إعـــــادة
Saudi Re

**Prospectus for Share Issuance with Suspension of Preemptive Rights**

# Saudi Reinsurance Company (Saudi Re)

**Subscription Period: Three (3) business days,**

**beginning on the second (2) business day after the date of the Extraordinary General Assembly's approval for the Capital Increase on 23/06/1446H, corresponding to 24/12/2024G, and ending four (4) business days after the date of the Extraordinary General Assembly's approval for the Capital Increase.**

**Saudi Reinsurance Company (Saudi Re)** (hereinafter referred to as the "**Company**" or the "**Issuer**") is a Saudi public joint-stock company, established by virtue of Council of Ministers Resolution No. 319 dated 24/10/1428H (corresponding to 05/11/2007G) and pursuant to Royal Decree No. M/83 dated 25/10/1428H (corresponding to 06/11/2007G), registered under Commercial Register No. 1010250125 issued in Riyadh on 12/05/1429H (corresponding to 17/05/2008G).

**Offering of twenty-six million seven hundred thirty thousand (26,730,000) new ordinary shares, representing an increase of thirty percent (30%) of the Company's pre-Capital Increase capital, at a nominal value of ten (SAR 10) Saudi Riyals per share, representing 23.08% of the Company's post-increase capital, at a subscription price of sixteen (16) Saudi Riyals per share, with a total offering value of four hundred twenty-seven million six hundred eighty thousand (SAR 427,680,000) Saudi Riyals, achieved by increasing the Company's capital through the issuance of new cash shares, with the suspension of existing Shareholders' preemptive rights.**

The Company was established as a Saudi joint-stock company pursuant to Royal Decree No. 319 dated 24/10/1428H (corresponding to 05/11/2007G) and Royal Decree No. M/83 dated 25/10/1428H (corresponding to 06/11/2007G). It is registered under Commercial Register No. 1010250125, issued in Riyadh on 12/05/1429H (corresponding to 17/05/2008G).

The Company's current capital is eight hundred ninety-one million (SAR 891,000,000) Saudi Riyals, divided into eighty-nine million one hundred thousand (89,100,000) ordinary shares with a fully paid nominal value of ten (10) Saudi Riyals per share, all of which are fully paid-up.

The Company and the Public Investment Fund (the "**Targeted Investor**") have entered into a subscription agreement (the terms of which are detailed in Section 8 "**Summary of the Subscription Agreement**" of this Prospectus), whereby the Targeted Investor undertakes to subscribe to the New Shares in consideration for the Subscription Price (the "**Subscription Agreement**"). The price of the New Shares has already been determined and agreed upon in the Subscription Agreement. It should be noted that the Targeted Investor is not a related party in the Company. The Targeted Investor is also classified as a Qualified Client, pursuant to the definitions set out in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority. The Targeted Investor does not own any shares in the Company before the Capital Increase, and the Targeted Investor will own 23.08% of the Company's capital, after the Capital Increase.

The New Shares will be issued as negotiable instruments following the Extraordinary General Assembly meeting held regarding the Capital Increase on 23/06/1446H (corresponding to 24/12/2024G) (the "**Eligibility Date**"). The New Shares will be deposited into the Targeted Investor's portfolio within five (5) to seven (7) business days from the Eligibility Date.

Upon the completion of the Capital Increase, the Company's capital will be one billion one hundred fifty-eight million three hundred thousand (SAR 1,158,300,000) Saudi Riyals, divided into one hundred fifteen million eight hundred thirty thousand (115,830,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share. The Net Proceeds of the offering will be used primarily to increase the Company's statutory deposit and financial investments, which in turn aims to (1) enhance the Company's capital base and support financial solvency, (2) enable underwriting and growth opportunities, and (3) improve operational capabilities. (For more information, please refer to Section 4 "**Use of Proceeds and Future Projects**" of this Prospectus).

All Company shares are of one class, and no share gives its holder preferential rights. The new shares will be fully paid in value and fully equal in rights and obligations to outstanding shares. Each share entitles its holder to one vote, and each Shareholder in the Company (the "**Shareholder**") has the right to attend and vote at the ordinary and extraordinary general assembly of Shareholders (the "**General Assembly**"). The owner of the New Shares (the Targeted Investor) is entitled to any dividends declared by the Company from the date of issuance of the New Shares (For more information, please refer to Section 2 ("**Risk Factors**") of this Prospectus).

Currently, the Company's Current Shares are traded on the Saudi Stock Exchange. The Company has filed an application with the Saudi Capital Market Authority ("**CMA**") in the Kingdom of Saudi Arabia for registering and offering the New Shares. Another application has been submitted by the Company with Tadawul to accept the listing of the New Shares. This Prospectus has been approved as all the required documents have been submitted and all the requirements of the relevant authorities have been fulfilled. (For further information, please refer to page x ("**Key Dates and Subscription Procedures**") of this Prospectus). The Offering Period shall commence on the second (2) business day after the approval of the Extraordinary General Assembly held regarding the Capital Increase and shall last for a period of three (3) business days. No conditions apply to the Offering, and the New Shares will be subscribed to, in full, by the Targeted Investor

On 28/12/1445H (corresponding to 04/07/2024G), the Company's Board of Directors recommended increasing the Company's capital, with the suspension of preemptive rights, by thirty percent (30%) of the Company's pre-increase capital, from eight hundred ninety-one million (SAR 891,000,000) Saudi Riyals, divided into eighty-nine million one hundred thousand (89,100,000) fully paid ordinary shares with a nominal value of ten (SAR 10) Saudi Riyals per share, to one billion one hundred fifty-eight million three hundred thousand (SAR 1,158,300,000) Saudi Riyals, divided into one hundred fifteen million eight hundred thirty thousand (115,830,000) ordinary shares with a nominal value of ten (SAR 10) Saudi Riyals per share. The increase amounting to two hundred sixty-seven million three hundred thousand (SAR 267, 300,000) Saudi Riyals will be divided into twenty-six million seven hundred thirty thousand (26,730,000) new ordinary shares with a nominal value of ten (SAR 10) Saudi Riyals per share ("**New Shares**") (the "**Capital Increase**") at an offer price of sixteen (SAR 16) Saudi Riyals per share and a total subscription value of four hundred twenty-seven million six hundred eighty thousand (SAR 427,680,000) Saudi Riyals (the "**Subscription Price**"). The New Shares will be fully subscribed to by the Targeted Investor, subject to obtaining the necessary regulatory approvals and the approval of the Extraordinary General Assembly for the Capital Increase as outlined in the timetable (the "**Offering**"). It should be noted that the Targeted Investor shall not dispose of the New Shares for a period of two (2) years from the date of their listing in the Saudi Stock Exchange (Tadawul), as per the waiver issued by the Capital Market Authority regarding the Capital Increase (For more information, please refer to Section 9 "**Waivers**" of this Prospectus).

On 23/06/1446H (corresponding to 24/12/2024G), the Company's Extraordinary General Assembly approved the Capital Increase with the suspension of preemptive rights through the issuance of New Shares. The subscription involves an offering of twenty-six million seven hundred thirty thousand (26,730,000) new ordinary shares with a nominal value of ten (SAR 10) Saudi Riyals per share at an offering price of sixteen (SAR 16) Saudi Riyals per share, amounting to a total of four hundred twenty-seven million six hundred eighty thousand (SAR 427,680,000) Saudi Riyals, which will be fully subscribed by the Targeted Investor.

The Board of Directors recommended the Capital Increase based on its belief that it will support the Company's growth and strengthen its financial position, enabling it to achieve a number of benefits, including enhancing its ability to capitalize on promising local growth opportunities, such as the local reinsurance premium cession program, with a potential acquisition of up to 30% thereof, as well as expanding into global markets to maintain a balanced insurance portfolio and reduce concentration and accumulation risks. Additionally, it will reinforce the capital base, sustain a strong credit rating that supports profitable growth, and enable the Company to play an active role in developing the reinsurance sector and increasing its contribution to the national economy.

In addition to supporting the Company's growth and financial position, the Board of Directors believes that the Capital Increase will provide several benefits for the Company's shareholders and stakeholders, including the addition of the Targeted Investor as a strategic shareholder to support the Company in achieving its strategic plans and generating greater value for shareholders and stakeholders, as well as facilitating access to long-term capital, which will enhance the Company's capital adequacy, financial solvency, and asset quality. Moreover, it will elevate the Company's profile and attractiveness to potential investors. The members of the Board of Directors affirm that the Capital Increase will be in the best interest of the Issuer and its shareholders.

It is important to read carefully read the entirety of the Prospectus, together with the "**Important Notice**" on page i and Section 2 "**Risk Factors**" of this Prospectus, prior to making any investment decision regarding the new shares by the Targeted Investor.

## Financial Advisor and Lead Manager

الراجحي المالية
alrajhi capital



**This Prospectus was issued on 23/05/1446H (corresponding to 25/11/2024G).**

إعادة
Saudi Re

## Important Notice

This Prospectus (the "**Prospectus**") contains detailed information relating to the Company and the Capital Increase. In subscribing to the New Shares, the Targeted Investor shall be treated as applying on the basis of the information contained in this Prospectus, copies of which are available at the head office of the Company or the Financial Advisor, or by visiting the Company's website (www.saudi-re.com), the Financial Advisor's website (www.alrajhicapital.com.sa), or the CMA's website (www.cma.org.sa).

The Prospectus will be published and made available to the public no less than (14) days prior to the date of the Extraordinary General Meeting held regarding the Capital Increase. In the event that the Extraordinary General Meeting does not approve the Capital Increase within six (6) months from the date of the CMA's approval of registering and offering the New Shares, such approval given by the CMA shall be deemed to be canceled.

In respect to the Capital Increase, the Company has appointed Al Rajhi Capital as a financial advisor (the "**Financial Advisor**") and lead manager (the "**Lead Manager**") regarding the Capital Increase under this Prospectus.

This Prospectus includes information provided in compliance with the Rules on the Offer of Securities and Continuing Obligations issued by the board of the CMA pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended. The Members of the Board of Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries 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 CMA or Tadawul will not take any responsibility for the contents of this Prospectus, will 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.

The information contained in this Prospectus as at the date hereof, is subject to change. In particular, the financial position of the Company and the value of Offer Shares may be adversely affected by future developments such as inflation, interest rates, taxation, or other economic, political and other factors, over which the Company has no control (For more information, please refer to Section 2 ("**Risk Factors**") of this Prospectus). Neither this Prospectus nor any oral or written communication in relation to the Capital Increase is intended to be, nor should be construed as, or relied upon in any way as a promise or representation as to future earnings, results, or events.

This Prospectus should not be regarded as a recommendation by the Company or any of its Directors or Advisers, to participate in the subscription process to the New Shares. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into account the Targeted Investor's investment objectives. Prior to making an investment decision, the Targeted Investor shall obtain independent professional advice from a financial adviser licensed by CMA in relation to subscribing for the New Shares in order to assess the appropriateness of investment opportunity and information herein, with regard to the Targeted Investor's objectives, financial position, and needs.

The Subscription Period for the New Shares will commence on the second (2) business day after the Extraordinary General Assembly's approval of the Capital Increase, issued on on 23/06/1446H (corresponding to 24/12/2024G). The Subscription Period will last for three (3) business days.

The offering of New Shares under this Prospectus is contingent on the shareholder's approval of the Capital Increase, in accordance with the Board's recommendation and the Company obtaining regulatory approvals. On 02/06/1446H (corresponding to 03/12/2024G), an invitation was published to hold an Extraordinary General Assembly Meeting regarding the Capital Increase. The Shareholders should note that if the shareholders' approval is not obtained to increase the capital, the issuance and offering of the New Shares will automatically stop. In such case, this Prospectus shall be considered void and shareholders will be notified accordingly.

## Financial Information

The Company's financial statements for the financial year ended 31 December 2022G were reviewed by the independent auditor, KPMG Professional Consulting, a closed joint-stock professional company, and Crowe Professional Consulting, a member of Crowe Global. The financial statements for the financial year ended 31 December 2023G were reviewed by the independent auditor, KPMG Professional Consulting, a closed joint-stock professional company, and Dr. Mohamed Al-Amri & Co. - Certified Public Accountants. The unaudited condensed interim financial statements for the Three-Month Period Ended 31 March 2023G were examined by the independent auditor, KPMG Professional Consulting, a closed joint-stock professional company, and Crowe Professional Consulting, a member of Crowe Global. The unaudited condensed interim financial statements for the Three-Month Period Ended 31 March 2024G were examined by the independent auditor, KPMG Professional Consulting, a closed joint-stock professional company, and Dr. Mohamed Al-Amri & Co. - Certified Public Accountants.

The Company's financial statements for the financial years ended 31 December 2022G and 2023G, in addition to the notes thereto in accordance with the International Financial Reporting Standards (IFRS) as approved in the Kingdom of Saudi Arabia, and other standards and issues approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (together referred to as "**International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia**"). The unaudited condensed consolidated interim financial statements for the Three-Month Periods Ended 31 March 2023G and the unaudited condensed interim financial statements for the three-month period ending 31 March 2024G were prepared in accordance with International Accounting Standard No. 34, "**34 Interim Financial Reporting**" as adopted in the Kingdom of Saudi Arabia.

The Company issues its financial statements in Saudi Riyals. Some of the financial and statistical information contained in this Prospectus has been rounded, and accordingly, if the numbers indicated in the tables are added, their sum may not correspond to the totals set out in this Prospectus.

## Forecasts and Forward-Looking Statements

The forward-looking statements contained in this Prospectus have been made based on assumptions based on the Company's market experience as well as publicly advertised and publicly available market information. The Company's future circumstances may differ from the assumptions used, and therefore there is no warranty or representation as to the accuracy or completeness of any such forecast.

Certain statements in this Prospectus constitute "forward-looking statements". Such statements can be identified by their use of forward-looking words such as "will", "may", "plans", "intends", "estimates", "believes", "expects", "anticipates", "should", "would be", or the negative or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company and its management with respect to future events and are not a guarantee or confirmation of the Company's future performance. Many factors could cause the actual results, performance, or achievements of the Company to be significantly different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. The most important risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (please refer to Section 2 - "**Risk Factors**" of this Prospectus). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated, planned, or expected.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus to the CMA if, at any time after the Prospectus has been approved by the CMA and before listing its shares on Tadawul, the Company becomes aware that: (i) There has been a significant change in material matters contained in this Prospectus, or (ii) additional important matters that should have been included in this Prospectus.

Except for both aforementioned circumstances, the Company does not intend to update or otherwise revise any forward-looking statements in this Prospectus, whether as a result of new information, future events, or otherwise. As a result of the above, other risks, uncertainties, and assumptions, the forward-looking events, and future circumstances discussed in this Prospectus might not occur in the way the Company expects, or not occur at all. The Targeted Investor should consider all forward-looking statements in light of these explanations and should not primarily rely on forward-looking statements.

## Company Directory

| Address of the Company and Delegated Representatives | |
|---|---|
| **Company Address** | |
| **Saudi Reinsurance Company (Saudi Re)**<br>4130 Northern Ring Road, Frontage Road<br>Al Wadi District<br>P.O. Box 13313, Riyadh 6684<br>Kingdom of Saudi Arabia<br>Phone: +966 11 510 2000<br>Fax: +966 11 510 2011<br>Email: invest@saudi-re.com<br>Website: www.saudi-re.com | |
| **Company Representative** | |
| **Abdullatif bin Ali Al-Fozan**<br>Chairman of the Board<br>4130 Northern Ring Road, Frontage Road<br>Al Wadi District<br>P.O. Box 13313, Riyadh 6684<br>Kingdom of Saudi Arabia<br>Phone: +966 13 894 0909<br>Email: latif@alfozan.com | **Ahmed bin Ali Al-Jabr**<br>Chief Executive Officer<br>4130 Northern Ring Road, Frontage Road<br>Al Wadi District<br>P.O. Box 13313, Riyadh 6684<br>Kingdom of Saudi Arabia<br>Phone: +966 11 510 2000<br>Email: aaljabr@saudi-re.com |
| **Stock Exchange** | |
| **Saudi Exchange**<br>King Fahad Road - Olaya 6897<br>P.O. Box 3388<br>Riyadh 12211<br>Kingdom of Saudi Arabia<br>Tel: +966 (92) 000 1919<br>Fax: +966 (11) 218 9133<br>Website: www.saudiexchange.sa<br>Email: csc@saudiexchange.sa | |
| **Securities Depository Center Company (Edaa)** | |
| **Securities Depository Center Company (Edaa)**<br>King Fahad Road - Olaya 6897<br>Unit No. 11<br>P.O. Box 3388<br>Riyadh 12211<br>Kingdom of Saudi Arabia<br>Tel: +966 (92) 0026000<br>Fax: +966 (11) 218 9133<br>Website: www.edaa.com.sa<br>Email: cc@edaa.com.sa | |

| Advisors and Auditors |
|---|
| **Financial Advisor and Lead Manager** |
| **Al Rajhi Capital**<br>King Fahd Road<br>P.O. Box 5561<br>Riyadh 11432<br>Kingdom of Saudi Arabia<br>Phone: +966 11 92000<br>Fax: +966 11 460 0625<br>Website: www.alrajhi-capital.com<br>Email: PR@alrajhi-capital.com |
| **Legal Advisor** |
| **Baker McKenzie Law Firm**<br>Al Olayan Complex, Tower II, third floor<br>Al Ahsa Street, Al Malaz<br>P.O. Box: 69103<br>Riyadh 11547<br>Kingdom of Saudi Arabia<br>Tel: +966 11 265 8900<br>Fax: + 966 11 265 8999<br>Website: www.bakermckenzie.com<br>Email: legal.advisors@bakermckenzie.com |
| **Independent Auditor for the Financial Year Ended 31 December 2022G and the Three-Month Period Ended 31 March 2023G** |
| **KPMG Professional Consulting, a Closed Joint-Stock** Professional Company<br>Zahran Business Center<br>Prince Sultan Street<br>P.O. Box 55078<br>Jeddah 21534<br>Kingdom of Saudi Arabia<br>Phone: +966 12 230 3000<br>Fax: +966 12 230 3111<br>Website: www.kpmg.com.sa<br>Email: marketingsa@kpmg.com |
| **Crowe Professional Consulting, a Member of Crowe Global**<br>Prince Mohammed Bin Abdulaziz Road<br>P.O. Box 11<br>Riyadh 10504<br>Kingdom of Saudi Arabia<br>Phone: +966 11 217 5000<br>Fax: +966 11 217 5000<br>Email: ch@crowehorwath.com.sa |

| Independent Auditor for the Financial Year Ended 31 December 2023G and the Three-Month Period Ended 31 March 2024G |
|---|
| **KPMG Professional Consulting, a Closed Joint-Stock** Professional Company<br>Zahran Business Center<br>Prince Sultan Street<br>P.O. Box 55078<br>Jeddah 21534<br>Kingdom of Saudi Arabia<br>Phone: +966 12 230 3000<br>Fax: +966 12 230 3111<br>Website: www.kpmg.com.sa<br>Email: marketingsa@kpmg.com |
| **Dr. Mohamed Al-Amri & Co. - Certified Public Accountants**<br>King Fahd Road<br>P.O. Box 12341<br>Riyadh<br>Kingdom of Saudi Arabia<br>Phone: +966 11 278 0608<br>Fax: +966 11 278 2883<br>Email: info@alamri.com<br>الدكتور محمد العمري وشركاه<br>Dr. Mohamed Al-Amri & Co. |

**Note:**

All the above-mentioned Advisors, the Lead Manager, and the independent auditor have provided their written consent for the publication of their names and logos, and for the inclusion of their statements (as applicable) in the form and content presented in this Prospectus, and none have withdrawn their consent as of the date of this Prospectus. Furthermore, none of these entities or their staff members involved in providing services to the Company, nor their relatives, hold any shares in the Company or have any interest of any kind in the Company as of the date of this Prospectus that could affect their independence.

## Summary of the Offering

This Summary is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all of the information that may be important to the Shareholders and the Targeted Investor. Accordingly, the Targeted Investor should carefully read the entirety of the Prospectus prior to making a decision to invest in the New Shares offered hereunder. In particular, it is important to carefully consider section 1- "**Important Notice**" and Section 2 - ("**Risk Factors**") of this Prospectus. The following is a summary of the Offering:

| | |
|---|---|
| **Issuer's Name, Description, and Information of Incorporation** | Saudi Reinsurance Company (Saudi Re) was established pursuant to Royal Decree No. M/83 dated 25/10/1428H (corresponding to 06/11/2007G), and is registered under Commercial Register No. 1010250125 issued in Riyadh on 12/05/1429H (corresponding to 17/05/2008G).<br>The Company's current capital is eight hundred ninety-one million (SAR 891,000,000) Saudi Riyals, divided into eighty-nine million one hundred thousand (89,100,000) ordinary shares with a fully paid nominal value of ten (10) Saudi Riyals per share, all of which are fully paid-up. |
| **Issuer's Activities** | The Company's primary activities consist of engaging in cooperative reinsurance business, and it may carry out all activities necessary to achieve its objectives. The Company operates in accordance with the Cooperative Insurance Companies Control Law, Implementing Regulations thereof, and the regulations issued by the Insurance Authority, along with applicable laws and regulations in the Kingdom of Saudi Arabia, and after obtaining necessary licenses from relevant authorities, if any. The Company conducts its activities through its headquarters in Riyadh and its branch in Malaysia. |
| **Substantial Shareholder** | There is no substantial shareholder in the Company as of the date of this Prospectus. |
| **Nature of the Offering** | Increase the Issuer's capital by thirty percent (30%) with the suspension of shareholder preemptive rights, by way of offering twenty-six million seven hundred thirty thousand (26,730,000) ordinary shares, with a nominal value of ten (SAR 10) Saudi Riyals per share, at an Offer Price of sixteen (SAR 16) Saudi Riyals per share, and a total offer value of four hundred twenty-seven million six hundred eighty thousand (SAR 427,680,000) Saudi Riyals, which will be fully subscribed to by the Targeted Investor within two (2) to four (4) business days following the Extraordinary General Assembly's approval of the Capital Increase. |
| **Offering** | Issue twenty-six million seven hundred thirty thousand (26,730,000) ordinary shares, at an offer value of four hundred twenty-seven million six hundred eighty thousand (SAR 427,680,000) Saudi Riyals, which will be fully subscribed to by the Targeted Investor. |
| **Offering Period** | The Subscription Period will last for three (3) business days, and start on the second (2) business day from the approval of the Extraordinary General Assembly held regarding the Capital Increase. |
| **Subscription Agreement** | On 28/12/1445H (corresponding to 04/07/2024G), the Company and the Targeted Investor entered into a Subscription Agreement, under which the Targeted Investor undertakes to subscribe to the New Shares, after fulfilling the preconditions stipulated in the subscription agreement, including the approval of the Extraordinary General Assembly held regarding the Capital Increase. (For more information, please refer to Section 8.2.2 - "**Preconditions**" of this Prospectus) |
| **Purpose of the Capital Increase with the Suspension of Preemptive Rights** | The Board of Directors believes that the Capital Increase will support the Company's activities, capitalize on local growth opportunities, strengthen the Company's capital base and financial solvency, and maintain its credit rating. It should be noted that all insurance companies operating in the Kingdom conduct their activities in accordance with the Insurance Companies Control Law, Implementing Regulations thereof, and subsequent amendments issued by the Insurance Authority from time to time.<br>The Net Proceeds will primarily be used to increase the statutory deposit and the Company's financial investments, aiming to (i) strengthen the capital base and support financial solvency, (ii) enable underwriting and growth opportunities, and (iii) improve operational capabilities.<br>**Strengthening the Capital Base and Financial Solvency:**<br>The Capital Increase is expected to strengthen the Company's capital base and support its financial solvency by enhancing its capital adequacy and liquidity.<br>**Supporting Underwriting and Growth Opportunities:**<br>The Company seeks to leverage growth opportunities by increasing its local market share. It also aims to expand into global markets to maintain a balanced insurance portfolio and reduce concentration risks.<br>**Improving Operational Capabilities:**<br>The Company aims to improve its technical and operational capabilities, including risk management, technological infrastructure, and human capital development, in order to maintain the pace of growth and implement the Company's strategy. |

| | |
|---|---|
| **Offering Costs** | The Company shall bear all expenses associated with the Capital Increase, which are estimated at approximately SAR 8,700,000 (excluding VAT, which will not be paid from the Offering proceeds but will be covered by the Company's resources). These expenses will be deducted from the total offering proceeds of SAR 427,680,000. This amount includes fees for the Financial Advisor, Lead Manager, Legal Advisor, Independent Auditor, and other related expenses (for more information, please refer to Section 4 ("**Use of Proceeds and Future Projects**") of this Prospectus). |
| **Total Estimated Proceeds, Analysis and Description of its Recommended Use** | The Total Proceeds from the offering of the New Shares shall be SAR 427,680,000, SAR 8,700,000 thereof (excluding VAT, which will not be paid from the Offering proceeds but will be covered by the Company's resources) used to satisfy all Offering-related costs, including Financial Advisor, Lead Manager, Legal Advisor, and Independent Auditor, as well as other Offering-related expenses; while the Net Proceeds from the Offering after subtracting Offering Costs are expected to be SAR 418,980,000, (which is approximately 2% of the total Offering proceeds), shall be primarily used as follows:<br><br>Item \| Value (SAR) \| Percent of Net Offering Proceeds (%)<br>Increase in Statutory deposit \| 26,730,000 \| 6.4%<br>Financial Investment \| 392,250,000 \| 93.6%<br>**Net Offering Proceeds** \| **418,980,000** \| **100%**<br><br>(For more information, please refer to Section 4 ("**Use of Proceeds and Future Projects**") of this Prospectus). |
| **Company's Capital** | Eight hundred ninety-one million (SAR 891,000,000) Saudi Riyals |
| **Total Number of Company's Shares** | Eighty-nine million one hundred thousand (89,100,000) ordinary shares. |
| **Company's Capital Post-offering** | One billion one hundred fifty-eight million three hundred thousand (SAR 1,158,300,000) Saudi Riyals. |
| **Total Number of Issuer's Shares Post the Offering** | One hundred fifteen million eight hundred thirty thousand (115,830,000) ordinary shares. |
| **Nominal Value Per Share** | Ten Saudi Riyals (SAR 10) per share. |
| **Total Number of New Shares Offered for Subscription** | Twenty-six million seven hundred thirty thousand (26,730,000) ordinary shares, which will be fully subscribed by the Targeted Investor. |
| **Percentage of New Shares Offered to the Capital** | 30%. |
| **Percentage of New Shares Offered to the Capital Post the Capital Increase** | 23.08%. |
| **New Shares** | Twenty-six million seven hundred thirty thousand (26,730,000) new ordinary shares. |
| **Offering Price** | Sixteen (SAR 16) Saudi Riyals per share. |
| **Total Offering Value** | Four hundred twenty-seven million six hundred eighty thousand (SAR 427,680,000) Saudi Riyals. |
| **Targeted Investor and Category Thereof** | The Public Investment Fund (PIF), a sovereign wealth fund established in 1391H pursuant to the Public Investment Fund Law promulgated by Royal Decree No. M/92 dated 12/08/1440H, as amended, with its head office located in Riyadh, Kingdom of Saudi Arabia. The Targeted Investor is also classified as a Qualified Client, pursuant to the definitions set out in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority and in the Glossary of Defined Terms Used in the Exchange Rules. |
| **Issuance of Shares with Suspension of Preemptive Rights** | Offering additional shares with the suspension of the Shareholders' preemptive rights. |

| | |
|---|---|
| **Entitlement to Dividends of the New Shares** | The Targeted Investor shall be entitled to any dividends declared by the Company as of the date of subscribing to the New Shares. |
| **Voting Rights in the New Shares** | All Company shares are of one class, and no share gives its holder preferential rights. The New Shares will be fully paid in value and exactly equal to the outstanding shares. Each share entitles its holder to one vote at the ordinary and extraordinary General Assembly of Shareholders, where cumulative voting shall be used to elect the members of the Board of Directors. General assembly meetings may be held with Shareholders participating in deliberations and voting by modern technological means in accordance with the controls set by the competent authority. |
| **Restrictions on the New Shares ("Lock-Up Period")** | The Targeted Investor shall not dispose of the New Shares for a period of two (2) years from the date of their listing on the Saudi Exchange, as per the waiver issued by the Capital Market Authority regarding the Capital Increase (for more information, please refer to Section 9 ("**Waivers**") of this Prospectus). |
| **Percentage Decrease in the Ownership of the Company's Current Shareholders due to the Capital Increase for the purpose Disclosed in the Prospectus** | 23.08%. |
| **Shares Previously Listed by the Issuer** | The Company listed forty million (40,000,000) ordinary shares on the Saudi Stock Exchange through an initial public offering (IPO) on 19/05/1429H (corresponding to 24/05/2008G), with forty percent (40%) of the shares offered for public subscription.<br>On 14/04/1439H (corresponding to 01/01/2018G), the Company's Extraordinary General Assembly approved a reduction in the Company's capital from one billion (1,000,000,000) Saudi Riyals to eight hundred ten million (SAR 810,000,000) Saudi Riyals by canceling nineteen million (19,000,000) shares.<br>On 04/12/1442H (corresponding to 14/07/2021G), the Company's Extraordinary General Assembly approved an increase in capital from eight hundred ten million (810,000,000) Saudi Riyals to eight hundred ninety-one million (SAR 891,000,000) Saudi Riyals by capitalizing eighty-one million (SAR 81,000,000) Saudi Riyals from retained earnings and granting one share for every ten (10) shares held, which is the current capital of the Company. |
| **Risk Factors** | Investing in this Offering involves certain risks, which can be categorized into: (i) related to the Company, (ii) related to the market and sector, and (iii) related to the change in the ownership of Existing Shareholders (please refer to Section 2 "**Risk Factors**" of this Prospectus). |
| **Material Changes to the Information Disclosed in the Latest Prospectus** | The CMA approved the publication of the Company's latest Prospectus on 11/02/1429H (corresponding to 12/02/2008G).<br>The material changes include: |

| Date | Material Change |
|---|---|
| 2009G | The Company obtained a reinsurance license from the Saudi Central Bank (noting that the Insurance Authority became the regulatory body for the insurance sector in the Kingdom since commencing its operations in 2023G). |
| 2009G | The Company acquired a life reinsurance (Takaful) license from the Saudi Central Bank (noting that the Insurance Authority became the regulatory body for the insurance sector in the Kingdom since commencing its operations in 2023G). |
| 2013G | The Company opened a branch in Labuan, Malaysia. |
| 2017G | The Company acquired 49.9% of the shares of Probitas Holdings (Bermuda). |
| 2018G | The Company reduced its capital from one billion (SAR 1,000,000,000) Saudi Riyals to eight hundred ten million (SAR 810,000,000) Saudi Riyals. |
| 2020G | The Company signed an exclusive contract with Malath Cooperative Insurance Company to reinsure the joint insurance program for latent defects, which Malath leads on behalf of the insurance sector in the Kingdom. |
| 2021G | The Company increased its capital from eight hundred ten million (SAR 810,000,000) Saudi Riyals to eight hundred ninety-one million (SAR 891,000,000) Saudi Riyals by issuing eight million one hundred thousand (8,100,000) bonus shares with a nominal value of eighty-one million (SAR 81,000,000) Saudi Riyals. |

Note: It is important to carefully consider the "**Important Notice**" on page i and Section 2 ("**Risk Factors**") set out herein prior to making any investment decision in the New Shares.

The Capital Increase is contingent on the Shareholder's approval of the Capital Increase at the Extraordinary General Assembly Meeting regarding the Capital Increase.

## Key Dates and Subscription Procedures

**Table 1.1: Expected Timeline of New Shares' Registration and Offering**

| Event | Date |
|---|---|
| **1- Procedures related to the Extraordinary General Assembly regarding the Capital Increase** | |
| Tadawul's approval, conditional on CMA's approval | 03/05/1446H (corresponding to 05/11/2024G) |
| CMA's Approval of the Capital Increase | 23/05/1446H (corresponding to 25/11/2024G) |
| Announcement on Tadawul's website regarding calling the Extraordinary General Assembly regarding the Capital Increase to convene (with reference to the possibility of holding a second meeting one hour after the specified period for the first meeting if the legal quorum required for the first meeting is not met) | 02/06/1446H (corresponding to 03/12/2024G) |
| Prospectus Publication | 02/03/1446H (corresponding to 03/12/2024G) |
| Providing access to Documents Available for Inspection | From 03/06/1446H (corresponding to 04/12/2024G) until the date of the Extraordinary General Assembly regarding the Capital Increase (Sunday to Thursday, from 9:00 AM to 5:00 PM, excluding official holidays in the Kingdom) |
| Commencement of the electronic voting period for Shareholders in the Extraordinary General A regarding the Capital Increase. | 19/06/1446H (corresponding to 20/12/2024G) |
| Convening the Extraordinary General Assembly Meeting regarding the Capital Increase (First Meeting). The legal quorum is met with the presence of a number of Shareholders representing at least half of the Company's capital | 23/06/1446H (corresponding to 24/12/2024G) |
| Convening the Extraordinary General Assembly Meeting regarding the Capital Increase (Second Meeting). The legal quorum is met with the presence of a number of Shareholders representing at least one quarter of the Company's capital. | 23/06/1446H (corresponding to 24/12/2024G) |
| Publishing the decision to increase the capital and other resolutions adopted during the first or second meeting of the Extraordinary General Assembly regarding the Capital Increase on Tadawul's website, (or announcing the non-occurrence of the Extraordinary General Assembly regarding the Capital Increase in case the legal quorum is not met) | 24/06/1446H (corresponding to 25/12/2024G) |
| **2- Procedures in the event that the legal quorum is not met for the first and second meetings of the Extraordinary General Assembly regarding the Capital Increase** | |
| Announcement on Tadawul's website regarding the invitation to the third meeting of the Extraordinary General Assembly regarding the Capital Increase | Not applicable as the Extraordinary General Assembly was held on the second meeting |
| Commencement of the electronic voting period for Shareholders in the third meeting of the Extraordinary General A regarding the Capital Increase | Not applicable as the Extraordinary General Assembly was held on the second meeting |
| Convening the third meeting of the Extraordinary General Assembly regarding the Capital Increase. The legal quorum for the third meeting of the Extraordinary General Assembly regarding the Capital Increase shall be satisfied regardless of the number of shares represented thereat | Not applicable as the Extraordinary General Assembly was held on the second meeting |
| Publishing on Tadawul's website the decision to increase the capital and other resolutions adopted during the third meeting of the Extraordinary General Assembly regarding the Capital Increase | Not applicable as the Extraordinary General Assembly was held on the second meeting |
| **3- Procedures in the event the Extraordinary General Assembly regarding the Capital Increase approves the Capital Increase and other related resolutions** | |
| Announcement of the Subscription Period for New Shares | One business day after the date of the Extraordinary General Assembly's approval of the Capital Increase. |
| Commencement of the Subscription Period for New Shares | Second (2) business day after the date of the Extraordinary General Assembly's approval of the Capital Increase. |

| Event | Date |
|---|---|
| End of the Subscription Period for New Shares allocated for the purpose of increasing the capital, with the suspension of preemptive rights | Four (4) business days after the date of the Extraordinary General Assembly's approval of the Capital Increase. |
| Announcing the results of the New Shares subscription. | Upon the completion of all subscription procedures for the New Shares by the Targeted Investor, which is expected to be completed five (5) business days after the date of the Extraordinary General Assembly's approval of the Capital Increase. |
| Announcement by the Securities Depository Center of the deposit of the New Shares in the portfolio of the Targeted Investor. | Within five (5) to seven (7) business days from the date of the Extraordinary General Assembly's approval of the Capital Increase. |
| Amendment of the Bylaws and Commercial Register | After completing the Capital Increase, the Company will submit an application to the Ministry of Commerce to amend the Commercial Register and Bylaws. |
| Expected date for commencement of trading in New Shares | Trading in the New Shares shall commence upon the completion of all related regulatory procedures for listing the New Shares. Trading will be announced later through the Tadawul website (www.saudiexchange.sa). |

Note: All the above-mentioned dates are approximate. Actual dates will be communicated on the website of Tadawul (www.tadawul.com.sa).

**Table 1.2: Key Announcement Dates**

| | Announcement | Announcing Party | Announcement Date |
|---|---|---|---|
| In the event that the Extraordinary General Assembly Meeting regarding Capital Increase is convened in the first meeting or the second meeting | Announcement on Tadawul's website regarding the invitation to the Extraordinary General Assembly regarding the Capital Increase (with the possibility of holding a second meeting one hour after the specified period for the first meeting, in the event that the legal quorum required for the first meeting is not met) | The Company | 02/06//1446H (corresponding to 03/12/2024G) |
| | Publication on Tadawul's website of the resolution to increase the capital and other resolutions adopted during the first or second meeting of the Extraordinary General Assembly regarding the Capital Increase (or announcement of the non-convening of the Extraordinary General Assembly regarding the Capital Increase in the event that the legal quorum is not met) | The Company | 24/06/1446H (corresponding to 25/12/2024G) |
| In the event of convening the Extraordinary General Assembly regarding the Capital Increase during the third meeting | Announcement on Tadawul's website of the call for the third meeting of the Extraordinary General Assembly regarding the Capital Increase | The Company | Not applicable as the Extraordinary General Assembly was held on the second meeting |
| | Publication on Tadawul's website of the resolution to increase the capital and other resolutions taken in the third meeting of the Extraordinary General Assembly regarding the Capital Increase | The Company | Not applicable as the Extraordinary General Assembly was held on the second meeting |
| Announcement of the Subscription Period for New Shares issued for the purpose of increasing the capital | | The Company | 24/06/1446H (corresponding to 25/12/2024G) |
| Announcement regarding the results of the subscription in the New Shares for the purpose of increasing the capital | | The Company | Upon the completion of all subscription procedures for the New Shares by the Targeted Investor, which is expected to be finalized five (5) business days after the date of the Extraordinary General Assembly's approval of the Capital Increase. |
| Announcing the amendment of the Bylaws and Commercial Register | | The Company | Upon the completion of all subscription procedures for the New Shares by the Targeted Investor, which is expected to be finalized five (5) business days following the Extraordinary General Assembly's approval of the Capital Increase. |
| Announcing the completion of Subscription and deposit of New Shares into the Targeted Investor's portfolio | | Edaa | Trading in the New Shares shall commence upon the completion of all related regulatory procedures for listing the New Shares. Trading will be announced later through the Tadawul website (www.saudiexchange.sa). |

**Note:** All of the above-mentioned dates are indicative. Actual dates will be communicated on Tadawul's website (www.tadawul.com.sa). In addition, the date of depositing the New Shares into the Targeted Investor's portfolio will be determined in coordination with the Securities Depository Center Company (Edaa).

It should also be noted that in the event that an announcement related to the Offering is published in a local newspaper after the Prospectus has been published, per Article 51 (e) of the Rules on the Offer of Securities and Continuing Obligations, the announcement will include:

1. The Issuer's name and Commercial Register number.
2. The securities and their value, type, and class covered by the securities registration and offering application.
3. Websites where the public can obtain the Prospectus.
4. The date of publication of the Prospectus.
5. A statement that the announcement is for information purposes only and does not constitute an invitation or an offer to own the securities by purchasing or subscribing thereto.
6. Name of the Lead Manager, Financial Advisor and Legal Advisor.
7. A disclaimer as follows: "*The Capital Market Authority and the Saudi Exchange do not assume any responsibility for the contents of this announcement, nor do they give any representations regarding its accuracy or completeness, and they expressly disclaim any responsibility for any loss they have suffered as a result of what is contained in this announcement or from reliance on any part thereof*".

## How to Submit a Subscription Application

The subscription for the New Shares is limited to the Targeted Investor; therefore, it will not be offered for subscription to institutional investors or qualified institutions and investors. The Targeted Investor shall submit the subscription application to the Subscription Manager during the subscription period, which lasts for three (3) business days. This period begins on the second (2) business day after the date of the Extraordinary General Assembly's approval of the Capital Increase on 23/06/1446H, corresponding to 24/12/2024G, and ends four (4) business days after the date of the Extraordinary General Assembly's approval of the Capital Increase. The application cannot be canceled or modified after submission to the Subscription Manager.

## Summary of Key Information

This summary is a brief overview of the information contained in this Prospectus but does not contain all of the information that may be of interest to the Targeted Investor. Therefore, the Targeted Investor should read the entire Prospectus before making a decision as to whether or not to invest in the New Shares. All terms contained in this Prospectus have been defined in Section 1 - "**Terms and Definitions**" of this Prospectus as well as in other sections.

# Company Overview

## History and Incorporation

Saudi Reinsurance Company (Saudi Re) was established pursuant to Royal Decree No. 319 dated 24/10/1428H (corresponding to 05/11/2007G) and Royal Decree No. M/83 dated 25/10/1428H (corresponding to 06/11/2007G), and is registered under Commercial Register No. 1010250125 issued in Riyadh on 12/05/1429H (corresponding to 17/05/2008G).

The Company's current capital is eight hundred ninety-one million (SAR 891,000,000) Saudi Riyals, divided into eighty-nine million one hundred thousand (89,100,000) ordinary shares with a fully paid nominal value of ten (10) Saudi Riyals per share, all of which are fully paid-up.

The Company listed forty million (40,000,000) ordinary shares in Saudi Exchange through a public offering on 19/05/1429H (corresponding to 24/05/2008G), and forty percent (40%) of its shares were offered for public offering.

On 14/04/1439H (corresponding to 01/01/2018G), the Company's Extraordinary General Assembly approved a reduction in the Company's capital from one billion (1,000,000,000) Saudi Riyals to eight hundred ten million (SAR 810,000,000) Saudi Riyals by canceling nineteen million (19,000,000) shares.

On 04/12/1442H (corresponding to 14/07/2021G), the Company's Extraordinary General Assembly approved an increase in capital from eight hundred ten million (810,000,000) Saudi Riyals to eight hundred ninety-one million (SAR 891,000,000) Saudi Riyals by capitalizing eighty-one million (SAR 81,000,000) Saudi Riyals from retained earnings and granting one share for every ten (10) shares held, which is the current capital of the Company.

## Substantial Shareholder

*There is no substantial shareholder in the Company as of the date of this Prospectus.*

## Board of Directors

**Table 1.3: Members of the Company's Board of Directors**

| Name | Position | Nationality | Capacity |
|---|---|---|---|
| Abdullatif Ali Al-Fozan | Chairman of the Board | Saudi | Non-Executive |
| Turki Salman Al-Sudairy | Deputy Chairman of the Board | Saudi | Non-Executive |
| Hussam bin Bandar Al-Suwailem | Board member | Saudi | Independent |
| Ahmed Mohammed Ahmed Sabbagh | Board member | Jordanian | Non-Executive |
| Abdulrahman Ibrahim Al-Jalal | Board member | Saudi | Independent |
| Mousa Abdulaziz bin Akresh | Board member | Saudi | Independent |
| Kobra Ghulam Rathi | Board member | Bahraini | Independent |
| Waleed Abdulrahman Al-Munee | Board member | Saudi | Independent |
| Abdulaziz Abdulrahman Al-Sheikh | Board member | Saudi | Independent |
| Abdulaziz Abdulhameed Al-Bassam | Board member | Saudi | Non- Independent |

Under the Subscription Agreement, the Targeted Investor shall have the right to nominate three members to the Company's Board of Directors, and their appointment by the Board will be effective from the date of the completion of the Capital Increase (for more information, please refer to section 8.2.2.3 "**Targeted Investor Conditions**" of this Prospectus).

## Summary of the Company's Activities and Products

Saudi Reinsurance Company (Saudi Re), a publicly listed company on the Saudi Stock Exchange (Tadawul), is the only reinsurance-focused company in the Kingdom of Saudi Arabia. It is ranked among the leading reinsurance companies in the Middle East and North Africa region and operates under the regulatory supervision of the Insurance Authority. The Company's business spans over 40 markets across the Middle East, Asia, and Africa, offering facultative and treaty reinsurance solutions across various sectors, including property, engineering, marine, liability, motor, latent defects, medical, and protection.

## Company's Mission, Strategy, and Values

### Company's Vision

Building a large and diverse reinsurance company that contributes to the growth of the national economy, ranking among the top 50 reinsurance companies globally.

### Company's Mission

To be a leader in the Middle East and North Africa by providing comprehensive and innovative insurance solutions that meet the aspirations of its clients, and to play an active role in building a robust and resilient insurance industry.

### Company's Strategy

The Company aims to leverage promising local opportunities while expanding globally to diversify risk exposure, positioning itself among the top 50 global reinsurance companies.

Based on committed to strengthening its competitive position and maintaining profitable, sustainable growth, Saudi Re operates along two key strategic pillars:

a. Leveraging Growth Opportunities in the National Economy by:

- Supporting Saudi Vision 2030 and providing essential insurance solutions to drive economic growth.
- Playing a pivotal role in increasing retention within local markets and absorbing as much potential risk as possible.
- Fostering innovation and delivering high-quality insurance solutions for emerging risks.

b. Managing a Balanced Insurance Portfolio with a Comprehensive Distribution of International Business by:

- Becoming a prominent source of reinsurance services, providing necessary insurance coverage for global risks.
- Utilizing the Company's strong international standing to access new markets and enhance its technical capabilities.

The strategic plan was developed following an in-depth study of trends in both local and global insurance markets, considering economic, geopolitical, social, and technical factors affecting the insurance industry. The strategy is centered on the following five foundations:

1. **Economic Scale**: The Company aims to build a portfolio of sufficient economic scale to absorb substantial losses and fund operational activities.
2. **Diversification**: This includes geographical expansion and diversifying risk types to ensure a balanced business portfolio.
3. **Operational and Technical Capabilities**: The Company continues to improve its operational and technical capabilities, focusing on risk management, technological infrastructure, and human capital development.
4. **Building Strong Relationships**: The Company prioritizes building solid, sustainable relationships with stakeholders, particularly clients and regulatory bodies.
5. **Financial Resilience**: The Company seeks to maintain a strong financial position to ensure business stability, sustainable underwriting profits, adequate capital, rewarding investment returns, and a robust credit rating.

## Summary of Competitive Advantages and Strengths

### Competitive Position in the Local Market and Global Expansion

The Company enjoys a strong market position and brand in Saudi Arabia as the only Saudi reinsurance company, along with a growing presence in target markets across Asia, Africa, and Lloyd's. It benefits from regulatory measures granting priority rights to a portion of insurance premiums ceded by insurance companies in the Saudi market, providing a competitive advantage and opening avenues for growth and development.

This local advantage has allowed the Company to establish a robust foundation, paving the way for expansion into global markets to maintain a balanced risk portfolio. The company has successfully strengthened its presence in over 40 markets across the Middle East, Asia, and Africa, with its international business accounting for more than 57% of the company's total portfolio in 2023G.

### Financial strength and credit rating

The company's capital is eight hundred and ninety-one million (891,000,000) Saudi riyals, which is equivalent to three times the minimum capital requirements. The company received a credit rating of category A with a stable outlook from S&P International Rating Agency, and an A3 rating from Moody's with a positive outlook. Credit rating is an important factor for the success of reinsurance companies. The company granted these ratings based on several factors, including the company's strong competitive position, high levels of capital adequacy and solvency margin, in addition to asset quality and financial flexibility with no financial leverage.

### Client-Centric Approach

The Company aims to grow alongside its clients, dedicating its capabilities and expertise to fulfilling their aspirations and supporting their advancement. With a fully integrated customer relationship management infrastructure, the company provides competitive insurance services tailored to meet client ambitions. Adopting a client-focused approach enables rapid, well-informed decision-making through collaboration among various teams, particularly the underwriting and risk assessment experts. This approach allows the company to offer comprehensive insurance solutions that effectively address client needs. Additionally, the Company has established a process to ensure fair, efficient, and swift claims management, aiming to achieve the highest level of client satisfaction.

### Experienced and Knowledgeable Team

The Company places a high priority on attracting top talent, developing its workforce, and integrating advanced technology into reinsurance operations. It has successfully attracted highly qualified professionals with extensive experience from leading global companies and has built a strong base of qualified national talent. This contributes positively to client interests and ensures the capability to underwrite diverse and complex risks effectively and efficiently.

### Network of Brokers and Agents

In line with its business development strategy, the Company has established strong relationships with partners and brokers within and outside the Kingdom, enhancing its reputation as a leading reinsurance company. The broker network plays a critical role in the insurance industry by facilitating access to clients and delivering insurance services. Brokers also play an essential role in negotiating and structuring insurance agreements and contracts.

# Market Overview

## 1. Reinsurance Industry

Reinsurance is a cornerstone of the insurance system. It is a contractual agreement that allows an insurance company to mitigate risk by ceding part or all of the risks it has underwritten to a reinsurer. Such an agreement does not exempt the insurance company from its responsibilities to the original policyholders; rather, it serves as a tool to help the insurer maintain its financial position and fulfill its contractual obligations.

Insurance companies turn to reinsurers for several reasons, including stabilizing underwriting performance, enhancing risk-carrying capacity, mitigating the impact of claim volatility, reducing risk concentration, protecting capital, improving solvency, and leveraging the capabilities and expertise of reinsurers.

Success factors in the reinsurance sector include achieving sufficient business scale to absorb significant losses, maintaining a balanced and diversified risk portfolio to minimize concentration and accumulation risks, having a strong financial position and credit rating, building solid relationships with clients and brokers, and continually investing in technical and human resource development.

Reinsurance contracts are typically structured in two forms. The first is Treaty Reinsurance, which provides insurance companies with automatic facilities to cede risks under pre-agreed terms. The second form is Facultative Reinsurance, in which an insurance company seeks to share specific, individual risks with the reinsurer.

## 2. Overview of the Global Reinsurance Market in 2023G-2024G

In 2023G, for the third consecutive year, the global reinsurance sector achieved positive underwriting results, with many reinsurers reporting combined loss ratios below 90.0%. Most companies earned excellent returns on equity, with returns in many cases exceeding 20%.

Alongside high retention rates by reinsurance companies, forecasts indicate a low likelihood of new entrants in the reinsurance markets in 2024G, which is expected to keep demand for reinsurance high.

Global Reinsurance Premiums (in billion USD):

| Year | 2019G | 2020G | 2021G | 2022G | 2023G |
|---|---|---|---|---|---|
| Non-Life Insurance | 196 | 230 | 225 | 251 | 264 |
| Life Insurance | 92 | 115 | 113 | 116 | 123 |
| **Total** | **288** | **345** | **338** | **367** | **387** |

Capital of Global Companies (in billion USD):

| Year | 2019G | 2020G | 2021G | 2022G | 2023G |
|---|---|---|---|---|---|
| Capital | 625 | 650 | 675 | 575 | 560 |

## 3. Saudi Insurance Market

The Saudi insurance sector ranks first in the Arab world and 35th globally, and is considered one of the fastest-growing markets, with premiums reaching 65.5 billion SAR in 2023G. This growth is driven by the mandatory application of certain insurance types, an advanced regulatory environment, and positive economic and demographic factors.

By the end of 2023G, there were 28 insurance and reinsurance companies licensed by the Insurance Authority, including five companies engaged in both insurance and reinsurance activities and one company specializing in reinsurance.

Key Developments in the Saudi Insurance Sector:

- The sector saw approximately 22.7% growth in 2023G, with total written premiums reaching 65.5 billion SAR. Motor insurance and protection & savings insurance experienced notable increases in written premiums.
- The insurance sector's contribution to the non-oil GDP rose to 2.38% in 2023G, compared to 2.09% in 2022G.
- Insurance density increased from 1,564.2 SAR per capita in 2022G to 2,034.5 SAR per capita in 2023G, marking a 30% increase.
- The Saudi insurance sector began the official implementation of International Financial Reporting Standard No. 17 (IFRS 17) "Insurance Contracts" on 1 January 2023G.
- The overall retention rate for general and health insurance rose from 84% in 2022G to 86% in 2023G.

### Implementation of a New Mechanism for Retaining Local Reinsurance Premiums:

Under Article 40 of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by the Saudi Central Bank, insurance and reinsurance companies operating in the Kingdom are required to retain at least 30% of reinsurance premiums with local reinsurance companies. In October 2022G, the regulatory authority launched a new mechanism aimed at increasing the retention of local reinsurance premiums within the Kingdom and enhancing the insurance sector's contribution to local content. This mechanism mandates companies to prioritize offering a portion of treaty reinsurance premiums to the local market. The implementation began with a retention rate of 20% in 2023G, gradually increasing to 25% in 2024G and reaching 30% in 2025G. This mechanism is expected to strengthen the local reinsurance sector and enable national reinsurance companies to play an active role in supporting the sector and increasing its contribution to the national economy.

### Latent Defects Insurance Program:

Latent defects insurance has become a mandatory requirement for private sector construction projects, as per Cabinet Decision No. 509 issued on 5 June 2018G. To support the implementation of this program, the regulatory authority issued a unified policy for latent defects insurance, providing coverage against construction defects for a period of ten years.

Saudi Re obtained an exclusive right to reinsure the Latent Defects Insurance Program for five years starting in 2020G, with total premiums reaching 385 million Saudi Riyals in 2023G.

### Total Written Insurance Premiums by Business Sector (in million Saudi Riyals):

| Year | 2019G | 2020G | 2021G | 2022G | 2023G |
|---|---|---|---|---|---|
| Accidents, Liability, and Others | 1,121 | 1,370 | 1,586 | 2,676 | 2,747 |
| Motor | 8,604 | 8,358 | 8,163 | 10,341 | 14,288 |
| Property | 1,845 | 2,109 | 2,282 | 2,463 | 2,817 |
| Marine | 654 | 690 | 696 | 692 | 748 |
| Aviation | 159 | 179 | 189 | 235 | 276 |
| Energy | 700 | 911 | 1,295 | 1,653 | 1,288 |
| Engineering | 1,198 | 1,062 | 1,002 | 1,594 | 2,105 |
| Health | 22,475 | 22,837 | 25,109 | 31,830 | 38,626 |
| Protection and Savings | 1,135 | 1,264 | 1,707 | 1,874 | 2,566 |
| **Total** | **37,890** | **38,779** | **42,030** | **53,356** | **65,459** |

**Reinsurance Premium Cession Rates by Business Sector (in million Saudi Riyals):**

| Year | 2019G | 2020G | 2021G | 2022G | 2023G |
|---|---|---|---|---|---|
| Accidents, Liability, and Others | 57% | 53% | 51% | 50% | 52% |
| Motor | 6% | 7% | 6% | 5% | 2% |
| Property | 83% | 83% | 81% | 80% | 81% |
| Marine | 72% | 74% | 72% | 70% | 69% |
| Aviation | 97% | 95% | 96% | 98% | 95% |
| Energy | 98% | 98% | 98% | 98% | 98% |
| Engineering | 88% | 78% | 81% | 86% | 83% |
| Health | 4% | 4% | 4% | 2% | 2% |
| Protection and Savings | 30% | 32% | 37% | 36% | 26% |
| **Total** | **16%** | **18%** | **18%** | **16%** | **14%** |

## Summary of Financial Information

The selected financial information set out below should be read together with the audited consolidated financial statements for the financial years ended 31 December 2022G and 2023G, which were prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed in the Kingdom of Saudi Arabia (IFRS-KSA) and the unaudited condensed consolidated interim financial statements for the Three-Month Periods Ended 31 March 2023G and 2024G, prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" approved in the Kingdom of Saudi Arabia.

Summary Table of the consolidated statement of profit or loss and other comprehensive income of the Company for the financial years ended 31 December 2022G and 2023G and for the Three-Month Periods Ended 31 March 2023G and 2024G

| SAR in 000s | FYs Ended 31 December | | Three-Month Period Ended 31 March | |
|---|---|---|---|---|
| | 2022G (Revised) | 2023G | 2023G (unaudited) | 2024G (unaudited) |
| Reinsurance Revenues | 696,997,918 | 627,187,025 | 129,289,111 | 206,944,997 |
| Reinsurance Service Expenses | (591,168,190) | (509,774,279) | (124,516,429) | (119,308,398) |
| Net Income / (Expense) from Reinsurance Contracts | (22,240,463) | 2,349,500 | 5,681,500 | (56,546,404) |
| Reinsurance Service Result | 83,589,265 | 119,762,246 | 10,454,182 | 31,090,195 |
| Net Investment Income | 8,379,423 | 60,387,647 | 11,127,976 | 18,344,668 |
| Net Financial Results | 9,863,817 | 25,762,001 | 2,528,069 | 11,481,938 |
| Net Reinsurance and Investment Result | 93,453,082 | 145,524,247 | 12,982,251 | 42,572,133 |
| Total Income for the Year Before Zakat and Tax | 91,317,887 | 158,562,123 | 15,913,307 | 37,550,640 |
| Zakat for the Year/Period | (15,232,686) | (33,870,444) | (4,708,893) | (5,732,691) |
| Tax Expense for the Year/Period | (32,820) | (262,185) | (4,897) | (25,492) |
| Net Income for the Year/Period After Zakat and Tax | 76,052,381 | 124,429,494 | 11,199,517 | 31,792,457 |

Source: Audited Financial Statements for the year ended 31 December 2023G, unaudited condensed interim financial statements for the Three-Month Period Ended 31 March 2024G, and unaudited condensed interim financial statements for the Three-Month Period Ended 31 March 2023G.

Summary Table of Balance Sheet Consolidated for the Company for the financial years ended 31 December 2022G and 2023G, and for the Three-Month Period Ended 31 March 2023G and 2024G

| SAR in 000s | As of 31 December | | As of 31 March | |
|---|---|---|---|---|
| | 2022G (Revised) | 2023G | 2023G (unaudited) | 2024G (unaudited) |
| Total Assets | 2,256,070,054 | 2,689,947,151 | 2,462,871,401 | 2,466,263,608 |
| Total Liabilities | 1,238,886,544 | 1,543,125,112 | 1,434,429,699 | 1,286,801,668 |
| Total Equity | 1,017,183,510 | 1,146,822,039 | 1,028,441,702 | 1,179,461,940 |
| Total Liabilities and Equity | 2,256,070,054 | 2,689,947,151 | 2,462,871,401 | 2,466,263,608 |

Source: Audited financial statements for the year ended 31 December 2023G, unaudited condensed interim financial statements for the Three-Month Period Ended 31 March 2024G, and unaudited condensed interim financial statements for the Three-Month Period Ended 31 March 2023G.

Summary Table of Cash Flows Consolidated for the Company for the financial years ended 31 December 2022G and 2023G and for the Three-Month Periods Ended 31 March 2023G and 2024G

| SAR | FYs Ended 31 December | | Three-Month Period Ended 31 March | |
|---|---|---|---|---|
| | 2022G (Revised) | 2023G | 2023G (unaudited) | 2024G (audited) |
| Cash and Cash Equivalents at the Beginning of the Year/Period | 27,807,294 | 30,421,510 | 30,421,510 | 83,979,142 |
| Net Cash (Used in) / Provided by Operating Activities | 72,932,841 | (5,887,684) | (14,983,599) | (66,378,796) |
| Net Cash (Used in) / Provided by Investing Activities | (69,111,262) | 61,122,739 | 25,813,139 | (4,728,492) |
| Net Cash Used in Financing Activities | (1,207,363) | (1,677,423) | (390,392) | (437,791) |
| Cash and Cash Equivalents at the End of the Year/ Period | 30,421,510 | 83,979,142 | 40,860,658 | 12,434,063 |

Source: Audited financial statements for the year ended 31 December 2023G, unaudited condensed interim financial statements for the Three-Month Period Ended 31 March 2023G, and unaudited condensed interim financial statements for the Three-Month Period Ended 31 March 2024G.

Summary Table of Financial Indicators for the financial years ended 31 December 2022G and 31 December 2023G and for the Three-Month Periods Ended 31 March 2023G and 31 March 2024G

| (%) | FYs Ended 31 December | | Three-Month Period Ended 31 March | |
|---|---|---|---|---|
| | 2022G | 2023G | 2023G | 2024G |
| Revenue Growth Rate[(1)] | - | (10.0%) | - | 60.1% |
| Net Profit Margin[(2)] | 10.9% | 19.8% | 8.7% | 15.4% |
| Total Equity to Total Assets[(3)] | 45.1% | 42.6% | 41.8% | 47.8% |
| Return on Average Equity[(4)] | 7.7% | 11.5% | 1.1% | 2.9% |
| Return on Average Assets[(5)] | 2.8% | 5.0% | 0.5% | 1.3% |
| Reinsurance Service Result Margin[(6)] | 15% | 19% | 4% | 42% |
| Net Reinsurance Result Margin[(7)] | 12% | 19% | 8% | 15% |
| Net Reinsurance and Investment Result Margin[(8)] | 13% | 23% | 10% | 21% |
| Liquidity Margin[(9)] | 108% | 183% | 135% | 141% |

Source: Management's Analysis

(1) Revenue Growth Rate: Calculated as follows: Revenue (for the year/period) / Revenue (for the previous year/comparable previous period) - 1, expressed as a percentage.

(2) Net Profit Margin: Calculated as follows: Net Profit (for the year/period) / Revenue (for the year/period), expressed as a percentage.

(3) Total Equity to Total Assets: Calculated as follows: Total Equity (at the end of the year/period) / Total Assets (at the end of the year/period), expressed as a percentage.

(4) Return on Average Equity: Calculated as follows: Net Profit (for the year/period) / Average Equity (average of "end of year/period" and "end of previous year/comparable previous period"), expressed as a percentage.

(5) Return on Average Assets: Calculated as follows: Net Profit (for the year/period) / Average Assets (average of "end of year/period" and "end of previous year/comparable previous period"), expressed as a percentage.

(6) Reinsurance Service Result Margin: Calculated as follows: Reinsurance Revenues (at the end of the year/period) + Reinsurance Service Expenses (at the end of the year/period) / Reinsurance Revenues (at the end of the year/period), expressed as a percentage.

(7) Net Reinsurance Result Margin: Calculated as follows: Reinsurance Service Result (at the end of the year/period) / Reinsurance Revenues (at the end of the year/period), expressed as a percentage.

(8) Net Reinsurance and Investment Result Margin: Calculated as follows: Net Reinsurance and Investment Result (at the end of the year/period) / Reinsurance Revenues (at the end of the year/period), expressed as a percentage.

(9) Liquidity Margin: Calculated as follows: Current Assets (at the end of the year/period) / Current Liabilities (at the end of the year/period), expressed as a percentage.

# 1. Terms and Definitions

The following table provides a list of definitions and terms for the phrases used in this Prospectus:

**Table 1.1: Terms and Definitions**

| Term | Definition |
|---|---|
| **Company or Issuer** | Saudi Reinsurance Company (Saudi Re) |
| **Management or Senior Management** | Executive board members and senior executives of the Company. |
| **Board or Board of Directors** | Company's Board of Directors, whose names appear on page (xiii) of the prospectus. |
| **Kingdom or KSA** | Kingdom of Saudi Arabia. |
| **Government** | Government of the Kingdom of Saudi Arabia. |
| **Share (s)** | Any fully paid ordinary share of the Company with a nominal value of SAR 10 per share in the Company's capital. |
| **Current Shares** | Eighty-nine million one hundred thousand (89,100,000) ordinary shares with a fully paid nominal value of ten (SAR 10) Saudi Riyals per share, all of which are fully paid-up. |
| **New Shares** | Twenty-six million seven hundred thirty thousand (26,730,000) new ordinary shares, which will be issued as a result of the Capital Increase with the suspension of preemptive rights. |
| **Tadawul** | Automated system for trading Saudi Shares. |
| **Financial Statements** | The audited financial statements of the Company for the financial years ended 31 December 2022G and 2023G, which were prepared in accordance with International Financial Reporting Standards (IFRS). The unaudited condensed interim financial statements for the Three-Month Period Ended 31 March 2023G and the unaudited condensed interim financial statements for the Three-Month Period Ended 31 March 2024G were prepared in accordance with International Accounting Standard No. 34 " 34 Interim Financial Reporting," as adopted in Saudi Arabia.<br>The financial statements for the financial year ended 31 December 2022G were audited by KPMG Al Fozan & Partners Certified Public Accountants and Crowe Professional Consulting, a member of Crowe Global. The financial statements for the financial year ended 31 December 2023G were audited by KPMG Professional Consulting, a closed joint-stock professional company, and Dr. Mohamed Al-Amri & Co. - Certified Public Accountants. The unaudited condensed interim financial statements for the Three-Month Period Ended 31 March 2023G were reviewed by the independent auditor KPMG Professional Consulting, a closed joint-stock professional company, and Crowe Professional Consulting, a member of Crowe Global. The unaudited condensed interim financial statements for the Three-Month Period Ended 31 March 2024G were reviewed by the independent auditor KPMG Professional Consulting, a closed joint-stock professional company, and Dr. Mohamed Al-Amri & Co. - Certified Public Accountants. |
| **Lead Manager** | Al Rajhi Capital |
| **Financial Advisor** | Al Rajhi Capital |
| **Targeted Investor** | The Public Investment Fund, which is a government fund established in 1391H, in respect of which the Public Investment Fund Law was issued pursuant to Royal Decree No. M/92 dated 12/08/1440H as amended. Its headquarters is located in Riyadh, Kingdom of Saudi Arabia. It is noteworthy that the Targeted Investor is categorized as a Qualified Client, pursuant to the definitions set out in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority. |
| **Bylaws** | The Company's Bylaws. |
| **Offering** | The issuance of twenty-six million seven hundred thirty thousand (26,730,000) new ordinary shares with a total Offering value of four hundred twenty-seven million six hundred eighty thousand (SAR 427,680,000) Saudi Riyals, which will be fully subscribed by the Targeted Investor. |
| **Offering Price** | Sixteen (SAR 16) Saudi Riyals per share. |
| **OSCOs** | The Rules on the Offer of Securities and Continuing Obligations issued by the board of the CMA pursuant to its resolution number 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), amended by Resolution of CMA Board No. 3-114-2024G dated 04/04/1446H (corresponding to 07/10/2024G), as amended. |

# Table of Contents

# Index of Tables

| Term | Definition |
|---|---|
| **Listing Rules** | The Listing Rules of Tadawul issued by the Board of the CMA pursuant to resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) as amended pursuant to resolution number 1-108-2022 dated 23/03/1444H (corresponding to 19/10/2022G), as amended. |
| **CML** | The Capital Market Law issued by Royal Decree Number M/30 dated 02/06/1424H (corresponding to 31/07/2003G), as amended. |
| **Institutional Client** | Refers to any of the following:<br>a. The Government of the Kingdom, or any international body recognized by the CMA.<br>b. Companies wholly owned by the state or any government entity, directly or through a portfolio managed by a licensed financial market institution authorized to conduct management activities.<br>c. Any legal entity acting on its own behalf, provided it meets one of the following:<br>1. A company or a member of a group owning net assets exceeding fifty million Saudi Riyals.<br>2. An unregistered partnership, general partnership, or other establishment with net assets exceeding fifty million Saudi Riyals.<br>3. A person acting as a board member, officer, or employee of a legal entity responsible for any securities activity within the entity that meets the definition in clauses (c/1) or (c/2).<br>d. A company wholly owned by a legal entity that meets one of the criteria in clauses (b) or (c).<br>e. An investment fund.<br>f. A counterparty. |
| **Advisors** | The Company's advisors in connection with the Offering whose names appear on page ("iv"). |
| **Prospectus** | This document prepared by the Company in relation to the Capital Increase. |
| **CMA or Authority** | The Capital Market Authority of the Kingdom of Saudi Arabia. |
| **Insurance Authority** | The Saudi Insurance Authority, which assumed regulatory authority over the insurance sector in the Kingdom of Saudi Arabia from the Saudi Central Bank. |
| **Saudi Exchange (Tadawul)** | The Saudi Exchange Company (Tadawul), established pursuant to Council of Ministers Resolution dated 29/02/1428H (corresponding to 19/03/2007G), in implementation of the Capital Market Law, a closed Saudi Joint Stock company, and the only entity authorized to operate as a stock exchange in the Kingdom of Saudi Arabia, on which securities are listed and traded. |
| **Saudi Stock Exchange, Stock Exchange, Stock Market, Exchange, or Tadawul** | Main Saudi Exchange. |
| **Substantial Shareholder** | The Shareholder owning 5% or more of the total Shares of the Company. As of the date of this Prospectus, the Company has no Substantial Shareholders. |
| **General Assembly** | Both the Extraordinary General Assembly and the Ordinary General Assembly. |
| **Ordinary General Assembly** | Ordinary General Assembly Meeting convened in accordance with the Company's Bylaws. |
| **Extraordinary General Assembly** | Extraordinary General Assembly Meeting convened in accordance with the Company's Bylaws. |
| **Extraordinary General Assembly on Capital Increase** | The Extraordinary General Assembly of the Company that will be held to vote on the Capital Increase and on authorizing the Company's Board of Directors, or any person authorized by the Company's Board of Directors, to issue any decision or take any action, as may be necessary to implement the necessary procedures related to the Capital Increase. |
| **Corporate Governance Regulations** | The KSA Corporate Governance Regulations issued by the CMA's Board pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G), as amended by Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G), as amended. |

| Term | Definition |
|---|---|
| **Related Parties** | Means, under OSCOs and the Glossary of terms used in the regulations of the Capital Market Authority as issued by the CMA Board Resolution No. 4-11-2004 dated 20/08/1425H (corresponding to 04/11/2004G), as amended by Capital Market Authority Board Decision No. 3-6-2024 dated 05/07/1445H (corresponding to 17/01/2024G), and the Corporate Governance Regulations, any of the following:<br>1. Affiliates of the Issuer.<br>2. Issuer Substantial Shareholders.<br>3. Board members and senior executives of the Issuer.<br>4. Board members of an Issuer Subsidiary.<br>5. Board members and senior executives of the Issuer's Substantial Shareholders.<br>6. Any relatives of persons referred to in (1, 2, 3, 4 or 5) above.<br>7. Any company controlled by any of the persons referred to in (1, 2, 3, 4, 5 or 6) above. |
| **Companies Law** | Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G), as amended. |
| **MoC** | Ministry of Commerce in the Kingdom of Saudi Arabia. |
| **MoMAH** | Ministry of Municipalities and Housing in the Kingdom of Saudi Arabia. |
| **The Public** | Under OSCOs, means persons any person other than the following:<br>1. Issuer affiliates.<br>2. Issuer Substantial Shareholders.<br>3. Board members and senior executives of the Issuer.<br>4. Board members and senior executives Subsidiary with the Issuer.<br>5. Board members and senior executives of the Issuer's Substantial Shareholders.<br>6. Any relatives of persons referred to in (1, 2, 3, 4 or 5) above.<br>7. Any company controlled by any of the persons referred to in (1, 2, 3, 4, 5 or 6) above.<br>8. Persons who act jointly and who jointly own 5% or more of the class of shares to be listed. |
| **International Financial Reporting Standards Applicable in KSA (IFRS-KSA)** | The International Financial Reporting Standards (IFRS), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA. |
| **Financial Year(s)** | Company's financial year, which starts from 1 January to 31 December of each calendar year. |
| **Localization/ Saudization** | Replacement of expatriate workers by Saudi citizens in private sector jobs. |
| **SAR** | The official currency of the Kingdom of Saudi Arabia. |
| **SOCPA** | Saudi Organization for Chartered and Professional Accountants in the Kingdom of Saudi Arabia. |
| **GOSI** | General Organization for Social Insurance in the Kingdom of Saudi Arabia. |
| **Subscription Period** | Three (3) business days starting on the second (2) business day after the Extraordinary General Assembly's approval regarding the Capital Increase. |
| **Lock-Up Period** | The two-year period during which the Targeted Investor may not dispose of any of its shares starting from the date of listing the New Shares on the Saudi Stock Exchange (For more information, please refer to Section 9 "**Waivers**" of this Prospectus). |
| **Risk Factors** | A set of potential factors that should be understood and hedged against before making a decision as to whether to subscribe. |
| **Working Day** | Any business day except for Friday and Saturday, official holidays in the Kingdom of Saudi Arabia, or days on which banking institutions are not open for business in accordance with applicable regulations and other government procedures. |
| **Labor Law** | The Saudi Labor Law issued by Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), amended by Royal Decree No. M/5 dated 07/01/1442H (corresponding to 26/08/2020G). |
| **Securities Depository Center Company/Edaa** | A closed joint-stock company wholly owned by the Saudi Stock Exchange (Tadawul) and established in 2016G under the Saudi Companies' Law issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 11/11/2015G). |
| **H** | Hijri calendar. |

| Term | Definition |
|---|---|
| **G** | Gregorian calendar. |
| **Vision 2030** | Saudi Vision 2030 is a plan to reduce Saudi Arabia's dependence on oil. It was announced on 25/4/2016G and is regulated by the Council of Economic and Development Affairs chaired by Crown Prince Mohammed bin Salman bin Abdul-Aziz Al Saud. It was presented to the Council of Ministers headed by the Custodian of the Two Holy Mosques. |
| **VAT** | On 02/05/1438H (corresponding to 30/01/2017G), the Council of Ministers decided to approve the unified VAT agreement for Gulf Cooperation Council (GCC) countries, which came into force on 01 January 2018G, as a new tax added to the system of taxes and other fees to be implemented by Specific industries in the Kingdom, and in the GCC countries. The amount of this tax is 5%, where a number of products have been excluded from it (such as basic foods, services related to health care and education). The Kingdom's government decided to increase the value-added tax rate from 5% to 15% starting from 01 July 2020G. |
| **Person** | Any natural or legal person recognized as such under the laws of the Kingdom. |
| **Listing** | Listing of all the Company's Shares on the Saudi Stock Exchange in accordance with the Listing Rules. |
| **Shareholder** | Owner or holder of Shares, as of any specified time. |
| **GCC** | Cooperation Council for the Arab Gulf States. |
| **ZATCA** | The Zakat, Tax and Customs Authority (formerly known as the General Authority of Zakat and Tax) in the Kingdom of Saudi Arabia. |
| **Nitaqat Program** | A program established by the Ministry of Human Resources and Social Development to motivate establishments to employ Saudis. It was approved by Resolution No. 4040 dated 12/10/1432H (corresponding to 10/09//2011G) based on Council of Ministers Resolution No. 50 dated 13/05/1415H (corresponding to 27/10/1994G). The Program evaluates the performance of the facility on the basis of specific ranges (platinum, green, yellow and red) according to the activity and sector under which the company is registered, as amended. |
| **Unearned Premiums** | The portion of written premiums that covers risks related to subsequent financial periods. |

Saudi Re

# 2. Risk Factors

Before deciding whether to invest in the new Shares, target investors are advised to carefully consider all the information contained in this Prospectus, particularly the risk factors described below. These risk factors may not include all the risks that the Company may encounter, and additional risks may exist that are not currently known by the Company, or that may be deemed immaterial but may nevertheless affect the Company's operations. The Company's business, financial position, results of operations, cash flows and future prospects could be adversely and materially affected if any of the following risks actually occurs.

The Directors confirm that, to the best of their knowledge and belief, there are no other material risks besides those mentioned in this section, the exclusion of which would affect target investors' and shareholders' decisions to invest in any Offer Shares as at the date of this Prospectus.

Investment in the new Shares may only suit investors capable of assessing the benefits and risks of such an investment, and who have sufficient resources to bear any losses that may result therefrom. Any target investor who has any doubts concerning the appropriate action to be taken should consult a financial advisor licensed by the CMA for advice in connection with any investment in the Offer Shares.

If any of the following risks, which are currently identified as material, or if any other risks that the Company has not identified or are currently considered not to be material, actually occur, this would result in a decrease in the price of the Company's shares in the market and could also result in the target investor losing all or part of their investment in the Company's shares.

The risks and uncertainties described below are presented in an order that does not reflect their importance. Additional unknown risks and uncertainties or those deemed immaterial now by the Company may have the impact or consequences described in this Prospectus.

## 2.1 Risks Related to the Company's Activities and Operations

### 2.1.1 Risk of Unexpected Large Losses Resulting from Catastrophic Events

Catastrophic events, including hurricanes, windstorms, floods, earthquakes, acts of terrorism, and other man-made disasters such as explosions, industrial accidents, and fires, along with pandemics, are inherently unpredictable in their occurrence and impact. The Company acknowledges the inevitability of significant losses stemming from one or more such events, despite the lack of guarantees regarding the adequacy of measures taken to mitigate these losses. These measures include diversifying the portfolio of business, employing selective underwriting criteria, utilizing quantitative models, and maintaining prudent reserve levels.

Predicting the ultimate effect of a catastrophic event, or multiple events, on the Company's operations involves complex factors: the frequency and severity of such events, the total insured value in the affected regions, fluctuations in the value of insured properties, inflationary impacts, and broader economic conditions, including unemployment rates triggered by these events. Furthermore, initial estimates of losses post-catastrophe may require revisions, potentially revealing significantly higher impacts as further information becomes available.

The occurrence of a catastrophic event, or several such events, could lead to substantial unexpected losses, materially and adversely affecting the Company's business, results of operations, financial position, results, and future outlook.

### 2.1.2 Risks of Failure to Implement its Strategy

The Company's potential for revenue growth and profitability enhancement hinges on the effective execution of its strategic vision. Central to the Company's strategy are key objectives, including: (i) cultivating a business portfolio of sufficient scale that is robust against significant losses, supports operational costs, and generates investment income; (ii) fostering a balanced reinsurance portfolio with a broad geographical reach and a diverse mix of business lines, which ensures sustainable technical earnings while managing concentration and accumulation risks; and (iii) ensuring financial position through strong capitalization, optimal solvency and technical reserves, varied revenue sources, and a robust credit rating. For additional details, refer to Section 4, "**Use of Proceeds and Future Projects**" of this Prospectus.

The successful implementation of the Company's strategy is influenced by a number of different factors, including regulatory requirements such as capital requirements and the Saudization plan, developments in the regulatory environment to which the Company is subject, and attracting employees with experience, technical knowledge and high work capabilities. Any failure to execute any aspect of this strategy, for reasons including but not limited to those outlined in this section, could materially and adversely affect the Company's operations, financial position, and future prospects.

It should also be noted that successful strategic implementation does not guarantee improved operational outcomes. The Company's Executive Management, in conjunction with the Board of Directors, regularly and periodically reviews the business strategy. Based on this ongoing evaluation, the Company may alter or pause certain strategic initiatives or consider new or additional strategies to adapt to changes in the operational landscape, competitive dynamics, or other significant factors or events.

### 2.1.3 Risks Related to Claims Management Process

The pricing of the Company's offerings and the allocation of reserves for claims are critically influenced by the timeliness and efficiency in notifying, processing, and compensating claims, whether through brokers or cedents. The Company faces claims management risk if it encounters inaccuracies or incompleteness in case reserves and claims settlements, substandard service quality, or inflated claims handling expenses. These issues can harm the Company's reputation and competitiveness, potentially leading to the loss of current and future business opportunities or the imposition of punitive damages. Such risks may arise at any stage of the claims lifecycle.

The success of claims management largely relies on the expertise and prompt decision-making of well-trained personnel in processing claims. For the financial year ended 31 December 2022G and 2023G, and the Three-Month Period Ended 31 March 2024G, the value of outstanding claims was approximately SAR 822,404,823, SAR 870,009,594 and SAR 855,421,884, respectively. The incurred but not reported (IBNR) claims for the financial years ended 31 December 2022G and 2023G, as well as the Three-Month Period Ended 31 March 2024G were also significant, amounting to approximately SAR 533,120,986, SAR 698,549,947 and SAR 769,837,058, respectively.

Inefficiencies in claims administration and payment can lead to incorrect compensation decisions, errors in establishing claims reserves or making payments, heightened fraud risk, and inaccurate management information regarding reserves and pricing. This, in turn, could trigger additional claims, related processing costs and expenses, and elevate the risks associated with inadequate technical claims and/or pricing models. These risks increase the longer the period between the claim date and settlement thereof.

Should the Company's administration of claims prove to be inefficient or ineffective, or if it incurs costs or expenses beyond anticipated rates, it might be compelled to revise its pricing models and/or elevate its prices. Such adjustments could deter business, necessitating an increase in the Company's technical claims reserves. These additional costs or the effects of inflation may harm the Company's profitability, which could materially and adversely impact its business, results of operations, financial position, and future prospects.

### 2.1.4 Credit Risks

Credit risk arises when counterparties, such as retrocessionaire, cedents, brokers, and debt issuers, do not meet their obligations to the Company under agreed terms and conditions. The Company has established comprehensive policies and procedures for managing and monitoring credit risk. However, there is no guarantee of the adequacy of these policies and procedures. As of 31 December 2023G, the maximum exposure to credit risk from reinsurance contracts amounted to SAR 35.49 million (compared to SAR 73.59 million as of 31 December 2022G), primarily related to premiums receivable for services already provided by the Company.

The following table illustrates the maximum credit risk exposure for financial assets, reinsurance contract assets, and retrocession contracts in the statement of financial position:

| SAR | 31 December 2022G | 31 December 2023G |
|---|---|---|
| Bank Balances | 31,496,942 | 87,865,592 |
| Financial Investments at Fair Value Through income statement | 272,653,544 | 154,455,986 |
| Financial Investments at Fair Value Through Other Comprehensive Income | 119,921,195 | 141,632,674 |
| Financial Investments at Amortized Cost | 1,030,133,715 | 1,127,330,016 |
| Reinsurance Contract Assets | 105,036,555 | 77,827,287 |
| Retrocession Contract Assets | 189,246,075 | 439,593,167 |
| Other Assets | 115,198,756 | 222,253,969 |
| **Total** | **1,863,686,782** | **2,250,958,691** |

In line with industry norms, the Company possesses uncollateralized receivables from insureds and brokers, and relies on these agents and brokers for the processing of payments. As of 31 December 2022G, the balance of accounts receivable amounted to SAR 472,081,259, representing 19% of the Company's total assets. As of 31 December 2023G, the accounts receivable balance was SAR 322,778,829, representing 12% of the Company's total assets. As of 31 March 2024G, the accounts receivable balance stood at SAR 335,780,101, accounting for 15% of the Company's total assets. Should the Company be unable to collect amounts owed by insureds, agents, and brokers, it will face financial losses, adversely affecting its business, results of operations, financial position, and future prospects.

Additionally, the Company is exposed to credit risks associated with reinsurance companies regarding reinsurance coverage arrangements. Although reinsurance companies are liable for risks up to the agreed coverage limit, the Company remains primarily responsible to its clients for all risks it reinsures. As such, reinsurance arrangements do not release the Company from its obligation to settle claims, and the Company may face risks related to the reinsurance companies. Consequently, the Company is exposed to risks concerning its ability to recover amounts from reinsurers, including any defaults by primary reinsurers with whom it works due to disputes over certain reinsurance claims payable under the contract or failure to settle any claim or part thereof. The Company cannot guarantee that reinsurers will pay reinsurance claims on time or at all.

The Company's credit loss provision as of 31 December 2022G was SAR 8,281,763 and SAR 5,040,098 as of 31 December 2023G, and SAR 9,610,640 as of 31 March 2024G. As of the date of this Prospectus, it should be noted that the Company has no unrecoverable debts. In the event that reinsurers are unwilling or unable to pay amounts owed under reinsurance contracts, whether due to financial difficulties or any disputes regarding coverage under the reinsurance agreement with the relevant reinsurer, the Company may incur unexpected losses, which could materially and adversely impact its business, results of operations, financial position, and future prospects.

### 2.1.5 Risks related to Contracts concluded with Third Parties

The Company has entered into agreements and contracts with various third parties in the reinsurance sector through brokerage and retrocession contracts, as well as with providers of other services, such as, IT and consulting contracts. These agreements, with the exception of inward and outward reinsurance agreements, are subject to the Outsourcing Regulation for Insurance and Reinsurance Companies and Insurance Service Providers issued by the Saudi Central Bank (formerly the Saudi Arabian Monetary Authority, noting that the Insurance Authority became the regulatory body for the insurance sector in the Kingdom as of 2023G) requires reinsurance companies to obtain prior approval from the Insurance Authority before outsourcing any material tasks to the relevant reinsurance company. As of the date of this Prospectus, the Company has entered into reinsurance contracts with Probitas Corporate Capital Company, in which the Chairman, Mr. Abdullatif Al-Fozan, has an indirect interest due to his board membership in Probitas Holdings (Bermuda). The total value of these contracts during the financial year ended 31 December 2023G amounted to SAR 127,986,637, with the General Assembly approval obtained on 12/05/2024G (for more information, please refer to section 2.1.8 "**Risks Related to Contracts and Business with Related Parties**" of this Prospectus.

The Company's operational efficiency and client service capability significantly depend on the consistent and reliable services provided by these external parties, notably in IT, claims settlement, and actuarial consulting. The Company's growth and ability to satisfy client demands hinge on its reliance on competent and experienced external providers for various specialized functions and services. However, there is no guarantee that these external parties will deliver services at the level anticipated by the Company. Moreover, the Company lacks direct operational or financial control over its primary service providers and outsourcing partners and cannot accurately forecast the sudden termination of any outsourcing agreements. The Company also faces risks related to fluctuations in special commission rates paid to insurance companies or brokers for underwriting insurance policies. Unexpected changes in commission rates or terms with brokers may increase operational costs and reduce the Company's profit margins. Additionally, higher commission rates could negatively impact the company's competitiveness in the market and its ability to achieve financial targets. The inability to effectively manage special commission rates may result in adverse effects on the Company's financial position and future prospects.

Should the Company or its contracted partners fail to adhere to the terms of these agreements, or if the Company faces adverse outcomes in any future litigation or proceedings, or if there is a lack of Insurance Authority approval as required by the Outsourcing Regulation for Insurance and Reinsurance Companies and liberal professions, or in the event of fluctuations in the special commission rates, it could result in a material adverse effect on the Company's business, results of operations, financial position, and future prospects.

### 2.1.6 Risks Related to Sanctions and Penalties and Suspension of Business by Competent Authorities

Since the Company's operations are subject to various regulations and directives issued by the Saudi Central Bank (formerly the Saudi Arabian Monetary Authority), the Insurance Authority, the Capital Market Authority, the Ministry of Commerce, Tadawul, and several other government agencies, it is at risk of fines and penalties in cases of non-compliance or delays in complying with any of these regulations and directives. A range of fines and penalties may be imposed on the Company by the Insurance Authority, the Capital Market Authority, and others, potentially including the suspension of all or part of its operations, which could materially and adversely affect its operational results, financial position, and future prospects. It should be noted that the Company has been subject to fines and penalties during the financial years ending 31 December 2022G and 2023G, and as at the date of this Prospectus, as outlined in the table below:

| Regulatory Authority | Violation | Violation Date | Penalty Amount | Status |
|---|---|---|---|---|
| Capital Market Authority | Incorrect disclosure – a typographical error in the Q1 2022G announcement. | 09/06/2022G | Non-financial | N/A |
| Saudi Central Bank | Delay in submitting results of the second testing phase related to the fourth stage of the transition plan to IFRS 17 accounting standards. | 17/11/2022G | SAR 20,000 | Paid |
| Capital Market Authority | Delay in announcing developments related to the company – failure to disclose the formation of the Audit Committee members on time. | 25/12/2023G | Non-financial | N/A |
| Insurance Authority | Delay in submitting financial report templates for the pilot phase related to the fourth stage of the transition to IFRS 17. | 31/12/2023G | SAR 40,000 | Paid |
| Insurance Authority | Failure to obtain the Insurance Authority's prior written no-objection within the legally prescribed period before publishing the annual financial statements for 2023G. | 26/05/2024G | SAR 100,000 | Paid |

If the Company fails to comply with all regulations and directives issued by the Insurance Authority, the Companies Law and Implementing Regulations thereof, the Capital Market Authority's rules, requirements, and implementing regulations, and the rules, requirements, and implementing regulations of Tadawul, it may be subject to fines and penalties imposed by the Insurance Authority, the Capital Market Authority, or any other relevant regulatory authority.

### 2.1.7 Risks Related to Failure to Obtain and Renew the Necessary Licenses, Permits and Certificates

The Company is obligated to secure and uphold a variety of permits, licenses, and regulatory approvals essential for conducting its operations. These requirements span across Insurance Authority licenses, commercial registrations, Insurance Authority product licenses, Insurance

Authority issued licenses for opening points of sale, MoMAH licenses, Civil Defense Directorate permits, Ministry of Commerce certificates of registration of the Company, Chamber of Commerce membership certificates, trademark registration certificates, as well as, Saudization, Zakat, and the General Organization for Social Insurance (GOSI). The validity of the majority of the Company's licenses, permits, and certificates is contingent upon compliance with specific conditions, leading to potential suspension or termination if the Company fails to adhere to these stipulations.

On 09/10/2022G, the Company renewed its license from the Saudi Central Bank (noting that the Insurance Authority became the regulatory body for the insurance sector in the Kingdom since commencing its operations in 2023G) to conduct its business. This license is renewed every three years.

Under Article 76 of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the Saudi Central Bank has the right to revoke the Company's license in the following cases:

1. If the Company does not engage in its licensed activities within six months from the date of issuance of the license.
2. If the Company fails to meet the requirements of the Cooperative Insurance Companies Control Law or its Implementing Regulations.
3. If the Insurance Authority determines that the Company has intentionally provided it with incorrect information or data.
4. If it is found that the rights of policyholders, beneficiaries, or shareholders are at risk due to the manner in which the Company conducts its activities.
5. If the Company goes bankrupt.
6. If the Company engages in activities in a manner intended for fraud or deceit.
7. If the Company's paid-in capital falls below the prescribed minimum or if the Company does not meet the financial solvency requirements stipulated in the implementing regulations of the Cooperative Insurance Companies Control Law.
8. If the insurance activity in the insurance branches declines to a level that the Insurance Authority deems ineffective.
9. If the Company refuses or delays the payment of due claims to beneficiaries without justification.
10. If the Company prevents the inspection team appointed by the Insurance Authority from performing its task of examining records.
11. If the Company refuses to execute a final judgment issued in any insurance disputes.

If any of the aforementioned circumstances apply, the Company's license shall be revoked, and it will no longer be able to carry out its activities legally in the Kingdom, which will have a negative impact on its operations, as well as its financial position, operational results, future prospects, and stock price in the market. As a result, shareholders may lose all or part of their investment in the Company.

Should the Company fail to renew its existing licenses, acquire any required new business licenses, or if any of its licenses are suspended, expire, or are not renewed, or if renewals are conducted under conditions detrimental to the Company, or if it fails to secure additional necessary licenses in the future, it could face operational disruptions and incur additional costs. Such circumstances would have a significant negative effect on the Company's business, results of operations, financial position, and future prospects.

### 2.1.8 Risks Related to Contracts and Business with Related Parties

In its regular business, the Company engages in transactions with related parties, primarily consisting of major shareholders and key management personnel. These transactions are conducted under terms mutually agreed upon and approved by the management. The total outstanding balance owed to Related Parties was approximately SAR 7.1 million, SAR 2.4 million, and SAR 2.4 million, representing 1%, 0.2%, and 0.2% of the Company's liabilities as of 31 December 2022G, 31 December 2023G, and for the Three-Month Period Ended 31 March 2024G, respectively. On the other hand, the total amounts receivable from Related Parties to the Company were approximately SAR 47.0 million, SAR 66.6 million, and SAR 81 million, representing 2.1%, 2.5%, and 3.3% of the Company's assets as of 31 December 2022G, 31 December 2023G, and for the Three-Month Period Ended 31 March 2024G, respectively.

It should be noted that on 11/05/2023G, the General Assembly approved all transactions with Related Parties for the financial year ended 31 December 2022G, which included transactions and contracts between the Company and Probitas Corporate Capital. This involved indirect interests for the former Chairman, Mr. Hisham bin Abdulmalik Al-Sheikh, the former Managing Director and CEO, Mr. Fahad Abdulrahman Al-Husni, and former Board member Mr. Jean-Luc Guirguin, as they were representatives of the Company due to their membership on the board of Probitas Holdings (Bermuda), the parent company of Probitas Corporate Capital and indirect interests for Mr. Jean-Luc Guirguin due to his membership on the board of Probitas Corporate Capital. The value of these transactions amounted to SAR 158,704,085 for the financial year ended 31 December 2022G. Additionally, there were transactions and contracts between the Company and former Board member Mr. Jean-Luc Guirguin, in which he had a direct interest, related to providing consulting services in the field of reinsurance, valued at SAR 188,983 for the same financial year. Furthermore, on 12/05/2024G, the General Assembly approved all transactions with Related Parties for the financial year ended 31 December 2023G, which included transactions and contracts between the Company and Probitas Corporate Capital, where the Chairman, Mr. Abdullatif Al-Fozan, has an indirect interest due to his membership on the board of Probitas Holdings (Bermuda). The value of these transactions amounted to SAR 127,986,637 for the financial year ended 31 December 2023G.

It should also be noted that as of the date of this Prospectus, the Company has entered into transactions with Related Parties during 2024G, which include transactions and contracts between the Company and Probitas Corporate Capital, where the Chairman, Mr. Abdullatif Al-Fozan, has an indirect interest due to his board membership in Probitas Holdings (Bermuda), with a value of SAR 55,107,920 during the Nine-Month Period Ended 30 September 2024G, as well as contracts and transactions with Al-Awwal Investment, where board member Mr. Abdulaziz

Al-Bassam has an indirect interest due to his board membership in Al-Awwal Investment. The value of these transactions is calculated yearly as a percentage of the total value of assets of the investment portfolio of the Company subject to the consultations. The final amount due to Al-Awwal Investment shall be calculated at the end of 2024G, noting that the Company did not deal with Al-Awwal Investment in the past years. These transactions will be presented to the General Assembly for approval.

Such transactions are carried out in compliance with Saudi laws and regulations governing Related Party Transactions. The Company is of the belief that these transactions were executed at arm's length, aligning with the Company's policies on conflict of interest governance. There exists a possibility that contracts with Related Parties might not be renewed upon their expiration if they fail to secure approval from either the Board of Directors or the Company's General Assembly. If transactions concluded with Related Parties are not presented to the General Assembly or if the General Assembly does not approve them, the Company may face the risk of objections to those transactions or their annulment. If the aforementioned transactions are annulled or not renewed, the Company may not be able to enter into similar transactions or under the same terms. Furthermore, under the Companies Law, any member of the Board of Directors who fails to disclose any direct or indirect interest in contracts and transactions executed by the Company may be subject to a penalty of up to SAR 5,000,000 and/or imprisonment for a term not exceeding three (3) years. Should there be a lack of future at arm's length transactions, or if these transactions are not presented to the General Assembly or are not approved thereby, this could have a material negative impact on the Company's operations, financial position, and future prospects.

### 2.1.9 Risks Related to Reliance on Key Personnel

The Company significantly depends on the expertise, technical skills, and business acumen of its workforce, including the senior management, key sales staff, actuaries, and those involved in client services, electronic security, underwriting, claims management, and the upkeep of client relationships. Therefore, the Company's success is largely contingent upon its ability to maintain a skilled management team and key employees, replace personnel effectively should they depart, and attract, retain, and motivate talented individuals.

The competition for highly skilled employees in the Saudi reinsurance sector is fierce. To retain and attract the necessary talent, the Company might have to offer higher salaries or additional benefits. However, this does not shield the Company from the potential negative effects on its operations due to the loss or termination of key staff members.

Should the Company not succeed in retaining its critical personnel or in hiring new qualified staff to facilitate its growth, it could significantly negatively affect the Company's business, results of operations, financial position, and future prospects.

### 2.1.10 Risks Related to Employees' Misconduct or Error

The Company may not always succeed in preventing its employees from engaging in misconduct, including illegal activities, misuse of information or regulations, unauthorized disclosure of confidential data, spreading misleading information, or failing to adhere to internal policies. Such actions could lead the Company to face losses, incur penalties, or bear financial burdens. Misconduct by employees may lead to legal proceedings or termination of employment due to breaches of contract. Incurred fines, penalties, or claims could negatively impact the Company's profitability. Moreover, adverse publicity stemming from employee misconduct could damage the Company's reputation and decrease its revenue, significantly harming the Company's business, results of operations, financial position, and future prospects.

### 2.1.11 Risk of Access to Adequate Financing

The Company's capacity to obtain financing is influenced by various factors, including its ability to secure regulatory approvals, its financial position, and credit standing. Noting that the company has a creditor margin loan amounting to SAR 56,797,019 as of March 31, 2024G. In the event the Company requires further financing to expand its operations, enhance its ability to meet obligations, or improve its solvency, it might encounter challenges in finding sufficient financing sources. Even if financing is procured, it could come at higher costs and on less favorable terms. Should there be a need to bolster its capital for additional funding, the ownership percentage of existing shareholders could be diluted. Therefore, difficulties in accessing appropriate financing could significantly negatively affect the Company's business, results of operations, financial position, and future prospects.

### 2.1.12 Risks Related to Investments

The Company complies with the instructions set out in the Cooperative Insurance Companies Control Law and Implementing Regulations thereof, as well as the investment regulations issued by the Saudi Central Bank and the Company's investment policy. Approval has been obtained from the Saudi Central Bank for the Company's investment policy. The Company's operations and results are influenced by the performance of its local and international investment portfolio, which includes cash balances with banks, short-term deposits, investment funds denominated in Saudi Riyals and registered in the financial market, bonds and Sukuk, and discretionary investment portfolios. The value of the Company's investment portfolio was SAR 1,578,565,184 and SAR 1,782,148,683, and SAR 1,599,320,670 as of 31 December 2022G, 31 December 2023G, and for the Three-Month Period Ended 31 March 2024G, respectively. The investment results are subject to a range of investment risks, including those associated with general economic conditions, market fluctuations, changes in interest rates, liquidity and credit risks, as well as political conditions. The Company's failure to balance its investment portfolio and its suitability against its financial obligations may force it to liquidate investments at unfavorable times or prices. Additionally, the investment portfolio is subject to regulatory constraints and the unavailability of certain financial products, such as derivatives, which may limit investment returns. Effective management of these investments also requires a robust management system and the capability to select and diversify high-quality investments. Failure to achieve this may result in reduced returns on investments, which could materially and adversely affect the Company's business, results of operations, financial position, and future prospects.

### 2.1.13 Risks Related to Inadequacy of Provisions and Claim Reserves

The Company's financial outcomes are highly dependent on the alignment between actual claims and the assumptions used for pricing its products and establishing reserves. This presents a risk of reserves being insufficient to cover the actual claims received.

The Company is required to set aside provisions to cover and fulfill its financial obligations under the Implementing Regulations of the Cooperative Insurance Companies Control Law and IFRS 17. The size of the Company's reserves is estimated based on expected trends in the volume and frequency of claims, using the data available at that time. The process of estimating adequate reserves for claims is inherently uncertain due to the difficulty and complexity of making the necessary assumptions on which the reserves are calculated. In particular, these estimates rely on actuarial and statistical forecasts of the facts and circumstances known at a specific date, along with trend estimates regarding the severity of claims and other changing factors, including the emergence of new liabilities and general economic conditions, which are subject to change. As a result, the process of estimating reserves under the insurance policy involves a high degree of estimation and is subject to various variables.

The total liabilities for reinsurance contracts and retrocessions as of 31 December 2022G, 31 December 2023G, and for the Three-Month Period Ended 31 March 2024G were SAR 932.1 million, SAR 1,288.1 million, and SAR 1,047.3 million, respectively. The provision for claims under settlement amounted to approximately SAR 822,404,823 and SAR 870,009,594, and SAR 855,421,884 for the financial years ended 31 December 2022G, 2023G, and the Three-Month Period Ended 31 March 2024G, respectively. Regarding the provision for incurred but not reported claims, its value was approximately SAR 533,120,986 and SAR 698,549,947 and SAR 769,837,058 for the financial years ended 31 December 2022G, 2023G, and the Three-Month Period Ended 31 March 2024G, respectively.

The following table illustrates the increase (decrease) in the total provision values for the financial years ended 31 December 2022G, 2023G, and the Three-Month Period Ended 31 March 2024G:

| SAR | 2022G | 2023G | 31 March 2024G |
|---|---|---|---|
| Provision for Claims Under Settlement | 822,404,823 | 870,009,594 | 855,421,884 |
| Provision for Incurred but Not Reported Claims | 533,120,986 | 698,549,947 | 769,837,058 |
| Total Provision Value | 1,355,525,809 | 1,568,559,541 | 1,625,258,942 |
| Increase (Decrease) in Total Provision Value | - | 213,033,732 | 56,699,401 |

The increase in provisions is directly related to the growth in the Company's business volume. Generally, changes in provisions and reserves affect the Company's financial performance, as an increase in provisions is deducted from the income statement, while a decrease results in a reversal of the amount in the income statement.

It is also noteworthy that the Company began the initial implementation of IFRS 17 and IFRS 9, including any subsequent amendments to other standards, starting from 1 January 2023G. The application of these standards has led to significant changes in the accounting for reinsurance contracts, retrocession contracts, and financial instruments. As a result, the company made adjustments to some comparative amounts for the previous year.

| Impact of Transition to IFRS 17 on 1 January 2022G (SAR) | | |
|---|---|---|
| Total Impact on Equity | | 2,579,677 |
| Total Impact on Reinsurance Contract Liabilities | | 17,952,391 |
| Total Impact on Retained Retrocession Contracts | | 20,532,068 |
| **Impact of Transition to IFRS 9 on 1 January 2022G (SAR)** | | |
| Impact on Financial Assets and Financial Liabilities | Original Carrying Amount Under International Accounting Standard 39 (SAR) | New Carrying Amount Under International Accounting Standard 9 (SAR) |
| Total Financial Assets | 1,491,979,034 | 1,489,698,972 |
| Total Financial Liabilities | No change | |

For more information regarding the initial application impact of IFRS 17 and IFRS 9 on accounting standards, please refer to Section 2.1.22 "**Risks Related to Changes in Significant Accounting Policies and Standards and New Standards**" of this Prospectus.

It is noteworthy that the size of the Company's reserves is based on future estimates, which may prove to be inadequate at any given period. If actual claims exceed the claims reserves, the company may need to increase its future reserves, which could lead to a material adverse impact on the Company's business, results of operations, financial position, and future prospects.

### 2.1.14 Risks Related to Retrocession

Within its framework and strategy for mitigating risks and managing capital, the Company needs to reinsure its reinsurance portfolio through retrocession arrangements with retrocessionaires to limit certain risks that the Company may face, such as exposure to individual risks and losses resulting from fire. The Company transfers the risks covered by its insurance products to the retrocessionaire under retrocession arrangements, which, in turn, requires premiums in exchange for assuming these risks. The written premiums for the retroceded reinsurance portfolio amounted to SAR 504,681,841 and SAR 453,198,859, and SAR 347,501,096 as of 31 December 2022G, 31 December 2023G, and for the Three-Month Period Ended 31 March 2024G, respectively.

The capability of the Company to secure retrocession agreements at favorable costs is influenced by various external factors beyond the scope of the Company's influence, including market conditions which affect the availability and pricing of suitable reinsurance, the collection of dues from future retrocessionaires, and the financial position of these retrocessionaires. The reinsurance sector is inherently cyclical, experiencing significant fluctuations that can adversely affect the cost, terms, and availability of retrocession, as well as the capacity of retrocessionaires to settle claims. Changes in the risk appetite of retrocessionaires could lead to price volatility or an altered willingness to cover certain risks in the future. Moreover, any regulatory modifications in reinsurance practices might create discrepancies between the Company's statutory obligations and the coverage offered by reinsurers. Should there be any notable shifts in reinsurance costs, the Company might face increased retrocession expenses, be compelled to accept less favorable terms, or struggle to find adequate reinsurance coverage. Consequently, the Company could bear higher risks, potentially leading to escalated losses.

If the Company's retrocessionaires choose not to renew their offerings for any reason, the Company faces the challenge of replacing previous retrocession agreements at a reasonable cost. Additionally, the Company might incur reinsurance losses during any gap between the termination or expiry of existing agreements and the commencement of new ones. A default by key retrocessionaires could expose the Company to substantial losses, significantly impacting its business, results of operations, financial position, and future prospects.

### 2.1.15 Risks of Retrocession Concentration

The Company engages with 36 reinsurance coverage companies to insure its portfolio, which naturally exposes it to the risk of default by these companies. The number of agreements regarding participation shares in reinsurance coverage was 9 agreements, 10 agreements, and 8 agreements, with a total value of SAR 322,936,631 and SAR 491,649,322, and SAR 318,723,549 as of 31 December 2022G, 31 December 2023G, and for the Three-Month Period Ended 31 March 2024G, respectively.

Should any of these retrocessionaires encounter insolvency, bankruptcy, or financial difficulties preventing them from fulfilling their contractual obligations, the Company could experience significant adverse effects on its business, results of operations, financial position, and future prospects.

### 2.1.16 Risk Related to Geographical Concentration

The Company caters to reinsurance needs from insurance entities within the Kingdom of Saudi Arabia, as well as from the Middle East, Africa, and Asia.

Total reinsurance revenues amounted to SAR 255,591,946 SAR from the Kingdom, SAR 201,319,245 from Asia, SAR 82,534,270 from other Middle Eastern countries, SAR 32,509,953 from Africa, and SAR 125,042,504 from other countries, respectively, representing 36.7%, 28.9%, 11.8%, 4.7%, and 17.9% of the Company's total reinsurance revenues for the financial year ended 31 December 2022G.

For the financial year ended 31 December 2023G, total reinsurance revenues were SAR 216,820,889 from the Kingdom, SAR 196,873,935 from Asia, SAR 67,953,477 from other Middle Eastern countries, SAR 16,365,603 from Africa, and SAR 129,173,121 from other countries, representing 34.6%, 31.4%, 10.8%, 2.6%, and 20.6% of the Company's total reinsurance revenues, respectively.

For the Three-Month Period Ended 31 March 2024G, total reinsurance revenues were SAR 94,605,768 from the Kingdom, SAR 54,292,570 from Asia, SAR 25,560,587 from other Middle Eastern countries, SAR 5,963,615 from Africa, and SAR 26,522,457 from other countries, representing 45.7%, 26.2%, 12.4%, 2.9%, and 12.8% of the Company's total reinsurance revenues, respectively.

To manage geographical risk concentration, the Company assesses risks that are geographically co-located or underwritten by the same entity. For risks related to floods or earthquakes, an entire city may be regarded as a single location. In the case of fire and property risks, a specific building and its immediate surroundings, susceptible to damage from a single incident, are viewed as one location. For individual marine risks, multiple risks within a single vessel voyage are treated as a single risk in concentration risk evaluations. However, for treaty reinsurance covering multiple risks, limits are set for unknown accumulations.

The Company evaluates exposure concentrations to both individual and cumulative insurance risks, shaping its reinsurance strategy to mitigate these exposures to levels deemed acceptable. Nonetheless, should the Company misjudge the concentration of risks, it could face adverse effects on its business, results of operations, financial position, and future prospects.

### 2.1.17 Risks Related to Poor Assessment of Risks

The Company faces significant challenges related to the formulation of estimates and assumptions utilized by management. A case in point is the estimation of premiums prior to receiving actual data from ceding companies, where the actual figures may diverge from initial estimates. An adverse outcome could materialize, for instance, if the actual premiums are lower than anticipated while claim levels remain constant. Furthermore, estimating losses can be complex, with initial estimates often subject to considerable uncertainty and potential revision upon the emergence of new information.

Additionally, adverse shifts in market conditions could negatively impact the initial assumptions made for financial reporting. This may lead to potential impairments in the present value of future profits, the fair value of assets and liabilities, and deferred acquisition costs or goodwill. These risks and uncertainties can stem from changes in economic conditions, the financial status of issuers, variations in interest rates or credit spreads, and prospects for future recoveries.

Therefore, the Company's success is contingent upon its ability to accurately formulate these assumptions and estimates, which are critical for assessing the risks associated with retained businesses. Failure to precisely determine these assumptions and estimates, and adequately assess retained risks, may result in the Company setting insufficient premium rates to cover its losses. Such a shortfall could significantly negatively impact the Company's business, results of operations, financial position, and future prospects.

### 2.1.18 Risk Related to Emerging Claims

As the landscape of industry practices and legal, judicial, social, and other environmental conditions evolves, the Company faces the risk of encountering unexpected and unintended claims and coverage issues. These developments can negatively impact the Company's operations by necessitating coverage that exceeds the original underwriting intentions or by amplifying the frequency and magnitude of claims. Notable examples of emerging claims and coverage concerns include:

- Negative shifts in loss trends.
- Judicial broadening of policy coverage and the emergence of new liability theories.
- An increase in class action litigation against property and casualty insurers over claims-handling processes and other practices.
- Litigation related to climate change.
- Moves toward more stringent building codes, potentially escalating industry losses for earthquake coverage due to higher replacement costs.
- Casualty claims arising within the context of property coverage.
- Ambiguities or uncertainties in the interpretation of laws and regulations, including contract interpretation, especially in new markets the Company ventures into.

The potential effects of these and other unforeseen emerging claim and coverage issues are challenging to forecast. However, an increase in the number and severity of such issues could significantly detriment the Company's operations. Consequently, these developments pose a material adverse risk to the Company's business, results of operations, financial position, and future prospects.

### 2.1.19 Risks Related to the Policies of the Ceding Companies

The efficacy of the Company's reinsurance underwriting process is partially reliant on the underwriting policies, procedures, and expertise of the ceding companies responsible for the initial risk assessments. Should these ceding companies inaccurately evaluate the risks they underwrite, it could lead to the Company misjudging the risks it assumes or failing to implement strategies to mitigate claims, potentially resulting in increased losses.

The Company may lack sufficient insight into the assumptions, modeling, and other methodologies employed by ceding companies, which might not align with the Company's interests. For instance, in new markets the Company enters, reliance on local ceding companies' understanding and evaluation of concentration risks and the ramifications of contingent business interruptions could pose additional risks. Furthermore, the data provided to the Company may not be as up-to-date as required.

If ceding companies do not accurately appraise the risks they underwrite, or if they do not furnish the Company with timely and relevant data, the Company might misestimate the risks it reinsures. Consequently, the premiums ceded to the Company may not be sufficient to compensate for these risks. Moreover, depending on the underwriting decisions made by ceding companies introduces further uncertainty regarding the sufficiency of the Company's reserves. The Company's risk exposure could also increase if ceding companies neglect to take actions to mitigate their direct risks under the original policies. Any of these issues could materially and adversely impact the Company's business, result of operations, financial position, and future prospects.

### 2.1.20 Risks Related to Merger and Acquisitions

The Company might pursue mergers or acquisitions in the future to maintain its competitive edge, strengthen its market presence, or venture into new operational territories. These strategic moves aim to optimize resource utilization, achieve economies of scale, and enhance the Company's technical capabilities. Nonetheless, the anticipated benefits from such transactions may not materialize as expected in terms of magnitude or timing. Predicted synergies might fail to occur, revenue enhancements and cost reductions could fall short of projections, and the acquired assets might not meet the Company's expectations, potentially necessitating significant additional investments. Moreover, there's a risk that the Company's management and resources may become overly focused on integration efforts, detracting from the operation of its existing business. The Company cannot assure that the integration of new acquisitions will deliver benefits that justify the transaction costs incurred.

Additionally, mergers and acquisitions are fraught with other risks: the acquired business may underperform post-transaction, there could be a loss of critical personnel from the acquired entity, and unexpected liabilities or events may arise (including challenges in integrating the systems of the acquired business). The Company is also likely to face substantial transaction expenses, such as administrative, legal, and consultancy fees, costs related to the integration process, or expenses from eliminating redundant facilities or assets. Furthermore, the Company may not accurately evaluate the value, liabilities, strengths, and weaknesses of potential acquisitions or investments. As a result, any future merger or acquisition could alter the Company's performance and risk profile, potentially leading to a material adverse effect on its business, results of operations, financial position, and future prospects.

### 2.1.21 Risks Related to Cancellation or Non-Renewal by Ceding Companies

The Company operates in a highly competitive market. Since the duration of agreements between the Company and the Ceding Companies is typically short- to medium-term, ranging from one (1) year to ten (10) years, the Company may not be able to guarantee the renewal of these agreements in the future. Should these agreements with the Ceding Companies not be renewed or if they are canceled, the Company could face a significant decline in its written premiums in subsequent years. Such a scenario would materially and negatively affect the Company's business, results of operations, financial position, and future prospects.

### 2.1.22 Risks Related to Changes in Significant Accounting Policies and Standards and New Standards

The Company faces risks associated with changes in significant accounting policies and standards, as well as the issuance of new accounting standards by the Saudi Organization for Chartered and Professional Accountants (SOCPA) or relevant international bodies. This includes the implementation of IFRS 17 related to insurance contracts and IFRS 9 related to financial instruments. The application of these standards may result in changes to how financial statements are prepared or how financial transactions are measured and recorded, which could significantly impact the company's financial results and financial position. If the company is unable to adapt to these new standards or implement them correctly, it may lead to increased costs or the need to restate prior financial statements, which could adversely affect the Company's financial position and future prospects.

### 2.1.23 Risks Related to Maintaining Solvency Margin Requirements

Under the requirements of the Implementing Regulations of the Cooperative Insurance Companies Control Law regarding maintaining a solvency margin, which mandates a minimum solvency margin of 100%, the Company's solvency margin was 291%, 224%, and 199% as of 31 December 2022G, 31 December 2023G, and for the Three-Month Period Ended 31 March 2024G, respectively. According to the Implementing Regulations of the Cooperative Insurance Companies Control Law, if the actual solvency margin falls between 75% and 100% of the required margin, the Company must restore it to 100% within the following quarter. If the actual solvency margin remains between 75% and 100% for two consecutive quarters, or if the actual solvency margin falls between 50% and 75% of the required margin, the company must prepare and provide the Insurance Authority with a corrective action plan. Failure to comply with the solvency margin requirements according to regulatory requirements requires the Company to take corrective actions per Article 68 of the Implementing Regulations of the Cooperative Insurance Companies Control Law. If the Company's solvency margin declines and it fails to comply with the provisions of the law regarding correcting its position, the Insurance Authority has the right to take actions that include fines of up to SAR 2,000,000 (and for continued violations, a fine of up to SAR 10,000 for each day the violation persists) and revocation of the license, among other penalties. This would adversely affect the Company's business, financial position, results of operations, and future prospects.

### 2.1.24 Risks Related to Risk Management Policies

The Company has established risk management policies in accordance with the Implementing Regulations of the Cooperative Insurance Companies Law and the Risk Management Regulations issued by the Insurance Authority. Should there be any shortcomings in effectively implementing or periodically updating these policies, or if management fails to promptly identify and assess risks, the Company could be exposed to multiple hazards. These include, but are not limited to, non-compliance with the Cooperative Insurance Companies Control Law and its associated regulations. Such non-compliance could lead to various sanctions under the law, up to and including the revocation of the Company's license. This scenario would have a significant and negative impact on the Company's business, results of operations, financial position, and future prospects.

### 2.1.25 Risks Related to Failure of IT Systems or Violation of Security Measures

The Company's operations are significantly supported by its IT systems, which are pivotal for delivering services to clients. The reinsurance sector's extensive dependence on IT systems increases the exposure of reinsurance companies, including the Company, to risks of hacking, cyberattacks, and intentional data, network, and software breaches. Given the growing use of IT systems and data in the Company's activities, these systems and data are vulnerable to breaches, theft, disruption, leakage, alteration, or destruction by unauthorized individuals or entities aiming to harm the Company and its assets, employees, etc.

Moreover, the shift towards utilizing cloud data storage services could amplify the risk of IT failures. For instance, a cyber-attack on the reinsurance network might hinder the Company's ability to serve its clients, potentially harming its reputation, leading to revenue losses, or resulting in financial penalties. Inadequate data protection or misuse can lead to the compromise of client information or unauthorized data access.

The Company's IT infrastructure is also vulnerable to other internal and external risks, including malware, coding vulnerabilities, attempts to breach the Company's network, lack of required updates or modifications, data leaks, and human errors, all of which pose a direct risk to the company's services and data. Other threats include equipment failures, physical attacks, theft of customer information, fires, explosions, floods, severe weather, power outages, and other issues that may arise during network upgrades or significant changes, in addition to suppliers failing to meet their obligations to provide the Company with the latest IT systems.

A partial or complete failure of the Company's IT systems could halt or severely disrupt its business activities. Any system malfunction, incident, or breach could disrupt the Company's operations or impact its ability to provide services to its clients. Consequently, this would negatively affect the Company's revenues and operational performance. Such disruptions may also impact the Company's image and reputation, potentially reducing client trust and leading to the loss of some customers. Additionally, the Company may incur extra costs to repair any damage caused by these disruptions. In all these cases, there would be a material negative impact on the Company's business, results of operations, financial position, and future prospects.

### 2.1.26 Risks related to claims, disputes and litigation

During its regular business, the Company may face lawsuits and litigation related to its reinsurance activities, as well as disputes and claims concerning reinsurance coverage with third parties. Consequently, the Company might be subject to legal actions initiated by government entities and departments, in addition to investigations prompted by new regulations governing the reinsurance sector within the Kingdom. The outcomes of these legal claims, disputes, or litigations are uncertain, making it challenging for the Company to forecast their financial repercussions.

As of the date of this Prospectus, the Company is defendant in one (1) arbitration case in the reinsurance sector, filed by Oriental Insurance Company Limited, which is seeking payment under a Miscellaneous Accidents Surplus Treaty entered into starting in 2013G and extending until 2020G. A dispute has arisen regarding the entitlement to cover one of the risks related to the agreement, with an estimated amount of approximately SAR 21.18 million, according to the notice of arbitration filed on 28 December 2021G, in accordance with the arbitration laws in India. As of the date of this Prospectus, the dispute is still under consideration by the arbitration panel, which has begun examining procedural and formal aspects in preparation for considering the substantive side regarding the claimant's entitlement to compensation. The Company has set aside a provision of SAR 24 million to cover the arbitration claim. Additionally, the Company is not a party to any significant legal proceedings.

Regardless of the results of any regulatory actions or legal proceedings, these situations can lead to substantial costs and require the Company to allocate significant resources for its defense. Such expenditures and resource allocations could materially and adversely affect the Company's operations, financial position, and future prospects.

### 2.1.27 Risk Related to Brand Protection

The Company's ability to promote its insurance offerings and expand its operations is significantly linked to the utilization of its name and brand, "SAUDI RE". The trademarks for "SAUDI RE" are registered with the Ministry of Commerce under No. 1445015289, covering both Arabic and English versions, and classified under Class 36 for insurance services.

The Company is also exposed to a number of risks, including lawsuits, employee misconduct, operational failures, outcomes of investigations or legal proceedings, the reputation of the Company's partners or competitors, articles published in the media, and negative publicity, which, whether true or false, may impact the "Saudi Re" brand and consequently its reputation. The Company's significant investments in marketing initiatives aimed at enhancing brand recognition and reputation may not yield the desired effects. Additionally, the Company may face potential damage to its reputation and the "Saudi Re" brand due to poor performance related to customer service or customer dissatisfaction with its products, which could adversely and materially affect the company's business, results of operations, financial position, and future prospects.

### 2.1.28 Risks Related to Credit Ratings

Ratings play a crucial role in determining the competitive stance of reinsurance companies. Independent rating agencies evaluate and assign financial strength ratings to reinsurers and insurers, including Saudi Re. These ratings aim to gauge a company's capacity to fulfill its financial commitments and are based on the criteria set forth by these agencies. Ratings can either be solicited by the Company or assigned unsolicited.

As stated in this Prospectus, the Company has been rated A3 with a stable outlook by Moody's and A- with a stable outlook by S&P. However, there's no assurance that Moody's or S&P will maintain these ratings. A downgrade below the norm for the insurance market could significantly and negatively affect the Company's business, results of operations, financial position, and future prospects.

### 2.1.29 Risks Related to Currency Exchange Rates

Exchange rate risks arise from fluctuations in the financial investments due to changes in foreign currency exchange rates. Companies often face currency risks when dealing with international parties and investing or underwriting in their foreign currencies. It is worth noting that the company's transactions in dollars amounted to USD 96,109,017 and USD 103,595,070 and USD 93,108,129 as of 31 December 2022G, 31 December 2023G, and the Three-Month Period Ended 31 March 2024G, respectively. The Company's transactions in euros amounted to EUR 2,446,318 EUR 6,320,604 and EUR 6,449,178 as of 31 December 2022G, 31 December 2023G, and the Three-Month Period Ended 31 March 2024G, respectively.

The Company conducts transactions in both local and foreign currencies. Therefore, the Company is exposed to exchange rate risks due to fluctuations in foreign currency exchange rates related to investments or underwriting obligations conducted in foreign currencies. If the Company collects any amounts from the sale of its products or transactions entered into with foreign parties in foreign currencies, it may face significant and unexpected risks and fluctuations in exchange rates, which could adversely and materially affect the Company's business, results of operations, financial position, and future prospects.

### 2.1.30 Risk Related to Liquidity

The Company's operational model necessitates maintaining adequate capital and liquidity to fulfill its reinsurance obligations, even in scenarios involving foreseeable events or a series of events, such as extreme catastrophes, that activate the Company's insurance or reinsurance coverage responsibilities.

The allocation of the Company's financial resources covers various needs, including obligations from its reinsurance operations, which might entail handling large and unpredictable claims (including those related to catastrophes), meeting capital requirements, covering operating expenses, servicing principal and interest on outstanding debts, and financing acquisitions.

The Company's liquidity ratios were 108%, 183%, and 141% as of 31 December 2022G, 31 December 2023G, and the Three-Month Period Ended 31 March 2024G, respectively. The Company may unexpectedly require liquidity under current market conditions. For example, the Company may need liquidity to cover the potential refund of reinsurance agreements or early repayment of debts or similar debt arrangements and other contractual obligations due to a deterioration in the Company's financial strength caused by prevailing market conditions. Similarly, emergency collateral requirements may be linked to ratings or the Company's ability to meet certain regulatory capital tests.

Additionally, unexpected liquidity needs may require the Company to increase debt levels in circumstances where suitable financing may not be available, or to liquidate investments or other assets at times when the Company may not be able to realize fair value for those assets, which have a materially adverse impact on the Company's business, results of operations, financial position, and future prospects.

### 2.1.31 Risk Related to changes in the Shariah Advisor's opinion

The Company employs a Shariah Advisor to oversee its reinsurance services and to provide legal opinions regarding the services offered to clients, as needed. Therefore, any differences in Shariah opinions or inquiries related to the compliance of the Company's services with Shariah standards may negatively impact the Company's transactions with certain clients, which could have a materially adverse effect on the Company's business, results of operations, financial position, and future prospects.

### 2.1.32 Risks Related to Company Governance

The Corporate Governance Regulations were enacted by the CMA Board Resolution No. 8-16-2017 on 16/05/1438H (corresponding to 13/02/2017G), in alignment with the Companies Law, and later amended by CMA Board Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G). As of the date of this Prospectus, the Company is working on updating its governance manual to align with all the requirements outlined in both the Corporate Governance Regulations issued by the CMA and the Corporate Governance Regulations issued by the Insurance Authority.

The Company adheres to all stipulations of the Corporate Governance Regulations promulgated by the CMA. Non-compliance with these regulations could subject the Company to penalties from the CMA, negatively affecting its business, results of operations, financial position, and future prospects. Additionally, the Company is subject to the Corporate Governance Regulations as issued by IA, which also reserves the right to levy fines on the Company if it fails to implement best governance practices, as represented by its Board of Directors and executive management.

Should the Company fail comply in the future with all regulations and instructions issued by the Insurance Authority, as well as CMA rules, requirements, and regulations and implementing regulations thereof, the Company may face fines and penalties imposed by the Insurance Authority, the Capital Market Authority, or any other relevant regulatory authority. Such non-compliance could significantly and adversely impact the Company's business, results of operations, financial position, and future prospects.

### 2.1.33 Risks Related to Anti-Money Laundering and Anti-Terrorism Regulations

The Company adheres to the anti-money laundering (AML) and anti-terrorism financing (ATF) regulations issued by the Insurance Authority, the AML/ATF Rules for Reinsurance Companies, the Anti-Money Laundering Law and its Implementing Regulations, and the Anti-Terrorism Financing Law and its Implementing Regulations.

These regulations outline mandatory procedures for client acceptance (both individuals and companies), due diligence practices, and the process for reporting suspicious activities, among others. The Company currently manages and stores client information through its computer systems. Non-compliance with AML and ATF Regulations subjects the Company to legal repercussions, including the possibility of fines and/or penalties.

Should the Company fail to observe the AML and ATF Regulations, it would face penalties levied by regulatory bodies, negatively influencing its business, results of operations, financial position, and future prospects.

### 2.1.34 Risks Relating to the Outbreak of Infectious Diseases or Other Serious Public Health Concerns

The outbreak of an infectious disease-such as Middle East Respiratory Syndrome (MERS), H1N1 influenza virus, Severe Acute Respiratory Syndrome (SARS), and the novel coronavirus (COVID-19)-in the Middle East may have a materially adverse impact on the economy of the Kingdom and the Company's operations.

In response to the outbreak of the coronavirus (COVID-19), the Saudi government enacted precautionary measures, including travel restrictions and mandatory quarantine measures for international travelers, as well as restrictions on residents of certain cities, regions, or provinces within the Kingdom. Additionally, the Company's management took a series of precautionary actions to proactively address the impact of COVID-19 on its operations, including the establishment of specialized crisis management teams and operations, prioritizing the health and safety of its employees, clients, and the community as a whole. However, the Company's operations may be affected by claims related to COVID-19 based on life insurance, protection policies, and business interruption insurance. Thus far, the Company's operations have not been significantly affected by the medical sector, as the government has provided facilities for the insurance sector by offering free treatments for patients affected by COVID-19.

As of 31 December 2023G, total claims related to COVID-19 received by the Company concerning life insurance amounted to SAR 15.49 million. Claims related to business interruption policies have been inconsequential thus far, and the Company is monitoring its exposure. The Company continues to monitor its exposure to risks, including (i) the operational impact on its business, (ii) the consequences of deteriorating macroeconomic conditions or slowdowns in the flow of individuals, goods, and services, particularly on new business volumes, (iii) the impact on reinsurance coverage, including the assignment of reinsurance business, and (iv) changes in asset prices and financial conditions.

Should COVID-19 or another infectious disease spread further, accurately predicting its overall impact on the Kingdom's economy and the Company's operations becomes challenging. Any additional containment measures could significantly and detrimentally affect the economy, as well as investor and business confidence, in ways that are difficult to foresee. Such developments would materially and negatively influence the Company's business, results of operations, financial position, and future prospects.

### 2.1.35 Risk related to Cybersecurity Threats

In the evolving landscape of digital operations, the Company recognizes cybersecurity as a pivotal risk factor impacting is operation integrity, data confidentiality, and financial position. The Company adheres to stringent cybersecurity protocols in alignment with IA's Cybersecurity Framework, designed to safeguard the financial sector's digital infrastructure. This framework mandates comprehensive risk management practices, including regular cybersecurity assessment, implementation of robust security measures, and prompt incident response strategies. Additionally, the Company is committed to complying with the National Security Authority's (NCA) guidelines, which outline critical controls for protecting national cybersecurity and reducing the risk of cyber threats. Therefore, any malfunction in the Company's systems or any breach of those systems could adversely and materially affect the Company's business, results of operations, financial position, and future prospects.

### 2.1.36 Risk related to Business Continuity Management

The Company's Business Continuity Management (BCM) risk strategy is intricately crafted to bolster its operational resilience and maintain uninterrupted service amidst unexpected disruptions. Aligned with the Insurance Authority's (IA) regulatory mandates, the Company has developed an all-encompassing BCM framework that includes disaster recovery, business continuity planning, and crisis management protocols. This framework's deployment is aimed at reducing the time and financial impact of disruptions on the Company's operations. Failure to effectively manage BCM risks could lead to significant operational disruptions, financial setbacks, and erosion of stakeholder trust, negatively impacting the Company's business outcomes, financial position, and future prospects.

### 2.1.37 Risks related to environmental responsibility

The General Authority for Meteorology and Environmental Protection requires companies to maintain environmental safety, including air and water quality. Therefore, any violation of these requirements may expose the Company to penalties and fines, as well as incur costs for rectifying these violations. Additionally, the recurrence of such violations within one year from the date of a final penalty decision may lead to the doubling of the penalty or the revocation of the licenses granted to the Company by the relevant authorities, which could have a materially adverse effect on the continuity of the Company's operations, significantly impacting its results of operations, financial position, future prospects, and share price.

### 2.1.38 Risks Related to Reputation

The Company's reputation is crucial for gaining the trust of both current and potential customers. The Company's reputation may be harmed in the future due to several factors, including but not limited to a decline in financial results or adjustments, legal or regulatory actions against the Company, or the behavior of an employee that may lead to the Company breaching applicable regulatory requirements. Consequently, information and news directly or indirectly related to the Company can damage its reputation, and trust in the Company as a provider of reinsurance services may be lost. Damage to the Company's reputation will negatively impact its business, financial position, results of operations, share profitability, and future prospects.

### 2.1.39 Emerging Risks

The Company faces potential threats from emerging risks characterized by uncertainty and rapid development. These risks, driven by technological advancements, regulatory changes, economic shifts, and social and political transformations, can significantly impact the operational, strategic, and financial stability of the Company. Examples include cyber threats, climate change, and geopolitical tensions, which can disrupt business operations. If any of these risks materialize, they will have a materially negative impact on the Company's operational performance, financial position, and future prospects.

### 2.1.40 Zakat Risks

The Company is subject to Zakat and tax regulations in the Kingdom. Zakat provisions are set aside based on the accrual principle and are calculated based on the Zakat base (as stipulated by the Implementing Regulations for Zakat Collection). Adjustments, if any, to the Zakat provision are made upon receiving assessments from the Zakat, Tax and Customs Authority (ZATCA).

Accordingly, the Company has filed Zakat declarations since its establishment up to the end of the financial year ended 31 December 2023G. The Company has obtained Zakat certificates for all years up to 2023G. In October 2021G, ZATCA issued assessments for 2019G and 2020G with additional Zakat and income tax liabilities amounting to SAR 3.1 million and SAR 4.2 million, respectively. Although there was a sufficient provision for those previous Zakat periods, the Company filed an objection before the Zakat, Tax, and Customs Committees against the assessments issued by ZATCA. The committee's decisions rejected the Company's objections to 2019G and 2020G assessments, and the Company appealed the decisions before the First Appellate Committee for Tax Violations and Disputes, which also rejected the Company's appeal for the contested years. The Company registered Zakat provisions for 2021G and 2022G in the amount of SAR 4.6 million and SAR 6.3 million, respectively, prior to the issuance of the Zakat assessments for those years.

As of 31 December 2022G and 2023G, the total Zakat provision amounted to SAR 17,212,978.42 and SAR 41,286,191.16, respectively, with the amounts due being paid in the subsequent period. The total Zakat provision amounted to SAR 46,730,526 as of 31 March 2024G.

According to the current Saudi Zakat regulations, if the Zakat declaration is submitted within the statutory deadlines, the statute of limitations is five years from the date of submission of those declarations, with the possibility of extending this period to ten years in the following cases:

- Submission of the zakat declaration after the statutory deadline.
- If the declaration is incomplete or not submitted on the forms prepared by ZATCA.
- Submission of the declaration in violation of the provisions of the Regulations.
- Failure to pay the due Zakat based on the declaration within the statutory period.

To clarify, while the statute of limitations for income tax and Zakat purposes is five (5) years in the Kingdom, ZATCA does not apply this limitation period to withholding taxes.

## 2.2 Risks Related to the Market and Industry

### 2.2.1 Risks Related to Compliance with Applicable Laws and Regulations

The Company operates under the stringent regulatory environment of the Kingdom's reinsurance sector, governed by the Cooperative Insurance Companies Control Law and its Implementing Regulations. Supervised by Saudi Insurance Authority (IA), which oversees the insurance sector, including aspects such as policies, licensing, competition, investment allocations, service standards, and settlement arrangements, the Company must navigate a complex regulatory landscape. The dynamic nature of Saudi Arabia's emerging insurance market could restrict the Company's agility in seizing market opportunities and necessitate substantial annual expenditures to comply with regulatory requirements. There's no guarantee against changes or reinterpretations in the legal or regulatory framework that could adversely affect the Company's operational results. Non-compliance with these regulations could result in severe penalties, including fines, operational suspension, or license revocation, detrimentally impacting the Company's business and results of operations.

As a publicly listed entity, the Company also falls under the jurisdiction of the Capital Market Authority (CMA) and the Saudi Stock Exchange (Tadawul), adhering to the Rules on the Offer of Securities and Continuing Obligations, alongside specific CMA instructions and Tadawul's Listing Rules. These regulations mandate regular disclosures of significant events, financial developments, and comprehensive annual reports by the Board of Directors. Reinsurance companies must announce financial results as per CMA-approved formats, providing clear data regarding the surplus (deficit) in reinsurance operations, net of the return on investments of policyholders, total written insurance premiums, net written premiums, net incurred claims, net profits (losses) from policyholders' investments, net profits (losses) from the shareholders' investment fund, and a comparison of these data with the corresponding quarterly or annual period. The annual financial results, as published on Tadawul's website, must originate from the audited financial statements sanctioned by the Company's General Assembly-appointed external auditor and approved by the Board. Furthermore, the Company must comply with specific declaration forms regarding companies' financial result announcements. The Company must also provide a statement clarifying all the reasons and factors affecting any changes in the financial results for the current financial year compared to the prior period. For more information on the violations incurred by the Company due to non-compliance with laws and regulations, please refer to Section 2.1.6 "**Risks Related to Sanctions and Penalties and Suspension of Business by Competent Authorities**" of this Prospectus.

Non-compliance by the Company with these laws, regulations and requirements will expose it to penalties, including the imposition of fines and suspension of its stock trading, which may lead to the delisting of its shares from the financial market. This would have a significant negative impact on the Company's business, results of operations, financial position, and future prospects.

### 2.2.2 Risks Related to the Implementation of the New Companies Law and Amended Corporate Governance Regulations

The Companies Law issued under Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G) replaced the old Companies Law issued under Royal Decree No. M/3 dated 28/01/1437H (corresponding to 10/11/2015G) and the Corporate Governance Regulations issued by the CMA Board was amended accordingly. Therefore, the Company may not be able to implement some of the provisions of the new Law and Regulations as required, given the change of some relevant procedures and deadlines. Moreover, the Company may face potential risks in case of any violations under this Law and imposition by the CMA of penalties thereon, which will have a material negative effect on the Company's business, results of operations and financial position

### 2.2.3 Risks Related to Reporting Requirements

Under the Cooperative Insurance Companies Control Law and its Implementing Regulations, the Company is obligated to submit to the Insurance Authority (IA) periodic financial statements, annual reports in line with the official accounting standards, and additional information detailing its business, capital structure, ownership, financial standing, along with an annual statement of total contingent commissions paid. Failure to adhere to these requirements may lead the Insurance Authority (IA) to take regulatory actions, impose sanctions, or levy fines against the Company, should it be found non-compliant with any relevant laws, regulations, and directives. Such non-compliance could lead to severe penalties or the implementation of significant restrictions on the Company's operational capabilities, materially and adversely affecting its business, results of operations and financial position.

Furthermore, the Company faces the risk of penalties and fines for not meeting the requirements set by the Capital Market Authority (CMA), including adherence to the Rules on the Offer of Securities and Continuing Obligations, as well as obligations related to disclosures. Non-compliance with these regulations could also negatively and materially impact the Company's business, results of operations, financial position, and future prospects.

### 2.2.4 Risks Related to Insurance and Reinsurance Market Growth

The anticipated growth rate of the Saudi insurance market may not align with the Company's forecasts. Additionally, the impact that the insurance and reinsurance sector in the Kingdom will experience due to the increase in the number of insured individuals, economic growth, population growth in Saudi Arabia, continuous advancements in healthcare, demographic changes, and the opening of the insurance and reinsurance market in the Kingdom to foreign companies are all uncertain future factors. These factors could have a material negative impact on the Company's, business, results of operations, financial position, and future prospects.

### 2.2.5 Risks Related to Limited Historical Market Data

While the concept of reinsurance is not novel in the Saudi market, its formal organization is relatively recent. This nascent structuring means that the requisite information and historical data for accurately constructing reinsurance programs are still in the process of being compiled. Consequently, insurers' estimations of losses and assessments of premiums rely on evaluations that may not meet the necessary precision levels and could be considered somewhat unreliable. This situation could lead to an increased rate of risks for reinsurance portfolios, potentially resulting in financial losses for the Company. Such developments could materially and negatively impact the Company's business, results of operations, financial position, and future prospects.

### 2.2.6 Risks Related to the Lack of Cultural Awareness of Insurance and Reinsurance and Its Importance

Society's perception of the insurance and reinsurance sector is crucial for its success. However, there are challenges related to how the sector is viewed overall, with some seeing it as not fulfilling a significant role or operating outside the services that align with the principles of solidarity and Shariah compliance. A loss of confidence in the sector by society could negatively impact the Company's business, results of operations, financial position, and future prospects.

### 2.2.7 Risks Related to Competition

The Company's competitive stance, both locally and internationally, hinges on various factors such as financial robustness, geographical reach, client relationships, pricing of premiums, policy terms and conditions, offered services and products, the capability to tailor reinsurance programs to market needs, prompt claims settlement, reputation, staff expertise and efficiency, and local market presence.

Should the Company fail or demonstrate incapability to compete effectively in its reinsurance markets or with the products it provides, its competitive position could be detrimentally impacted. Competitive pressures might compel the Company to lower its prices, potentially eroding profit margins, affecting financial outcomes, and altering capital requirements. Alternatively, the Company might be pressured to diminish its market share, significantly harming its business, results of operations, financial position, and future prospects.

Moreover, the Company's future prospects are contingent upon capturing market share from larger, more established competitors. These competitors often possess superior financial capabilities, established profitability, stronger senior partner relationships, or greater resource provision capacity than the Company.

### 2.2.8 Risks Related to Obtaining Approvals for Offering New Products or Renewal of Existing Ones

Under the Cooperative Insurance Companies Control Law and Implementing Regulations thereof, in order to offer new insurance products, the Company is required to obtain Insurance Authority's approval (final or temporary) before marketing or offering any new products. Any delay in obtaining approvals for new products or renewal of approvals for current products would have a material adverse impact on the Company's business, results of operations, financial position, and future prospects.

### 2.2.9 Risks Related to Economic and Reinsurance Industry Conditions

The financial success of reinsurance companies, including the Company, is greatly influenced by economic conditions within the Kingdom of Saudi Arabia as well as global economic trends that impact the Kingdom's economy. Volatile global economic conditions and significant fluctuations in oil prices could adversely affect the Kingdom's economic landscape. Given that the Company's financial performance is somewhat linked to the economic development of both the Kingdom and the global market, any such economic shifts could lead to a reduced demand for the Company's products and services. Moreover, the insurance and reinsurance market experiences cyclical trends in premiums and claims, with unforeseeable events such as natural disasters, inflationary pressures, competitive forces, and judicial rulings potentially impacting the magnitude of future claims and negatively influencing the sector's profitability and returns.

A decline in oil prices can critically impact domestic income, economic activity, and individual incomes, subsequently affecting clients' capacity to purchase the Company's offerings. This situation could result in decreased sales for the Company and negatively impact its financial standing, materially affecting the Company's business, results of operations, financial position, and future prospects.

Additionally, high rental rates driven by economic factors in the Kingdom may escalate the Company's operational costs. Consequently, the Company might consider relocating its branch to a more cost-effective location. During such relocations, the Company's operations could experience temporary slowdowns, further negatively impacting its business, results of operations, financial position, and future prospects.

### 2.2.10 Risks Related to Restrictions on Reinsurance Companies Ownership

The Cooperative Insurance Companies Control Law imposes specific limitations on the shareholding structure of insurance companies. According to Article (9) of this law and Article (39) of its Implementing Regulations, insurance and reinsurance companies are prohibited from merging with, acquiring, controlling, or purchasing shares in other insurance and reinsurance entities without obtaining prior written approval from the IA. Furthermore, as stipulated by Article (38) of the Implementing Regulations, the Company is required to inform the Insurance Authority about any individual or entity that holds 5% or more of the Company's shares via a quarterly report. Additionally, shareholders owning 5% or more must directly notify the Insurance Authority in writing about their shareholding and any subsequent changes within five (5) working days following the occurrence of such changes.

In certain circumstances, these regulatory constraints could hinder the Company's ability to attract financial and strategic investors, especially if the Insurance Authority withholds approval, delays it, or imposes conditions that the Company finds challenging to meet. Such scenarios could materially and negatively affect the Company's business, results of operations, financial position, and future prospects.

### 2.2.11 Risks Related to the Economic Performance of the Kingdom

The Company's operations are predominantly based in the Kingdom of Saudi Arabia, making its financial success closely tied to the economic and political conditions within the Kingdom, as well as to broader global economic conditions that influence the regional economy.

Variability in economic factors such as consumer credit availability, interest rates, unemployment figures, wage scales, tax rates, and the costs of water and electricity can impact the demand for the Company's offerings. Additionally, the gradual or complete withdrawal of Saudi government subsidies for certain commodities could also affect consumer demand. Should the Company find itself unable to adapt to these market dynamics, its business, results of operations, financial position, and future prospects could be materially and negatively affected.

### 2.2.12 Risks Related to the Reinsurance Business Cycle

The global reinsurance industry experiences cyclical changes, with significant variations in operational outcomes driven by competition, catastrophic events, economic and social dynamics, and other external factors beyond the control of entities within the reinsurance sector. These cycles can lead to periods of intense price competition due to an oversupply in the market, alternating with phases where companies can secure higher premiums. Furthermore, an increase in the frequency and severity of losses impacting cedents can significantly influence these business cycles. Such dynamics are anticipated to negatively affect the Company's reinsurance business cycles, potentially having a substantial adverse effect on the Company's operations, financial position, and future prospects.

### 2.2.13 Risks Related to Political Risks

The volatile political climate in the Middle East could detrimentally affect the economy of the Kingdom of Saudi Arabia, as well as impact the willingness of clients to renew their business with the Company or the Company's capability to attract new clients. These risks pose a threat to capital markets, potentially resulting in a significant decrease in the Company's share price, which could lead to investors losing part or all of the value of their investment. Consequently, these developments could materially and negatively affect the Company's business, results of operations, financial position, and future prospects.

### 2.2.14 Risks Related to Compliance with Saudization and Ministry of Human Resources and Social Development Requirements

The "Nitaqat" Program, initiated by the Saudi Ministry of Human Resources and Social Development, aims to promote the employment of Saudi nationals across various sectors by increasing their representation in the workforce. This program assesses companies based on their Saudization rate-the percentage of Saudi nationals employed-relative to the average rate within their specific industry.

As of the date of this Prospectus, the Company has achieved a Saudization rate of 80%, positioning it within the Platinum category of the Nitaqat Program. Despite this achievement, there's no assurance that the Company will consistently meet the Saudization requirements as mandated by law in the future. Non-compliance with these requirements could lead to several penalties, including the suspension of new work visas for foreign employees, halting the transfer of sponsorship for non-Saudi employees, and disqualification from participating in government tenders. Such repercussions could negatively impact the Company's business, results of operations and future prospects.

### 2.2.15 Risks Related to the Lack of Qualified Local Staff in the Reinsurance Sector

The Saudi labor market might not sufficiently fulfill the Company's demand for skilled employees. If the Company encounters difficulties in hiring qualified personnel locally, it may need to seek employees from outside the Kingdom. Nonetheless, there is no certainty that the Company will successfully secure the necessary work visas from the Ministry of Human Resources and Social Development, particularly considering the challenges posed by Saudization requirements. This situation is likely to intensify competition among reinsurers within the Kingdom for training and hiring skilled local staff, potentially leading to increased salary demands and imposing additional financial burdens on the Company. Moreover, the Company's failure to attract and retain competent staff could significantly hinder its strategic execution, which could materially and negatively affect the Company's business, results of operations, financial position, and future prospects.

### 2.2.16 Risks Related to Foreign Capital Ownership

Foreign ownership in Saudi companies is subject to the Foreign Investment Law, issued by Royal Decree No. M/1 dated 15/01/1421H, and Implementing Regulations thereof, issued under Resolution of SAGIA Board No. 2/74 dated 12/05/1435H, which outline various violations and practices under the Foreign Investment Law and its implementing regulations. Should a foreign investor commit any of these violations, they may face a range of penalties under the Foreign Investment Law, up to and including the cancellation of their foreign investment license. Foreign investors own approximately 6.11% (according to the Company's profile on Tadawul's website on 18/11/2024G) of the Company's capital. Consequently, any breaches specified in the Implementing Regulations of the Foreign Investment Law could subject the foreign investor to penalties, including license revocation, which would result in the cancellation of their ownership in the Company. The loss of the foreign investor in question could have a material negative impact on the Company's business, results of operations, financial position, and future prospects

### 2.2.17 Risks Related to Non-Saudi Employees

The Saudi Government has implemented regulations and procedures aimed at regulating the employment of non-Saudi workers, as outlined in the Labor Law and Residency regulations. These measures are designed to address situations where companies or foreign employees are found not adhering to the terms of their sponsorship, such as employees not working for their sponsoring employers or engaging in work unrelated to their designated job titles on their residency permits. In general, under the Saudi Labor Law, foreign employees are only permitted to work for the entity which sponsors them in Saudi Arabia, lent by a licensed manpower company, or providing services under a valid services agreement (within their employer/sponsor's licensed activities), and in all cases registered through Ajeer. The fees for transferring employees from one company to another are between SAR 2,000 and SAR 6,000 (depending on the number of times an employee has transferred their sponsorship in the past). The risks related to the requirements applicable to non-Saudi employees include facing fines or penalties, such as suspension of MHRSD recruitment systems or services in the event of violating laws pertaining to Iqama, transfer of sponsorship, Ajeer certificates, secondment, and residency professions, which would adversely affect the Company's business and results of operations. The penalties for entities seconding foreign employees under their own sponsorship to another entity without an Ajeer certificates include, for a first-time violating entity, a fine of up to SAR 25,000 for each employee working in violation of the law, and these fines increase in case of repeated violations.

Fining the company or imposing sanctions on it in the event of non-compliance with labor laws, regulations, and applicable instructions in this regard could materially and negatively affect the Company's business, results of operations, financial position, and future prospects.

### 2.2.18 Risks Related to Non-Compliance with Statutory Retention Requirements

Article (40) of the Implementing Regulations of Cooperative Insurance Companies Control Law requires insurance companies to retain at least 30% of total premiums. The Company recorded retention rates of 64%, 72% and 71% for the financial years ended 31 December 2022G, 31 December 2023G, and the Three-Month Period Ended 31 March 2024G, respectively. Under Article (58) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the statutory deposit must amount to 10% of the paid-up capital, and the Insurance Authority may raise this percentage to a maximum of 15% depending on the risks faced by the Company. As of the date of this Prospectus, the Company's statutory deposit balance stands at SAR 89,100,000, equivalent to 10% of the Company's capital.

In compliance with Article (21) of the Cooperative Insurance Companies Control Law, the Insurance Authority may impose a penalty up to SAR 2,000,000 on companies failing to comply with the required retention ratio. Therefore, if the Company failed to comply with the with the minimum retention ratio or does not deposit the statutory deposit in the event that the ratio required by the Insurance Authority is raised, a fine will be imposed on it, which would have a material adverse impact on the Company's business, results of operations, financial position and prospects.

### 2.2.19 Risks Related to Value-Added Tax (VAT)

The KSA adopted the Value-Added tax Law, which entered into force on 01/01/2018G. Said Law imposes an added value of 5% on a number of products and services, as stipulated in the Law. On 18/05/2020G, the Government also approved an increase to the value-added tax rate from 5% to 15%, which entered into force on 01/07/2020G. Accordingly, the Company has to adapt to the changes resulting from the application of VAT, which includes the collection and delivery thereof. Any wrongful interpretation or application of the VAT Law by the Company's management will expose it to fines or penalties or lead to damage to the reputation of the Company, which will also increase costs and operating expenses, thus degrading its competitive edge and the level of demand for its products, which will have an impact on the Company's results of operations and prospects.

### 2.2.20 Risks Related to the Imposition of Additional Fees or New Taxes

The Company is currently subject to Zakat and VAT. However, the government may impose other fees or additional taxes on companies in the future. In the event that new taxes or fees are imposed on companies, other than the current ones, this may adversely and materially affect the Company's business, financial condition, results of operations and prospects

### 2.2.21 Risks Related to Regulatory Environment

The Company's operations are subject to the regulations in force in the Kingdom of Saudi Arabia. The regulatory environment in which the Company operates may be subject to change. Regulatory changes stemming from political, economic, technical, or environmental factors could significantly impact the Company's operations by restricting its development, limiting its customer base, operations, and sales, or increasing competition within its field. The Company may find it necessary or appropriate to modify its operations to comply with these regulations, potentially incurring additional costs, which would have a material adverse effect on the Company's business, financial position, and future prospects. Furthermore, non-compliance with these regulations may result in administrative or criminal penalties imposed on the Company, or even the suspension or termination of its operations.

Saudi Re

## 2.3 Risks related to the New Shares

### 2.3.1 Risks Related to Distribution of Dividends

The distribution of dividends is dependent on several factors, including the Company's ability to generate profit, its financial position, statutory deposit requirements, limits on available credit, general economic conditions, and other factors subject to the recommendation of the Board of Directors in the announcement of dividend distribution, as deemed appropriate thereby. The Company does not guarantee that the factors enabling it to distribute dividends among its shareholders will be present.

Therefore, there is no guarantee that the Company will announce or distribute dividends at any time after completion of the Capital Increase, and there is no guarantee as to of the dividend amount, if any, that the Company will announce or distribute in any particular financial year. Furthermore, there is no guarantee that the Company shareholders will receive dividends. Finally, the dividend distribution policy may be modified from time to time following the completion of the Capital Increase, which may affect the availability, method and timing of any dividends.

### 2.3.2 Risks Related to Liquidity and Fluctuation in the Price of Shares

The Targeted Investor might be unable to resell the New Shares at or above the Offer Price. The market price of the Company's shares may, after the Offering, be adversely affected by factors within or outside the Company's control, including, but not limited to, a change in the Company's operating results, market conditions, or applicable government regulations.

The Targeted Investor must recognize that the value of an equity investment (including the New Shares) may decline or rise, and the market price of equities may be volatile and subject to significant fluctuations due to changing market sentiment in terms of equities. From time to time, equity markets have experienced large fluctuations in prices and volume, which affected the market prices of securities but were not relevant to the Company's performance or the prospects of its activities. Furthermore, the Company's operating results and prospects may from time to time be less than those of market analysts and overall market conditions. Any of these events may lead to a decline in the market price of the Shares.

## 2.4 Risks related to the change in the ownership of current shareholders and associated reduction of voting powers

### 2.4.1 Risks related to change in the ownership of existing shareholders and the accompanying decrease in voting power

Following the completion of the Capital Increase, the shareholding of the existing shareholders in the Company will decrease from 100% to 76.92%, which is equivalent to a decrease of 23.08%. Therefore, the ability of the shareholders in the Company to influence the decisions will be decrease due to the decrease in their voting rights, such as the election of the Board Members and other important strategic decisions of the Company, will decrease. In addition, their share of net profits will decrease as it will be divided over a larger number of shares, after the completion of the Capital Increase.

### 2.4.2 Risks related to the influence of the Targeted Investor

Following the completion of the Capital Increase, the shareholding of the Targeted Investor will amount to 23.08%. Therefore, the Targeted Investor will be able to influence all of the Company's business requiring shareholders' approval, including decisions related to the appointment of Board Members and committee members, or substantial decisions related to the Company's business, the distribution of profits, or the adjustment of capital. It should also be noted that pursuant to the Subscription Agreement, the Targeted Investor will have the right to nominate three (3) members to the Company's Board of Directors and to appoint one of the Targeted Investor's nominees as a member of the Company's Executive Committee (for more information, please refer to Section 8.2.2.3 "**Targeted Investor Conditions**" of this Prospectus). The interests of the Targeted Investor may differ from those of the Company's other shareholders, and given the influence over Company decisions that the Targeted Investor will gain as a result of the Capital Increase, the Targeted Investor may prevent the Company from taking certain decisions or actions that could otherwise protect the interests of other shareholders.

### 2.4.3 Risks related to decreasing earnings per share as a result of the Capital Increase

The future earnings of the Company's share depend on several factors, including the profitability of the Company and its ability to maintain its good financial position, capital needs, and general economic conditions. In addition, the Capital Increase may lead to a decrease in earnings per share in the future, on the grounds that the Company's profits will be distributed to a larger number of shares as a result of the increase in its capital. In all cases, the earnings per share should not be relied upon as in the financial statements, and there is no guarantee that the earnings per share will continue at these levels or will rise, as they are subject to change at any time and depend largely on the financial performance of the Company after the completion of the Capital Increase.

# 3. Employees

## 3.1 Employee Share Schemes Prior to Submitting an Application for Registration and Offering of New Shares under this Prospectus

There was no Employee Share Scheme prior to the Application for Registration and Offering of New Shares under this Prospectus.

## 3.2 Arrangements for the Participation of Employees in the Capital

There are no arrangements for employee participation in the Capital.

# 4. Use of Proceeds and Future Projects

## 4.1 Net Proceeds of the Offering

The total proceeds from the Offering of the New Shares are estimated at SAR 427,680,000. A portion, amounting to SAR 8,700,000 (excluding VAT, which will not be paid from the Offering Proceeds but from the Company's resources), will be allocated to settle all expenses related to the Offering, including the fees for the Financial Advisor, Legal Advisor, Auditor, and other Offering-related expenses. Accordingly, the net Offering Proceeds will amount to SAR 418,980,000, which will be used to support the Company's future plans, strengthen its capital base, enhance its financial solvency, and improve its operational capabilities by increasing the statutory deposit and financial investment.

The Company will disclose any 5% or more variance between the actual use of Offering Proceeds and what has been disclosed in this Prospectus on the Saudi market website (Tadawul) as soon as it becomes aware thereof, in accordance with Paragraph (f) of Article 57 of the Rules on the Offer of Securities and Continuing Obligations.

## 4.2 Use of the Offering Proceeds

The net Offering Proceeds will primarily be used to support the Company's activities, leverage local growth opportunities, strengthen the Company's capital base and financial solvency, and maintain its credit rating. Notably, all insurance companies operating in the Kingdom conduct their activities per the Insurance Companies Control Law, its Implementing Regulations, and subsequent amendments issued by the Insurance Authority from time to time.

The net Offering Proceeds will specifically be used for increasing the statutory deposit and financial investment, aiming to (i) strengthen the capital base and support financial solvency, (ii) enable underwriting and growth opportunities, and (iii) enhance operational capabilities.

**Strengthening the Capital Base and Financial Solvency:**

The Capital Increase is expected to bolster the Company's capital base and financial solvency by enhancing capital adequacy and liquidity.

**Supporting Underwriting and Growth Opportunities:**

The Company aims to capitalize on growth opportunities by increasing its local market share. Additionally, it seeks to expand into international markets to maintain a balanced insurance portfolio and reduce concentration risk.

**Enhancing Operational Capabilities:**

The Company is focused on improving its technical and operational capacities, including risk management, technological infrastructure, and human capital development, in order to maintain the pace of growth and implement the Company's strategy.

Below are the proposed uses for the Offering Proceeds:

| | Value (SAR) | Percentage of Total Offering Proceeds (%) |
|---|---|---|
| Estimated Offering Expenses | 8,700,000 | 2% |
| Increase in Statutory Deposit | 26,730,000 | 6% |
| Financial Investment | 392,250,000 | 92% |
| **Total Offering Proceeds** | **427,680,000** | **100%** |

### 4.2.1 Use of Net Offering Proceeds to Increase the Statutory Deposit

According to the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by the Insurance Authority, the statutory deposit must equal 10% of the paid-up capital. The Insurance Authority may raise this percentage up to a maximum of 15%, depending on the risks the company faces. Currently, the statutory deposit balance of the Company stands at SAR 89,100,000, equivalent to 10% of the Company's capital. Therefore, the Company will allocate SAR 26,730,000 from the net Offering Proceeds as a statutory deposit, bringing the total statutory deposit to SAR 115,830,000, equaling 10% of the Company's capital after the Capital Increase.

### 4.2.2 Use of Net Offering Proceeds in Financial Investment

| Statement | % | Value (SAR) |
|---|---|---|
| Fixed Income, Money Market, and Bonds/Sukuk | 45% - 100% | 176,512,500 - 392,250,000 |
| Listed Equities | 0% - 35% | 0 - 137,287,500 |
| Alternative Investments | 0% - 25% | 0 - 98,062,500 |
| **Total Financial Investment** | **100%** | **392,250,000** |

## 4.3 Expected Timeline for Disbursement of Allocated Net Proceeds from the Offering:

The following table outlines the anticipated schedule for the disbursement of allocated amounts from the net Offering Proceeds:

| Activity | 2024G (SAR) | |
|---|---|---|
| | Q3 | Q4 |
| Financial Investment | - | 392,250,000 |
| Increase of Statutory Deposit | - | 26,730,000 |
| **Total** | **-** | **418,980,000** |

# 5. Expert's Statement

As at the date hereof, the Financial Advisor, Lead Manager, Legal Advisor, and Independent Auditor listed on page (iv) and (v) have given and not withdrawn their written consent to the publication of their names, logos and statements (as applicable) in the form and content contained herein. As at the date of this Prospectus, all these parties and their employees who are part of the work team providing services to the Company hold no shareholding or interest of any kind in the Company which would impair their independence.

# 6. Declarations

As at the date hereof, the Directors hereby declare:

- There has been no significant interruption in the Issuer's operations that could have had, or had, a material impact on their financial position during the last twelve (12) months.
- No commissions, discounts, brokerage fees or other non-cash compensations were granted by the Issuer within the year immediately preceding application for registration and offer of shares in connection with the issuance or offering of any shares.
- There has been no material negative change in the business or financial position of the Issuer in the year immediately preceding application for registration and offer of shares.
- Except as described in Section 2.1.8 "**Risks Related to Contracts and Business with Related Parties**" on page 7 of this Prospectus, neither the Directors nor any of their relatives hold any shares or interests of any kind in the Issuer or any of its subsidiaries.
- The Directors have not declared bankruptcy and have not been subject to bankruptcy procedures at any time.
- None of the Directors were appointed to an administrative or supervisory position in any company that declared bankruptcy or insolvency in the five (5) years preceding the date of this Prospectus.

# 7. Legal Information

As at the date hereof, the Directors hereby declare:

- The Offering does not violate applicable laws and regulations in the Kingdom.
- The Offering does not prejudice any contracts or agreements, which the Issuer is a party thereof.
- All material legal information relating to the Issuer has been disclosed in the Prospectus.
- Except for matters disclosed in Section 2.1.26 "**Risks related to claims, disputes and litigation**" on page 13 of this Prospectus, the Issuer is not party to any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business or financial position of the Issuer.
- The Directors are not subject to any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business or financial position of the Issuer.

# 8. Summary of the Subscription Agreement

The Company and the Targeted Investor entered into a Subscription Agreement on 28/12/1445H (corresponding to 04/07/2024G), which included specific terms pertaining to the steps and procedures related to the Capital Increase, in addition to certain undertakings and warranties from both the Company and the Targeted Investor. Therefore, the Capital Increase shall be subject to the terms outlined in the Subscription Agreement as mentioned below. The following is a summary of the key terms and conditions, as well as the preconditions or undertakings stated in the Subscription Agreement.

## 8.1 Issuance of New Shares

### 8.1.1 Issuance of and Subscription to New Shares

a. In accordance with the terms and conditions stipulated in the Subscription Agreement, the Company undertakes to increase its capital as set forth in this Prospectus. Under the Subscription Agreement, the Targeted Investor thereby agrees to subscribe to the New Shares (for more information, please refer to Page vi "**Summary of the Offering**" of this Prospectus.

b. The Company undertakes to suspend the exercise of preemptive rights on the New Shares by any person entitled to such rights on or before the completion date (the transaction shall be completed within fifteen (15) days from the fulfillment (or the waiver, as applicable) of the conditions precedent).

c. The parties have agreed that the Targeted Investor shall pay a subscription amount equal to 16 Saudi Riyals per New Share, representing a total subscription amount of four hundred twenty-seven million six hundred eighty thousand (SAR 427,680,000) Saudi Riyals in exchange for the issuance of the New Shares.

## 8.2 Conditions

### 8.2.1 Conditions of Transaction Completion

Conclusion of the Subscription Agreement and the Capital Increase is conditional upon the fulfillment (or, as applicable, waiver) of the following preconditions ("Conditions"). The first business day on which all Conditions are fulfilled or waived in writing by the other party shall be deemed the "Unconditional Date".

### 8.2.2 Preconditions

Completion of the transaction is subject to the following conditions:

#### 8.2.2.1 Common Condition:

No governmental authority issued, published, enacted, enforced, or implemented any law or order that could potentially prevent the completion of the transaction as provided in the Subscription Agreement.

#### 8.2.2.2 Company Conditions:

a. Obtaining a certificate of no-objection to the capital increase from the Insurance Authority.

b. Securing an exemption from the CMA with regard to the requirements provided for under Article 57(b) of the OSCOs.

c. Receiving approval from the CMA for the Capital Increase application.

d. Receiving approval from Tadawul for the listing of the New Shares.

e. Acquiring any internal authorizations or approvals required per its foundational documents to be duly authorized to take all actions and perform all necessary matters to complete the transaction as outlined in the Subscription Agreement.

f. Approval by the Extraordinary General Assembly for the issuance and allocation of the New Shares to the Targeted Investor.

g. The Company obtaining signed resignation letters from the resigning members of the Board of Directors (and any Board committees on which they serve within the Company, as applicable), effective as of the Completion Date.

h. The Company obtaining approvals or exemptions from relevant third parties (or notifying and confirming receipt thereof) under the agreements stipulated in the Subscription Agreement.

#### 8.2.2.3 Targeted Investor Conditions

a. The Targeted Investor obtaining relevant internal approvals, such that the Targeted Investor is duly authorized to take all necessary actions and perform all necessary tasks to complete the transaction as provided in the Subscription Agreement.

b. Delivering (or causing to be delivered) all required or necessary documents and information relating to the appointment of three members to the Company's Board of Directors, nominated by the Targeted Investor to the Company.

### 8.3 Pre-completion Obligations

The Company undertakes to the Targeted Investor and shall procure, on a best-efforts basis and to the extent within its control and in compliance with and subject to applicable law, from the date of the Subscription Agreement until the Completion Date, the following:

a. That it shall reasonably consult with the Targeted Investor in relation to any matters that are outside the ordinary course of business and may have a material effect upon the Company's or its branch's business, in particular, it shall:

  1. Conduct its business in the ordinary course in compliance with applicable law in all material aspects and make reasonable efforts to maintain its operations and business relationships.
  2. Take all commercially reasonable steps to preserve and protect its business and assets, refraining from removing or otherwise disposing of any physical assets except in the ordinary course of business.
  3. Settle all debts incurred in the ordinary course of business within the applicable credit terms.
  4. Refrain from entering into any transaction with a Related Party unless on purely arm's length and fair terms.
  5. Provide the Targeted Investor promptly with reasonable details of any material adverse change in its business, financial condition, or assets, ensuring that any competitively sensitive information is shared only through an appropriate team or under suitable safeguards to maintain confidentiality.

b. Comply at all times with disclosure obligations and inform the Fund of any matter disclosed by the Company on the Saudi Exchange (Tadawul) website, providing any reasonable supporting information requested by the Fund in this regard.

c. Notify the Targeted Investor of any material disposal of high-value assets belonging to itself or its subsidiaries at the earliest practical opportunity (with "material" in this context defined as assets costing, benefitting, or valued at no less than ten million Saudi Riyals (SAR 10,000,000)).

d. Without prior written consent from the Targeted Investor (which shall not be unreasonably withheld or delayed), refrain from the following actions (including agreeing to any of the following):

  1. Altering the agreed-upon uses of the Offering Proceeds.
  2. Making substantial changes to the general nature or scope of its business or entering into any new, significant business areas.
  3. Executing, completing, or terminating any material agreement.
  4. Creating, allocating, issuing, or granting any option for subscribing to any capital or issuing any securities convertible into shares.
  5. Amending its capital or constitutional documents (including its Bylaws), except as related to implementing the transaction or complying with the Companies Law.
  6. Making significant changes to accounting methods, reporting periods, policies, or audit procedures.
  7. Obtaining any loan or financing arrangement beyond 20% of the total facilities as of the Subscription Agreement date, except for the projects outlined in item (1) above, modifying any existing loan, or repaying any financing arrangement early.
  8. Declaring, distributing, or paying dividends or any other form of profit distribution (whether in cash or in-kind) for any period.
  9. Undertaking any restructuring, acquisition, merger, share ownership transfer, or other similar transaction affecting the current Company ownership.
  10. Engaging in transactions not on a purely arm's length basis.
  11. Taking or omitting actions that would materially breach any contract considered material to the company's business (including its branch).
  12. Initiating or settling any legal action (except in the ordinary course of business, including reinsurance claims in the normal course) that (i) would lead to payments by the Company (or its branch) outside the ordinary course of business, (ii) involves a claim exceeding SAR 1,000,000, or (iii) is against a Related Party.
  13. Proposing, approving, or conducting any share buyback or share cancellation.
  14. Making significant changes to board fees or hiring senior executives, including obligations concerning a pension fund or equity-based payments, except in the ordinary course of business consistent with past practices.
  15. Canceling, waiving, settling, or transferring any rights, debts, or claims without prior consent.
  16. Outside the ordinary course of business, purchasing, selling, transferring, or disposing of assets (or agreeing to buy, sell, transfer, or dispose of assets) that separately exceed SAR 10,000,000 or in the aggregate exceed SAR 20,000,000.
  17. Taking any action inconsistent with the provisions of this Agreement or the completion procedures.
  18. Making any payments (including tax payments) other than routine payments in the ordinary course of business.
  19. Allowing or arranging any action or omission (except as needed solely for implementing the Subscription Agreement) that would constitute or result in a breach of any warranty or provision in the Subscription Agreement.

20. Amending or opting for tax treatments, submitting an amended tax return, closing agreements, settling claims or assessments, waiving any tax refund rights, consenting to any extension of a statute of limitations on any claim or tax assessment, or similar actions in filing any tax return or paying any tax, if such choice, consent, change, amendment, agreement, settlement, waiver, or authorization leads to increased tax liabilities after the completion date or has a negative impact on the targeted investor or the Company (including its branch).

The above shall not restrict or prevent the Company from undertaking any of the following:

1. Holding discussions on, and completing, permitted transactions.
2. Taking any action that was disclosed to or specifically informed to the Targeted Investor prior to the Subscription Agreement date.
3. Acting on matters stipulated in the Subscription Agreement.

## 8.4 Company Warranties

The Company has provided the Targeted Investor with several warranties regarding its eligibility, authority, ownership of shares, and constitutional documents, including, but not limited to, in relation to its capacity to enter into the Subscription Agreement and obtaining all necessary approvals therefor. Additionally, it has undertaken to comply with applicable laws and existing agreements, that it has no subsidiaries, and that it shall not grant any rights related to the issuance of shares or debt instruments to any third parties. The Company has also provided warranties related to its commitment to all applicable disclosure requirements for Tadawul-listed companies, warranties related to the accuracy of its financial statements, licenses, disputes, and litigation, and the absence of any unregistered or potential Company assets, liabilities and warranties, other than those detailed in the financial statements or the notes thereto.

## 8.5 Completion of the Transaction

### 8.5.1 Timeframe

1. The transaction shall be completed within fifteen (15) business days following the fulfillment (or waiver, as applicable) of the preconditions ("Completion Date"). The Company's obligations upon transaction completion include delivering (or ensuring the delivery of) a certified resolution from the Company's Board of Directors approving the Capital Increase, the convening of the Extraordinary General Assembly for the Capital Increase, and obtaining its approval on the Capital Increase (along with any other resolutions required to fulfill the company's obligations under the Subscription Agreement).
2. Upon completion of the transaction or as soon as practicable thereafter, the Company shall deliver to the Targeted Investor the resignation letters of each resigning Board member, effective from the Completion Date. The Company shall make reasonable efforts to ensure the appointment of one Targeted Investor nominee to the Company's Executive Committee in accordance with the Company's bylaws and applicable CMA regulations. Additionally, the Company shall publish the results of the Extraordinary General Assembly meeting on the Capital Increase, submitting all resolutions and amendments to the Company's Bylaws to the relevant authorities, and the issuance of an updated Commercial Registration reflecting the Capital Increase, as well as ensure the listing and trading of the new shares.
3. The Targeted Investor agrees (in addition to any specific commitments set forth elsewhere in the Subscription Agreement) to fully pay the subscription amount.

## 8.6 Termination

1. The Targeted Investor may terminate the Subscription Agreement with immediate effect by written notice to the Company at any time prior to the Completion Date if the Company materially breaches its obligations under the Subscription Agreement, including in relation to the accuracy and validity of its warranties in all material aspects, and such breach cannot be remedied before the Completion Date, or if the Company discloses any matter that adversely affects the transaction (or is required to be disclosed pursuant to disclosure obligations) before the Completion Date, or if any material adverse event occurs.
2. The Company may terminate the Subscription Agreement with immediate effect by written notice to the Targeted Investor at any time prior to the Completion Date if the Targeted Investor materially breaches its obligations under the Subscription Agreement, including in relation to the accuracy and validity of its warranties in all material aspects, and such breach cannot be remedied before the Completion Date, or if the Targeted Investor fails to satisfy the conditions set forth in the Subscription Agreement.
3. The rights and obligations of both Parties shall immediately become null and void upon the termination of the Subscription Agreement, except for the rights and obligations accruing to a Party as of the termination date or its rights and obligations arising as a result of the termination, and the provisions that remain in effect after the termination of the Subscription Agreement as provided therein or which by their nature or context are intended to survive the termination of the Subscription Agreement, and any provision of the Subscription Agreement that is necessary for its interpretation or enforcement after the termination of the Subscription Agreement (for any reason). However, the termination of the Subscription Agreement (for any reason) shall not affect the rights and obligations of each Party prior to termination.

## 9. Waivers

The Company submitted a request to the CMA on 07/05/1445H (corresponding to 21/11/2023G) to be exempted from the requirements stipulated in Article 57 (b) of the Rules on the Offer of Securities and Continuing Obligations, which states that “The total increase in capital with the suspension of preemptive rights shall not exceed 15% of the Issuer’s capital for each issue, and the offer of the shares of a Capital Increase with the suspension of preemptive rights shall be limited to investors of the categories of Qualified Clients and Institutional Clients.” The Company obtained CMA exemption on 05/08/1445H (corresponding to 15/02/2024G) to increase the Company’s capital by 30% at most, on the condition that such waiver shall apply only once and that the Targeted Investor shall not dispose of the New Shares for a period of not less than (2) two years from their listing date.

# 10. Shares and offering Terms and Conditions

The Company submitted an application to the CMA for the registration and offering of the New Shares, and to Tadawul for the listing of the New Shares. All the requirements under Rules on the Offer of Securities and Continuing Obligations and the Listing Rules have been fulfilled.

## 10.1 The Offering

A total of twenty-six million seven hundred thirty thousand (26,730,000) new ordinary shares will be issued and offered from the company's capital, with preemptive rights for shareholders being waived. Each share will have a nominal value of ten (SAR 10) Saudi Riyals and an offering price of sixteen (SAR 16) Saudi Riyals per share, amounting to a total offering value of four hundred twenty-seven million six hundred eighty thousand (SAR 427,680,000) Saudi Riyals.

## 10.2 Subscription Method

All New Shares shall be allocated to and subscribed to by the Targeted Investor within a period of three (3) business days starting on the second (2) business day from the date of the Extraordinary General Assembly's approval of the Capital Increase.

## 10.3 Offering Period and Conditions

The Offering Period shall be three (3) business days starting on the second (2) day from the date of the Extraordinary General Assembly's approval of the Capital Increase, with no Offering conditions.

## 10.4 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 could result in a violation of the Capital Market Law, its Implementing Regulations, or market rules. Additionally, the Offering may be canceled if the Extraordinary General Meeting held regarding the Capital Increase does not approve any of the Offering details.

## 10.5 Approvals and Decisions under which the Shares are Offered

On 28/12/1445H (corresponding to 04/07/2024G), the Company's Board of Directors recommended a 30% Capital Increase by issuing and offering twenty-six million seven hundred thirty thousand (26,730,000) new ordinary shares, with the suspension of preemptive rights.

The Insurance Authority approved the request for a 30% Capital Increase through the issuance and offering of twenty-six million seven hundred thirty thousand (26,730,000) new ordinary shares, with suspension of preemptive rights, on 10/01/1446H (corresponding to 16/07/2024G).

On 03/05/1446H (corresponding to 05/11/2024G), the Saudi Exchange (Tadawul) approved the request for the listing of the New Shares, and the Prospectus and supporting documents required by the CMA were approved on the date of the approval's announcement on the CMA's website on 23/05/1446H (corresponding to 25/11/2024G).

On 23/06/1446H (corresponding to 24/12/2024G), the Extraordinary General Assembly on the Capital Increase approved the 30% increase in capital by issuing and offering twenty-six million seven hundred thirty thousand (26,730,000) new ordinary shares, with suspension of preemptive rights.

## 10.6 Existing Arrangements for Restricting Transactions in Specific Shares

There are no existing arrangements to prevent transactions in any shares.

# 11. Subscription Undertakings

## 11.1 Subscription Application and Undertakings

Under the Subscription Agreement, the Company shall issue the New Shares immediately following the Extraordinary General Assembly's approval of the Capital Increase, and the Targeted Investor shall pay the New Shares' total value of four hundred twenty-seven million six hundred eighty thousand (SAR 427,680,000) Saudi Riyals during the Subscription Period.

## 11.2 Allocation of Shares

Upon the Extraordinary General Assembly's approval of the Capital Increase, all New Shares will be allocated to the Targeted Investor, as per Article 129 of the Companies Law.

## 11.3 The Saudi Stock Exchange

Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. Electronic stock trading commenced in the Kingdom in 1990G. Trading occurs every business day from Sunday to Thursday during a single session from 10:00 a.m. to 3:00 p.m., during which orders are executed. Outside these hours, order entry, modification, and cancellation are allowed from 9:30 a.m. to 10:00 a.m.

Transactions take place through the automatic matching of orders based on price. Generally, market orders, which are orders at the best available price, are executed first, followed by limit orders. If several orders are generated at the same price, they are executed according to the time of entry.

Tadawul distributes a comprehensive range of information through various channels, including in particular, the Tadawul website. Market data is provided instantaneously to recognized information providers such as "Reuters." Settlement of transactions occurs automatically within two business days (T+2).

The Company is obligated to disclose all important decisions and information relevant to the Targeted Investor through the Tadawul system, which assumes the responsibility of market monitoring to ensure trading fairness and market efficiency.

## 11.4 Trading Company Shares on Tadawul

An application has been submitted to the CMA for the registration and offering of the New Shares on the Saudi Stock Exchange, and to Tadawul for the listing of the New Shares. Approval has been granted for this Prospectus dated 23/051446H (corresponding to 25/11/2024G), and all requirements have been fulfilled.

It is expected that the registration and commencement of trading in the New Shares on the Saudi Stock Exchange will take place after they have been deposited into the portfolio of the Targeted Investor. This will be announced in due course on Tadawul's website. The dates mentioned in this Prospectus are considered tentative and are subject to change with the approval of the CMA.

Although the existing shares are registered on the Saudi Stock Exchange and the Company's shares are listed on Tadawul, trading in the New Shares can only occur after they have been deposited into the portfolio of the Targeted Investor and the expiry of the Lock-Up Period.

## 12. Change in Share Price

The Company's listed share price on the Saudi Stock Exchange will not be adjusted as a result of the Capital Increase and the issuance of additional shares.

# 13. Documents Available for Inspection

The following documents will be available for inspection at the Company's head office located in Riyadh, Al-Wadi District, North Ring Road, West of Exit 7, Building No. 4130, P.O. Box 300259, Kingdom of Saudi Arabia, during official working hours from 8:00 a.m. to 4:00 p.m., fourteen (14) days prior to the date of the Extraordinary General Meeting held regarding the Capital Increase. These documents will remain available for inspection until the end of the Offering.

### Company Documents

- Commercial Registration Certificate.
- Company's Articles of Association.
- Company's Bylaws and any amendments thereto.

### Share Offering

- Non-objection from the Insurance Authority on the capital increase.
- CMA announcement approving the New Share Offering.
- Tadawul's approval for the listing the New Shares.
- Board of Directors' recommendation for the Capital Increase.

### Reports, Correspondences, and Documents

- Written consent from the Financial Advisor and Underwriter (Al Rajhi Capital) to include their name, logo, and statement within this Prospectus.
- Written consent from the Legal Advisor (Baker McKenzie Law Firm) to include their name, logo, and statement within this Prospectus.
- Written consent from the Independent Auditor, KPMG Professional Consulting, a Closed Joint Stock Company, to include its name, logo, and statement within this Prospectus as the independent auditor for the Company's audited financial statements for the financial year ended 31 December 2022G and 31 December 2023G, and the unaudited condensed interim financial statements for the Three-Month Periods Ended 31 March 2023G and the Three-Month Periods Ended 31 March 2024G.
- Written consent from the Independent Auditor, Crowe Consulting Professional Solutions, a member of Crowe Global, to include its name, logo, and statement within this Prospectus as the independent auditor for the Company's audited financial statements for the financial year ended 31 December 2022G and the unaudited condensed interim financial statements for the Three-Month Period Ended 31 March 2023G.
- Written consent from the Independent Auditor, Dr. Mohamed Al-Amri & Co. - Certified Public Accountants, to include its name, logo, and statement within this Prospectus as the independent auditor for the Company's audited financial statements for the financial year ended 31 December 2023G and the unaudited condensed interim financial statements for the Three-Month Period Ended 31 March 2024G.

إعادة
Saudi Re

www.saudi-re.com