares

Trading of the New Shares will begin when all relevant procedures are completed. This is expected to be after the allocation of the New Shares, and the start of trading will be announced at a later date.

12.13 Decisions and Approvals Pursuant to Which the New Shares Will Be Offered

The decisions and approvals pursuant to which the New Shares will be offered are as follows:

The Board of Directors' recommendation dated 28/02/1445H (corresponding to 13/09/2023G) to increase the Company's capital through offering New Shares worth one hundred and sixty million (160,000,000) Saudi Riyals.

The Insurance Authority non-objection on the capital increase pursuant to letter No. (134-23) dated 26/05/1445H (corresponding to 12/10/2023G).

The Saudi Tadawul Group's approval of the request to list Rights Shares on Sunday 23/07/1445H (corresponding to 04/02/2024G).

The CMA's approval of the Prospectus and all supporting documents it requested on the date of its approval on 15/10/1445H (corresponding to 24/04/2024G).

The approval of the EGA of the Company's Shareholders held on Wednesday 20/12/1445H (corresponding to 26/06/2024G) to increase the Company's capital through the Rights Issue Shares. The subscription consists of offering sixteen million (16,000,000) Ordinary Shares at an Offer Price of ten (10) Saudi Riyals per share, with a nominal value of ten (10) Saudi Riyals per share, and an offering value of one hundred and sixty million (160,000,000) Saudi Riyals, in order to increase the Company's capital from one hundred and forty million (140,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals, and to increase the number of shares from fourteen million (14,000,000) Ordinary Shares to thirty million (30,000,000) Ordinary Shares.

12.14 Miscellaneous Items

- Subscription Application and all related terms, conditions and undertakings are binding and for the benefit of the applicants, their successors, assignees, will executors, estate managers and heirs, provided that, except for what is specifically stipulated in this Prospectus, the application or any rights, interests or obligations arising out of it shall not be waived or delegated to any of the parties referred to in this Prospectus without obtaining the prior written consent of the other party.
- These instructions, the conditions and any receipt of the Subscription Application or related contracts shall be governed, construed, interpreted and enforced in accordance with the laws of the Kingdom of Saudi Arabia.
- This Prospectus can be distributed in both Arabic and English. In the event of a difference between the two versions, the Arabic prevails.
- The Capital Market Authority may at any time issue a decision to suspend this offering if it deems that the offering could result in a violation of the Capital Market Law, its implementing regulations, or market rules. It is also possible that the offering may be canceled in the event that the Extraordinary General Assembly does not approve any of the details of the offering.
- According to Article (49) of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus to the Authority if it becomes aware at any time after the publication date of the prospectus and before the completion of the offering that: (1) there is a significant change in fundamental matters in this prospectus; or (2) the occurrence of important matters that should have been included in this prospectus. In these cases, the Company is required to submit to the Authority a supplementary prospectus in accordance with the requirements of the rules for offering securities and continuing obligations, and then the supplementary prospectus will be issued and the new subscription dates announced. It is also possible to suspend this subscription if the Extraordinary General Assembly does not approve any of its details.

Additional Information: If you have any inquiries, please contact the Company via email sh.relation@alsagr.com. For legal reasons, the Company will only be able to provide the information contained in this Prospectus and will not be able to advise on the merits of the Rights Issue or provide financial, tax, legal or investment advice.

12.15 Statement of Any Existing Arrangements to Prevent Disposal of Certain Shares

There are no arrangements in place to prevent disposal of any shares.

13. Change in the Share Price as a Result of Capital Increase

13.1 Change in the Share Price as a Result of the Capital Increase

The closing price of the Company's share on the day of the EGA is SAR 27.70, and is expected to reach SAR 18.26 at the opening day of the following day; this change represents a decrease of (34.08%). In the event that any of the Shareholders registered in the Company's Shareholders Register at the Securities Depository Center (Eadaa) fails to subscribe at the end of the second trading day following the date of the Extraordinary General Assembly approving the Capital Increase, this will lead to a decrease in their ownership percentage in the Company.

13.2 The Method of Calculating the Share Price as a result of the Capital Increase

First: Calculation of the closing market value of the Company on the day of the EGA approving the Capital Increase:

The number of shares at the end of the EGA Day X The closing price of the Company's share on the day of the EGA = the market value of the Company at the close on the day of the EGA.

Second: Calculating the share price at the opening day of the day that follows the day of the EGA

(The market value of the Company at closing the day of the EGA + the value of the shares offered) / (the number of shares at the end of the day of the EGA + the number of shares offered for subscription) = the share price expected in the opening day following the day of EGA.

14. Subscription Declarations

14.1 Overview of the Subscription Applications and Undertakings

Subscription can be made using trading platforms or any other means provided by the broker to investors. Subscription to the New Shares will be available during the Subscription Period in one phase as follows:

- During such period, all Registered Shareholders and New Investors are entitled to subscribe to the New Shares.
- The Registered Shareholder may during the Subscription Period directly subscribe for the New Shares prorated to its own shares. In case the Registered Shareholder purchases new rights, he or she will be allowed to subscribe for them after the end of the settlement period (two business days).
- The New Investors are entitled to subscribe to the New Shares after the end of the settlement period (two business days).
- Subscription will be available electronically through the investment portfolio on the trading platforms and applications through which sale and purchase orders are entered, in addition to subscription through other channels and means available to the agent.

Each Right entitles its holder the right to subscribe to one New Share, at the Offer Price. Subscribers to New Shares shall acknowledge the following:

- Acceptance of all the terms and conditions stated in this Prospectus.
- They have carefully read this Prospectus and understood its contents.
- Acceptance of the Company's Bylaws.
- Undertaking not to cancel or modify the subscription application after its admission.

14.2 Allocation Processes

The Rights Shares shall be allocated to the Eligible Persons based upon the number of Rights that they properly exercised. As for those entitled to Fractional Shares (if any), the fractions will be collected and offered to the Institutional Investors during the Rump Offering Period. The total Offer Price of Rump Shares will be paid to the Company, and the remaining proceeds resulting from the sale of the Rump Shares and Fractional Shares (i.e., in excess of the Offer Price, if any) shall be distributed to the Eligible Persons, each according to his/her dues, no later than Monday 15/02/1446H (corresponding to 19/08/2024G). Excess Unsubscribed Shares shall be purchased under the offer price by and allocated to the Underwriter. There will be no compensation for investors who did not subscribe or did not sell their Rights, and holders of Fractional Shares during the Rump Offer Period.

Eligible Persons shall contact the broker through which they have submitted their Subscription Applications Form to obtain additional information. Notification of the final allocation results will be made no later than Tuesday 17/01/1446H (corresponding 23/07/2024G).

14.3 Saudi Tadawul Group (Tadawul)

On 08/25/1442H (corresponding to 04/07/2021G), the Saudi Stock Exchange Company announced its conversion into a holding Company under the name of the Saudi Tadawul Group, with a new structure that supports the development of the Saudi capital market's future and ensures its continued development, and as another step towards the Group's readiness for the initial public offering within the year 2021G. The Saudi Tadawul Group includes four (4) subsidiaries: the Saudi Tadawul as a securities market, the Securities Clearing Center Company (Muqasa), the Securities Depository Center Company (Edaa), and the Wamid Company, which specializes in technical services and solutions based on innovation. Therefore, the Group benefits from the integration of the services of its subsidiaries and joint businesses, knowing that the independence of subsidiaries will provide a work environment characterized by flexibility and innovation to keep pace with rapid developments in global markets.

As for the Tadawul system, it was established in 2001G as an alternative system to the electronic securities information system, and electronic stock trading began in the Kingdom in 1990.

The trading process takes place through an integrated electronic system, starting with the execution of the deal and ending with its settlement. Trading takes place every business day from Sunday to Thursday in a single period from 10 am to 3 pm, during which orders are executed. Outside these times, orders are allowed to be entered, modified, and canceled from 9:30 in the morning until 10 in the morning.

The transactions are executed through automatic matching of orders, and orders are received and prioritized according to the price. In general, the market orders are executed first, which are the orders that include the best prices, followed by the fixed-price orders, and in the event that several orders are entered at the same price, they are executed according to the time of entry.

The Tadawul system distributes a comprehensive range of information through various channels, most notably the Tadawul website. Market data is provided instantly to well-known information providers such as “Reuters”. Deals are automatically settled within two business days (T+2).

The Company must disclose all important decisions and information regarding investors through the “Tadawul” system. The Tadawul System is responsible for monitoring the market, with the aim of ensuring fair trading and the efficiency of market operations.

14.4 Trading the Company Shares in the Saudi Stock Exchange

An application has submitted with the CMA to register and offer the Right Issue shares on the Saudi stock Exchange, and a request has been made to the stock exchange (Tadawul) to be list and offer the New Shares, and this Prospectus has been approved, and all requirements have been met.

The listing and offering are expected to be approved, and trading is expected to commence on the Saudi Stock Exchange (Tadawul) once the final allocation of the rights has been concluded. An announcement will be made on Tadawul website in due course. The dates and times stated in this Prospectus are only provisional and may be changed subject to approval of the CMA.

Although Current Shares are registered in the Saudi stock market and the Company is listed on the stock exchange (Tadawul), the New Shares cannot be traded except after the final allocation of shares has been approved and deposited in the subscribers’ portfolios. Trading in new shares prior to the approval of the allocation process is strictly prohibited.

The underwriters and the bidders of the Rump Offer who deal in these prohibited trading activities bear full responsibility for them, and the Company will not bear any legal responsibility in this case.

15. Documents Available for Inspection

The following documents will be available for inspection at the Company's head office located in the city of Dammam, first floor, ATCO Building, King Khalid Street, Zip Code: Al Khobar 31952, P.O. Box 3501, between (8) a.m. and (4) p.m., on the first working day after the Extraordinary General Assembly invitation, provided that the period is not less than 14 days before the date of the Extraordinary General Assembly. These documents will remain available for inspection until the end of the offering period.

15.1 The Company's Bylaws and Other Constituent Documents

- Commercial Registration Certificate.
- Bylaws.
- Articles of Association.

15.2 Approvals Related to the Rights Issue

- Board recommendation increasing the capital.
- Insurance Authority non-objection on the capital increase.
- Saudi Exchange conditional approval for the Rights Issue Offering.
- CMA approval for the Rights Issue Offering.
- EGM resolution on the capital increase.

15.3 All reports, letters and other documents, value estimates or statements by any expert and any part of which is extracted or referred to in the Prospectus

- Underwriting Agreement and Lead Management Agreement.
- Written consent of the Financial Advisor, Lead Manager, Underwriter, Legal Advisor and Auditors and Actuarial Consultants to use their names, logos and statements within the Prospectus.

