

Rights Issue Prospectus

Salama Cooperative Insurance Co. is a Saudi public joint stock company incorporated under the license of the Ministry of Investment No. (870/1) dated 13/09/1426H (corresponding to 15/10/2005G), the Council of Ministers Resolution No. (233) issued on 16/09/1427H (09/10/2006G), Royal Decree No. (M/60) issued on 18/09/1427H (11/10/2006 G), and the Ministry of Commerce Resolution No. (112/S) issued on 29/04/1428H (16/05/2007G). The Company operates its business under Commercial Registration No. (4030169661) issued in Jeddah and was registered in Jeddah on 06/05/1428H (corresponding to 23/05/2007G). The license of the Central Bank of Saudi Arabia ("SAMA") No. (TMN/4/20079) dated 29/08/1428H (corresponding to 11/09/2007G), in order to practice insurance activity in accordance with the provisions of the Cooperative Insurance Companies Control Law and the executive regulations thereof. An offering of ten million (10,000,000) ordinary shares at an offering price of (10) Saudi riyals per share by way of a Rights Issue with a total value of one hundred million (100,000,000) Saudi riyals, which represents an increase of 50% in the Company's current capital, and thus the Company's capital after issuing rights shares becomes three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) ordinary shares.

Trading Period: from [●]/[●]/1446H (corresponding to [●]/[●]/2024G) to [●]/[●]/1446H (corresponding to [●]/[●]/2024G)

Subscription Period: Starting from [●]/[●]/1446H (corresponding to [●]/[●]/2024G) to [●]/[●]/1446H (corresponding to [●]/[●]/2024G)

Salama Cooperative Insurance Co. ("Company", "Salama" or "Issuer") is a Saudi joint stock company incorporated under the Ministry of Commerce Resolution No. (112/Q) issued on 29/04/1428H corresponding to (16/05/2007G), and the Commercial Registration No. (4030169661) issued in Jeddah on 06/05/1428H (corresponding to 23/05/2007G) and registered in Jeddah, noting that the current commercial register expires on 1447/05/06H corresponding to (28/10/2025G). The Company's registered office located in Salama Tower, Salama District, Medina-Jeddah Road, Kingdom of Saudi Arabia. The current capital of the Company is two hundred million (200,000,000) Saudi riyals divided into twenty million (20,000,000) ordinary shares, with a nominal value of ten (10) Saudi riyals per share (individually referred to as the "Current Share" and collectively as "Current Shares"). As of the date of this prospectus ("Prospectus"), the Company's substantial shareholder (who own 5% or more of its shares) is Mr. Abdullah Mohammed Alruwaite, who owns 5%.

In its resolution dated 08/09/1445H (corresponding to 18/03/2024G), the Board of Directors of the Company recommended increasing the capital of the Company by offering rights shares of one hundred million (100,000,000) Saudi riyals.

In addition, the Company submitted a request to obtain approval of the Insurance Authority to the capital increase pursuant to letter No. (SM/17/2024) dated 27/10/1445H (corresponding to 06/05/2024G). On 25/11/1445H (corresponding to 02/06/2024G), the Company obtained a letter from the Insurance Authority containing its approval to increase the Company's capital through the issuance of rights shares.

On [●]/[●]/1446H (corresponding to [●]/[●]/2024G), the Extraordinary General Assembly approved the increase of the Company's capital through the issuance of rights shares ("Subscription"), which is the offering of ten million (10,000,000) new ordinary shares ("Rights Shares" or "New Shares") at an offering price of ten (10) Saudi riyals per share ("Offering Price") and a nominal value of ten (10) Saudi riyals per share. As a consequence, the Company's capital after the completion of the subscription process increased from two hundred million (200,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) ordinary shares, which represents an increase of 50% in the Company's current capital.

Rights shares will be issued as negotiable securities (collectively referred to as "Rights" and individually as "Right") to shareholders owning shares at the end of trading on the day of the Extraordinary General Assembly, including approval of the capital increase ("Eligibility Date") and registered in the Company's shareholders' register at the Depository Center at the end of the second trading day following the day of the Extraordinary General Assembly for the capital increase on [●]/[●]/1446H (corresponding to [●]/[●]/2024G) (collectively referred to as "Registered Shareholders" and individually as "Registered Shareholder"), provided that these rights are deposited in the portfolios of registered shareholders at the end of the second trading day following the day of the Extraordinary General Assembly, taking into account the settlement procedures of (1) rights per two shares (2) of the Company owned by the shareholder at the Eligibility Date. Consequently, each right gives its holder the right to subscribe to one new share at the offering price.

Registered shareholders and other general investors ("New Investors"), who are entitled to trade rights and subscribe for New Shares, will be able to trade and subscribe for rights shares on the Saudi Stock Exchange ("Tadawul" or the "Exchange") where the Trading Period and the Subscription Period commence three (3) working days after the approval of the Extraordinary General Assembly, including approval of the capital increase on [●]/[●]/1446H (corresponding to [●]/[●]/2024G), provided that the Trading Period ends on [●]/[●]/1446H (corresponding to [●]/[●]/2024G) ("the Trading Period"), while the Subscription Period continues until the end of [●]/[●]/1446H (corresponding to [●]/[●]/2024G) ("the Subscription Period"). It is important to note that the Trading Period and the Subscription Period will commence on the same day, while the Trading Period lasts until the end of the sixth day of the beginning of the period, while the Subscription Period lasts until the end of the ninth day of the beginning of the same period. Registered shareholders will be able to trade rights during the Trading Period by selling the acquired rights or part of them or buying additional rights through the market, and they are also entitled to take no action regarding the rights they own. New investors during the Trading Period will also be able to buy rights via the market and sell the rights purchased during the Trading Period.

Subscription to New Shares during the Subscription Period will take place in one phase as follows:

1. In this period, all registered shareholders and new investors will be able to subscribe for New Shares.
2. The registered shareholder will be able to subscribe directly for the number of his shares or less than the number of his shares during the Subscription Period. In the event that registered shareholder buys new rights, registered shareholder will be able to subscribe to them after the end of their settlement period (two working days).
3. New investors will be able to subscribe for New Shares immediately after the settlement of the rights purchase (2 working days).
4. Subscription will be available electronically through the investment portfolio in trading platforms and applications, through which purchase and sale orders are entered in addition to subscribing to other channels and means provided by the broker.

If any shares remain unsubscribed after the end of the Subscription Period ("Rump Shares"), they will be offered at no less than the Offer Price to a number of institutional investors ("Institutional Investors") (this offering is referred to as the "Rump Offering"). Such institutional investors shall submit their offers to purchase the Rump Shares, provided that the offer submitted by any of the institutional investors shall not be less than the offering price. These offers will be received from 10:00 AM on [●]/[●]/1446H (corresponding to [●]/[●]/2024G) 5:00 PM on [●]/[●]/1446H (corresponding to [●]/[●]/2024G) ("the Rump Offering Period"). The Rump Shares will be allocated to the institutional investors with the highest offer and then the lowest offer (provided that the price is not less than the Offering Price), provided that the shares are allocated proportionally to the institutional investors that provide the same offer. The fractions of the shares will be added to the Rump Shares and treated similarly, and the total amount of the offering collected from the Rump offering process of the Company will be paid, provided that the Company distributes the rest of the proceeds of the Rump offering process without calculating any fees or deductions (exceeding the Offering Price) to the eligible persons who did not exercise their right to subscribe in whole or in part, each according to what it is entitled to, no later than [●]/[●]/1446H (corresponding to [●]/[●]/2024G).

In the event that the institutional investors do not subscribe to all the Rump Shares and fractions of the shares, the remainder of the shares will be allocated to the Underwriter who will buy them at the offering price (please refer to Section No. (11) "Details on Shares and Subscription Terms

and Conditions"). The results of the final allocation process will be announced no later than [●]/[●]/1446H (corresponding to [●]/[●]/2024G) ("Allocation Date") (please refer to Section No. (11) "Details on Shares and Subscription Terms and Conditions"). After the subscription process is completed, the Company's capital will reach three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) ordinary shares. The net proceeds of the offering will be used to support the growth of the Company's business (please refer to Section No. (5) "Use of the Proceeds of the Offering and Future Projects"). All shares of the Company are of one class, and no share shall give its holder preferential rights. The New Shares will be fully paid up and fully equal to the outstanding shares. Each share shall give its holder the right to one vote and each shareholder of the Company (the "Shareholder") shall be entitled to attend and vote at the General Assembly of Shareholders (the "General Assembly") (whether ordinary or extraordinary). The holders of the New Shares will be entitled to any dividend declared by the Company to be distributed after the date of issue (if any).

On 06/05/1428H (corresponding to 23/05/2007G), the Company listed four million (4,000,000) ordinary shares in the market at a nominal value of ten (10) riyals per share, after obtaining the required legal approvals. The Company has previously increased its capital on 13/09/1436H (corresponding to 30/06/2015G) from one hundred million (100,000,000) Saudi riyals to two hundred and fifty million (250,000,000) Saudi riyals by issuing fifteen million (15,000,000) rights shares with a nominal value of ten (10) Saudi riyals per share. On 07/06/1444H (corresponding to 16/08/2022G), the Company reduced its capital from two hundred and fifty million (250,000,000) Saudi riyals to one hundred million (100,000,000) Saudi riyals. On 21/04/1445H (corresponding to 05/11/2023G), the Company increased its capital from one hundred million (100,000,000) Saudi riyals to two hundred million (200,000,000) Saudi riyals by issuing ten million (10,000,000) rights shares with a nominal value of ten (10) Saudi riyals per share, after obtaining the necessary legal approvals and the approval of the Extraordinary General Assembly.

On 22/03/1446H (corresponding to 25/09/2024G), the Company obtained the approval of the Capital Market Authority to increase its capital from two hundred million (200,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals by offering equity shares worth one hundred million (100,000,000) Saudi riyals. After obtaining all the legal approvals, the Company invited the Extraordinary General Assembly to vote on the capital increase. The Extraordinary General Assembly was held on [●]/[●]/1446H (corresponding to [●]/[●]/2024G), through which the shareholders of the Company approved the capital increase.

The outstanding shares of the Company are currently traded in Tadawul. The Company has applied to the Capital Market Authority of the Kingdom of Saudi Arabia ("CMA") to register and offer New Shares. The Company has also submitted a request to Tadawul to accept its listing. All the required documents have been submitted and all the requirements of the relevant authorities have been met. All approvals related to the offering and listing process have been obtained, including this Prospectus. The New Shares are expected to begin trading in the market within a short period after the completion of the new share allocation process and the return of the surplus (please refer to page No. (P) ("Key Dates and Subscription Procedures"). The New Shares, once registered and accepted for listing, will be available for trading to citizens and legal residents of the Kingdom of Saudi Arabia, citizens of the member states of the Gulf Cooperation Council, Saudi and Gulf companies and investment funds, as well as qualified foreign investors under the rules governing the investment of qualified foreign financial institutions in listed securities. Furthermore, other categories of foreign investors are entitled to the economic benefits associated with the New Shares by concluding swap agreements with persons licensed by CMA (the "Licensed Person"), noting that the Licensed Person shall in such case be the registered legal owner of shares.

The "Important Notice" on page (8) and Section 2 "Risk Factors" of this Prospectus together with the entirety of the Prospectus should be read carefully prior to making a decision to invest in the New Shares offered hereunder.

"This Prospectus contains information submitted as part of the application for registration and offering of securities in accordance with the requirements of the Rules on the Offer of Securities and the Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (referred to as "CMA") and the request to accept the listing of securities in accordance with the requirements of the Listing Rules of the Saudi Stock Exchange. The members of the Board of Directors whose names appear in this Prospectus are jointly and severally responsible for the accuracy of the information contained in this Prospectus, and confirm to the best of their knowledge and belief, after conducting all possible and reasonable studies, that there are no other facts whose failure to be included in the prospectus could lead to make any statement contained therein misleading. CMA and the Saudi Stock Exchange bear no responsibility for the contents of this Prospectus, make no representations regarding its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss resulting from what is stated in this Prospectus or from reliance on any part thereof."

The offering of the Rights Shares under this Prospectus is subject to the approval of the shareholders to increase the capital in accordance with the recommendation of the Board of Directors and the Company obtaining the regulatory approvals. An invitation to the Extraordinary General Assembly of the Company has been published to approve the issuance of the Rights Shares on [●]/[●]/1446H (corresponding to [●]/[●]/2024G). The shareholders shall be informed that if the shareholders' approval to increase the capital is not obtained by offering the Rights Shares, the issuance of the Rights Shares shall automatically cease, and at that time this Prospectus shall be considered null and the shareholders shall be notified accordingly.

Financial Advisor, Lead Manager and Underwriter

Additional Lead Manager



This Prospectus was issued on 22/03/1446H (corresponding to 25/09/2024G)

Important Notice

This Prospectus (the “**Prospectus**”) contains full details of Salama Cooperative Insurance Company and the rights shares offered for subscription. When applying to subscribe for New Shares, investors will be treated on the basis that their applications are based on the information contained in this Prospectus, a copy of which can be obtained from the head office of the Company and from the Lead Managers or by visiting the websites of the Company (www.salama.com.sa), the Financial Advisor and Lead Manager (www.alawwalcapital.com), the Additional Lead Manager (www.nefaiie.com) or the website of the Capital Market Authority (www.cma.org.sa).

The prospectus will be published and made available to the public within a period of not less than (14) days prior to the date of the Extraordinary General Assembly for the capital increase. In the event that the Extraordinary General Assembly approval for the capital increase is not obtained within six (6) months from the date of the CMA's approval of the registration and offering of rights shares, the CMA's approval shall be considered canceled.

The Company has appointed AlAwwal Capital as Financial Advisor (the “**Financial Advisor**”), Lead Manager (the “**Lead Manager**”) and Underwriter (the “**Underwriter**”). It has also appointed Al-Nefaiie Investment Group as an additional Lead Manager (the “**Additional Lead Manager**”), in connection with the offering of rights shares to increase the Company's capital under this Prospectus.

This Prospectus contains information provided in accordance with the requirements of the Rules on the Offer of Securities and the Continuing Obligations issued by the Board of the Capital Market Authority by virtue of Resolution No. (3-123- 2017) dated 09/04/1439H (corresponding to 27/12/2017G) subject to the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H and amended by the Board of the Capital Market Authority Resolution No. (3-6-2024) dated 05/07/1445H (corresponding to 17/01/2024G). The members of the Board of Directors named in this Prospectus Page (F), jointly and severally, bear full responsibility for the accuracy of the information contained in this Prospectus, and confirm to the best of their knowledge and belief, after conducting all possible and reasonable studies, that there are no other facts whose failure to be included in the prospectus could lead to make any statement contained therein misleading. Neither CMA nor the Saudi Stock Exchange shall be liable for the contents of this Prospectus, nor shall they give any assurances as to its accuracy or completeness, and they expressly release themselves from any liability whatsoever for any loss resulting from what is stated in this Prospectus or from reliance on any part thereof.

While the Company has made all reasonable studies and enquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, part of the information contained herein is derived from external sources. While none of the Company, its officers, directors, Financial Advisor, or the Company's advisors, whose names appear on pages (H) and (I) (“**Advisors**”) have any reason to believe that this information is in substance inaccurate, this information has not been independently verified, and therefore no commitment or statement can be made regarding the accuracy or completeness of this information.

The information contained in this Prospectus as of the date of its issuance is subject to change, especially since the financial position of the Company and the value of the subscription shares may be adversely affected as a result of future developments such as inflation, interest rates, taxes or other economic, political or other factors beyond the control of the Company (please refer to Section No. (2) "**Risk Factors**"). The provision of this Prospectus or any oral or written information relating to the Rights Shares, or the interpretation thereof, or reliance thereon, in any way whatsoever, shall not be taken as a promise, assurance or representation as to the realization of any future revenues, results or events.

This Prospectus shall not be deemed to be a recommendation on the part of the Company, its directors or any of its advisors to participate in the subscription for the Rights Issue Shares. The information contained in this Prospectus is of a general nature and has been prepared without taking into account the individual investment objectives, financial position or investment needs of persons wishing to subscribe to the Rights Shares. Each recipient of this Prospectus shall, before making his decision to invest, be responsible for obtaining independent professional advice from a financial advisor licensed by the Authority regarding the subscription to assess the suitability of the opportunity for such investment and the information contained in this Prospectus for its objectives, conditions and financial needs.

Registered shareholders and other general investors ("**New Investors**"), who may trade rights and subscribe to New Shares, will be able to trade and subscribe to rights shares in Tadawul during the trading phase and the subscription phase, which begin at the same time on [●]/[●]/1446H (corresponding to [●]/[●]/2024G), provided that the Trading Period ends at the end of the sixth day, which falls on [●]/[●]/1446H (corresponding to [●]/[●]/2024G) (the "**Trading Period**"), while the Subscription Period continues until the end of the ninth day, which falls on [●]/[●]/1446H (corresponding to [●]/[●]/2024G) (the "**Subscription Period**").

Registered shareholders will be able to trade rights during the Trading Period by selling part of the acquired rights or buying additional rights through the market. Additionally, new investors will be able to buy and sell rights in the market during the Trading Period or subscribe to them during the Subscription Period.

The subscription of New Shares during the Subscription Period will be available in one phase according to the following:

1. In this period, all registered shareholders and new investors will be able to subscribe for New Shares.
2. The registered shareholder will be able to subscribe directly to the number of his shares or less during the Subscription Period, and in the event that the registered shareholder buys new rights, the registered shareholder will be able to subscribe to them after the end of the settlement period (two working days).
3. New investors will be able to subscribe for New Shares after the expiry of their settlement period (two working days).
4. Subscription will be available electronically through the investment portfolio in trading platforms and applications, through which purchase and sale orders are entered in addition to subscribing to other channels and means provided by the broker.

If any shares remain unsubscribed after the end of the Subscription Period ("**Rump Shares**"), they will be offered at no less than the Offer Price to a number of institutional investors ("**Institutional Investors**") (this

offering is referred to as "the Rump offer"). These institutional investors submit their offers to buy the Rump Shares and these offers will be received starting from 10:00 AM on [●]/[●]/1446H (corresponding to [●]/[●]/2024G) until 5:00 PM on [●]/[●]/1446H (corresponding to [●]/[●]/2024G) (the "Rump Offering Period"). The Rump Shares will be allocated to institutional investors with the highest, then lowest, offer, provided that the price is not less than the offer price. The shares will be allocated pro rata to institutional investors that make the same offer. In addition, the fractions of the shares will be added to the Rump Shares and treated similarly, and the total amount of the offering collected from the Rump offering process of the Company will be paid and the rest of the proceeds of the offering process (if any) (in excess of the offering price) will be distributed to its beneficiaries without calculating any fees or deductions, each according to what it is entitled to, no later than [●]/[●]/1446H (corresponding to [●]/[●]/2024G). An investor who has not subscribed or sold his rights, and holders of fractional shares, may not receive any consideration if the sale is made in the Rump offering period at the Offering Price.

In the event that the institutional investors do not subscribe to all the Rump Shares and fractions of the shares, the remainder of these shares will be allocated to the Underwriter who will buy them at the offering price (please refer to Section No. (11) "**Details on Shares and Subscription Terms and Conditions**"). The final allocation process will be announced no later than [●]/[●]/1446H (corresponding to [●]/[●]/2024G) ("**Allocation Date**") (please refer to Section No. (11) "**Details on Shares and Subscription Terms and Conditions**").

The offering of Rights Shares under this Prospectus is subject to the approval of the shareholders to increase the capital in accordance with the recommendation of the Board of Directors and the Company's obtaining the regulatory approvals. An invitation to the Extraordinary General Assembly of the Company has been published to approve the issuance of Rights Shares on [●]/[●]/1446H (corresponding to [●]/[●]/2024G). The shareholders shall be aware that if shareholder approval is not obtained to increase the capital by offering Rights Shares, the issuance of Rights Shares will automatically cease, and at that time this Prospectus will be considered null and the shareholders will be notified thereof.

Financial Information

The financial statements for the financial years ended December 31, 2021 and 2022 have been audited by Ibrahim Ahmed Al-Bassam & Partners Company, and Crowe Solutions for Professional Consulting, and the financial statements for the financial year ended December 31, 2023 by Ibrahim Ahmed Al-Bassam & Partners Company and PricewaterhouseCoopers Chartered Accountants. The audited financial statements of the Company for the financial years ended 31 December 2021, 2022 and 2023 and the accompanying notes have been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the Kingdom of Saudi Arabia, and other standards and issuances approved by Saudi Organization for Chartered and Professional Accountants (SOCPA).

It shall be noted that some of the financial and statistical information contained in this Prospectus has been rounded to the nearest whole number, and accordingly, if the numbers indicated in the tables are added, their sum may not correspond to the totals set forth in this Prospectus.

Forecasts and Forward-Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain assumptions based on the information of the Company as per its expertise in the market in addition to the publicly available market information. The Company's future conditions may differ from the assumptions used, and no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that the information contained in this Prospectus has been prepared with due care.

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 (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.

In accordance with Article (49) of the "**Rules on the Offer of Securities and Continuing Obligations**", the Company shall submit a supplementary prospectus to CMA if it becomes aware at any time after the date of publication of this prospectus and before the offering is completed of any of the following:

1. There is a material change in the prospectus; or
2. Any significant issues that should have been included in the prospectus should have arisen.

Except for these two cases, the Company does not intend to update or amend any information whether as a result of additional new information or as a result of future or other incidents related to the Company, the sector or risk factors. As a result of the foregoing and other risks, assumptions and uncertainties, the events and circumstances of future prospects set out in this Prospectus may not occur as the Company anticipates, or not occur at all. Therefore, potential investors shall study all forward-looking statements in the light of these interpretations, while not relying unnecessarily on forward-looking statements.

Company's Directory

Board of Directors

#	Name	Position	Nationality	Age	Membership Status	Membership Date	Direct Ownership		Indirect Ownership	
							Number of Shares	Direct Ownership Percentage	Number of Shares	Indirect Ownership Percentage
1	Mountasar Mohammed Foudah**	Chairman	Saudi	48	Independent	15/02/1444H (corresponding to 11/09/2022G)	-	-	-	-
2	Adnan Jameel Khoja**	Deputy Chairman	Saudi	61	Non-executive	15/02/1444H (corresponding to 11/09/2022G)	-	-	-	-
3	Bader Khalid Alanzi	Member	Saudi	46	Executive	15/02/1444H (corresponding to 11/09/2022G)	-	-	-	-
4	Khaled Mohammed Salem Bajnaid	Member	Saudi	54	Independent	15/02/1444H (corresponding to 11/09/2022G)	-	-	-	-
5	Mohammed Taha Alsafi	Member	Saudi	37	Independent	15/02/1444H (corresponding to 11/09/2022G)	-	-	-	-
6	Mohammed Taha Alsafi	Member	Saudi	54	Independent	15/02/1444H (corresponding to 11/09/2022G)	-	-	-	-
7	Wael Abdulrahman Albassam	Member	Saudi	49	Independent	15/02/1444H (corresponding to 11/09/2022G)	2,300	0.0115****%	-	-

Source: Management Information.

*The Ordinary General Assembly of the Company agreed on its meeting held on 15/02/1444H (corresponding to 11/09/2022G) to elect the members of the Board of Directors for the current session, which begins on 15/02/1444H (corresponding to 11/09/2022G) and for a period of three years ending on 18/03/1447H (corresponding to 10/09/2025G).

** The Board of Directors of the Company decided on 17/02/1444H (corresponding to 13/09/2022G), to appoint Mr. Mountasar Mohammed Foudah as Chairman of the Board of Directors, and to appoint Mr. Adnan Jameel Khoja as Vice-Chairman of the Board of Directors. The Company obtained the non-objection of the Saudi Central Bank on 28/03/1444H (corresponding to 24/10/2022G).

***As of 26/11/1445H (corresponding to 03/06/2024G), Board Member Mr. Wael Abdulrahman Albassam owns 2,300 shares of the Company's shares.

The Company shall abide by the Companies Law, the Governance Regulations issued by the Board of Directors of the Capital Market Authority and the Insurance Companies Governance Regulations issued by the Central Bank of Saudi Arabia (whose regulatory powers over the insurance sector have been transferred to the Insurance Authority) regarding the composition of the Board of Directors, as the Company's Articles of Association stipulate that the number of members of the Board shall be seven members elected by the Ordinary General Assembly for a period not exceeding three years. The Company's Governance Regulations also indicate the Company's compliance with Article Sixteen (16) of the Governance Regulations, which obliges listed companies to have a majority of non-executive members of the Board and that the number of its independent members shall not be less than two members or one third of the members of the Board (whichever is more). Therefore, the Company shall comply with Article (54) of the Governance Regulations of Insurance Companies. Currently, there are five independent board members of Salama Cooperative Insurance Co. out of seven.

Address of the Company and Representatives

Company Address

Salama Cooperative Insurance Company

7864, Jeddah-, Al Madinah Al Munawwarah Road, Al Salama District, Salama Tower, 12th Floor
Unit No. 202 – Jeddah 23525 – 3889/ P.O. Box 4020 – Jeddah 21491

Kingdom of Saudi Arabia

Tel: +966 12 6845889

Fax : +966 12 6970470

Email : info@salama.com.sa

Website: www.salama.com.sa



Company's First Authorized Representative

Mountasar Mohammed Foudah

Chairman of the Board of Directors
9000 - Ibn Khalawayh - Al Murjan District – Jeddah
23714-3627

Kingdom of Saudi Arabia

Tel: +966 12 6845653

Fax : +966 12 6970470

Email : m.foudah@yahoo.com

Website: www.salama.com.sa

Company's Second Authorized Representative

Bader Khalid Alanzi

CEO
7227 – Ibrahim Almanawy – Alzahraa District -Jeddah
23425-3266

Kingdom of Saudi Arabia

Tel: +966 12 6845777

Fax: +966 12 6970470

Email: Bader.Alanzi@Salama.com.sa

Website: www.salama.com.sa

Stock Exchange

Saudi Stock Exchange (Tadawul)

Unit No: 15 - King Fahad Road, Al Ulaya - Riyadh
P.O. Box 6897 Riyadh 12211 - 3388

Kingdom of Saudi Arabia

Tel: +966 11 920001919

Fax: +966 11 2189133

Website: www.saudiexchange.sa

Email: Csc@Saudiexchange.Sa



Advisors & Auditors

Financial Advisor, Lead Manager and Underwriter

Alawwal Capital Company

Jeddah- Rusd Towers- 9th Floor- Corniche Branch Road
P.O. Box 51536 Postal Code 21553
Kingdom of Saudi Arabia
Tel: +966 12 2842321
Fax: +966 12 2840335
Website: www.alawwalcapital.com
Email: info@alawwalcapital.com



Additional Lead Manager

Al Nefae Investment Group

Jeddah - Bin Hamran Commercial Center - 7th Floor
- Prince Muhammad bin Abdulaziz Street
P.O. Box 17381 Postal Code 21484
Kingdom of Saudi Arabia
Tel: +966 12 6655071
Fax: +966 12 6655723
Website: www.nefaie.com
Email: csu@nefaie.com



Legal Advisor

Mohamed Magdi Zarea & Khaled Nasser Al Hamdan Law

Firm

Jeddah - Jameel Square - 7th Floor - Prince Mohammed Bin
Abdulaziz Street
P.O. Box 15496 Postal Code 21444
Kingdom of Saudi Arabia
Tel: +966 12 2122996
Fax: +966 12 664 3810
Website: www.zh-partners.com
Email: info@zh-partners.com



Auditors for the financial years ended December 31, 2021 and 2022

Crowe Solutions for Professional Consulting Co.

Riyadh - Prince Mohammed bin Abdulaziz Street - Unit
No. 11
P.O. Box 10504 Riyadh 11443 Kingdom of Saudi Arabia
Tel +966 11 217 5000:
Fax +966 11 217 6000:
Website: www.crowe.com.sa
Email: info@crowe.sa



Ibrahim Ahmed Al-Bassam & Partners Co.

Jeddah, Al Madinah Al Munawarah Road, Al Noor Center
P.O. Box 15651 Jeddah 21454 Kingdom of Saudi Arabia
Tel: +966 12 652 5333
Fax: +2894 652 12 966
Website www.pkfalbassam.com:
Email: Ibrahim.albassam@pkf.com



Auditors for the financial year ended 31 December 2023

PricewaterhouseCoopers Public Accountants

Jameel Square - P.O. 16415, Jeddah 21464 - Kingdom

Saudi Arabia

Tel: +966 12 610 4400

Fax: +966 12 610 4411

Website www.pwc.com/middle-east:

Email: mufaddal.ali@pwc.com



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Jeddah, Al-Madinah Al-Munawarah Road, Al Noor Center

P.O. Box 15651 Jeddah 21454 Kingdom of Saudi Arabia

Tel: +966 12 652 5333

Fax: +2894 652 12 966

Website www.pkfalbassam.com:

Email: ibrahim.albassam@pkf.com



Note: All the aforementioned Advisors and External Auditors have submitted their written approvals to refer to their names and logos and to publish their statements in the form and content contained in this Prospectus, and none of them has withdrawn this approval until the date of this Prospectus.

Summary of the Offering

This offering summary is intended to provide a brief overview of the information contained in this prospectus. Thus, this summary does not contain all the information that may be of interest to shareholders and other general institutional and individual investors. Accordingly, the recipients of this prospectus shall read it in full before making any investment decision to subscribe or trade in rights shares. In particular, it is necessary to take into account what is stated in the Section "**Important Notice**" and Section No. (2) "Risk Factors" of this Prospectus. The following is a summary of the offering:

<p>Issuer's Name, Description, and Information on its Incorporation</p>	<p>Salama Cooperative Insurance Co. ("Salama", "Salama" or "Issuer") was incorporated as a Saudi joint stock company under the license of the Ministry of Investment No. (1/870) dated 13/09/1426H (corresponding to 15/10/2005G), the decision of the Council of Ministers No. (233) dated 16/09/1427H (corresponding to 09/10/2006G), Royal Decree No. (M/60) dated 18/09/1427H (corresponding to 11/10/2006G), and under the Commercial Register No. (4030169661) issued in Jeddah on 06/05/1428H (corresponding to 23/05/2007G) and registered in the Jeddah Registry, and the license of the Saudi Central Bank ("SAMA") No. (TMN/4/20079) dated 29/08/1428H (corresponding to 11/09/2007G).</p>								
<p>Issuer's Activities</p>	<p>The Company's activities, pursuant to its Commercial Register, include general insurance and health insurance. The Company's activity, as stated in its articles of association, mainly aimed to carry out cooperative insurance business in the General Insurance and Health Insurance Sectors. The Company may carry out all the work required to achieve its objectives, noting that the Company shall carry out its activities in accordance with the Cooperative Insurance Companies Control Law, its executive regulations, the provisions issued by the Saudi Central Bank (whose regulatory powers over the insurance sector have been transferred to the Insurance Authority), and the regulations and rules in force in the Kingdom of Saudi Arabia, and after obtaining the necessary licenses from the competent authorities, if any.</p>								
<p>Substantial Shareholders, their number of shares, and ownership percentages before the offering</p>	<p>They are the persons who own 5% or more of the shares of the Company's capital, and as of the date of this Prospectus, the substantial shareholders of the Company are:</p> <table border="1" data-bbox="423 1167 1502 1266"> <thead> <tr> <th data-bbox="423 1167 1000 1230">Shareholder</th> <th data-bbox="1000 1167 1268 1230">Ownership Percentage</th> <th data-bbox="1268 1167 1502 1230">Number of Shares</th> </tr> </thead> <tbody> <tr> <td data-bbox="423 1230 1000 1266">Abdullah Mohammed Alruwaite</td> <td data-bbox="1000 1230 1268 1266">5%</td> <td data-bbox="1268 1230 1502 1266">1,000,000</td> </tr> </tbody> </table> <p>Source: Management Information.</p>			Shareholder	Ownership Percentage	Number of Shares	Abdullah Mohammed Alruwaite	5%	1,000,000
Shareholder	Ownership Percentage	Number of Shares							
Abdullah Mohammed Alruwaite	5%	1,000,000							
<p>Purpose of the issuance of the proposed Rights Issue</p>	<p>The Company aims to increase its capital by offering rights shares to support the Company's future plans, enhance the solvency margin, meet the minimum capital and increase the regulatory deposit (for more details on the use of the proceeds of the offering, please refer to Section No. (5) "Use of the Proceeds of the Offering and Future Projects").</p>								

<p>Total Proceeds Estimated to be Raised, Breakdown Analysis and Description of its Potential Use</p>	<p>The total proceeds of the offering are expected to reach one hundred million (100,000,000) Saudi riyals, and the net proceeds of the offering are expected to reach ninety-five million (95,000,000) Saudi riyals after deducting the costs of the offering, which is five million (5,000,000) Saudi riyals. The Company intends to use the net proceeds of subscription for investing in banks deposits while maintaining the necessary financial margin solvency requirements, and for more information (please refer to Section (5) "Use of the Proceeds of the Offering and Future Projects").</p> <p>The following table shows the details of the proposed use of the subscription proceeds:</p> <table border="1" data-bbox="418 464 1495 646"> <thead> <tr> <th rowspan="2">Statement</th> <th>2024</th> <th>2025</th> <th rowspan="2">Value (SAR)</th> <th rowspan="2">Percentage to total proceeds</th> </tr> <tr> <th>Q4</th> <th>Q1</th> </tr> </thead> <tbody> <tr> <td>Investing in bank deposits</td> <td>-</td> <td>87,500,000</td> <td>87,500,000</td> <td>87.5%</td> </tr> <tr> <td>Increasing the regulatory deposit</td> <td>7,500,000</td> <td>-</td> <td>7,500,000</td> <td>7.5%</td> </tr> <tr> <td>Offering Costs</td> <td>5,000,000</td> <td>-</td> <td>5,000,000</td> <td>5%</td> </tr> <tr> <td>Total proceeds of the offering</td> <td>12,500,000</td> <td>87,500,000</td> <td>100,000,000</td> <td>100%</td> </tr> </tbody> </table> <p>Source: Management Information</p>	Statement	2024	2025	Value (SAR)	Percentage to total proceeds	Q4	Q1	Investing in bank deposits	-	87,500,000	87,500,000	87.5%	Increasing the regulatory deposit	7,500,000	-	7,500,000	7.5%	Offering Costs	5,000,000	-	5,000,000	5%	Total proceeds of the offering	12,500,000	87,500,000	100,000,000	100%															
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<p>Total Proceeds Raised on the Most Recent Rights Issue, its Breakdown, Description as well as the Uses and the expected use of such proceeds not yet utilized</p>	<p>The total proceeds obtained by the Company in the last issuance of the Rights Shares reached one hundred million (100,000,000) Saudi Riyals, after obtaining the approval of the Extraordinary General Assembly on 21/04/1445H (corresponding to 05/11/2023G) to increase the Company's capital from one hundred million (100,000,000) Saudi Riyals to two hundred million (200,000,000) Saudi Riyals by issuing the Rights Shares with ten million (10,000,000) New Shares at a nominal value of ten (10) Saudi Riyals per share, and a total value of one hundred million (100,000,000) Saudi Riyals, in order to support the growth of the Company's business while maintaining financial margin solvency requirements.</p> <p>The following are the details of the use of the proceeds of the offering as disclosed in the relevant prospectus:</p> <table border="1" data-bbox="431 1031 1489 1633"> <thead> <tr> <th>Item</th> <th>The expected use value of the proceeds (SAR)</th> <th>Percentage of total proceeds</th> <th>Actual use value of proceeds (SAR)</th> <th>Percentage of total proceeds</th> <th>Value of deviation (SAR)</th> <th>The percentage of deviation from the use of expected offering proceeds</th> </tr> </thead> <tbody> <tr> <td>Bank Deposits</td> <td>58,700,000</td> <td>58.7%</td> <td>88,700,000</td> <td>88.7%</td> <td>30,000,000</td> <td>30.0%</td> </tr> <tr> <td>Low Risk Bonds & Sukuk</td> <td>30,000,000</td> <td>30.0%</td> <td>-</td> <td>0.0%</td> <td>(30,000,000)</td> <td>(100.0%)</td> </tr> <tr> <td>Cash at Bank</td> <td>-</td> <td>-</td> <td>1,054,013</td> <td>1.1%</td> <td>1,054,013</td> <td>1.1%</td> </tr> <tr> <td>Subscription Expenses</td> <td>11,300,000</td> <td>11.3%</td> <td>10,245,987</td> <td>10.2%</td> <td>(1,054,013)</td> <td>(1.1%)</td> </tr> <tr> <td>Total proceeds of the offering</td> <td>100,000,000</td> <td>100%</td> <td>100,000,000</td> <td>100%</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>Source: Company Rights Prospectus 2023.</p> <p>The reasons and justifications for deviations in the actual use of the proceeds from what was previously disclosed in the Company's Rights Prospectus 2023 are as follows:</p> <ol style="list-style-type: none"> 1. The actual subscription expenses for the capital increase were (10,245,987) Saudi riyals, a difference of (1,054,013) Saudi riyals, as the estimated cost was (11,300,000) million Saudi riyals as stated in the prospectus. This difference is due to the fact that the actual amounts were lower than the initial estimates. Whereas the amount of savings from expenses related to the previous 	Item	The expected use value of the proceeds (SAR)	Percentage of total proceeds	Actual use value of proceeds (SAR)	Percentage of total proceeds	Value of deviation (SAR)	The percentage of deviation from the use of expected offering proceeds	Bank Deposits	58,700,000	58.7%	88,700,000	88.7%	30,000,000	30.0%	Low Risk Bonds & Sukuk	30,000,000	30.0%	-	0.0%	(30,000,000)	(100.0%)	Cash at Bank	-	-	1,054,013	1.1%	1,054,013	1.1%	Subscription Expenses	11,300,000	11.3%	10,245,987	10.2%	(1,054,013)	(1.1%)	Total proceeds of the offering	100,000,000	100%	100,000,000	100%	-	-
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	<p>capital increase, totaling 1,054,013 Saudi Riyals, is currently held as cash in the bank and will be invested in low-risk bonds and sukuk until a decision is made by the company after finding suitable investment opportunities.</p> <p>2. The allocated amount of investments in low-risk bonds and sukuk, as mentioned in the previous prospectus, has not been invested as yet, as it is still under process, and an amount of 30,000,000 Saudi riyals is currently part of short-term investments.</p> <p>3. The investments in actual bank deposits amounted to (88,700,000). This represents an increase of 30,000,000 Saudi riyals, as the estimated amount of these investments was 58,700,000 Saudi riyals. This difference is due to the fact that the Company did not invest any of the previously estimated amounts in investments in bonds and low-risk sukuk, which are estimated at (30,000,000) and have already been invested in bank deposits. It is important to note that the decision to invest in low-risk bonds and sukuk is still underway until appropriate investment opportunities are found.</p>
Any information required under Appendix (12) to the Rules on the Offer of Securities and Continuing Obligations that has materially changed since the approval of the most recent prospectus	CMA has approved the publication of the Company's latest prospectus on 05/01/1445H (corresponding to 23/07/2023G). Please refer to Sub-Section (8.14) " Material Information that changed since the Authority's approval of the latest share issue prospectus " of Section (8) " Legal Information " for material information that the Company believes has changed since that date.
Issuer's Capital Prior to Offering	Two hundred million (200,000,000) Saudi riyals.
Total Number of Issuer Shares Prior to Offering	Twenty million (20,000,000) ordinary shares.
Nominal Value per Share	Ten (10) Saudi riyals per share.
Total Number of Shares Offered	Ten million (10,000,000) ordinary shares.
Percentage of shares offered from the capital of the Issuer	50%.
Offering Price	Ten (10) Saudi riyals per share.
Total Value of the Offering	One hundred million (100,000,000) Saudi riyals.
Number of underwritten offering shares	Ten million (10,000,000) ordinary shares.
The total value of the underwritten offering	One hundred million (100,000,000) Saudi riyals.
Categories of Targeted Investors	Registered shareholders and new investors.

Allocation method and refund of surplus for each category of targeted investors	<p>The New Shares will be allotted to the eligible persons pursuant to the number of rights properly and fully exercised. The fractions of the shares will be collected and added to the Rump Shares and then offered to the institutional investors during the Rump offering period.</p> <p>The Company will receive the total Offering Price obtained from the sale of the Rump Shares, while the remainder of the proceeds of the Rump Offering (if any) will be distributed without charging any fees or deductions (that is, exceeding the Offering Price) to its beneficiaries who have not subscribed in whole or in part to the New Shares and to those entitled to fractions of the shares. Noting that the investor who did not subscribe or sell his rights, and the owners of fractional shares, may not receive any consideration if the sale is made in the Rump offering period at the offering price. (Please refer to No. (11) "Details on Shares and Subscription Terms and Conditions" in this Prospectus.)</p> <p>The Surplus of the subscriptions (if any) will be refunded to the subscribers' without any commissions or deductions from the Company.</p>
Offering Period	<ul style="list-style-type: none"> • The Trading Period begins on [●]/[●]/1446H (corresponding to [●]/[●]/2024G) and continues until the end of [●]/[●]/1446H (corresponding to [●]/[●]/2024G). During this period, all rights holders, whether they are registered shareholders or new investors, may undertake rights trading. • The Subscription Period begins on [●]/[●]/1446H (corresponding to [●]/[●]/2024G) and continues until the end of [●]/[●]/1446H (corresponding to [●]/[●]/2024G). During this period, all rights holders, whether registered shareholders or new investors, may exercise their right to subscribe for New Shares. It shall be noted that the Trading Period and the Subscription Period will start on the same day, while the Trading Period lasts until the end of the sixth day of the beginning of the period, while the Subscription Period lasts until the end of the ninth day of the beginning of the same period.
Entitlement to Dividends	Owners of New Shares will be entitled to any dividends that the Company announces to distribute after the date of issuance of the New Shares.
Voting Rights	All the shares of the Company are of one class and no share shall give to its holder any preferential rights. The New Shares will be fully paid up and equal to the existing shares. Each share shall give its holder the right to one vote and each shareholder of the Company shall be entitled to attend and vote at the general meeting of shareholders (whether ordinary or extraordinary).
Restrictions on Shares Trading	There are no restrictions on the trading of the Company's shares
Restrictions on New Shares as a result of capital increase	There are no restrictions imposed on the shareholders in general and the founding shareholders after the subscription process resulting from the capital increase.
Restrictions imposed on Rights Trading	There are no restrictions imposed on the trading of Rights.
Shares previously listed by the Issuer	<ul style="list-style-type: none"> • On 07/05/1428H (corresponding to 23/05/2007G), the Company listed ten million (10,000,000) ordinary shares in Tadawul and offered four million (4,000,000) shares for public subscription. • On 13/09/1436H (corresponding to 30/06/2015G), the Extraordinary General Assembly approved the increase of the Company's capital from one hundred million (100,000,000) Saudi riyals to two hundred and fifty million (250,000,000) Saudi riyals through the issuance of rights shares. • On 21/04/1445H (corresponding to 05/11/2023G), the Extraordinary General Assembly approved the increase of the Company's capital from one hundred million (100,000,000) Saudi riyals to two hundred million (200,000,000) Saudi riyals through the issuance of rights shares.
Registered shareholders	They are the shareholders who own the shares at the end of trading on the day of the Extraordinary General Assembly meeting for the capital increase and are registered in the Company's shareholders register at the Depository Center at the end of the second trading day following the day of the Extraordinary General Assembly meeting for the capital increase.

New Investors	They are generally individual and institutional investors - non-registered shareholders - who have purchased rights during the Trading Period.
The Rights	They are negotiable securities that grant the holder the right to subscribe to New Shares after approval of the capital increase, which is an acquired right of all registered shareholders, and the right may be traded during the Trading Period. Each right gives the holder the right to subscribe to one new share at the offering price. The rights will be deposited within two days from the date of the extraordinary general meeting on the capital increase. The rights will appear in the portfolios of registered shareholders under a new rights code.
Adjusted Price	The Company's share price in the financial market has been adjusted to [●] [●] Saudi riyals per share before the trading day following the day of the Extraordinary General Assembly meeting for the capital increase, which represents a decrease in the share price of [●] [●] Saudi riyals per share.
New Shares	Ten million (10,000,000) ordinary shares, which will be issued as a result of the capital increase.
Eligibility Ratio	Each registered shareholder is granted (1) rights for each two (2) shares he owns and this ratio is the result of dividing the number of New Shares to be issued by the number of existing shares of the Company.
Number of shares issued after capital increase	Thirty million (30,000,000) ordinary shares.
Issuer's capital after capital increase	Three hundred million (300,000,000) Saudi riyals.
Offering Costs	The costs of the offering is five million (5,000,000) Saudi riyals, which includes the fees of the financial advisor, the lead manager, the additional lead manager, the underwriter and the legal advisor, marketing, printing, distribution and other expenses related to the subscription, noting that this amount is an estimate (please refer to Section No. (5) " Use of the Proceeds of the Offering and Future Projects ").
Eligibility Date	The end of trading on the day of the Extraordinary General Assembly for the capital increase [●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Rump Shares	The Rump Shares are the shares that have not been subscribed for during the Subscription Period.
Rump Offering	In the event that shares remain unsubscribed after the end of the offering period ("the Rump Shares "), these shares will be offered to a number of institutional investors (" Institutional Investors "), provided that these institutional investors submit their offers to buy the Rump Shares, and these offers will be received starting at 10:00 AM on [●]/[●]/1446H (corresponding to [●]/[●]/2024G) until 5:00 Pm on [●]/[●]/1446H (corresponding to [●]/[●]/2024G) (the " Rump Offering Period "), the Rump Shares will be allocated to the institutional investors with the highest offer and then the lowest offer (provided that the price is not less than the offer price), provided that the shares are allocated proportionally to the institutional investors that offer the same price. The fractions of the shares will be added to the Rump Shares and treated similarly.
Payment of Compensation Amounts (if any)	The amounts of cash compensation will be paid to eligible persons who have not fully or partially exercised their right to subscribe to the New Shares and to those entitled to fractions of the shares without any deductions no later than [●]/[●]/1446H (corresponding to [●]/[●]/2024G), noting that the amounts of cash compensation represent the amount that exceeds the offering price of the net proceeds of the sale of the Rump Shares and fractions of the shares.
Indicative Right Value	The indicative right value is the difference between the market value of the Company's stock during the Trading Period and the offering price. Tadawul will calculate and publish the indicative right value during the Trading Period on its website five (5) minutes late, and market information service providers will also publish this information so that investors can see the indicative right value when entering orders.
Trading Price of the Right	It is the price at which the right is traded, knowing that it is determined through the supply and demand mechanism, and therefore it may differ from the indicative value of the right.
Allocation Date	The shares will be allocated no later than [●]/[●]/1446H (corresponding to [●]/[●]/2024G).

Subscription Surplus Refund Date	Subscription surplus (if any) will be refunded by the Company without any commissions or deductions no later than [●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Trading of New Shares	The New Shares shall commence trading in Tadawul after completing all procedures related to the registration, allocation and listing of the New Shares. The period of time between the end of the subscription for rights and the deposit of shares in the shareholders' portfolios shall be nine (9) working days.
Risk Factors	Investing in this offering involves certain risks that can be classified into: 1) risks related to the Company's activity and operations, 2) risks related to the market and the sector, and 3) risks related to the securities offered (please refer to Section No. (2) " Risk Factors ")
Conditions for Subscription to Rights Shares	Eligible persons wishing to subscribe for New Shares shall satisfy the relevant subscription conditions. For the terms and conditions and instructions of the subscription, please refer to Section No. (11) " Details on Shares and Subscription Terms and Conditions. "

Note: You shall refer to the "**Important Notice**" and Section No. (2) "**Risk Factors**" contained in this Prospectus and review them carefully before making any decision related to investing in rights shares or New Shares in accordance with this Prospectus.

Key Dates and Subscription Procedures

Expected Offering Timetable

Event	Date
Convening the Extraordinary General Assembly, which includes approving the capital increase and determining the date of eligibility and the eligible shareholders	[●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Trading Period	The Trading Period begins on [●]/[●]/1446H (corresponding to [●]/[●]/2024G), and lasts until the end of [●]/[●]/1446H (corresponding to [●]/[●]/2024G), and during this period all rights holders, whether they are registered investors or new investors, may trade rights.
Subscription Period	The Subscription Period begins on [●]/[●]/1446H (corresponding to [●]/[●]/2024G), and continues until the end of [●]/[●]/1446H (corresponding to [●]/[●]/2024G). During this period, all rights holders - whether registered investors or new investors - may exercise their right to subscribe for New Shares.
Subscription Period End Date	[●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Rump Offering Period	It starts at 10:00 AM on [●]/[●]/1446H (corresponding to [●]/[●]/2024G), and continues 5:00 PM on [●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Notification of Final Allocation	[●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Payment of compensation amounts (if any) to eligible persons who did not participate in the subscription in whole or in part	[●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Commencement of Trading in New Shares	After completing all the necessary procedures, the start date of trading in the New Shares will be announced on the Tadawul website, provided that the time period between the end of the subscription for the rights and the deposit of the shares in the shareholders' portfolios is nine (9) working days

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

Key Announcement Dates

Announcement	Announced by	Announcement Date
Announcement of the call for the Extraordinary General Assembly Meeting on Capital Increase	Company	[●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Announcement of the results of the Extraordinary General Assembly Meeting on Capital Increase	Company	[●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Announcement of the amendment of the Company's share price, the deposit of rights and the indicative value of the right	Tadawul	[●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Announcement of Determination of Rights Trading Period and Subscription Period for New Shares	Company	[●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Announcement of Addition of Rights of the Company	Edaa	[●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Announcement of Commencement of Rights Trading Period and Subscription Period	Tadawul	[●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Announcement Reminder of Commencement of Rights Trading Period and Subscription Period	Company	[●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Reminder of the last day of trading rights and the importance of those who do not want to subscribe to sell the rights they own	Company	[●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Announcement of: <ul style="list-style-type: none"> Subscription Results Details of the sale of the unsubscribed shares, if any (and the start of the Rump offering period) 	Company	[●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Announcement of the results of the Rump offering and the notification of the final allocation	Company	[●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Announcement of the Deposit of New Shares in Investors' Portfolios	Edaa	[●]/[●]/1446H (corresponding to [●]/[●]/2024G).
Announcement of distribution of compensation amounts (if any)	Company	[●]/[●]/1446H (corresponding to [●]/[●]/2024G).

Note:

- All dates mentioned in the above schedule are approximate. The actual dates and dates will be announced on the Tadawul website (www.saudiexchange.sa), in coordination with the Securities Depository Center Company («Edaa») to determine the date of deposit of the shares.
- The period between the end of subscription for the rights issue and the deposit of shares in shareholders' portfolios will be nine (9) working days.

It is important to note that in accordance with Article (51) of Rules on the Offer of Securities and Continuing Obligations, in the event that an announcement relating to the offering is published in a local newspaper after the publication of the prospectus, the announcement shall include the following:

- The name of the issuer and his commercial registration number.
- Securities, their value, type and category covered by the application for registration and offering of securities.
- Addresses and places where the public can obtain the prospectus.
- The date of publication of the prospectus.

- A statement that the announcement is for information purposes only and does not constitute an invitation or offering to acquire securities by purchasing or subscribing to them.
- Name of Lead Manager, Additional Lead Manager, Underwriter, Financial Advisor and Legal Advisor.
- Disclaimer as follows: «**The Capital Market Authority and Saudi Stock Exchange do not assume any responsibility for the contents of this announcement, do not give any assurances regarding its accuracy or completeness, and expressly disclaim any responsibility whatsoever for any loss resulting from this announcement or from relying on any part thereof**».

How to Apply

Subscription to rights shares is limited to eligible persons, whether they are registered shareholders or new investors. In the event that the rights of the eligible persons are not exercised, any unsubscribed Remaining Shares by the eligible persons will be offered to the institutional investors during the rump offering period. Eligible persons wishing to subscribe for New Shares shall submit subscription applications through trading platforms which sell and buy orders are entered, in addition to the possibility of subscription through the means and services dispensed by the broker to investors, provided that the eligible person has an investment account with one of the brokers who provide these services and his data have been updated, and no changes have occurred to his data or personal information (by deleting or adding a member of his family) since his subscription to a recent offering, unless these amendments have been communicated to the brokers and approved by them.

The Company reserves the right to reject any application to subscribe for New Shares in whole or in part, in the event that it does not meet any of the conditions or requirements of the subscription. The subscription application may not be amended or withdrawn after delivery, and the subscription application, upon submission, represents a binding contract between the Company and the eligible shareholder (please refer to Section No. (11) "**Details on Shares and Subscription Terms and Conditions**")

Q&A related to the New Rights Issue Mechanism

What is a Rights Issue?

They are negotiable securities that give the holder the right to subscribe to the New Shares offered upon the approval of the capital increase, which is an acquired right of all shareholders owning the shares at the end of the day of the extraordinary general meeting on the increase of the capital and registered in the register of shareholders of the Company at the Depository Center at the end of the second trading day following the date of the extraordinary general meeting. Each right gives the holder the right to subscribe to one right, at the offering price.

Who is granted the Rights?

For all shareholders registered in the Company's shareholders register at the Depository Center by the end of the second trading day following the date of the extraordinary general meeting on capital increase.

When are the Rights deposited?

After the extraordinary general meeting and its approval to increase the capital through the offering of rights shares, rights shall be deposited as securities in the shareholders' portfolios in the Company's shareholders' register at the Depository Center at the end of the second trading day after the ordinary general meeting, and the shares will appear in their portfolios under a new

symbol for rights, and it will not be allowed to trade or subscribe to these rights except at the beginning of the trading and Subscription Period.

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

The registered shareholder is notified by advertising on the Tadawul website as well as by the service (Tadawulati) provided by the Securities Depository Center Company and SMS messages sent by brokerage companies.

How many Rights can be acquired by a Registered Shareholder?

The number depends on the percentage of what each shareholder owns in the capital according to the Company's shareholders' register at the Depository Center at the end of the second trading day following the day of the extraordinary general meeting on the capital increase.

What is the Eligibility Ratio?

It is the ratio that enables the registered shareholders to know the number of rights due to them in exchange for the shares they own by the end of the second trading day after the extraordinary general meeting. This ratio is calculated by dividing the number of New Shares by the number of existing shares of the Company. Accordingly, the eligibility ratio is (1) right per two (2) shares owned by the registered shareholder at the date of eligibility. Accordingly, if a registered shareholder owns (1,000) shares at the date of eligibility, the registered shareholder will be allocated (500) rights for his shares.

Will these Rights be tradable under a different name/ symbol than the name/ symbol of the Company's shares?

Yes, the acquired right will be added to the investors' portfolios under the name of the original share, and by adding the word "Rights", in addition to a new code for these rights.

What is the value of the Right upon commencement of trading?

The opening price of the right will be the difference between the closing price of the Company's share on the day before the listing of the right and the offering price (indicative right value). For example (using default prices) if the closing price of the stock on the previous day was twenty-five (25) Saudi riyals and the offering price was ten (10) Saudi riyals, then the opening price of the rights at the start of trading is fifteen (15) Saudi riyals.

Who is the Registered Shareholder?

Any shareholder who appears in the Company's shareholders' register at the end of the second trading day after the extraordinary general meeting.

Can registered shareholders subscribe for additional shares?

Registered shareholders can subscribe for additional shares by purchasing new rights via the market in the Trading Period.

Is it possible for a shareholder to lose his or her right to subscribe, even if he or she has the right to attend an extraordinary general meeting and vote on a capital increase by way of a Rights Issue?

Yes, the shareholder loses his right to subscribe if he sells his shares on the day of the extraordinary general meeting or before it on a working day.

How does the Subscription take place?

Subscription applications are submitted during the Subscription Period through the investment portfolio in the trading platforms, through which purchase and sale orders are entered, in addition to the possibility of subscribing through any other means provided by the broker to investors and the custodian of shares.

Can the eligible person subscribe for more shares than the rights owned by him?

The eligible person cannot subscribe for more shares than the rights owned by him.

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

Rights will be deposited in the same portfolio in which the Company's shares linked to the rights are deposited. For example, if a shareholder owns one thousand (1,000) shares in the Company distributed as follows: eight hundred (800) shares in portfolio (A), and two hundred (200) shares in portfolio (B), the total rights to be deposited is five hundred (500) rights, given that each two shares have one right, and accordingly four hundred (400) rights will be deposited in portfolio (A) and one hundred (100) rights in portfolio (B).

Are share certificate holders allowed to subscribe and trade?

Yes, holders of share certificates are entitled to subscribe, but they will not be able to trade except after depositing the certificates in electronic portfolios through the receiving entities or the Securities Depository Center Company ("Edaa"), and bringing the necessary documents before the end of the Subscription Period.

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

If a registered shareholder subscribed for the New Shares and then sells the rights without purchasing a number of rights equivalents to the number of the Exercised rights he/she subscribed in before the end of the Trading Period, then the subscription application will be completely rejected, if all rights have been sold or partially in amount equal to the rights sold. The registered shareholder will be notified and refunded with the rejected subscription amount

Are those who have bought additional rights entitled to trade them again?

Yes, he is entitled to sell them and buy other rights during the Trading Period only.

Is it possible to sell part of these rights?

Yes, the investor can sell part of these rights and subscribe to the remaining part.

When can a shareholder subscribe to the rights purchased during the Trading Period?

After the settlement of the purchase of rights ends (which is two working days), provided that the rights are subscribed to during the Subscription Period.

Can the holder of the rights sell or waive the right after the expiry of the Trading Period?

It is not possible. After the expiry of the Trading Period, the holder of the rights has option either to exercise the right to subscribe for the shares of the rights or not to exercise it. In the event that the right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

What is the Trading Period and Subscription Period?

Trading and subscription of rights shall commence at the same time three (3) working days after the approval of the Extraordinary General Assembly, including the approval of the capital increase, until the end of trading on the sixth day, while the subscription shall continue until the ninth day, according to what is mentioned in this Prospectus and the Company's announcements.

What happens to rights that are not sold or exercised during the Trading Period and underwriting phase?

In the event that all the New Shares are not subscribed during the Subscription Period, the unsubscribed shares shall be offered for subscription in the rump offering organized by the Lead Manager and the additional Lead Manager., The value of the compensation (if any) shall be calculated for the rights holder after deducting the subscription price. Noting that the investor may not receive any consideration if the sale is made in the rump offering period at the offering price.

Who has the right to attend the Extraordinary General Assembly and vote on the capital increase by offering rights shares?

The shareholder registered in the register of shareholders of the Company at the Depository Center after the end of the trading day of the Extraordinary General Assembly for the capital increase shall have the right to attend the Extraordinary General Assembly and vote on the increase of the issued share capital by offering rights shares.

When is the share price adjusted as a result of an increase in the issuer's capital by way of a Rights Issue?

The share price shall be adjusted by the market before the start of trading on the day following the day of the extraordinary general meeting.

If an investor buys securities on the day of the meeting, is he entitled to the rights resulting from the increase in the capital of the issuer?

Yes, as the investor will be registered in the register of shareholders of the Company after two working days from the date of purchase of shares (that is, at the end of trading on the second trading day following the day of the extraordinary general meeting), knowing that rights will be granted to all shareholders registered in the register of shareholders of the Company at the end of trading on the second trading day following the date of the extraordinary general meeting. However, the investor shall not be entitled to attend or vote at the Extraordinary General Meeting of the Capital Increase.

Will any other fees be added for rights trades?

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

If the investor has more than one portfolio in more than one brokerage firm, how will the rights be calculated for him?

The investor's share will be distributed to the portfolios owned by the investor according to the percentage of ownership in each portfolio. In the event of fractions, those fractions will be collected. If they complete one or more correct numbers, they will be added to the portfolio in which the investor has the largest number of rights.

Is it possible to subscribe during the weekend?

No.

If the New Shares are subscribed and the rights are sold afterwards, what happens in this case?

In the event that a registered shareholder subscribes and then sells the rights and the number of rights equivalents to the number of rights subscribed before the end of the Trading Period is not purchased, the subscription application will be rejected in full in the event that all rights are sold or partially equivalent to the rights sold. The registered shareholder will be notified and the rejected subscription amount will be returned to him through the receiving party.

Can investors, who are not Registered Shareholders, subscribe for the Rights Shares?

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

Additional Help:

If you have any questions, please contact the Company at (customer.care@salama.com.sa). For legal reasons, the Company will only be able to provide the information contained in this Prospectus and will not be able to advise on the merits of the rights issue or even provide financial, tax, legal or investment advice.

For more information on the terms and conditions of the subscription, please refer to Section (11) "**Details on Shares and Subscription Terms and Conditions**" and the rest of the information contained in this Prospectus.

Summary of Key information

Disclaimer

This summary provides a brief overview of the key information contained in this prospectus. Since it is a summary, it does not contain all the information that may be of interest to shareholders and other general institutional and individual investors. Recipients of this prospectus are required to read it in full before making an investment decision related to the new rights or shares.

Company Profile

Salama Cooperative Insurance Co. was incorporated as a Saudi joint stock company under the license of the Ministry of Investment No. (870/1) dated 13/09/1426H (corresponding to 15/10/2005G), the decision of the Council of Ministers No. (233) dated 16/09/1427H (corresponding to 09/10/2006G) and Royal Decree No. (M/60) dated 18/09/1427H (corresponding to 11/10/2006G). The Company operates its business under the commercial register issued and registered in Jeddah under No. (4030169661) dated 06/05/1428H (corresponding to 23/05/2007G). The Company's headquarters is located in Jeddah, Medina Road, Salama Tower, P.O. Box 7864 Jeddah 23525, Kingdom of Saudi Arabia. The Company has obtained a SAMA license No. (TMN/4/20079) dated 29/08/1428H (corresponding to 11/09/2007G) to practice the insurance activity in accordance with the provisions of the Cooperative Insurance Companies Control Law and the executive regulations thereof.

The Company's history dates back to 1979, since the establishment of the Islamic Arab Insurance Company (Salama) in the United Arab Emirates. Salama Cooperative Insurance Co. is a pioneer in providing insurance solutions that comply with the instructions of Islamic Sharia, as it is one of the first companies that were licensed under the regulations of cooperative insurance. The Company is distinguished by the quality of service it provides to its valued customers.

The Company carries out general insurance and health insurance activities in the Kingdom of Saudi Arabia in accordance with the principle of cooperative insurance. Its products include motor insurance, marine insurance, engineering insurance, accident insurance, liability insurance, property insurance, and medical insurance.

History of changes in the Company's Share Capital

The capital of the Company amounted to one hundred million (100,000,000) Saudi riyals divided into ten million (10,000,000) ordinary shares with a nominal value of ten (10) riyals per share paid in full. The founding shareholders subscribed to six million (6,000,000) shares, constituting 60% of the total shares of the Company, and paid their full value. The remaining four million (4,000,000) shares, constituting 40%, were offered for public subscription under the laws and regulations of the Saudi Capital Market Authority in the period from 27/02/1428H (corresponding to 17/03/2007G) to 07/03/1428H (corresponding to 26/03/2007G) at a subscription price of ten (10) Saudi riyals per share. On 07/05/1428H (corresponding to

23/05/2007G), the Company was listed in Tadawul. On 14/08/1435H (corresponding to 12/06/2014G), the Board of Directors of the Company recommended in its decision to increase the capital of the Company to comply with the solvency requirements. The Company obtained the approval of the Central Bank of Saudi Arabia by letter No. (351000147528) dated 01/12/1435H (corresponding to 25/09/2014G) to increase its capital by one hundred and fifty million (150,000,000) Saudi riyals by offering rights shares. On 13/09/1436H (corresponding to 30/06/2015) the Company increased its capital by one hundred and fifty million (150,000,000) Saudi riyals at a capital increase rate of 150%, through Rights issue, so the Company's capital became two hundred and fifty million (250,000,000) Saudi riyals divided into twenty-five million (25,000,000) ordinary shares at a nominal value of (10) Saudi riyals per share . On 18/01/1444H (corresponding to 16/08/2022G), the Extraordinary General Assembly approved the reduction of the capital from two hundred and fifty million (250,000,000) Saudi riyals to one hundred million (100,000,000) Saudi riyals with a reduction rate of (60%). The Board of Directors also recommended increasing the capital of the Company by offering rights shares to increase the capital of the Company from one hundred million (100,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals with an increase of 200%. On 09/04/1444H (corresponding to 03/11/2022G), the recommendation of the Board of Directors was amended to increase the capital of the Company by offering rights shares by one hundred million (100,000,000) Saudi riyals, so that the new capital of the Company becomes two hundred million (200,000,000) Saudi riyals with an increase of 100%. On 21/04/1445H (corresponding to 05/11/2023G), the Company increased its capital from one hundred million (100,000,000) Saudi riyals to two hundred million (200,000,000) Saudi riyals by issuing ten million (10,000,000) rights shares with a nominal value of ten (10) Saudi riyals per share, after obtaining the necessary legal approvals and the approval of the Extraordinary General Assembly. In its resolution dated 08/09/1445H (corresponding to 18/03/2024G), the Board of Directors of the Company also recommended an increase in the capital of the Company from two hundred million (200,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals, an increase of 50% by offering rights shares worth one hundred million (100,000,000) Saudi riyals.

Substantial Shareholders

As of the date of this Prospectus, the substantial shareholders of the Company who own 5% or more of its shares are:

Shareholder	Ownership Percentage	Number of Shares
Abdullah Mohammed Alruwaite	5%	1,000,000

Source: Management Information

Company Vision

To be the first choice when it comes to innovative, customized insurance solutions based on strong financial and human resources.

Company Message

The Company seeks to meet the insurance needs of individuals and companies in order to help them manage their daily risks, compensate them for unexpected events and achieve their aspirations. This will be achieved through the establishment of long-term partnerships that enable the Company to understand, anticipate and meet customer needs, provide high quality insurance solutions and provide high levels of services that meet and exceed their expectations.

Company Mission

The Company aims to become one of the world's leading companies in the cooperative insurance sector in terms of:

- Value of Shareholders' Rights
- Market share.

Company Values

- An honest partnership and trustworthy management.
- Outstanding and disciplined performance.
- Transparency and commitment.
- Sincerity in work and the pursuit of success.
- Teamwork and mutual respect.

Corporate Strategy

Salama's goal is to occupy a leading position as a provider of Shari 'a compliant Takaful insurance products in the Kingdom of Saudi Arabia by providing high quality services at competitive prices. The Company offers a number of insurance products designed to meet the needs of its individual and corporate customers. The Company intends to leverage the strengths, knowledge, experience and managerial competence of its founding members. Salama's goals stem from its primary focus on customer satisfaction, operational effectiveness, employees, and profitability. The Company's policy is to:

- Targeting different customer segments to design and deliver premium and high-quality products and services at competitive prices, tailored to the needs of each segment.
- Providing the Company's customers with high quality services and processing claims with the utmost efficiency and speed.
- Establishing, strengthening and maintaining distinguished relationships with customers through the existence of a high-level Customer Relationship Management (CRM) system and the widespread use of information technology in order to build and establish high standards of service. The loyalty of our customers is reflected through the high rates of customer retention and the frequency of their dealings with the Company.
- Working and coordinating closely with our channel partners to understand different customer needs. We work with these partners to tailor insurance solutions to suit the requirements of our corporate and individual clients.

Strengths and Competitive Advantages of the Company

The Company is distinguished from its competitors by the following:

- Qualified administrative staff with long experience in the insurance market in Saudi Arabia.
- Robust IT infrastructure meets operational needs for long-term safety.
- Multiple distribution channels including brokers, agents and sales specialist.
- Reinsurance agreements with internationally renowned reinsurers.
- Benefiting from the establishment of mandatory insurance lines by the regulatory authorities and insurance activity for the huge retail sector in the Saudi market.

Summary of the main insurance activities of the Company

The Company has been licensed to carry out cooperative insurance business and related activities. The main activity of the Company includes the following:

- General Insurance
- Health Insurance

As of November 15, 2023, the Company has obtained the final approval from SAMA, which includes the product identification number in application of the controls for the approval of insurance products for the marketing and sale of 33 different policies. As of May 5, 2024, the Company has obtained the final approval from the Insurance Authority for the marine accident and liability insurance product. The products are divided into 6 sectors: Property Insurance, Engineering Insurance, Accident Insurance, Liability Insurance, Marine Insurance, Motor Insurance, and Medical Insurance.

Overview of the Insurance Sector in the Kingdom of Saudi Arabia

The most prominent developments in the Saudi insurance sector:

- The insurance sector witnessed an estimated growth of 22.7% during 2023, with total underwritten premiums reaching SAR 65.5 billion. Motor insurance, protection and savings insurance also witnessed a significant increase in gross underwritten premiums.
- The percentage of sales through insurance companies' websites and electronic insurance brokerage platforms increased from 9.9% in 2022 to 15.6% in 2023.
- The depth of the insurance sector increased from non-oil GDP during 2023 to 2.38% compared to 2.09% in 2022.
- The sector achieved a net income (after Zakat and tax) of 3.2 billion riyals in 2023 compared to 244 million riyals in 2022.
- The percentage of Saudization in insurance companies reached 79% in 2023.
- The sector witnessed the merger of the Arab Shield for Cooperative Insurance and Development Tokyo Marine. This was the sixth merger witnessed in the insurance sector. The insurance and acquisition processes witnessed by the sector are reflected positively in the creation of strong entities and the strengthening of the financial position of the

insurance sector in order to preserve the rights of the insured, improve the quality of services provided to customers, operational efficiency capable of competition, growth, innovation, investment, development and digitization, and attract and maintain qualified human competencies.

The most prominent regulatory developments in the insurance sector in 2023

A number of rules, controls and model formulas have been issued to keep pace with changes in the sector and the economy in general, the most prominent of which are the following:

- Issuing an amendment to the rules of comprehensive motor insurance, which regulate the contractual relationship between the insurance company and the insured.
- Issuing instructions for marine insurance coverage. The instructions have been prepared in cooperation with the General Authority for Transport, in order to develop a comprehensive and regulatory framework for marine insurance coverage and to ensure compliance with the provisions of international agreements and treaties to which the Kingdom is a party, the provisions of the Commercial Maritime Law, issued by Royal Decree No. (M/33) dated 05/04/1440H, and the relevant regulations. This instruction is expected to contribute to raising the level of quality of insurance services provided, and preserving the rights of beneficiaries of marine insurance products.
- Adopting the rules of insurance financial technology, as these rules regulate the relationship between insurance financial technology practitioners and their customers, ensuring the rights of the parties to the relationship, in addition to providing appropriate services to the beneficiaries of the business.
- Updating some articles of the unified policy for compulsory motor insurance
- The official application of International Financial Reporting Standard No. 17, Insurance Contracts (17 IFRS), and International Financial Reporting Standard No. 9, "Financial Instruments" (9 IFRS), by the Saudi insurance sector, starting from January 1, 2023, in line with the date of actual application decided by the International Accounting Standards Board. The application of the international standards Financial Report No. 17 and No. 9 is an important achievement for the Saudi insurance sector, and the Kingdom is among the first countries at the international level in the application of these two standards.

Source: Insurance Authority, Saudi Insurance Market Report for 2023.

Risk Factors Summary

Investors wishing to subscribe to the shares of this offering before making their investment decision related to subscription or trading in rights shares shall study and review all the information contained in this Prospectus, including in particular the risk factors detailed in Section No. (2) "**Risk Factors**" of this Prospectus.

Summary of Financial Information

The following summary financial information is based on the audited financial statements of the Company for the financial years ended 31 December 2021, 2022 and 2023 and the accompanying notes. Therefore, the summary of the financial statements and the Company's main performance table below shall be read with the audited financial statements for the financial years ended 31 December 2021, 2022 and 2023. It is worth noting that as of January 1, 2023, the company has adopted International Financial Reporting Standard No. 17 "Insurance Contracts" and International Financial Reporting Standard No. 9 "Financial Instruments". For comparison purposes, two separate analyses of income, financial position, and cash flows statements are presented as follows:

- A comparison between financial years ended 31 December 2021G, and 2022G, before the impact of the implementation of IFRS No. 9 and 17: The figures for financial year ended 31 December 2021G, have been presented as classified in the audited financial statements for financial year ended 31 December 2022G. The figures for financial year ended 31 December 2022G, have been presented as classified in the audited financial statements for FY ended 31 December 2022G.
- A comparison between FYs ended 31 December 2022G, and 2023G, after the impact of the implementation of IFRS No. 9 and 17: The figures for financial year ended 31 December 2022G, were presented as adjusted and classified in the audited financial statements for financial year ended 31 December 2023G. The figures for financial year ended 31 December 2023G, were also presented as classified in the audited financial statements for financial year ended 31 December 2023G.

The audited financial statements for the financial years ended December 31, 2021 and 2022 were audited by Ibrahim Ahmed Al-Bassam & Co, and Crowe Solutions for Professional Consulting Co.. The audited financial statements for the financial year ended December 31, 2023 were audited by Ibrahim Ahmed Al-Bassam & Co. and PricewaterhouseCoopers Company. The Company's financial statements for the financial years ended 2021, 2022 and 2023 and the accompanying notes have been audited in accordance with the International Financial Reporting Standards (IFRS) approved by the Kingdom of Saudi Arabia and other issuances approved by the Saudi Organization for Auditors and Accountants (SOCPA). The Company prepares its financial statements in Saudi Riyals.

Summary of Statement of Financial Position

(SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)
Total assets	614,541	765,970
Total liabilities	518,057	728,202
Total equity	96,484	37,768
Total liabilities and shareholders' equity	614,541	765,970

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

Income Statement Summary

(SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)
Gross premiums written	467,531	792,108
Net premiums written	407,582	701,950
Net premiums earned	399,339	521,065
Total revenues	408,439	544,567
Total underwriting costs and expenses	431,120	539,877
Net underwriting income/ (loss)	(22,681)	4,690
Total other operating expenses	(83,729)	(60,017)
Net (Loss) / Income attributable to shareholders	(112,410)	(58,327)

Source: Audited financial statements for years ended 31 December 2021G and 2022G.

Summary of Cash Flow Statement

(SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)
Net cash flows generated from / (used in) operating activities	(94,346)	77,841
Net cash flows generated from / (used in) investment activities	60,193	(62,057)
Net cash flows generated from/ (used in) financing activities	(1,077)	(5,035)

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

Key Performance Indicators

Item	FY 2021G	FY 2022G
Growth written premiums growth rate	9.30%	69.42%
Cession rate (including excess loss premiums)	12.80%	11.38%
Net premiums earned as a percentage of gross premiums written	85.40%	65.78%
Net loss ratio	87.30%	85.46%
Commission paid as a percentage of gross premiums written	4.80%	3.88%
Commission received as a percentage of ceded premiums	14.10%	10.29%
Net commission Rate: Reinsurance commission less policy acquisition costs / net earned premiums	(3.50%)	(4.11%)
Net underwriting results as a percentage of gross premiums written	(4.90%)	0.59%
Net expenses ratio	23.80%	14.53%
Net combined ratio	111.10%	99.99%

Source: Management information

Summary of financial position statement

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)
Total assets	666,810	806,249
Total liabilities	605,954	601,270
Total equity	60,856	204,979
Total liabilities and shareholders' equity	666,810	806,249

Source: Audited financial statements for year ended 31 December 2023G.

Summary of income statement

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)
Insurance revenues	598,351	802,288
Total insurance services results	(23,781)	51,203
Net investment income	19,248	27,510
Net insurance finance (cost) / income	367	(1,994)
Net profit / (loss) for the year before Zakat	(35,866)	55,302
Zakat	(3,000)	(4,000)
Net profit / (loss) for the year attributable to shareholders	(38,866)	51,302

Source: audited financial statements for year ended 31 December 2023G.

Summary of cash flow statement

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)
Net cash flows generated from / (used in) operating activities	69,463	53,763
Net cash flows generated from / (used in) investment activities	(53,679)	141,464
Net cash flows generated from/ (used in) financing activities	(5,035)	85,093

Source: audited financial statements for FY ended 31 December 2023G.

Key Performance Indicators

Item	FY 2022G	FY 2023G
Total insurance service results as a percentage of insurance revenue	(6.35%)	4.74%
Total insurance service results before net reinsurance contract expenses as a percentage of insurance revenue	(5.12%)	9.76%
Reinsurance recovery rate	77.08%	52.94%
Acquisition cost rate	5.13%	5.48%
Combined loss ratio	100.33%	84.94%

Source: Management information

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1. Definitions and Terminology

Term or Abbreviation	Definition
«Company», «Salama» or «Issuer»	Salama Cooperative Insurance Co., a Saudi public joint stock company.
Advisors	Consultants of the Company whose names are shown on pages (H) and (I).
Management	Management of Salama Cooperative Insurance Co.
Board or Board of Directors	The Board of Directors of Salama Cooperative Insurance Co., whose names appear on page (F).
Related Parties	<p>Means:</p> <ol style="list-style-type: none"> 1. Affiliates of the Issuer, except for companies wholly owned by the Issuer. 2. Substantial Shareholders of the Issuer. 3. Board members and senior executives of the Issuer. 4. Board members of the Affiliates of the Issuer. 5. Board members and senior executives of the Issuer's Substantial Shareholders. 6. Any relatives of persons referred to in (1, 2, 3, 4 or 5) above. 7. Any other company or facility controlled by any person referred to in (1, 2, 3, 4, 5 or 6) above. <p>For the purposes of paragraph (6) of this definition, "Relatives" mean the father, mother, husband, wife and children.</p>
The Public	<p>In the Rules on the Offer of Securities and Continuing Obligations, the following persons are not mentioned below:</p> <ol style="list-style-type: none"> 1. Issuer affiliates. 2. Substantial Shareholders of the Issuer. 3. Board members and senior executives of the Issuer. 4. Board members and senior executives Subsidiary with the Issuer. 5. Board members and senior executives of the Issuer's Substantial Shareholders. 6. Any relatives of persons referred to in (1, 2, 3, 4 or 5) above. 7. Any company controlled by any persons referred to in (1, 2, 3, 4, 5 or 6) above. <p>Or Persons acting in concert, with a collective shareholding of (5%) or more of the class of shares to be listed.</p>
Senior Executives	<p>Any natural person who is assigned, alone or with others, by the administrative body of the establishment or by a member of the administrative body of the establishment with supervision and management tasks, and whose reference is to any of the following:</p> <ol style="list-style-type: none"> 1. The administrative apparatus directly 2. Member of the administrative staff 3. CEO
Institutional Investors	<p>It includes a group of institutions as follows:</p> <ul style="list-style-type: none"> • Government entities and companies owned by the government, or through a private portfolio manager, or any international body recognized by CMA, or the Market and any other financial market recognized by CMA, or the Depository Center. • Public investment funds established in the Kingdom that are offered in a public offering in addition to private funds that invest in securities listed on the Saudi Stock Exchange if the terms and conditions of the fund allow it to

	<p>do so, while adhering to the provisions and restrictions stipulated in the Investment Funds Regulations.</p> <ul style="list-style-type: none"> • Persons licensed to deal in securities in an original capacity, while complying with the requirements of financial sufficiency. • Clients of a person licensed to conduct management business provided that such licensed person has been appointed on terms that enable him to make decisions regarding accepting participation in the offering and investing in the Saudi Stock Exchange on behalf of the client without the need to obtain prior approval from him. • Any other legal persons may open an investment account in the Kingdom and an account with the Depository Center, taking into account the investment controls of companies listed in securities, provided that the participation of the Company does not lead to any conflict of interest. • Gulf investors with legal personality, which includes companies and funds established in the GCC countries. • Qualified foreign investors. • A final beneficiary of legal status in a swap agreement concluded with a licensed person in accordance with the terms and controls of the swap agreements.
Administrative apparatus	The group of individuals who make strategic decisions for the Company, and the board of directors of the joint-stock company is its administrative body.
Articles of Association	Articles of Association of the Company.
Kingdom or Saudi Arabia	Kingdom of Saudi Arabia.
Government	Government of the Kingdom of Saudi Arabia.
Gulf Cooperation Council (GCC)	Cooperation Council for the Arab States of the Gulf.
Saudi Central Bank or SAMA	The Central Bank of Saudi Arabia, which is responsible for the supervision of the financial sectors authorized to operate in the Kingdom of Saudi Arabia.
Insurance Authority	The regulator for the insurance sector of the Kingdom of Saudi Arabia.
Capital Market Authority or CMA	The Capital Market Authority in the Kingdom of Saudi Arabia.
Tadawul or Market	Saudi Stock Exchange (Tadawul)
Securities Depository Center Company or Depository Center	It is a closed joint stock company wholly owned by Saudi Tadawul Group, established in 2016 under the Saudi Companies Law issued by Royal Decree No. M/ 3 dated 28/01/1437H (corresponding to 11/11/2015G).
Ministry of Investment	The Ministry of Investment in the Kingdom of Saudi Arabia (formerly the General Investment Authority).
Zakat, Tax and Customs Authority	Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia (formerly the General Authority of Zakat and Tax).
The Saudi Organization for Chartered and Professional Accountants (SOCPA)	The Saudi Organization for Chartered and Professional Accountants in the Kingdom of Saudi Arabia, formerly the Saudi Organization for Certified Public Accountants, is a professional body that, through the knowledge and skills available thereto, leads and supervises the accounting and auditing profession in the Kingdom of Saudi Arabia, with the aim of improving and developing its practice, promoting it, monitoring the quality of its performance, developing awareness of its rules and behaviors, and enhancing its participation in serving the national economy and society. It also makes every effort to develop and support individuals, institutions and various groups related to business to increase confidence and transparency in the financial statements and protect investors and users of the financial statements.
Capital Market Law/ The Law	The Capital Market Law issued by Royal Decree No. (M / 30) dated 02/06/1424H, and any amendments thereto.

Rules on the Offer of Securities and Continuing Obligations	Rules on the Offer of securities and continuous obligations issued by the Board of the Capital Market Authority under Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) based on the Capital Market Law issued by Royal Decree No. (M/ 30) dated 02/06/1424H (corresponding to 31/07/2003G) and amended by the Board of the Capital Market Authority Resolution No. (3-6-2024) dated 05/07/1445H (corresponding to 17/01/2024G).
Listing Rules	Listing Rules issued by Saudi Tadawul and approved by CMA Board Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) amended by its Resolution No. (1-104-2019) dated 01/02/1441H (corresponding to 30/09/2019G) amended by its Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G) amended by its Resolution No. (1-19-2022) dated 12/07/1443H (corresponding to 13/02/2022G) amended by its Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G) amended by its Resolution No. (3-96-2022) dated 10/02/1444H (corresponding to 06/09/2022G) amended by its Resolution No. (1-108-2022) dated 23/03/1444H (corresponding to 19/10/2022G).
Rules Governing the Investment of Qualified Foreign Financial Institutions in Listed Securities	These are rules for regulating investment in securities by non-Saudis residing outside the Kingdom, issued by the Board of the Capital Market Authority pursuant to Resolution (1-42-2015) dated 15/07/1436H (corresponding to 04/05/2015G) and amended by the Board of the Capital Market Authority Resolution No. (3-65-2019) dated 04/10/1440H (corresponding to 17/06/2019G).
Companies Law	The Companies Law in force in the Kingdom of Saudi Arabia issued by Royal Decree No. (M/132) dated 1/12/1443H (corresponding to 30/06/2022G), and any amendments thereto.
Labor Law	The Saudi Labor Law issued by Royal Decree No. (M/ 51) dated 23/08/1426H (corresponding to 27/09/2005G), and any amendments thereto.
Corporate Governance Regulation	Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the Capital Market Authority pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G) as amended by CMA Board Resolution No. 8-5-2023 dated 25/6/1444H (corresponding to 18/01/2023G).
Insurance Companies Governance Regulation	The Governance Regulation of Insurance Companies in the Kingdom of Saudi Arabia issued by the General Administration for the Supervision of Insurance Companies at the Central Bank of Saudi Arabia ("SAMA") by Royal Decree No. (M/32) dated 02/06/1424H (corresponding to 31/07/2003G) and its amendments.
Foreign Investment Law	It is the foreign investment law issued by Royal Decree No. (M/1) dated 5/1/1421H and the decision of the Council of Ministers No. (M/1) dated 05/01/1421H), and any amendments thereto.
Executive Regulations of the Law of Foreign Investment	It is the executive regulations of the Foreign Investment Law issued by the Board of Directors No. (1/20) dated 13/04/1423H).
Executive Regulations	The Executive Regulations of the Cooperative Insurance Companies Control Law issued by Ministerial Order No. (1/561) dated 01/03/1425H (corresponding to 20/04/2004G) the Executive Regulations of His Excellency the Minister of Finance.
International Financial Reporting Standards (IFRS)	A set of accounting standards and their interpretations issued by the International Accounting Standards Board.
Value Added Tax (VAT)	The Council of Ministers decided on 02/05/1438H (corresponding to 30/01/2017G) the unified approval of the value added tax for the countries of

	the Cooperation Council for the Arab States of the Gulf, which entered into force on 1 January 2018, as a new tax to be added to the system of taxes and other fees to be applied by specific sectors in the Kingdom, and in the countries of the Cooperation Council for the Arab States of the Gulf. The amount of this tax is 5%, and a number of products have been excluded (such as basic food and services related to health care and education). The Government of the Kingdom of Saudi Arabia decided to increase the value added tax rate from 5% to 15% starting from 01 July 2020.
Vision 2030	The National Strategic Economic Program, which aims to reduce dependence on oil and the petrochemical industry, diversify the Saudi economy and develop services.
Working Day	Any working day except Fridays and Saturdays and any day that is an official holiday in the Kingdom of Saudi Arabia or any day on which banking institutions close their doors to work in accordance with the regulations in force and other government procedures.
Calendar day	Any day, whether it is a working day or not.
H	Hijri Calendar.
G	Gregorian calendar.
Listing	Listing securities on the main market or, where the context allows, submitting a listing request to the Saudi Tadawul Group Company (Tadawul Saudi Arabia).
Prospectus	This document is prepared by the Company in connection with the subscription of Rights Shares.
Brokers	They are market institutions licensed by the Capital Market Authority to practice the activity of dealing in securities as an agent.
Rights	They are negotiable securities that grant the holder the right to subscribe for New Shares upon approval of the increase in capital, which is an acquired right of all registered shareholders. Each right gives the holder the right to subscribe to one new share at the offering price. The rights shall be deposited within two days from the date of the extraordinary general meeting on capital increase. These rights will appear in the portfolios of registered shareholders under a new rights code. Registered shareholders will be informed of the deposit of rights in their portfolios.
General Assembly	The general assembly of the shareholders of the Company.
Ordinary General Assembly	The ordinary general meeting of the shareholders of the Company, which is held in accordance with the Articles of Association of the Company.
Extraordinary General Assembly	Extraordinary General Meeting of the shareholders of the Company held in accordance with the Articles of Association of the Company.
Subscriber	Any person who subscribes for shares offered for subscription.
Shareholder	owner or holder of shares as of a specified time.
Founding Shareholders	They are the founding shareholders of the Company.
Registered shareholders	Shareholders holding shares at the end of trading on the day of the extraordinary general meeting on capital increase and registered in the Company's shareholders register at the Depository Center at the end of the second trading day following the extraordinary general meeting on capital increase.
Eligible Persons	All rights holders, whether they are registered shareholders or those who purchased rights during the Trading Period.
Person	Natural person.
Riyal	Saudi Riyal, the official currency of the Kingdom of Saudi Arabia.
Financial Year (s)	It is the time period for presenting the result of the activity of the establishment, the beginning and end of which are specified in the Company's

	Articles of Association, noting that the Company's financial year ends on December 31 of each calendar year.
Financial Advisor, Lead Manager and Underwriter	Alawwal Capital Co.
Underwriting Agreement	Underwriting Agreement concluded between the Company and the Underwriter.
Additional Lead Manager	Al Nefae Investment Group.
Alawwal Capital	Alawwal Capital, a Saudi closed joint stock company licensed by the Capital Market Authority with license number (14178-37), which allows it to carry out management, advice, arrangement, dealing and custody in securities.
Al Nefae Investment Group	Al-Nefae Investment Group Company, a Saudi closed joint stock company licensed by the Capital Market Authority under License No. (37-07082), which allows it to carry out management, advice, arrangement, dealing and custody in securities.
Shares	The Company's twenty million (20,000,000) ordinary shares with a nominal value of (10) riyals per share.
Net Proceeds of the Offering	Net proceeds of the offering after deducting the expenses of the offering.
Offering/ Subscription Price	Ten (10) Saudi Riyals per share.
Shares Offered for subscription	Ten million (10,000,000) ordinary shares.
Rump Offering	Offering any Rump Shares unsubscribed for, by the eligible persons to the institutional investors by offering them in the rump offering period.
Gross Underwritten premiums	Gross premiums of underwritten insurance contracts during a specified period without deducting the premiums assigned to reinsurers.
Assigned Premiums	Premiums ceded to reinsurance companies in the context of reinsurance operations.
Net Underwritten premiums	Premiums held with the insurer after deducting the premiums assigned to the reinsurers from the gross underwritten premiums.
Unearned Premiums	The portion of the underwritten premiums that covers risks related to subsequent financial periods.
Margin of Solvency	The extent to which the Company's cashable assets exceed its liabilities.
Reinsurer	A reinsurance company that accepts insurance contracts from another insurance company for all or some of the risks it assumes.
Reinsurance	The process by which an insurer or reinsurer insures or reinsures another insurer or reinsurer against all or part of the risks of the insurance or reinsurance.
Optional Reinsurance	An optional case-by-case reinsurance method in which the Reinsurer has the option to accept or reject the risks presented thereto.
Proportional Reinsurance	The method of distributing insurance amounts (whether premiums or claims) between the Company and the Reinsurer at a certain agreed rate.
Technical Provisions/ Reserves	The amounts allocated by the Company to cover expected losses resulting from policies related to a type of insurance and the resulting financial obligations.
Premium Deficit Reserve	It is an estimated provision determined by the actuary and is based on the expected loss ratio of the rump portion of the risk and usually arises when the actuary believes that the policy prices are insufficient to cover future claims related thereto.
Policy	A legal document or contract issued by the Company to the insured against loss or damage covered by the policy in return for a premium paid by the insured.
Protection and Savings Insurance	Insurance operations under which the insurer pays an amount or amounts, including the proceeds of savings, at a future date for the contributions paid by the insured.
Insured	The natural or legal person who concludes the insurance contract.

Insurer	The insurance company that accepts insurance contracts from the insured and undertakes to compensate for the risks to which the insured is directly exposed.
Policy Holder	The person who holds insurance policies issued by the Company or acquired by it under the acquisition process, according to the Company's records.
Moody's Investor Service / Moody's	Moody Agency is a US agency specialized in economic research, financial analysis and evaluation of private and government institutions in terms of financial and credit strength.
Standard & Poor's "S&P"	<p>Standard & Poor's is an American company specialized in credit rating and developing indicators to measure the performance of financial markets in various global markets as well as providing specialized analysis and studies services to many listed companies in global markets. S&P's long-term credit ratings are divided into two grades: "Investment Grade" and "Non-investment Grade." The investment grade ratings are in turn divided into four grades:</p> <ol style="list-style-type: none"> 1. "AAA" (very strong ability to meet financial obligations, best rating). 2. "AA" (Very strong ability to meet financial obligations, just below AAA). 3. "A" (Strong ability to meet financial obligations, but debtors in this grade can be more affected by economic changes and conditions than debtors of higher-rated grades). <p>"BBB" (Sufficient capacity to meet financial obligations but unfavorable economic conditions and changing conditions may lead to weak capacity to meet financial obligations).</p>
"AM Best"	<p>AM Best is an American company founded in 1899, specialized in the field of credit rating, focusing on all facilities operating in the insurance sector globally. AM Best's credit ratings are divided into two grades "Investment Grade" and "Non-investment Grade". The investment grade ratings are in turn divided into four grades:</p> <p>"BBB" (good), "a" (excellent), "aa" (superior), and "aaa" exceptional).</p> <p>AM Best's financial strength ratings are divided into two scores: "Safe" and "Insecure" and the "Safe" ratings are in turn divided into three scores: "Good" (B+, B++), "Excellent" (A, A-), and "Superior" (A+, A++).</p>
Fitch Rating	Fitch Ratings is a US agency specialized in the field of credit rating, and Fitch Ratings has various credit ratings, the most important of which are: "AAA" (which is for companies with the highest credit capacity), "AA" (which is for companies that are very excellent in credit), "A" (which is for companies that are excellent in credit), and "BBB" (which is for companies that are good in credit)
Actuarial Report	It is a memorandum prepared by the actuary and contains statistical theories and various probabilities on the basis of which services are priced, liabilities are assessed and provisions are calculated
Chain Ladder Method	It is one of the most prominent actuarial methods for calculating the reserves of accidents incurred and unreported, based on the historical development patterns of the claims, and the assumption that the claims will continue to develop according to the historical pattern.
Expected Loss Rate Method	It is one of the actuarial methods used to calculate the reserves of incurred and unreported accidents, based on the expected loss rate based on the pricing bases of the product/ set of documents. The amounts of claims recorded in the Company's records shall be deducted from the total expected claims to obtain the recommended reserve.
Bornhuetter-Ferguson Technique	It is a combination of the expected loss rate method and the chain ladder, which is used when the historical development patterns of the claims but cannot be considered alone.



2. Risk Factors

In addition to the other information in this Prospectus, all prospective investors in the shares offered for subscription should carefully consider all the information in this Prospectus, including in particular the risk factors listed below, before making any investment decision about the Rights Issue or New Shares. The risk factors described below are not inclusive of all the risks that the Company may encounter; there could be other risks currently unknown to, or considered immaterial by, the Company. The Company's business, financial position, results of operations, cash flows and prospects, could be materially and adversely affected if any of the following risks actually occur or become material.

Members of the Board of Directors further acknowledge, to the best of their knowledge and belief, that there are no material risks the omission of which could affect the decision of the Shareholders and Potential Investors, as of the date of this Prospectus, except as disclosed in this Section. A prospective investor who has any doubts about the decision to invest in the Company shall seek the assistance of a financial advisor licensed by the Capital Market Authority to obtain appropriate advice on investing in the Offered Shares.

An investment in the Rights of the Company is only suitable for investors who are able to assess its risks and benefits, and who have sufficient resources to withstand any loss resulting from such investment. Any potential investor who has any doubt about subscribing to the Company's shares shall seek advice on these investments from a financial advisor licensed by the Capital Market Authority.

In the event of any of the risk factors that the Company currently believes to be important, or any other risks that the Company has not been able to identify, or that it currently considers immaterial, this may lead to a decrease in the market price of the Shares Offer for Subscription and potential investors may lose part or all of their investments.

The risks set out below are listed in an order that does not reflect their significance, and additional risks, currently unknown or immaterial, may have the same impact or consequences as those set out in this Prospectus.

2.1 Risks Related to the Company's Activity and Operations

2.1.1 Risks related to insufficient capital and minimum capital requirements

In accordance with Article Sixty-Six (66) and Article Sixty-Eight (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by the Saudi Central Bank (whose powers regarding the regulation of the insurance sector have been transferred to the Insurance Authority), insurance companies shall maintain certain levels of solvency for various types of business.

In accordance with Clause (1) of Article (66) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the Company practicing general and health insurance shall maintain the required solvency margin by adopting the highest of any of the following three methods:

- Minimum Capital
- Gross underwritten premiums
- Claims

Clause (2) of Article (66) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by the Saudi Central Bank (whose powers regarding the regulation of the insurance sector have been transferred to the Insurance Authority) stipulates the method of calculating the actual solvency margin for insurance companies.

Subject to Article (66) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by the Saudi Central Bank (whose powers regarding the regulation of the insurance sector have been transferred to the Insurance Authority), the minimum solvency margin required for the Company on the basis of premiums for the year 2023 is SAR 133.3 million.

The Company did not fully comply with the capital requirements imposed from abroad during the financial year 2023 and has a solvency deficit of SAR 91.9 million (2022: SAR 145.16 million).

In accordance with paragraph (a) of Clause (2) of Article (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, if the actual solvency margin becomes between 75% to 100% of the required solvency margin, the Company shall work to amend this percentage to become at least 100% during the next quarter.

In accordance with paragraph (b) of Clause (2) of Article (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, in the event that the actual solvency margin becomes between 50% to 75% of the required solvency margin, or if the above mentioned in paragraph (a) has not been adhered to for two consecutive quarters, the Company shall submit to the Central Bank (whose powers regarding the regulation of the insurance sector have been transferred to the Insurance Authority) a corrective plan indicating the steps that the Company will take to improve its solvency and the time period required for that.

In accordance with paragraph (c) of Clause (2) of Article (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, in the event that the actual solvency margin becomes between 25% to 50% of the required solvency margin, and if the above mentioned in paragraph (b) is not adhered to for two consecutive quarters, the Central Bank (whose powers regarding the regulation of the insurance sector have been transferred to the Insurance Authority) may oblige the Company to take all or any of the following measures:

- Increasing the capital of the Company
- Adjustment of prices
- Cost reduction
- Stop accepting any new subscription
- Liquidation of certain assets
- Any other action deemed appropriate by the Company and approved by the Central Bank of Saudi Arabia

In accordance with paragraph (d) of Clause (2) of Article (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, if the actual solvency margin falls below 25%, or the Company fails to correct its financial conditions, the Central Bank may appoint an advisor to advise the Company, or request the withdrawal of the Company's license.

The tables below provide details of the Company's solvency margin and coverage as of December 31, 2021, 2022, and 2023:

Table 1 Details of the Company's solvency margin and cover as at 31 December 2021G and 2022G before the application of IFRS 9 and 17

Statement	2021G	2022G
Minimum required capital	100,000	100,000
Total solvency margin for premiums	80,514	136,906
Total solvency margin for claims	88,167	89,820
Net assets admissible for solvency	73,270	(8,254)
Excess (Deficit) in net admissible assets compared to the required	(26,730)	(145,160)

minimum solvency margin		
Solvency margin cover (%)	73.52%	(45.16%)

Source: Management information

Table 2 Details of the Company's solvency margin and cover as at 31 December 2022G and 2023G after the application of IFRS 9 and 17

Statement	2022G	2023G
Minimum required capital	100,000	100,000
Total solvency margin for premiums	136,906	133,366
Total solvency margin for claims	89,820	109,253
Net assets admissible for solvency	(8,254)	41,431
Excess (Deficit) in net admissible assets compared to the required minimum solve margin	(145,160)	(91,935)
Solvency margin cover (%)	(45.16%)	(32.8%)

Source: Management information

The Company is not committed as of 31 December 2023 to the required solvency margin in accordance with the regulations of the Central Bank (whose powers regarding the regulation of the insurance sector have been transferred to the Insurance Authority), and the capital requirements imposed from abroad during the financial year 2023 and has a solvency deficit of (91.9) million Saudi riyals (2022: 145.2 million Saudi riyals).

In accordance with the provisions of Article (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the Board of Directors of the Company recommended on 08/09/1445H (corresponding to 18/03/2024G) to the Extraordinary General Assembly to increase the Company's capital from two hundred million (200,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals through the offering of rights shares by one hundred million (100,000,000) Saudi riyals, provided that the entitlement is to the shareholders who own the shares. The Company has received the approval of the Insurance Authority No. (24-290) dated 25/11/1446H (corresponding to 02/06/2024G), which includes the approval of the Insurance Authority to increase the Company's capital from two hundred million (200,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals by offering rights shares.

The Company is working to increase its capital through the offering of rights shares, in order to reach and maintain the level of solvency required of the Saudi Central Bank (whose powers regarding the regulation of the insurance sector have been transferred to the Insurance Authority) and to meet the minimum capital requirement according to the Insurance Authority's requirements, as per Paragraph 5 of Article 3 of the Cooperative Insurance Companies Control Law amended by Royal Decree No. (M/12) dated 23/01/1443H (corresponding to 01/09/2021), which stipulates that the minimum paid-up capital for an insurance or reinsurance company must be no less than three hundred million (300,000,000) Saudi Riyals (please refer to Sub-Section (5.2.3) "**Impact of the Capital Increase on the Solvency Margin**" of Section (5) "**Use of the Proceeds of the Offering and Future Projects**").

In the event that the Company fails to correct its financial conditions and the Company is unable to meet the required solvency requirements, the Central Bank (whose powers regarding the regulation of the insurance sector have been transferred to the Insurance Authority) has the right, in accordance with paragraph (d) of Clause (2) of Article (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, to oblige it to appoint a consultant (to provide advice as needed) or to withdraw the Company's license and prevent it from selling its insurance products in the event that the Company does not commit to correcting its financial conditions within a period specified by the Central Bank of Saudi Arabia (whose powers regarding the regulation of the insurance sector have been transferred to the Insurance Authority). This will negatively and materially affect the Company's business, results of its operations, financial position and future prospects.

2.1.2 Risks of penalties, fines and suspension of business by the competent regulatory authorities

The Company's business is subject to many regulations and instructions issued by SAMA previously, the Capital Market Authority (CMA), the Health Insurance Council, the Insurance Authority and a number of other regulators currently. Accordingly, the Company is subject to inspection and observation visits, which may result in penalties in case of non-compliance with laws, regulations and instructions or delay in fulfilling any of them. The Company was exposed to a number of penalties and fines imposed by SAMA and may be exposed in the future to a number of penalties and fines imposed by the Insurance Authority and CMA, including suspension of some or all of its business, or suspension of trading its shares, which will adversely and substantially affect its business, financial position and future prospects. In the course of its normal business, the Company has committed some procedural irregularities resulting from inspection visits made by SAMA which are as follows: Risks related to the SAMA's supervisory and control instructions with a total value of forty-five thousand (45,000) Saudi riyals, as stated in the annual report of the Company, as follows:

- On 22/01/1445H (corresponding to 09/08/2023G), the Central Bank recorded a violation of the Central Bank's supervisory and control instructions, which resulted in a fine of forty-five thousand (45,000) Saudi riyals on the Company.

With the exception of the above-mentioned fines of the Central Bank, no fine has been recorded by any other authority on the Company according to the report of the Board of Directors for the year 2023.

In the event that the Company continues to obtain violations and fines, this will affect the operational expenses of the Company and thus will negatively and materially affect its business and financial position.

2.1.3 Risks related to the inability to implement the strategy

The Company's ability to increase its revenues and improve its profitability depends on the extent to which it effectively implements its business plans and successfully achieves its strategy, including, but not limited to, improving the current activities in which the Company operates or entering into new activities. The Company's ability to expand its business in the future depends on its ability to continue to implement and improve operational, financial and management information systems efficiently and in a timely manner, as well as on its ability to increase, train, motivate and maintain its workforce. Moreover, any business expansion plans that the Company intends to undertake in the future will be subject to the estimated costs and the implementation schedule specified for them. The Company may need additional funding to complete any expansion plans. If it is unable to implement the expansion plans according to the schedule specified for it and according to the estimated costs of the project or in the event that the desired profitability of these projects is not achieved, which may be due to various reasons, including the change in the market situation at the time of the implementation of these projects or a defect in the feasibility study, this will negatively affect the competitive position of the Company, and thus the results of its business and profitability. The Company's ability to implement its current strategy is subject to various factors, including those outside its control, and there are no guarantees that there will be no disruption, malfunction or sudden interruption in the work of the production lines during the expansion process, or that the employees appointed by the Company or the systems, procedures and controls it adopts will be sufficient to support future growth and expansion and its successful achievement of its strategy. In the event that the Company fails to implement any part of its strategy for any reason, this will have a negative and material impact on the Company's business, results of its operations, financial position and future prospects.

2.1.4 Credit risks

Credit risk arises when one party fails to meet a certain financial obligation of the other party. The Company may face credit risks in several temporary or permanent cases, including the inability of reinsurers to meet their obligations from settlements, the presence of debit balances from customers, the failure of other creditors to meet their obligations to the Company, and others.

It is important to note that the provision for the decrease in the value of doubtful receivables from reinsurers amounted to SAR 44.38 thousand as of 31 December 2021 and SAR 50,02 thousand as of 31 December 2022 (before the application of IFRS 9 and 17).

The provision for doubtful accounts receivable and receivables from reinsurers amounted to SAR 46.70 million as at 31 December 2022G and SAR 37.03 million as at 31 December 2023G (after the application of IFRS 9 and 17). The Company may face credit risks in several temporary or permanent cases, including the inability of reinsurers to meet their obligations from settlements, including the existence of debit balances from customers (for more information, see Sub-Section (4.9) "**Statement of Financial Position as at 31 December 2021G and 31 December 2022G before the impact of the implementation of the International Financial Reporting Standards No.9 and 17**" of Section (4) "**Management Discussion and Analysis of Financial Position and Results of Operations**").

Pursuant to Article (5) of the Unified Compulsory Motor Insurance Policy issued by the Central Bank of Saudi Arabia (whose powers regarding the regulation of the insurance sector have been transferred to the Insurance Authority), insurance companies shall compensate one or more parties (other than the insured) for the consequences of accidents covered under the insurance policy against third parties. Insurance companies have the right to refer to the insured, the driver or the person responsible for the accident to claim the amounts paid to third parties. Accordingly, when referring to the insured, the driver or the person responsible for the accident to recover the amounts paid, this may entail the risk of not being able to obtain the amounts or procrastination from some in payment, which will negatively and materially affect the Company's business, results of its operations and financial position.

2.1.5 Risks related to credit rating

As of the date of this Prospectus, the Company does not have any credit rating. In the event that the Company applies for a credit rating, there is no guarantee that the Company will receive any rating. The Company also does not guarantee that the credit rating will be good. Any credit ratings that the Company may obtain in the future affect the conditions that the parties dealing with the Company wish to rely on when dealing with the Company. It is worth mentioning that the good rating of the most famous international rating agencies such as A.M. Best ranges from (A++) to (B+) and S&P ranges from (AAA) to (BBB-), where the Company's good credit rating contributes to improving the terms of its reinsurance agreements and gaining the confidence of customers more and encourages prospective insurance applicants to conduct their insurance therewith than other competing insurance companies. The Company may face a difference in its credit rating from time to time as a result of a number of factors that affect the Company's credit ratings that can be out of its control. If the Company faces a decline in the Company's rating given thereto by any rating agency (obtained), it will affect its ability to carry out its business and the Company's profit margins, which will negatively and fundamentally affect its financial position and the results of its operations.

2.1.6 Risks related to the claims management process

The pricing of the Company's insurance products, as well as the reserves for claims, depends on the relative period and efficiency in which claims will be notified, processed and paid for. Claims management relies on, among other things, well-trained staff making timely and accurate claims processing decisions.

Lack of the necessary competence in the management and payment of claims can lead to such things as incorrect compensation decisions, incorrect decisions on the establishment of the claims reserve and/or payment, increased fraud, incorrect management information on the reserve and pricing, which leads to additional claims and related costs and expenses for claims processing, as well as increased risks involved in technical claims and/or pricing models become inappropriate. These risks increase as the period between claim and payment increases.

If it is proven that the administrative processing of claims by the Company lacks efficiency or effectiveness, or if it is exposed to costs or expenses exceeding the expected rates, the Company may be forced to change pricing models and/or increase prices, which may result in a loss of business and an increase in the Company's technical claims reserves. Those additional costs or the effects of inflation may harm the Company's profitability, which will have a negative and material impact on the Company's business, results of its operations, financial position and future prospects.

2.1.7 Risks related to transactions with the Related Parties

The Company deals in the normal course of its business with companies that are defined as Related Parties, mainly representing membership in the Board of Directors, executive positions held by the Company's shareholders in other companies and transactions carried out with related parties. The total transactions with related parties were as follows:

Table 3 Remuneration of key senior management personnel

(SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Salaries and benefits	1,395	4,698	236.8%
Remuneration to those charged with governance	1,180	1,295	9.7%
End of service indemnities	66	443	571.2%
Total	2,641	6,436	143.7%

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G.

Table 4 Transactions with related parties

(SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Major shareholder			
Salama Company (IAIC) - United Arab Emirates	970	-	(100.0%)
Entities controlled, or jointly controlled, or significantly controlled by the Board of Directors			
Al Mamoon Insurance Brokers*	-	771	N/A
Ittihad Insurance Brokers*	-	8	N/A

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G.

*These transactions are from the date of appointment of the relevant directors, i.e., September 11, 2022G.

Table 5 Balances due (from) / to related parties

(SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual Change 2021G - 2022G
Salama Company (IAIC) - United Arab Emirates	(970)	-	N/A
Al Mamoon Insurance Brokers	-	884	N/A
Ittihad Insurance Brokers	-	36	N/A
Total	(970)	920	(%194.8)

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G.

Table 6 Remuneration of key senior management personnel

(SAR ' 000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Salaries and benefits	4,698	4,423	(5.85%)
Employee benefit obligations	243	266	9.47%
Remuneration to those charged with governance - Board of Directors	204	1,032	405.88%
Remuneration to those charged with governance - Board Committees	239	242	1.26%
Total	5,384	5,963	10.75%

Source: Audited financial statements of the financial year ended 31 December 2023G

Table 7 Transactions with related parties

(SAR ' 000)	Nature of transactions	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Islamic Arab Insurance Company ("IAIC")	Payments received on behalf	0	0	0
Al Mamoon Insurance Brokers	Commissions incurred	771	311	(59.66%)
Ittihad Insurance Brokers	Commissions incurred	8	375	4587.50%
Najm Insurance Services Company	Najm fees	0	34,934	Not Applicable

Source: Audited financial statements of the financial year ended 31 December 2023G.

Table 8 Balances due (from) / to related parties

(SAR ' 000)	Nature of transactions	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Islamic Arab Insurance Company ("IAIC")	Payments received on behalf of	0	0	0.00%
Al Mamoon Insurance Brokers	Commissions incurred	884	441	(50.11%)
Ittihad Insurance Brokers	Commissions incurred	36	0	(100.00%)
Najm Insurance Services Company	Najm fees	0	3,510	Not Applicable
Total		920	3,951	329.46%

Source: Audited financial statements of the financial year ended 31 December 2023G.

In addition, the Company has appointed Alawwal Capital as its financial advisor, Lead Manager and underwriter in relation to this issue, and that Dr. Saleh Jameel Malaika, Chairman of Alawwal Capital, is a 0.054% shareholder in Salama. Additionally, one of the subsidiaries of Dr. Saleh Jameel Malaika, Rasd Intl Marketing Services, is a shareholder in Salama Company by 4.969%.

Article (27), paragraph (1) of the Companies Law stipulates that neither the director of the Company nor the member of its board of directors may have any direct or indirect interest in the business and contracts carried out for the Company's account except with the permission of the partners, the general assembly, the shareholders or those they authorize.

Article (71), Paragraph (1) of the Companies Law stipulates that, taking into account the provisions of (27) of the Companies Law, a member of the Board of Directors shall immediately upon becoming aware of any interest he has, whether direct or indirect, in the business and contracts that are for the account of the Company, notify the Board thereof and such notification shall be recorded in the minutes of the meeting of the Board when it meets. Such member may not participate in voting on the resolution issued in this regard in the Board and the General Assemblies. The Board shall inform the General Assembly when it convenes of the works and contracts in which the Board member has a direct or indirect interest, and shall be accompanied by a special report from the Company's auditor prepared in accordance with the auditing standards adopted in the Kingdom.

Article (71), paragraph (2), stipulates that if a member of the Board fails to disclose his interest referred to in paragraph (1) of this article, the Company or any interested party may claim before the competent judicial authority to invalidate the contract or oblige the member to pay any profit or benefit achieved for him therefrom.

Article (71), paragraph (3), stipulates that liability for damages resulting from these acts and contracts referred to in paragraph (1) of this article shall be borne by the interested member of the work or contract, and the members of the Board of Directors when they fail or neglect to perform their obligations in violation of the provisions of that paragraph or if it is proven that these acts and contracts are unfair or involve a conflict of interest and harm the shareholders.

In addition, Article (87), paragraph (1) of the Corporate Governance Regulations stipulates that the report of the Board of Directors shall include a presentation of its operations during the last financial year, and all factors affecting the Company's business. The report of the Board of Directors shall include the applicable provisions of these regulations, unless applied, and the reasons for that.

With regard to the relations with related parties related to the financial year ended on 31/12/2023G, the annual report of the Board of Directors for the year 2023 summarized the contracts and works related to related parties during this year (please refer to Sub-Section (8.11.1) "**Contracts with the Related Parties**" of Section (8) "**Legal Information**"). The Board invited the General Assembly when it convened to approve the works and contracts with related parties related to the financial year ended on 31/12/2023G. The General Assembly of Shareholders met on 13/06/2024G and approved these transactions.

With regard to relations with related parties on the financial year ending on 31/12/2022, the Ordinary General Assembly of the Company, during its meeting held on 07/06/2023G, approved the relations with related parties that took place during this year as follows:

- Approval of the works and contracts that have been concluded between the Company and Al Mamoon Overseas Insurance Brokers Co. Ltd, in which the member of the Board of Directors Adnan Jameel Khoja (Non-executive Member) has an indirect interest, which is an insurance brokerage contract, and there are no preferential conditions, knowing that the total amount of these works in 2022 amounted to 884,000 Saudi riyals.
- Approval of the works and contracts that have been concluded between the Company and the Insurance Brokers Company Limited, in which the member of the Board of Directors Abdullah Adel Sultan (Independent Member) has an indirect interest, which is an insurance brokerage contract, and there are no preferential conditions, noting that the total amount of these works in 2022 amounted to 36,000 Saudi riyals.

The annual report of the Board of Directors of 2022 included information related to transactions with related parties that took place and approved during this year.

With regard to relations with related parties related to the financial year ending on 31/12/2021, while the annual report of the Board of Directors of 2021 summarized the contracts and works related to the related parties during this year and explained that they relate to payments received on behalf of Salama IAC Company – UAE, with a total value of 970,000 Saudi riyals. However, the Board did not inform the General Assembly when it held its meeting about the works and contracts in which the Board member has a direct or indirect interest. Accordingly, the General Assembly of Shareholders did not approve the transactions with Salama IAC Company – UAE during the year 2021 because it was not notified or presented thereto.

Consequently, the Company's violation of Articles (27) and (71) of the Companies Law with regard to transactions with related parties that occurred during the year 2021 may expose it to fines by CMA and to the nullification of contracts related to transactions made with the related parties (please refer to Section No. (2) "**Risk Factors**").

In concluding the aforementioned contracts and agreements, the Company has committed that all transactions shall be on a competitive commercial basis that guarantees the rights of the shareholders and the Company.

With the exception of the contracts and arrangements concluded with the aforementioned related parties, the Company confirms that none of the members of the Board of Directors or any of their relatives has any direct or indirect interest in the Company, and that there are no other contracts concluded with any other related parties, including the issuance of insurance policies covering its business and assets.

In the event that transactions and agreements with related parties in the future are not carried out on a purely commercial basis, this will adversely affect the Company's business, results of its operations, financial position and future prospects (please refer to Sub-Sections (4.9.4.4) and (4.12.3.5) "**Related Party Transactions and Balances**" of Section (4) "**Management Discussion and Analysis of Financial Position and Results of Operations**" and Sub-Section (8.11.1) "**Contracts with the Related Parties**" of Section (8) "**Legal Information**").

2.1.8 Risks related to inadequate allocations and reserves

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

- Allocation for unearned premiums
- Allocation for outstanding claims
- Allocation for claims settlement expenses
- Allocation for risks that have occurred but have not yet been claimed
- Allocation for risks not forfeited
- Allocation for disaster
- Allocation for overheads
- Allocation related to protection and savings insurance such as disability, old age, death, medical expenses... Etc.

The size of the reserves is estimated based on the expected trends in the volume of claims and their frequency according to the data available at the time. Establishing an adequate level of claims reserves is inherently uncertain given the difficulty and complexity of making the necessary assumptions.

The following table shows liabilities as at 31 December 2021G and 31 December 2022G before the application of IFRS 9 and 17:

Table 9 Liabilities

(SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Liabilities			
Policyholders claims payable	11,421	7,407	(35.2%)
Receivable accrued and other liabilities	35,982	42,179	17.2%
Lease liabilities	20,335	18,493	(9.0%)
Reinsurers' balances payable	984	13,214	1242.9%
Unearned premiums	228,830	426,038	86.2%
Unearned reinsurance commission	4,351	3,835	(11.9%)
Outstanding claims	22,859	26,987	18.0%
Claims incurred but not reported Claims	123,883	121,358	(2.0%)
Premium deficiency reserve	6,700	3,834	(42.8%)
Other technical reserves	7,892	7,190	(8.9%)
Employee benefits obligations	7,895	6,716	(14.9%)
Surplus distribution payable	15,409	15,409	0.0%
Provision for zakat	27,629	30,629	10.9%
Accrued commission income payable to SAMA	3,887	4,913	26.4%
Total liabilities	518,057	728,202	40.6%

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G.

The following table shows liabilities as at 31 December 2022G and 31 December 2023G after the application of IFRS 9 and 17:

Table 10 Liabilities

(SAR ' 000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Insurance contract liabilities	524,418	508,116	(3.11%)
Reinsurance contract liabilities	0	3,185	Not Applicable
Accrued expenses and other liabilities	20,785	25,590	23.12%
Lease liabilities	18,493	19,771	6.91%
Employee benefit obligations	6,716	8,717	29.79%
Provision for zakat	30,629	33,442	9.18%
Accrued commission income on statutory deposit	4,913	2,449	(50.15%)
Total liabilities	605,954	601,270	(0.77%)

Source: Audited financial statements of the financial year ended 31 December 2023G.

Since the size of the reserves depends on future estimates, it is possible to prove the inadequacy of the Company's reserves in any period, and if the actual claims exceed the claims reserve, the Company will have

to increase its reserves. As a result, the reserves allocated to meet the claims of insurance policies may be proved to be insufficient and therefore the Company may need to increase its reserves. The same will have a negative and material impact on the Company's business, results of operations, financial position and future prospects.

2.1.9 Risks related to commitment and contingencies

Some contingent liabilities of the Company may arise which may result from any other liabilities or costs related to the Company's activity.

The details of the contingent liabilities as of 31 December 2021, 31 December 2022 and 31 December 2023 are as follows:

Table 11 Contingent liabilities

(SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Letters of guarantees in favour of non-government Customers	700	700	-
Letters of guarantees in favour of ZATCA	9,500	9,500	-
Total	10,200	10,200	-

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

The Company enters into insurance contracts and is subject to legal proceedings in the normal course of business. While it is not practical to forecast or determine the final results of all the existing and potential legal proceedings, management does not believe that any such proceedings (including litigation) that are in progress at the reporting date will have a material effect on its financial results, however management has made provisions to cover any contingent liabilities.

The Company's bankers have given guarantees to non-government customers amounting to SAR 0.7 million as of 31 December 2022G (2021G: SAR 0.7 million) in respect of motor insurance and to ZATCA amounting to SAR 9.5 million as of 31 December 2022G (2021G: SAR 9.5 million) in respect of Zakat assessments for the years 2008G to 2012G. During the year 2021G, the Company settled the liability from 2008G to 2012G and requested ZATCA to release the bank guarantee amounting to SAR 9.5 million.

Table 12 Contingent liabilities

Shareholders (SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	Annual change rate 2022G-2023G
Letters of guarantee for non-government customers	700	2200	214%
Letters of guarantee for ZATCA	9,500	9500	0%
Total	10,200	11,700	15%

Source: audited financial statements for FY ended 31 December 2023G.

- The Company is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not believe that the outcome of these cases will have a material impact on the Company's financial performance.
- The Company's bankers have given guarantees to non-government customers amounting to SAR 2.2 million as at 31 December 2023G (31 December 2022G: SAR 0.7 million) in respect of motor insurance

and to Zakat, Tax and Customs Authority amounting to SAR 9.5 million as at 31 December 2023G (31 December 2022G: SAR 9.5 million) in respect of zakat assessments for years 2008G to 2012G. During 2022G, the Company has settled the liability from 2008G to 2012G and requested ZATCA to release the bank guarantee amounting to SAR 9.5 million.

- The Company operates in the insurance industry and is subject to legal proceedings in the ordinary course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings. The Company, based on in-house legal advice, does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

For further clarification, please refer to the contingent liabilities related to zakat and income tax assessments in Sub-Section **(4.8) "Income Statement for the financial years ended 31 December 2021G and 31 December 2022G before the impact of the implementation of the International Financial Reporting Standards No. 9 and 17 "** and Sub-Section **(4.11) "Income Statement for the financial years ended 31 December 2022G and 2023G After the impact of the implementation of the International Financial Reporting Standards No. 9 and 17_ "**, Section (4) **" Management Discussion and Analysis of Financial Position and Results of Operations "**.

If these obligations are fulfilled and the Company is committed to pay its guarantees, this will negatively and materially affect the Company's business, financial position and results of its operations.

2.1.10 Risks related to potential Zakat entitlements and additional tax claims

The Company has submitted its Zakat and tax returns until 31 December 2022 and the Company has received a final certificate for the financial year ended 31 December 2022.

The Company has submitted its Zakat declaration for the financial year ending on 31 December 2023 and obtained a Zakat certificate from the Zakat, Tax and Customs Authority with No. 1112070639 dated 05/11/1445H (corresponding to 13/05/2024G) and valid until 02/11/1446H (corresponding to 30/04/2025G).

The Zakat, Tax and Customs Authority (ZATCA) issued assessments for the years from 2006 to 2012 in the amount of SAR 17.1 million, which represents SAR 9.3 million in Zakat differences, SAR 4.4 million in withholding tax differences and SAR 3.4 million in fines. The Company settled the amount of the withholding tax differences amounting to SAR 4.4 million and partially paid the delay penalties amounting to SAR 3.1 million, and accordingly it issued a letter of guarantee amounting to SAR 9.5 million in favor of the Authority for the Zakat differences for the mentioned years. During 2021, the Company settled the obligation from 2008 to 2012 and requested the Zakat, Tax and Customs Authority to release the bank guarantee in the amount of SAR 9.5 million.

A settlement request was submitted to the Authority to pay SAR 3 million to close the case, but the Zakat Disputes Committee reached a decision to settle the amount of SAR 7.7 million to end the assessment for the mentioned years. The Authority rejected the decision of the Zakat Disputes Committee, and at the end of the session, the case was referred to the Appeal Committee.

The Authority issued an assessment for the year 2014 in which it requested additional zakat liabilities in the amount of SAR 1.2 million. The assessment was objected to, and the objection was rejected by the Authority. The case has been escalated to the tax committees and awaiting their decision. The Administration was of the view that Zakat liabilities would amount to SAR 1.2 million.

The Authority issued assessments for the years from 2015 to 2018, where it requested an additional zakat of 14.1 million Saudi riyals and withholding tax liabilities for the years from 2014 to 2018 in the amount of 7 million Saudi riyals. During 2021, the Company settled the tax differences deducted to obtain the benefits of the first phase of the amended government amnesty period (full exemption from penalty). Management believes that the Zakat liability will reach SAR 14.7 million.

During 2021, the Company received Zakat assessments for 2019 and 2020, as the Authority requested an additional obligation of SAR 11.4 million. The Company objected and the obligation was subsequently reduced to SAR 9.1 million. The Company paid an amount of 2.3 million Saudi riyals for the objection according to the Zakat regulation. The objection has been referred to the General Secretariat of Tax Committees and the case is still under discussion.

During 2023, the Company received an initial assessment for 2021 and 2022 where Zakat Authority requested additional Zakat obligations of SAR 2.4 million and SAR 2.1 million respectively. The Company is in the process of meeting the data requirements related to 2021 and 2022, and the Company has a sufficient allocation to cover the additional zakat obligations.

The Company cannot predict the decision of the General Secretariat of Tax Committees. If the General Secretariat of Tax Committees does not support the Company's point of view, the Company will be subject to payment of these additional amounts, which would affect the Company's business, financial position and future prospects. The Company also cannot predict the acceptance by the Zakat, Tax and Customs Authority of its zakat and tax estimates for each future financial year. The Zakat, Tax and Customs Authority may impose on the Company substantial zakat differences in excess of the value paid as well as fines for delaying the payment of these amounts. All of the same will have a negative impact on the Company's business, financial position and results of its operations.

For further clarification, please refer to the ongoing obligations according to the requirements of the Zakat, Tax, and Customs Authority in Sub-Section (8.10.3.4) "**Continuing Obligations as per ZATCA's Requirements**" in Section (8) "**Legal Information.**"

2.1.11 Risks of not obtaining or renewing the necessary licenses, permits and certificates

The Company should obtain a number of different permits, licenses and regulatory approvals in relation to its activities. These licenses include, but are not limited to, the license of the Saudi Central Bank, commercial registries, product licenses granted previously by the Saudi Central Bank and currently by the Insurance Authority, licenses of the Ministry of Municipal and Rural Affairs, permits of the General Directorate of Civil Defense, company registration certificates issued by the Ministry of Commerce, certificates of membership in chambers of commerce, certificates of registration of trademarks, Saudization certificates, zakat certificates and social insurance certificates (please refer to Sub-Section (8.10) "**Government Approvals, Licenses and Certificates**" of Section (8) "**Legal information**").

Most of the Company's licenses, permits and certificates are subject to conditions under which licenses and permits can be suspended or terminated in the event that the Company is unable to meet and comply with the basic conditions.

The following are the details of the expired permits and licenses of the Company, with the penalties imposed on each of them:

- As of the date of this Prospectus, the Company has not issued a civil defense license for its head office or for any of its branches.

- As of the date of this Prospectus, the following municipal licenses have expired:

- License No. 3909646928 expired on 05/1445H (corresponding to 19/11/2023G)
- License No. 450112765722 expired on 20/01/1446H (corresponding to 26/07/2024G)

Failure to obtain a civil defense license violates the Civil Defense Law issued by Royal Decree No. (M/10) dated 10/05/1406H (corresponding to 21/01/1986G) and amended by Royal Decree No. (M/66) dated 02/10/1424H (corresponding to 26/11/2003G), which will expose the Company to penalties and fines stipulated in Article Thirty (30) of the same law, which stipulates the imposition of a penalty on the violator of any of the provisions of this law or its regulations or the decisions issued accordingly with imprisonment for a period not exceeding six months, or a fine not exceeding thirty thousand (30,000) Saudi riyals or both . Failure to obtain a civil defense license will also result in the Company being unable to renew the municipality's license, and in the event that it is unable to obtain a safety license from the civil defense, this may lead to the closure of the headquarters until the legal procedures are completed.

- a. Failure to renew the municipality license is a violation of the requirements of the Ministry of Municipal and Rural Affairs and Housing, which may expose the violating branch to the penalties stipulated in the schedule of penalties for municipal violations for the year 2023, which may reach fifty thousand (50,000) Saudi riyals, in addition to closing the branch, which will negatively affect its operations.
- b. The absence or non-renewal of the aforementioned permits is a violation of the Companies Law, which will result in a fine not exceeding (500,000) five hundred thousand. The fine shall be doubled upon repetition within three years from the date of the judgment.

If the Company is unable to renew the license or obtain the necessary licenses for its business, or if the license expired, not renewed, suspended or any of its current licenses was terminated, or if the licenses are renewed on terms that do not serve the interests of the Company, or if the Company is unable to obtain additional licenses required in the future, this may lead to the disruption of the Company's operations and incur additional costs, and may have a negative and material impact on the Company's business, results of its operations, financial position and future prospects.

2.1.12 Risks of contracts with third parties

The Company has concluded a number of contracts and agreements, including reinsurance contracts, insurance brokerage contracts and lease contracts (please refer to Sub-Section (8.11) "**Summary of Substantial Contracts**" of Section (8) "**Legal Information**").

Most agreements with third parties are subject to the Outsourcing Regulations issued by the Saudi Central Bank (whose powers regarding the regulation of the insurance sector have been transferred to the Insurance Authority) for insurance companies, reinsurance companies and freelancers, under which they are required to obtain the approval of the Saudi Central Bank (whose powers regarding the regulation of the insurance sector have been transferred to the Insurance Authority) before any assignment to substantial tasks. The Company depends on the ability of these Parties to provide reliable and continuous services, especially with regard to IT services, settlement of claims and actuarial consulting services. Also, the Company's ability to grow and meet the needs of its customers relies on effective and experienced external sources for the performance of a number of specialized functions and services. However, it cannot be emphasized that these parties will be at the level of the Company's aspirations in providing services. The Company has no direct operational or financial control over its main service providers or external source partners, and it certainly cannot predict the unexpected termination of any external sources contracts.

In the event that the Company or the contracting parties are unable to abide by the terms of those contracts or in the event of any future disputes or issues and the Company's loss of those disputes, or in the event that

the approval of the Insurance Authority is not obtained in accordance with the attribution regulations for insurance and reinsurance companies and freelancers, this may have a negative and material impact on the Company's business, financial position and future prospects.

2.1.13 Risks related to leases

It is worth mentioning the issuance of the Council of Ministers Resolution No. (292) dated 16/05/1438 H (corresponding to 13/02/2017G), which stipulates that the lease contract that is not registered in the electronic network is not considered a valid contract that produces its administrative and judicial effects, and since the electronic network for rental services was launched in cooperation between the Ministries of Justice and Housing on 17/05/1439 AH, and a circular was issued by the Ministry of Justice approving the application of this to all contracts concluded after 04/05/1440 H (corresponding to 10/01/2019G).

As of the date of this Prospectus, the Company has entered into fourteen (14) Leases. All leases have been registered on the platform.

As of the date of this prospectus, the following lease contracts have expired and have not been renewed in writing as stipulated in the contracts:

- The lease contract of Medina was concluded with Aziza Al-Harbi on 01/05/2022, which expired on 30/04/2023.
- Buraydah lease contract concluded with Abdulrahman Al-Amer on 14/04/2022, which expired on 13/04/2023.

In addition, the Company's inability to maintain the continuity of lease contracts related to the sites it occupies and renew them under the same current conditions or on preferential terms or its inability to use the leased property for the purpose assigned to it for any reason whatsoever, will force it to vacate the leased property and find other places more suitable for practicing the Company's activity, without guaranteeing appropriate lease terms, which may have a negative and fundamental impact on the Company's business, financial position and future prospects. (Please refer to Sub-Section (8.11) "**Summary of Substantial Contracts**" of Section (8) "**Legal Information**").

2.1.14 Litigation risks

In the course of conducting its business, the Company may be subject to cases and claims relating to its general operations and insurance operations and disputes and claims relating to insurance cover. The Company does not guarantee that there will be no dispute between it and other parties it deals with or between it and some policyholders, which may lead to cases being filed with the competent judicial authorities, whether by the Company or against the Company. As a result, the Company may be subject to judicial claims from government bodies and departments and investigations, including the new controls on the insurance sector in the Kingdom. The Company inherently cannot predict the results of such claims if they occur, nor does the Company guarantee that such claims will not have a material impact on its business, financial position and results of operations. Also, the Company cannot accurately predict the cost of cases or judicial proceedings that may be filed by or against it or the final results of those cases or judgments and the compensation and penalties they contain, and therefore any negative results of such cases will adversely affect the Company.

In the course of conducting its business, the Company has been subject to cases and lawsuits filed by some policyholders related to its insurance operations and litigation disputes and claims related to insurance coverage. As of the date of this prospectus, there are 256 insurance cases pending before the Insurance Dispute Resolution Committee with a total value of SAR 22,045,820.

Other than what has been disclosed in this Section (please refer to Sub-Section (8.13) "**Disputes and Litigation**" of Section (8) "**Legal information**"), the Company is not a party to any case, claim, arbitration or administrative proceedings, jointly and severally, outside the framework of its usual business or that would materially affect its business or financial position.

2.1.15 Risks related to reinsurance

In the context of its risk mitigation and capital management strategy, the Company needs to reinsure its insurance portfolio to reduce certain risks to which it may be exposed, especially in relation to vehicle insurance and other insurance products. Under these reinsurance arrangements, the Company transfers the risks covered by the policies to the reinsurer or such risks are borne by the reinsurer requesting premiums in exchange for providing reinsurance. The Company must also, based on its activity, reinsure its insurance portfolio in accordance with paragraph (2) of Article (40) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by the Saudi Central Bank (whose powers regarding the regulation of the insurance sector have been transferred to the Insurance Authority). The Company must reinsure at least 30% of the total contributions within the Kingdom upon reinsurance.

According to Article (21) of the Cooperative Insurance Companies Control Law issued by the Saudi Central Bank (whose powers regarding the regulation of the insurance sector have been transferred to the Insurance Authority), SAMA may impose a fine of up to two million (2,000,000) Saudi riyals on companies that do not comply with the aforementioned percentages. Therefore, if the Company does not comply with these percentages, the Company will be exposed to that fine, which will negatively and materially affect the financial position of the Company, the results of its operations, and its future prospects.

The Company has entered into reinsurance agreements disclosed in Sub-Section (8.11) "**Summary of Substantial Contracts**" of Section (8) "**Legal Information**". The agreements issued by Swiss Re and Guy Carpenter as agents for Marsh Limited expired on 30/06/2024. The company has renewed all these agreements under the same terms, but it has not yet received copies of the renewed agreements.

The Company's ability to contract with reinsurance companies at reasonable costs is subject to several factors, which are usually beyond the Company's control, such as market conditions beyond the Company's control that determine the availability and cost of appropriate reinsurance, as well as the receipt of amounts due from future reinsurers, and the financial strength of the reinsurers. Similar to the insurance sector, the reinsurance sector is cyclical and prone to significant losses in the market, which may adversely affect reinsurance prices, which may lead to price changes or a desire to reinsure some risks in the future. Additional statutory changes to the reinsurance may result in a mismatch between the statutory requirements of the insurer and the coverage available with the reinsurers. In the event of any such events or any material changes in reinsurance rates, the Company may have to incur additional reinsurance expenses, obtain reinsurance on inappropriate terms, or may not be able to obtain appropriate reinsurance coverage, and therefore the Company is exposed to increased retained risk and the possibility of increasing loss ratio.

In the event that the reinsurers do not offer the Company to renew their products and services, for any reason, there is a risk that the Company will not be able to find an alternative for the previous reinsurance agreements at acceptable prices, and the Company may be exposed to reinsurance losses during any period between the termination of the existing agreements and the commencement of any alternative agreements. In the event of any default by the reinsurers with whom the Company substantially deals, the Company will also be exposed to significant losses, which will have a material negative impact on its financial position and the results of its operations.

2.1.16 Risks related to reinsurance concentration

The Company deals with a number of reinsurance companies to secure its insurance portfolio, which may expose it to the risk of default by the other party.

The total reinsurance premiums amounted to SAR 59.95 million as of December 31, 2021, and SAR 90.16 million as of December 31, 2022 (before the application of IFRS 9 and IFRS 17). The top three reinsurance companies that the company dealt with during 2021 and 2022 (before the application of IFRS 9 and IFRS 17) represented 63% and 89% of the total reinsurance premiums, respectively.

The total reinsurance premiums amounted to SAR 90.16 million as of December 31, 2022, and SAR 113.19 million as of December 31, 2023 (after the application of IFRS 9 and IFRS 17). The top three reinsurance companies that the company dealt with during 2022 and 2023 (after the application of IFRS 9 and IFRS 17) represented 89% and 86.9% of the total reinsurance premiums, respectively. In the event of insolvency, bankruptcy or any distress to one of the reinsurers, this will have a negative impact on the Company's business, financial position, results of its operations and future prospects.

2.1.17 Risks related to dependence on insurance brokers

The company relies on its network of insurance brokers in the Kingdom for conducting its activities and distributing its products and services. The proportion of the company's products distributed by the insurance brokers the company deals with was 70% of the gross written premiums as of December 31, 2021, and 75% of the gross written premiums as of December 31, 2022 (before the application of IFRS 9 and IFRS 17).

Similarly, the proportion of the company's products distributed by the insurance brokers the company deals with was 75% of the gross written premiums as of December 31, 2022, and 75% also as of December 31, 2023 (after the application of IFRS 9 and IFRS 17).

(Please refer to Sub-Section (8.11) “**Summary of Substantial Contracts**” of Section (8) “**Legal Information**”). The inability of the Company to renew contracts with brokers, or the imposition by the insurance authority of a suspension penalty for one of the brokerage companies contracted with the Company, or the inability to contract with other brokers on appropriate terms, may lead to the Company incurring losses, which may negatively and materially affect the financial position of the Company, the results of its operations, and its future prospects.

2.1.18 Risks related to dependence on non-Saudi employees

The percentage of non-Saudi employees as of the date of this prospectus constitutes about 26% of the total employees in the Company, which may negatively affect the results of the Company's business, financial position and operational results if it is unable to maintain its non-Saudi cadres or find alternatives for them with the same required skills and experience or there has been a change in the policies and regulations of the Ministry of Human Resources and Social Development resulting in an increase in the Saudization rate of the sector.

The government of the Kingdom adopted a number of resolutions aimed at implementing comprehensive reforms in the labor market in the Kingdom of Saudi Arabia, which included imposing additional fees on each non-Saudi employee working for Saudi institutions as of 1 January 2018 and on issuing and renewing residence permits for non-Saudi families, which entered into force as of 1 July 2017, knowing that the fees

are gradually increasing (for more information, please refer to Sub-Section (2.2.6) "**Risks related to government fees applicable to employment of non-Saudi employees**" of this Section (2) "**Risk Factors**").

If the Company relies on a high percentage of non-Saudi employees, this will lead to an increase in the government fees borne by the Company for each non-Saudi employee; such as work permits and residence permits, which will lead to an increase in the Company's costs in general, and thus will negatively affect the Company's business, financial position, results of its operations and future prospects.

2.1.19 Risks related to risk management policy

The Company follows risk management policies and follows up and updates them continuously through the Risk Management Committee, and submits recommendations thereon to the Board of Directors, in line with the Implementing Regulations of the Cooperative Insurance Companies Control Law and the risk management regulations of the insurance companies issued by the Saudi Central Bank (whose powers regarding the regulation of the insurance sector have been transferred to the Insurance Authority), which are evaluated and updated periodically. Failure to properly implement or update policies or the inability of administration to identify and assess risks in a timely manner will expose the Company to various risks, including, for example, non-compliance with the cooperative insurance companies control system and its regulations, which may expose the Company to various procedures contained in the system, including the withdrawal of the Company's license, which negatively and materially affects the financial position of the Company, the results of its operations and its future prospects.

2.1.20 Risks related to investment

The operating results of the Company depend in part on the performance of its investment portfolio. The investment results are subject to several investment risks, including risks related to general economic conditions, the level of volatility in the market, the volatility of market interest rates, and liquidity and credit risks.

The value of investments was SAR 168.5 million as of December 31, 2021, and SAR 82.7 million as of December 31, 2022 (before the application of IFRS 9 and IFRS 17). For more details, please refer to Sub-Section (4.9.1.6) "**Investments**" from Section (4) "**Management Discussion and Analysis of Financial Position and Results of Operations**" of this Prospectus.

The value of investments was SAR 121.9 million as of December 31, 2022, and SAR 138.9 million as of December 31, 2023 (after the application of IFRS 9 and IFRS 17). For more details, please refer to Sub-Section (4.12.1.3) "**Investments**" from Section (4) "**Management Discussion and Analysis of Financial Position and Results of Operations**" of this Prospectus.

The inability of the Company to balance its investment portfolio and its alignment with its requirements will lead to poor investment performance of the portfolio and may lead to the liquidation of its investments at inappropriate times and prices. The management of these investments requires an effective management system and follow-up and a high ability to choose the quality and diversity of investments. In the event of a decrease in the Company's returns resulting from investments, the Company will incur losses that may adversely and materially affect the Company's financial position, results of its operations and future prospects.

2.1.21 Risk of risk miscalculation

The Company shall study the potential risks before issuing insurance policies for the applications submitted, based on the reports of the actuary who shall study the patterns of risk evolution and future prospects based

on historical performance. Failure to assess potential risks clearly and accurately may result in losses to the Company, which may adversely and materially affect the Company's financial position, results of its business and future prospects.

2.1.22 Risks related to financial performance

The Company received the approval of the Insurance Authority No. (29024) on 25/11/1446H (corresponding to 02/06/2024G), which includes the approval of the Insurance Authority to increase the Company's capital from two hundred million (200,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals through the offering of rights shares after submitting the future business plan. The Company's business plan is based on assumptions, the most important of which are digital transformation, the use of the latest technologies, the development of customer experience, in addition to reducing operational costs, a reduction in insurance claims, gradual growth in written insurance premiums, and improvement in the technical performance of key sectors. There is no guarantee that the Company will fully apply the assumptions made. In the event that the Company is unable to apply the specified assumptions, this will adversely and materially affect the Company's business, results of operations, financial position and future prospects.

2.1.23 Risks related to dependence on key personnel and attracting competencies

The Company depends on the experiences and capabilities of the leading employees, and therefore the success of the Company may depend on its ability to ensure the continuity of these competencies, and to find alternatives for them in the event that they leave the Company. The Company depends on its success in maintaining the relationship with intermediaries by maintaining employees and ensuring their continuity, and on its ability to attract new qualified employees and ensure their continuity.

There is no guarantee that the Company will be able to ensure the continuity of its employees' services or upgrade their skills. The Company may also need to increase salaries in order to ensure the continuity of its employees and attract new cadres with appropriate qualifications, which may have a negative impact on the Company's financial position. All of this may lead to the difficulty of maintaining some employees and the loss of the services of one or more members of its senior management, Sections or departments, which hinders the implementation of its business strategy, and this will have a negative impact on its business, financial position and results of its operations.

2.1.24 Risks related to cancellation or non-renewal of insurance policies

The Company is in a competitive insurance market. Given that the term of the insurance policies is short in nature, the Company may not be able to continue to renew the issued insurance policies or the policies that will be issued in the future as expected. In the event that policyholders do not renew or cancel their policies, the level of the Company's written premiums in the coming years will be negatively and materially affected, which will affect the Company's business, financial position and future prospects.

2.1.25 Risks related to the translation of insurance policies

Some of the Company's insurance policies are written in Arabic and translated from English. However, the translation of some clauses of the insurance policies provided by the Company is not accurate in terms of clarifying some of the terminologies contained in the policy, which will lead to a dispute between the parties about the interpretation of the intended meaning of the policy, especially since the courts in the Kingdom of Saudi Arabia rely on the Arabic text in the event of any dispute between the Company and one of its customers, which exposes the Company to enter into disputes with customers that negatively affect its business and financial results.

2.1.26 Risks related to the provision of funding in the future

The Company's ability to obtain sources of financing for its business depends on several factors, including factors related to its ability to obtain regulatory approvals in addition to the Company's financial position and creditworthiness. If in the future the Company needs additional funding to expand its activities or products, or to improve its solvency, it may have difficulty in obtaining sources of funding and if obtained it may be at an inappropriate cost and conditions. If the Company needs to raise its capital to obtain additional funding, this may reduce the percentage of ownership of existing shareholders. The difficulty of obtaining appropriate funding in the future will adversely affect the Company's business, results of its operations, financial position and future prospects.

2.1.27 Risks related to the increase of the Company's liabilities

An increase in the Company's liabilities could pose a risk to its overall financial position and solvency. The ratio of total liabilities and accumulated surplus to total assets was 38.4% as of December 31, 2021, and 95.1% as of December 31, 2022 (before the application of IFRS 9 and IFRS 17). The ratio of total liabilities and accumulated surplus to total assets was 90.9% as of December 31, 2022, and 74.6% as of December 31, 2023 (after the application of IFRS 9 and IFRS 17).

The liquidity ratio was 1.78 times and 2.35 times as of December 31, 2021, and 2022, respectively (before the application of IFRS 9 and IFRS 17), and 0.92 times and 1.21 times as of December 31, 2022, and 2023, respectively (after the application of IFRS 9 and IFRS 17). The cash ratio was 1.28 times and 1.64 times as of December 31, 2021, and 2022, respectively (before the application of IFRS 9 and IFRS 17), and 0.73 times and 1.02 times as of December 31, 2022, and 2023, respectively (after the application of IFRS 9 and IFRS 17).

Therefore, the increase in the Company's accumulated liabilities and surplus will negatively affect its financial position and increase financing costs. If this happens, it will be difficult for the Company to meet its obligations, and this will have a negative impact on the Company's business and financial position, the results of its operations, and future prospects. (For more information, please refer to Sub-Section (4.9) "**Statement of Financial Position as at 31 December 2021G and 2022G before the impact of the implementation of the International Financial Reporting Standards No. 9 and 17** " and Sub-Section (4.12) "**Statement of Financial Position as at 31 December 2022G and 2023G after the impact of the implementation of the International Financial Reporting Standards No. 9 and 17** " of Section (4) "**Management Discussion and Analysis of Financial Position and Results of Operations**" of this prospectus).

2.1.28 Risks related to false insurance usage and claims and other fraudulent activities

The Company is susceptible to fraud from various sources, such as its suppliers, intermediaries, customers and other parties. This includes customers making incorrect statements or failing to fully disclose covered risks before purchasing insurance coverage, and policyholders making or exaggerating fraudulent claims. It should be noted that the technical methods applied for practicing fraud are constantly evolving, which makes it difficult to detect cases of fraud. The Company does not guarantee that any cases of fraud won't occur in any aspect of the Company's business, which in turn will lead to a negative and material impact on the Company's performance, operations and future plans.

2.1.29 Risks related to operating systems and information technology

The Company's IT systems support all of the Company's business and are necessary to provide the Company's services to its customers. As the insurance sector relies heavily on electronic systems, this increases the exposure of insurance companies - including the Company - to the risks of hacking and cyber-attacks as well

as deliberate breaches of data, networks and software. Moreover, the increased use of cloud services for data storage may increase the Company's exposure to the risk of IT system failure in general. For example, a cyberattack on an insurance network may result in a company's inability to provide services to its customers, which could damage its reputation and cause a loss of revenue or expose it to financial penalties. Consequently, any failure to protect or properly use data may result in the loss of or unauthorized access to customer data.

The Company's IT systems are also subject to other external and internal risks, such as malware, code defects, hacking attempts to the Company's networks, lack of required updates or modifications, data leakage and human errors, all of which pose a direct threat to the Company's services and data. Other threats include equipment failure, physical attack, theft of customer information, fire, explosion, flooding, severe weather, power outages and other problems that may occur during network upgrades or other substantial changes, besides the failure of suppliers to meet their obligations.

In the event of a partial or total collapse in any of the IT or communications systems, the Company's business activities may be interrupted or severely affected, and any system malfunction, accident or hack can cause an interruption in the Company's operations or affect its ability to provide services to its customers, and thus adversely affect its revenues and operations. These disruptions may also affect the Company's image and reputation and reduce the confidence of its customers in it, which may lead to the loss of some customers. In addition, the Company may have to incur additional costs in order to repair any damage caused by such disruptions, and in all cases, this will have a negative and material impact on the Company's business, results of its operations, financial position and future prospects.

2.1.30 Risks related to trademark protection

The Company's ability to market its insurance products and develop its business depends on the use of its name, logo and brand, which supports its business and its position in the market among customers.

On 06/06/1427H (corresponding to 02/07/2006G), the Company registered its trademark under the name "Salama". The trademark registration certificate was issued in the name of Salama Cooperative Insurance Company under No. (142608386) and protection began on 28/12/1436H (corresponding to 11/10/2015G) and protection ends on 28/12/1446H (corresponding to 24/06/2025G).

Any infringement of property rights or illegal use of the Company's trademark will affect the Company's reputation, and the Company may be forced to enter into costly judicial procedures and focus the efforts of some of its administrative staff for these procedures in order to protect its trademark, which negatively affects the Company's business, results of its operations, financial position and future prospects.

2.1.31 Risks related to disasters and business interruptions

All insurers are exposed to losses due to unpredictable events that may affect many of the risks covered by the Company, in particular large-scale weather events in relation to car insurance, or large-scale epidemics in the case of health insurance. Other events that can affect the Company and insurance policies include natural and abnormal events including, but not limited to, blizzards or sandstorms, floods, winds, fires, explosions, earthquakes, industrial accidents and terrorist operations.

The size of the Company's losses as a result of such catastrophic events is affected by the frequency and severity of each such event and the reinsurance arrangements made by the Company. Despite efforts by the Company to limit its exposure to these events, set an appropriate price for them, or set appropriate conditions for risk insurance, these efforts may not succeed.

In addition, any disaster that may affect the Company's offices or any other locations it has will adversely and materially affect the Company's business, financial position and future prospects.

2.1.32 Risks related to non-compliance with quality standards and specifications required by customers

The Company seeks to maintain the satisfaction of its customers by constantly providing the same level of quality of its products, but in the event that the Company is unable to continue to provide its products with the same level of quality, this will negatively affect its reputation with its customers and thus the reluctance to deal with it, which negatively affects the Company's sales and the results of operational and financial operations.

2.1.33 Risks related to corporate governance

The Corporate Governance Regulations were issued pursuant to CMA Board Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G) based on the Companies Law promulgated by Royal Decree No. (M/3) and dated 28/1/1437H as amended by CMA Board Resolution No. 8-5-2023 and dated 25/6/1444H (corresponding to 18/01/2023G), and the regulation includes more stringent mandatory clauses than those in the old regulation.

The Company has updated its Governance Regulations to comply with all the requirements contained in the Corporate Governance Regulations issued by the Authority and the Corporate Governance Regulations issued by the Saudi Central Bank (whose powers regarding the regulation of the insurance sector have been transferred to the Insurance Authority), the amendments of which were approved by the Board on 26/06/2022.

The Company shall apply all the provisions contained in the Companies Regulations issued by the Board of Directors of the CMA and the Saudi Central Bank (SAMA) (whose powers regarding the regulation of the insurance sector have been transferred to the Insurance Authority), with the exception of the following articles:

- Article (84): The Ordinary General Assembly shall, upon the proposal of the Board of Directors, formulate a policy that ensures a balance between its objectives and the objectives that the society aspires to achieve for the purpose of developing the social and economic conditions of the society. The reason for not applying it is that it is a guiding non-binding article.
- Article (90) (4/b): Five senior executives who received the highest remuneration from the Company, provided that they shall include the CEO and the CFO, are partially applied and the reason for not fully applying it is the following: The Company has committed to disclose the elements of the remuneration of senior executives in aggregate in accordance with the statutory requirements contained in subparagraph (b) of paragraph (4) of Article (90) of the Corporate Governance Regulations, but to protect the interests of the Company, its shareholders and employees and to avoid causing any damage that may result from the detailed disclosure according to the titles and positions, the details are not presented as contained in the appendix for senior executives of the Corporate Governance Regulations.

The Insurance Authority may impose fines on the Company in the event that the Company, represented by its board of directors and the executive administration, does not apply the best governance practices.

2.1.34 Risks related to Anti-Money Laundering (AML) and Combating the Financing of Terrorism Regulations (CFT)

The Company currently complies with the money laundering and combating the financing of terrorism regulations issued by the Saudi Central Bank, the anti-money laundering and combating the financing of terrorism rules for insurance companies, the Anti-Money Laundering Law and its executive regulations, and the Anti-Terrorism Crimes Law and its executive rules. These regulations clarify the procedures to be taken when accepting any customer (whether an individual or a company), as well as the due diligence procedures to be followed, in addition to the procedures for reporting suspicious transactions and other procedures. The Company currently stores information about its customers via its computer systems. Failure to comply with anti-money laundering and anti-terrorism regulations makes the Company susceptible to legal accountability and therefore leads to fines and/or penalties that the Company will bear.

In the event that the Company does not comply with AML/CFT regulations, this will result in its violation to such regulations in the view of regulatory authorities, and therefore will have a material and negative impact on the Company's business, financial position, results of its operations and future prospects.

2.1.35 Risks related to the Company's reputation

The Company's reputation is critical to attracting and retaining new customers and establishing a strong relationship with counterparties. The Company's reputation can be damaged in the future as a result of several factors, including, but not limited to, the decline of its financial results, its amendment, legal or regulatory procedures against the Company or the behavior of one of its employees, which may cause the Company to violate the applicable regulatory requirements. The damage to the Company's reputation will negatively affect its business, financial position, results of its operations, profitability of its stock and future prospects.

2.1.36 Risks related to inadequate insurance coverage

The Company has not entered into an insurance policy against all risks to the Company's property or any other insurance policies related thereto.

In its current state, the Company is not covered from all losses incurred by the Company and no guarantee can be given that it will not incur any losses in the future, and this will adversely affect its business, financial position, results of its operations, earnings per share and future prospects.

2.1.37 Risks related to employee behavior and mistakes

Although an internal work regulation has been developed and approved by the Ministry of Human Resources and Social Service, and all employees and affiliates of the Company have been informed of it, the Company cannot guarantee the avoidance of employee misconduct or mistakes such as fraud, intentional or unintentional errors, embezzlement, theft, forgery, misuse of its property and acting on its behalf without obtaining the required administrative authorizations. Consequently, such actions may entail consequences and responsibilities for the Company, regulatory penalties, or financial responsibility, which may adversely affect the Company's reputation. The Company therefore cannot guarantee that the misconduct or mistakes of its employees will not materially and adversely affect the Company's business, financial position, results of its operations and future prospects.

2.1.38 Risks related to weak internal control systems and procedures

The Company's control procedures are continuously reviewed by the Internal Audit Department through a systematic and organized risk-based approach to ensure the efficiency of the control procedures and make the necessary recommendations to improve them in order to enhance and protect the value of the Company and help it achieve its objectives. The Audit Committee and the Board of Directors receive periodic reports

on the results of the audit, which are discussed with the Executive Management and follow up on the correction of the observations contained therein. After reviewing the internal audit reports during 2023 submitted by the internal audit team and the report of the external auditor and the compliance department, the audit committee found that there is a fundamental weakness in the internal control systems and procedures set by the Company and that the internal control system in the Company needs to develop some of its components and develop the risk control tools applied by the Company to keep pace with the volume of work and requirements of the Company. The weakness of internal procedures systems may lead to a breach of the integrity and security of the Company's information and a breach of compliance with internal laws, regulations and policies and affects the Company's effective and efficient decision-making. Therefore, a material negative impact will appear on the Company's business, financial position, results of its operations and future prospects.

2.1.39 Anticipated future risks

The Company anticipated a number of risks that could occur in the future and affect the Company's business and results of operations. The Company considered that it was exposed to the following risks:

- Insurance risk
- Reinsurance risk
- Risks of developing products
- Claims settlement risk
- Pricing risk
- Liquidity risk
- IT risks
- Cybersecurity risks
- Outsourcing
- Corporate governance risks
- Business continuity
- Non-compliance

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

2.1.40 Risks related to business concentration in the vehicle insurance sector

The Company's insurance operations are primarily focused on vehicle insurance, which accounted for 76.0% of total insurance revenue as of December 31, 2021, and 75.0% of total insurance revenue as of December 31, 2022 (before the application of IFRS 9 and IFRS 17). This figure was 75.7% of total insurance revenue as of December 31, 2022, and 77.0% as of December 31, 2023 (after the application of IFRS 9 and IFRS 17). For further details, please refer to Sub-Sections (4.8) "**Income Statement for the financial years ended 31 December 2021G and 31 December 2022G before the impact of the implementation of the International Financial Reporting Standards No. 9 and 17**" and (4.11) "**Income Statement for the financial years ended 31 December 2022G and 2023G after the impact of the implementation of the International Financial Reporting Standards No. 9 and 17**" in Section (4) "**Financial Information and Management Discussion and Analysis of Financial Position and Results of Operations.**"

The car insurance sector is one of the most competitive sectors, and in the event that the Company is unable to maintain or expand its customer base in this sector or in the event that the Company is unable to diversify in the future, this will have a negative and material impact on the Company's business, results of its operations, financial position and future prospects.

2.1.41 Risks related to geographical concentration in the western region

The Company's insurance operations are concentrated in the Western Region, which represented 45.8% and 54.4% of gross written premiums in 2021 and 2022, respectively (before the application of IFRS 9 and IFRS 17). This concentration was 54.4% and 61.1% of gross written premiums in 2022 and 2023, respectively (after the application of IFRS 9 and IFRS 17). The business is concentrated in the Western Region due to the Company's headquarters in Jeddah (Western Region). Demand for and profits from the credit products offered by the Company in the Western Region may decrease as a result of some factors, such as demographic changes, changes in customer choices or their financial positions or the availability of competing products in this region. The decline in demand for the Company's products in the Western Region will have a negative impact on the Company's business, financial position, results of its operations and future prospects.

2.1.42 Risks related to guarantees

It should be noted that the Company has issued the following letters of guarantee:

Table 13 Letters of Guarantee

Customer Name	Amount (SAR)	End date
Abdullah Hashim Company	200,000	30/06/2024 G
Abdul Latif Jameel Retail Company Ltd	171,988	01/01/2025 G
Abdul Latif Jameel Retail Company Ltd	250,000	04/01/2025 G
Haji Husein Alireza & Co. Ltd.	150,000	04/01/2025 G
Petromin	250,000	08/06/2024 G
Zakat Authority	9,500,000	12/11/2024 G

Source: Administration Information

In the event that the Company breaches any of its obligations to customers, this will give customers the right to demand payment of the amounts stipulated in the letters of guarantee, and in the event that the Company is unable to pay, this will have a negative and material impact on the Company's business, financial position, results of its operations and future prospects.

2.1.43 Risks related to amendments in Significant Accounting Standards and New Standards

The Company's audited financial statements for the fiscal years ending December 31, 2021, 2022, and 2023, along with the accompanying notes, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

The Company adopted IFRS 17 "Insurance Contracts," as endorsed in the Kingdom of Saudi Arabia, which replaces IFRS 4 "Insurance Contracts" and applies to annual periods beginning on or after January 1, 2023. IFRS 17 establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts, reinsurance contracts, and investment contracts with direct participation features. The company applied the full retrospective approach to all insurance contract portfolios. The implementation of IFRS 17 resulted in a decrease of the Company's equity as of January 1, 2022, of SAR 33.8 million.

Additionally, starting January 1, 2023, the Company also adopted IFRS 9 "Financial Instruments," endorsed in the Kingdom of Saudi Arabia, which replaces International Accounting Standard 39 "Financial Instruments:

Recognition and Measurement." IFRS 9 requires management to assess its business model with respect to its various investment portfolios, affecting the measurement and disclosure of the company's investments. The standard introduces the concept of expected credit losses, which is a forward-looking estimate of credit losses on the Company's financial assets. The Company applied the temporary exemption provided in IFRS 9 for annual periods before January 1, 2023. For the transition to IFRS 9, the Company adopted a retrospective approach to align with the transition option permitted under IFRS 17, incorporating the relevant practical expedients under IFRS 9. The application of IFRS 9 resulted in an increase of the Company's equity as of January 1, 2022, of SAR 34.8 million.

The Company also engaged the services of appointed actuarial experts, along with other technical experts and valuation specialists (collectively referred to as "management experts"), to assist in the adoption of these standards, including, among other things, preparing technical papers and determining the required transitional adjustments. The first year of adopting IFRS 17 and IFRS 9 resulted in significant changes to the classification and measurement of the Company's key transactions and balances, as well as substantial changes in the presentation and disclosures required in the audited financial statements for the fiscal year ending December 31, 2023.

The Company is obligated to apply amendments or changes to the adopted standards from time to time. Consequently, any changes to these standards or the mandatory application of new standards could adversely affect the financial statements, and therefore the financial results and financial position of the Company.

2.2 Risks related to Market and Sector

2.2.1 Risks of non-compliance with laws and regulations

The Company is subject to the prevailing laws and regulations in the Kingdom that relate to the insurance sector in particular, including the Companies Law and the Cooperative Insurance Control Law and its implementing regulations. It is also subject to the supervision of the Insurance Authority, as the Insurance Authority is responsible for regulating the insurance sector in the Kingdom, including policies, rules, licenses, tender, investment allocation, service standards, technical standards and settlement arrangements.

As the Saudi insurance market is an ever-evolving emerging market, this may limit the Company's ability to respond to market opportunities and may force it to incur significant annual expenses to comply with statutory laws and regulations. Therefore, no assurance can be given that the regulations or regulatory framework of the insurance sector in the Kingdom will not experience further changes that may significantly or negatively affect the Company's business, financial position or results of its operations. Also, if the Company does not comply with the applicable laws, regulations and instructions, it will be subject to legal penalties, including fine, suspension of work and withdrawal of the license to practice insurance activity, which will negatively and materially affect the Company's business, financial position and future prospects.

As a company listed in the Saudi market, the Company is subject to the laws, executive regulations, rules and requirements of the Capital Market Authority and the Saudi Tadawul Group. The Capital Market Authority obliges listed companies to abide by the rules of offering securities, the ongoing obligations and special instructions issued by the Authority, and the listing rules issued by the Saudi Tadawul Group, especially the obligation to periodically disclose material and financial developments and the report of the Board of Directors. Insurance companies are also obligated to announce their financial results in accordance with the forms approved by the Authority, which must include clear data on the surplus (deficit) of insurance operations minus the return of investments of policyholders, total written insurance premiums, net written insurance premiums, net claims incurred, and net profits (losses) of investments of policyholders. The net

profits (losses) of the investments of shareholders' funds and the comparison of these statements with the corresponding quarterly or annual period. According to the guide of the continuing obligations of listed companies, the annual financial results announced on the Saudi Tadawul Group website must be derived from the audited financial statements approved by the external auditor of the Company appointed by the assembly and approved by the Board of Directors. The declaration forms contained in the instructions for the companies' announcements of their financial results must be adhered to. The Company must also submit a statement of all the reasons and influences for the change in the financial results for the current financial year with the comparison period so that the reasons include all the announcement items of financial results.

It should be noted that fines were imposed on the Company during 2023:

by the Central Bank, which are as follows:

Risks related to the Central Bank's supervisory and control instructions with a total value of forty-five thousand (45,000) Saudi riyals, as stated in the annual report of the Company, as follows:

- On 22/01/1445H (corresponding to 09/08/2023G), the Central Bank recorded a violation of the Central Bank's supervisory and supervisory instructions, which resulted in a fine of forty-five thousand (45,000) Saudi riyals on the Company.

With the exception of the above-mentioned fines of the Central Bank, no fine has been recorded by any other authority on the Company according to the report of the Board of Directors for 2023.

The Authority has committed companies listed on the capital market by following the instructions for announcements of the joint stock companies listed on the capital market issued by the CMA Board resolution No. (8-127-2016) dated 16/01/1438H (corresponding to 17/10/2016G) based on the Companies Law issued by the Royal decree No. M/3 dated 28/01/1437H and amended by CMA Board Resolution No. 2-26-2023 dated 05/09/1444H (corresponding to 27/03/2023G) based on the Companies Law issued by the Royal Decree No. M/132 dated 01/12/1443H.

It is also worth noting that, in accordance with the requirements of Article (58) of the Implementing Regulations of the Insurance Companies Control Law, the statutory deposit was increased from 10% to 15% due to the risks faced by the company. This adjustment was made pursuant to Central Bank Letter No. (89/8222) dated 23/03/1441H (corresponding to 20/11/2019). As of the date of this report, the statutory deposit amounts to SAR 37,500,000, which represents 18.75% of the company's capital of SAR 200,000,000. Following the capital increase to SAR 300,000,000 upon the completion of the rights issue of SAR 100,000,000, SAR 7,500,000 will be allocated to increase the statutory deposit to SAR 45,000,000, representing 15% of the capital. Should the company fail to meet any of its obligations or if the Insurance Authority decides to impose additional requirements, procedures, or corrective plans in the future due to risks the company may face, the company will be obligated to comply with the Authority's requirements. This would represent an additional obligation for the company, potentially impacting on its financial position and operational results.

The Company's failure to comply with these regulations, rules and requirements will expose it to penalties, including the imposition of fines and the suspension of stock trading, leading to the de-listing of the Company's shares in Saudi Tadawul, which will adversely and materially affect the Company's business, financial position, results of its operations and future prospects.

2.2.2 Risks related to the economic performance of the Kingdom

The expected future performance of the Company depends on a number of factors related to the economic conditions of the Kingdom in general, including, but not limited to, inflation, GDP growth, average per capita

income, etc. The Kingdom's total and partial economy depends mainly on oil and oil industries, which still control a large share of GDP. Therefore, any unfavorable fluctuations in oil prices will have a direct and fundamental impact on the plans and growth of the Kingdom's economy in general and on government spending rates, which would negatively affect the Company's financial performance, given its work within the Kingdom's economic system and its influence by government spending rates.

The continued growth of the Kingdom's economy depends on several other factors, including the continued growth of the population and the investments of the government and private sectors in infrastructure. Therefore, any negative change in any of these factors will have a significant impact on the economy and thus will have a negative and fundamental impact on the Company's business, financial results and future prospects.

2.2.3 Risks related to political and economic instability in the Middle East

The Company's financial performance depends on the prevailing economic and political conditions in the Kingdom as well as global economic conditions that in turn affect the Kingdom's economy. The oil sector still accounts for the largest share of the Kingdom's GDP. Fluctuations in oil prices may occur, which may adversely affect the Kingdom's economy. It is worth mentioning that the economic growth rate in the Kingdom has slowed in recent years. The Kingdom also faces challenges related to the relatively high population growth rates. All these factors may have a negative impact on the Kingdom's economy, which will have a negative and material impact on the Company's business, results of its operations, financial position and future prospects.

There is no guarantee that negative developments in relations with these countries, or economic and political conditions in those countries, or in other countries will not negatively affect the Kingdom's economy or foreign direct investment in it or the financial markets in the Kingdom in general, and these factors may negatively and materially affect the Company's business, results of its operations, financial position and future prospects.

Any unforeseen substantial changes in the political, economic or legal environment in the Kingdom and / or any other countries in the Middle East, including, but not limited to, normal fluctuations in the markets, economic stagnation, insolvency, high unemployment rates, technological transformations and other developments, would have a negative and material impact on the Company's business, results of its operations, financial position and future prospects.

2.2.4 Risks related to non-compliance with current regulations and laws and/or the issuance of new regulations and laws

The Company is supervised by a number of government agencies in the Kingdom, including but not limited to the Insurance Authority, the Council of Cooperative Health Insurance, the Capital Market Authority, the Ministry of Commerce, the Ministry of Investment and others. Therefore, the Company is subject to the risks of changes in the laws, regulations, circulars and policies in the Kingdom. The legislative and regulatory environment in the Kingdom is witnessing the issuance of many laws and regulations, which are continuously developed and improved. Compliance costs for these laws are high. In the event of changes to the current regulations, or the issuance of new laws or regulations, this will lead to the Company incurring additional unexpected financial expenses for the purposes of complying with those regulations and meeting the requirements of these laws, or may be subject to penalties and fines imposed by the competent supervisory authorities in the event of non-compliance with these laws and regulations on an ongoing basis, which will adversely affect its business, results of operations, financial position and future prospects.

2.2.5 Risks related to the withdrawal of the license to practice insurance activities

The Company obtained the license of the Saudi Central Bank No. (TMN/4/20079) dated 29/08/1428H (corresponding to 11/09/2007G) to practice the activity of general insurance and health insurance activity in accordance with the provisions of the Cooperative Insurance Companies Control Law and its implementing regulations. The permit has been renewed for a period of three (3) years and ends on 26/08/1446H (corresponding to 25/02/2025G). It should be noted that the powers of the Saudi Central Bank concerning insurance have been transferred to the Insurance Authority, which was established by Council of Ministers Decision No. (85) dated 28/01/1445H (corresponding to 15/08/2023).

Article (76) of the Implementing Regulations of the Cooperative Insurance Companies Control Law stipulates that SAMA (whose powers relating to insurance have been transferred to the Insurance Authority) has the right to withdraw the license in the following cases:

- If the Company does not practice the licensed activity within six (6) months from the date of issuance of the license.
- If the Company does not meet the requirements of the Cooperative Insurance Companies Control Law and its executive regulations.
- If it is found that the Company has deliberately provided the Saudi Central Bank with incorrect information or data.
- If the Saudi Central Bank finds that the rights of the insured, beneficiaries, or shareholders are subject to loss as a result of the manner in which the activity is carried out.
- If the Company goes bankrupt, making it unable to meet its obligations.
- If the Company carries out its activity in a deliberate manner for fraud.
- If the capital of the Company falls below the prescribed minimum or the Company does not meet the solvency requirements contained in the executive regulation of the Cooperative Insurance Companies Control Law.
- If the insurance activity in the insurance branches decreases to the level at which the Saudi Central Bank deems its performance ineffective.
- If the Company refuses to pay the claims due to the beneficiaries unjustifiably.
- If the Company prevents the inspection team assigned by the Saudi Central Bank from performing its task of examining the records.
- If the Company refuses to implement an issued final judgment in any of the insurance disputes.

In the event that one of the aforementioned cases applies, the Company is susceptible to withdraw its license to practice insurance activities, and in the event that the license is withdrawn, the Company will not be able to continue to carry out its activity legally in the Kingdom of Saudi Arabia. This will have a negative impact on its business and thus negatively affect the Company's business, the results of its operations, its financial position, its future prospects and its share price in the market. Accordingly, shareholders may lose part or all of their investment in the Company.

2.2.6 Risks related to government fees applicable to employment of non-Saudi employees

The government approved a number of decisions aimed at comprehensive reforms of the labor market in the Kingdom of Saudi Arabia, which included approving additional fees for each non-Saudi employee working for a Saudi entity as of 01/01/2018, and by four hundred (400) Saudi riyals per month for each non-Saudi employee in 2018, increasing to six hundred (600) Saudi riyals per month in 2019 and then to eight hundred

(800) Saudi riyals per month in 2020. This will lead to an increase in the government fees that the Company will pay for its non-Saudi employees, and thus an increase in the Company's costs in general, which will negatively and materially affect its business, financial performance and results of its operations. The total value of fees for non-Saudi employees amounted to SAR 727,000, SAR 680,000 and SAR 827,000 in 2021, 2022 and 2023, respectively.

In addition, the government has approved the issuance and renewal of residence fees for the dependents and companions of non-Saudi employees (dependents fees), which became effective as of (01/07/2017), knowing that it will gradually increase from one hundred (100) Saudi riyals per month for each dependent in 2017 to reach four hundred (400) Saudi riyals per month for each dependent in 2020. Therefore, the increase in the issuance and renewal of residence fees that the non-Saudi employee will bear from his family can lead to an increase in the cost of living for him, which would lead to a move to work in other countries where the cost of living is lower. If such an event occurs, the Company will have difficulty in maintaining its non-Saudi employees, which may force it to bear these costs for non-Saudi employees or part of them directly, or indirectly by raising the wages of its non-Saudi employees, which will lead to an increase in the Company's costs, and thus will have a material negative impact on its business, financial performance and the results of its operations.

2.2.7 Risks related to the amendments of the Saudi Central Bank to zakat and income tax accounting

The audited financial statements for the financial years ended 31 December 2018 and the accompanying notes have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and issuances issued by the Saudi Organization for Chartered and Professional Accountants, as amended by the Saudi Central Bank for accounting for zakat and income tax, which require all International Financial Reporting Standards (IFRS) except for International Accounting Standard No. 12 "Income Tax" and explanation of the Interpretation Committee No. 21 "Taxes" for their association with Zakat and income tax in accordance with the Saudi Central Bank Circular (381000074519) dated 14/07/1438H (corresponding to 11/04/2017G) and subsequent amendments regarding accounting for Zakat and income tax, where the entitlement to Zakat and income tax is on a quarterly basis through shareholders' rights to the remaining profits.

The audited financial statements for the financial years ended 31 December 2021, 2022 and 2023 and the accompanying notes have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and issuances issued by the Saudi Organization for Chartered and Professional Accountants, as amended by the Saudi Central Bank for accounting for Zakat and income tax based on the instructions issued by the Saudi Central Bank on 20/11/1440H (corresponding to 23/07/2019G), which provides for updating the accounting policies for the processing of Zakat and income tax in the income statement instead of calculating them on a quarterly basis through the shareholders' rights to the previously remaining profits. The Company has retroactively adjusted the impact in line with International Financial Reporting Standards (IFRS) (for more information, please refer to Section (4) "**Financial Information and Management Discussion and Analysis**").

The Company is committed in this case to apply amendments or changes to these standards from time to time. Therefore, any changes in these standards or the mandatory application of some new standards can adversely affect the financial statements and thus the financial results of the Company and its financial position.

2.2.8 Risks related to the competitive environment

The competitive environment in the insurance sector is steadily increasing, as the number of licensed insurance companies in the Kingdom as of the date of this prospectus has reached 27 companies competing to increase their market shares. The competitive position of the Company will depend on many factors, including the strength of its financial position, the geographical scope of its business, the business relationship it has with its customers, the size of the written insurance premiums, the terms and conditions of the issued insurance policies, the services and products provided, including the Company's ability to design insurance programs according to market requirements, as well as the speed of payment of claims, the Company's reputation, the experience and efficiency of employees and the extent of presence in the local market.

It cannot be confirmed that the Company will be able to achieve or maintain any specified level of premiums in this competitive environment, and the intensity of the competition will lead to a material negative impact on the Company's business, future prospects and financial position, by:

- Low margins and profitability
- Slowing growth of the Company's customer base
- Decreased market share
- High rate of resignations of senior management and sales personnel
- Inflation of operational expenses such as marketing and sales expenses
- Increased costs of obtaining insurance policies

There is no guarantee that the Company will be continuously able to compete with the companies, which leads to a decrease in the Company's market share and thus negatively affects the Company's profits and financial results.

2.2.9 Risks related to the lack of cultural awareness of insurance and its importance

Society's view of the insurance sector is a key factor for the success of this sector. Thus, there is a risk around that view in general, as the society sees that the sector does not play a fundamental role or operates with a range of services that are incompatible with the origin of Takaful and Sharia. Society may lose its confidence in this sector, which will negatively affect the Company's business, financial position and future prospects.

2.2.10 Risks related to declining customer trust

The confidence of customers in the insurance sector globally is of crucial importance in enhancing the strength of this sector. On the other hand, any decline in the customer's confidence in the insurance industry in general or in the Company in particular may lead to an increase in the number of cancellations of insurance policies and refunds, which will negatively affect the Company's sales and its financial position.

2.2.11 Risks related to the required reports

The Insurance Law and its executive regulations require the Company to submit to the Insurance Authority financial statements and annual reports, prepared on certain systematic accounting bases, and other information, including information on the operations related to the general activity of the Company, the capital and ownership structure, and the financial position of the Company, including an annual statement of the total emergency commissions paid. The Company shall be subject to procedures, penalties and fines if the Insurance Authority deems that the Company has failed to comply with any of the applicable laws, regulations and instructions. Accordingly, any failure to comply with these laws, regulations and instructions

will result in the imposition of restrictions that limit the Company's ability to conduct its business or the imposition of large fines that can adversely affect the results of the Company's business and financial position.

The Company will also be subject to penalties and fines if it fails to meet the requirements of the Capital Market Authority and the Rules on the Offer of Securities and Continuing Obligations and disclosure in force in the Saudi Tadawul Group, which will negatively and materially affect the Company's business, financial position and future prospects.

2.2.12 Risks related to obtaining the necessary approvals for offering new products or the renewal of existing products

With regard to the offering of any insurance products, the Company must obtain the approval of the Saudi Central Bank, which was before the establishment of the Insurance Authority. The Company must obtain the approval of the Insurance Authority for its insurance products before marketing and offering them under the Cooperative Insurance Companies Control Law and its executive regulations. As of the date of this prospectus, the Company has obtained approvals from the Saudi Central Bank for the sale of thirty-three (33) products, while it has obtained the approval of the Insurance Authority for its new product, which is the marine accident and liability insurance product provided to individual and group customers in the Kingdom of Saudi Arabia.

Any delay in obtaining approvals for new products or renewing approvals for existing products will have a negative and material impact on the Company's business, the results of its operations, financial position and future prospects.

2.2.13 Risks related to non-compliance with the regulations of the Insurance Authority related to health insurance

The Insurance Authority has become the concerned authority to regulate the insurance sector in the Kingdom of Saudi Arabia. It was established by the Council of Ministers Resolution No. (85) dated 28/01/1445H (corresponding to 15/08/2023G). The functions related to health insurance companies and claims management companies that were subject to the Health Insurance Council have been transferred to the Insurance Authority. Consequently, the Company's products are subject to the supervision of the Insurance Authority, and the Insurance Authority imposes many regulations and procedures on insurance companies, including the obligation to provide medical approvals within a maximum period of sixty (60) minutes from the time of receipt of the application, and the obligation to pay the dues of hospitals, clinics and other medical service providers within a period of time not exceeding forty-five (45) days. Failure to comply with the regulations of the Insurance Authority related to health insurance may result in imposing financial penalties or fines on the Company or withdrawing the license of health insurance products, which may negatively and materially affect the Company's business and financial performance.

2.2.14 Risks related to fluctuations in currency exchange rates

Currency rate risk refers to fluctuations in financial investments due to changes in exchange rates. Companies that are exposed to currency exchange rate risk mostly have transactions with parties outside the Kingdom and in the currencies of those parties. Most of the Company's operations are in Saudi riyals, and all its revenues are realized from customers in the local market and in the local currency. However, if the Company conducts transactions in currencies other than the Saudi riyals in the future, it will become susceptible to fluctuations in the exchange rates of other currencies against the Saudi riyals, and thus to an increase in expenses, which will have a negative and material impact on the Company's business, results of its operations, financial position and future prospects.

2.2.15 Risks related to the lack of qualified local cadres in the insurance sector

The cadres available in the local market may not meet the Company's needs of experienced employees. In the event that the Company is unable to attract qualified cadres from the local market, it will be forced to recruit employees from outside the Kingdom. However, the Company cannot guarantee that it will be able to obtain the sufficient number of necessary work visas from the Ministry of Human Resources and Social Development, especially in light of the requirements of Saudization, which creates high competition among insurance companies to train and qualify their cadres and retain them and attract talent from the local market, which may result in an increase in wages that may pose an additional burden on the Company. The inability of the Company to attract and retain qualified employees will hinder the implementation of its business strategy, which will negatively affect the results of its operations and financial position.

2.2.16 Risks related to the insurance business cycle

The insurance sector at the global level has witnessed periodic changes with significant fluctuations in the results of operations, due to competition, catastrophic events, economic and social conditions experienced by all countries from time to time in general and other factors beyond the control of companies operating in the insurance sector. Consequently, this may result in periods of competition in prices resulting from oversupply as well as periods in which companies have access to better premiums, and it is expected that the business cycle of insurance companies will be affected from time to time, which will negatively affect the Company's business, results of its operations, financial position and future prospects.

2.2.17 Risks related to the growth of the insurance market

The growth rate of the insurance market in the Kingdom may not be as high or stable as the Company currently expects. The impact on the insurance market in the Kingdom as a result of the increase in the growth rate of the number of insured in conjunction with the economic and population growth in the Kingdom, in addition to the continued development in the field of social welfare and demographic changes, the opening of the insurance market in the Kingdom to foreign companies, and the continuation of mergers and acquisitions between existing insurance companies to form larger conglomerates with a wider presence is generally not clear at the present time. Therefore, the growth and development of the insurance market in the Kingdom is subject to several uncertain expectations that are beyond the control of the Company, which may negatively and materially affect the Company's business.

2.2.18 Risks of failure to comply with the requirements of Saudization and the requirements of the General Organization for Social Insurance

The Ministry of Human Resources and Social Development has started implementing the Nitaqat program, which is designed to encourage companies to employ Saudi nationals and increase their percentage of the total employees working for the Company. According to the Nitaqat program, the Company's commitment to the requirements of Saudization is measured against the percentage of Saudi nationals working for the Company compared to the average percentage of Saudization in companies operating in the same sector.

Although the Company has achieved a Saudization rate of 83% as of the date of the prospectus and is classified within the "platinum" range of the Nitaqat program, there is no guarantee that the Company will continue to maintain the required Saudization rate within the levels prescribed by law, which will expose the Company to penalties for non-compliance with the decisions issued in this regard, which could reach to the suspension of issuing the necessary labor visas to the Company, transferring the sponsorship of non-Saudi employees, or excluding the Company from participating in government tenders, which will negatively affect the Company's business and the results of its operations.

2.2.19 Risks related to VAT

The Kingdom has issued the Value Added Tax Law, which entered into force on 01/01/2018. This law imposes an added value of 5% on a number of products and services, according to what is stated in the law. It was also approved to increase the value-added tax rate from 5% to 15% on 18/05/2020, which entered into force on 01/07/2020. Accordingly, the Company shall adapt to the changes resulting from the application of VAT, which includes its collection and delivery. Any violation or wrong application of the tax law by the Company's management will expose it to fines or penalties or lead to damage to the Company's reputation, which will also increase operational costs and expenses, which can reduce the competitive position of the Company and the level of demand for its products, which will have an impact on the results of the Company's operations and its future prospects.

2.2.20 Risks related to the regulatory environment

The Company's business shall be subject to the regulations in force in the Kingdom. The regulatory environment in which the Company operates may be subject to change. As the regulatory changes caused by political, economic, technical and environmental factors may have a significant impact on the Company's operations by restricting the Company's development or increasing the number of its customers, limiting the Company's operations and sales of the Company's services or increasing the possibility of additional competition. The Company may deem it necessary or appropriate to modify its operations in order to operate in accordance with those laws and may incur additional costs in this regard, which will have a material negative impact on the Company's operations, financial position and future prospects. In addition, failure to comply with these laws and regulations will result in administrative or criminal penalties, suspension or termination of its operations.

2.2.21 Risks of not controlling prices

The Company shall follow the recommendation of the actuary's reports and the instructions of the Insurance Authority regarding the pricing of insurance policies. The recommendations of those reports and the instructions of the Insurance Authority may require a material change to the prices of the Company's policies. Therefore, the high prices of one of the Company's products will result in the Company being unable to attract new customers and losing its existing customers and thus moving to other companies. Any material price change in the future will affect the Company's market share and consequently its sales and results of operations.

2.2.22 Risks of non-compliance with official regulations and instructions

The Company always seeks to comply with the laws and regulations prevailing in the Kingdom, but non-compliance with the official instructions and regulations may lead to penalties that negatively affect the Company. Except as disclosed in Sub-Section (8.10.3) "**Continuing Obligations Imposed by Government Entities on the Company in its Capacity as a "License Holder"**" of Section (8) "**Legal Information**" that, as of the date of this prospectus, the Company is committed to all articles of the Companies Law and all mandatory articles in the Corporate Governance Regulations issued by the Authority, but in the event that it fails to comply with some articles of the Companies Law or some mandatory articles in the Corporate Governance Regulations in the future, or in the event that some or all of the guiding articles in the Corporate Governance Regulations become mandatory, and the Company has not applied and adhered to them, this will expose it to regulatory penalties and fines, which will have a negative and material impact on the Company's business, results of its operations, financial position and future prospects.

2.3 Risks related to securities offered

2.3.1 Risks related to potential fluctuations in share price

The market price of the rights during the Trading Period may not be indicative of the market price of the Company's shares after the offering. Also, the Company's share price may not be stable and may be subject to significant fluctuations due to a change in market trends regarding rights or the Company's existing shares. These fluctuations may result from many factors, including, but not limited to, market conditions related to stocks, changes in the conditions and trends of the sector, the decline of the Company's performance, the inability to implement future plans, the entry of new competing companies and announcements by the Company or its competitors related to mergers, acquisitions, strategic alliances, joint ventures and changes in financial performance estimates through securities experts and analysts.

There is no guarantee that the market price of the Company's shares will not be less than the offering price. If this happens after investors subscription to the New Shares, it cannot be canceled or modified, and therefore investors may incur losses as a result. Furthermore, there is no guarantee that a shareholder will be able to sell its shares at a price equal to or higher than the offering price after subscribing for the New Shares.

In addition, the sale of large quantities of shares by shareholders after the offering or the expectation of such sales can adversely affect the share price in the market. In addition, investors carry the risk of not being able to sell shares in the market without negatively affecting the share price.

2.3.2 Risks related to potential fluctuations in the price of rights

The market price of rights may be subject to significant fluctuations due to the change in factors affecting the Company's share. These fluctuations may be significant due to the difference in the range of allowable change of rights prices compared to the range of allowable change of shares (10% down or up). In addition, since the trading price of the rights depends on the trading price of the Company's share and the market's perception of the potential price of the rights shares, these factors in addition to those mentioned in the risk factor above "potential fluctuations in share price" may affect the trading price of the rights.

2.3.3 Risks related to the non-profitability or sale of rights

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

2.3.4 Risks of trading in rights

Speculation in rights is subject to risks that may cause substantial losses. The scope of the permissible change in the trading prices of the rights ("the indicative value of the right") exceeds the percentage to which the share prices are subject (10% up or down), and there is a direct relationship between the Company's share price and the indicative value of the right. Accordingly, the daily price limits for trading the right are affected by the daily price limits for trading the share.

In the event that the trader does not sell the existing rights before the end of the Trading Period of these rights, he will have to use these rights to subscribe for the New Shares and may incur some losses. Therefore, investors must review the full details of the mechanism for listing and trading rights, its method of work and get knowledge of all the factors affecting it to ensure that any investment decision will be based on full awareness.

2.3.5 Risks related to lack of demand for rights and shares of the Company

There is no guarantee that there will be sufficient demand for rights during the Trading Period to enable the holder of such rights (whether a registered shareholder or a new investor) to sell them and make a profit from them, or to enable him to sell them at all. There is also no guarantee that there will be sufficient demand for the Company's shares by institutional investors during the rump offering period. In the event that the institutional investors do not make offers for the Rump Shares at a price higher than the offering price or if they do not subscribe to them at all, there will be insufficient compensation to distribute to the holders of the unexercised rights and the beneficiaries of the fractions of the shares. Furthermore, there is no guarantee that there will be sufficient market demand for New Shares after the start of its trading.

2.3.6 Risks related to decline in ownership

If rights holders do not subscribe for their full rights in the New Shares, their ownership and the proportion of their voting rights to the full voting rights will decrease. There is also no guarantee that if the registered rights holder wishes to sell his rights during the Trading Period, the return he receives will be sufficient to fully compensate him for the decrease in his percentage of ownership in the capital of the Company as a result of the increase in its capital.

2.3.7 Risks related to failure to exercise rights in a timely manner

The Subscription Period begins on [●]/[●]/1446H (corresponding to [●]/[●]/2024G) and ends on [●]/[●]/1446H (corresponding to [●]/[●]/2024G). The rights holders and the financial intermediaries who represent them must act in a way that ensures that all instructions to exercise their right to subscribe are fulfilled before the end of the Subscription Period. If the rights holders and the financial intermediaries that represent them are unable to properly follow the procedures for trading the rights, the subscription application may be rejected (please see Section (11) “**Details on Shares and Subscription Terms and Conditions**”). If the right holders are unable to properly exercise their subscription rights by the end of the Subscription Period, in accordance with the rights they have, there is no guarantee that an amount of compensation will be distributed to those who have not exercised their subscription rights to the New Shares.

2.3.8 Risks related to the possible issuance of New Shares

In the event that the Company decides to increase its capital by issuing New Shares (other than the rights shares mentioned in this Prospectus), and the existing shareholders do not exercise their rights upon issuing new rights, their ownership of the shares will decrease proportionately and consequently, the voting right and the right to receive dividends will decrease as well. Any additional offering may have a material impact on the market price of the shares.

2.3.9 Risks related to dividends

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

The Company does not guarantee that any dividends will actually be distributed, nor does it guarantee the amount to be distributed will be in any given year. The distribution of dividends shall be subject to certain restrictions and conditions stipulated in the Articles of Association of the Company.

2.3.10 Risks related to future data

Some of the data in this prospectus constitute future data, but it is not a guarantee of future performance. These future statements involve known and unknown risks and other factors that may affect the actual results and thus the Company's performance and achievements. There are many factors that may affect the actual performance, achievements or results achieved by the Company and lead to a significant difference from what was explicitly or implicitly expected in the aforementioned statements. If one or more of these risks or unreliable matters had been realized or any of the assumptions relied upon had been proven to be inaccurate, the actual results may differ materially from those described in this Prospectus.

2.3.11 Risks related to the suspension of trading or cancellation of the Company's shares as a result of not publishing its financial statements during the statutory period

In the event that the Company is unable to publish its financial information within the statutory period (thirty days from the end of the financial period of the initial financial statements, and three months from the end of the financial period of the annual financial statements), the procedures for suspending listed securities shall be applied in accordance with the listing rules, which stipulate that the Saudi Tadawul shall suspend the trading of securities for one trading session following the expiry of the statutory period. In the event that financial information is not published during twenty trading sessions following the first pending trading session, Saudi Tadawul shall announce the re-suspension of the Company's securities until it announces its financial results. In the event that the suspension of trading of the Company's shares continues for a period of six months without the Company taking appropriate measures to correct that suspension, the Authority may cancel the listing of the Company's securities. Saudi Tadawul lifts the suspension after one trading session following the announcement of the Company's financial results. However, in the event that the Company delays in announcing its financial results, or if it is unable to publish them within the statutory period referred to above, this will cause the suspension of the Company's shares or the de-listing of its shares, which will adversely and materially affect the interest of the Company's shareholders, the Company's reputation and the results of its operations. In addition, the Authority may cancel the process of offering the Company's rights shares in the event that it considers that the offering may not be in the interest of the shareholders.

3. Overview of the Company and the Nature of its Business

3.1 Overview of the Company

Salama Cooperative Insurance Company was established as a Saudi joint stock company under the license of the Ministry of Investment No. (1/870) dated 13/09/1426H (corresponding to 15/10/2005G), the resolution of the Council of Ministers No. (233) dated 16/09/1427H (corresponding to 09/10/2006G) and Royal Decree No. (M/60) dated 18/09/1427H (corresponding to 11/10/2006G), and the resolution of the Ministry of Commerce No. (112/S) dated 29/04/1428H (corresponding to 16/05/2007G). The Company operates under the commercial register issued in the city of Jeddah and was registered in the city of Jeddah with No. (4030169661) dated 06/05/1428H (corresponding to 23/05/2007G). The Company's headquarters is located in the city of Jeddah, Medina Road, Salama Tower, P.O. Box 7864 Jeddah 23525, Kingdom of Saudi Arabia. In fact, the Company's history dates back to 1979 since the establishment of the Islamic Arab Insurance Company (Salama) in the United Arab Emirates. Salama Cooperative Insurance Company is a pioneer in providing insurance solutions that are compatible with Islamic Sharia, as it is one of the first companies to be licensed under cooperative insurance regulations. The Company is distinguished by the quality of service it provides to its valued customers.

The Company has obtained the approval of the Saudi Central Bank No. (TMN/4/20079) on 29/08/1428H (corresponding to 11/09/2007G) to practice the insurance activity in accordance with the provisions of the Cooperative Insurance Companies Control Law and its executive regulations. It should be noted that the Company is currently under the supervision of the Insurance Authority, following the transfer of the Saudi Central Bank's powers related to insurance to the Insurance Authority.

The Company operates in general insurance and health insurance sectors in the Kingdom of Saudi Arabia through its licensed branches in Jeddah, Makka, Riyadh, Dammam and Buraidah, in addition to a number of points of sale distributed in cities and regions in accordance with the principle of cooperative insurance.

On 03/08/1433H (corresponding to 23/06/2012G), the name of the Company was amended by virtue of the Extraordinary General Assembly Resolution to become «Salama Cooperative Insurance Company»

The current capital of the Company is two hundred million (200,000,000) Saudi riyals divided into twenty million (20,000,000) ordinary shares with a nominal value of ten (10) riyals per share paid in full.

3.2 Substantial changes in the capital of the Company

- The capital of the Company upon incorporation amounted to one hundred million (100,000,000) Saudi riyals divided into ten million (10,000,000) ordinary shares with a nominal value of ten (10) riyals per share paid in full. The founding shareholders subscribed to six million (6,000,000) shares, constituting 60% of the total shares of the Company, and paid their full value. The remaining four million (4,000,000) shares, constituting 40%, were offered for public subscription under the laws and regulations of the Saudi Capital Market Authority in the period from 27/02/1428H (corresponding to 17/03/2007G) to 07/03/1428H (corresponding to 26/03/2007G) at a subscription price of ten (10) Saudi riyals per share. On 07/05/1428H (corresponding to 23/05/2007G), the Company was listed in Tadawul.
- On 14/08/1435H (corresponding to 12/06/2014G), the Board of Directors of the Company recommended an increase in the capital of the Company to comply with the solvency requirements. The Company obtained the approval of the Saudi Central Bank by letter No. (351000147528) dated 01/12/1435H (corresponding to 25/09/2014G) to increase its capital by one hundred and fifty million (150,000,000) Saudi riyals by offering rights shares. After the end of the subscription for the rights

shares, the Company's capital became two hundred and fifty million (250,000,000) Saudi riyals divided into twenty-five million (25,000,000) ordinary shares with a nominal value of ten (10) Saudi riyals per share.

- On 18/01/1444H (corresponding to 16/08/2022G), the Extraordinary General Assembly approved the reduction of the capital from two hundred and fifty million (250,000,000) Saudi riyals to one hundred million (100,000,000) Saudi riyals with a reduction rate of (60%). The Board of Directors also recommended increasing the capital of the Company by offering rights shares to increase the capital of the Company from one hundred million (100,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals with an increase of 200%.
- On 09/04/1444H (corresponding to 03/11/2022G), the recommendation of the Board of Directors was amended to increase the capital of the Company by offering rights shares by one hundred million (100,000,000) Saudi riyals, so that the new capital of the Company becomes two hundred million (200,000,000) Saudi riyals with an increase of 100%. The Company has obtained the approval of the Saudi Central Bank by letter No. (44036229) dated 26/04/1444H (corresponding to 20/11/2022G) to increase its capital by an amount of one hundred million (100,000,000) Saudi riyals by offering ten million (10,000,000) rights shares. After the end of the subscription for the rights shares, the Company's capital will become two hundred million (200,000,000) Saudi riyals divided into twenty million (20,000,000) ordinary shares. The nominal value of the share is ten (10) Saudi riyals). On 17/10/1444H (corresponding to 07/05/2023G), the Company submitted a request to extend the non-objection to the capital increase by letter to the Saudi Central Bank No. (SM/81/2023). On 28/10/1444H (corresponding to 18/05/2023G), the Company obtained a letter from the Saudi Central Bank containing the approval of the Saudi Central Bank to extend the non-objection to increase the Company's capital through the issuance of rights shares. On 21/04/1445H (corresponding to 05/11/2023G), the Company increased its capital from one hundred million (100,000,000) Saudi riyals to two hundred million (200,000,000) Saudi riyals by issuing ten million (10,000,000) rights shares with a nominal value of ten (10) Saudi riyals per share, after obtaining the necessary legal approvals and the approval of the Extraordinary General Assembly.
- In its resolution dated 08/09/1445H (corresponding to 18/03/2024G), the Board of Directors of the Company recommended an increase in the capital of the Company from two hundred million (200,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals, an increase of 50% by offering rights shares worth one hundred million (100,000,000) Saudi riyals. The Company submitted a request to obtain approval of the Insurance Authority to the capital increase by letter No. (SM/17/2024) dated 27/10/1445H (corresponding to 06/05/2024G), and on 25/11/1446H (corresponding to 02/06/2024G), the Company obtained a letter from the Insurance Authority containing its approval to increase the Company's capital through the issuance of rights shares.

3.3 Main Activities of the Company

The Company carries out its activities under the Commercial Register No. (4030169661) dated 06/05/1428H (corresponding to 23/05/2007G). The Company activities as in its commercial register are represented in health insurance and general insurance. The Company's activities as in its articles of association are also represented in practicing cooperative insurance business in the general insurance and health insurance. The Company may carry out all the work that needs to achieve its objectives. The Company carries out its activities in accordance with the Cooperative Insurance Companies Control Law, its executive regulations, the provisions issued by the Saudi Central Bank (whose regulatory powers over the insurance sector have been transferred to the Insurance Authority), and the regulations and rules in force in the Kingdom of Saudi Arabia, and after obtaining the necessary licenses from the competent authorities, if any. According to the Saudi Central Bank License No. (TMN/ 4/2009) dated 29/08/1428H (corresponding to 11/09/2007G) to practice

insurance activity in the Kingdom of Saudi Arabia in accordance with the provisions of the Cooperative Insurance Companies Control Law and its executive regulations in the following fields: General Insurance and Health Insurance. The Company carries out its activities through its headquarters in Jeddah and its branches (for more information, please refer to Sub-Section (8.10.4) "**Company Branches and Points of Sale**" of Section (8) "**Legal Information**" of this prospectus).

3.4 Founding shareholders

The following table shows the ownership of the founding shareholders of the Company upon incorporation:

Table 14 Founding Shareholders

Shareholder	Number of Shares	
	Ownership Percentage	Number of Shares
Islamic Arab Insurance Company (IAIC)	30.0%	600,000
Bindawood Stores Company	5.0%	100,000
Joint Venture Company	5.0%	100,000
Shaer Chemicals Group	5.0%	100,000
United Developers Company	4.0%	80,000
Malaz Capital Group	3.0%	60,000
Dr. Saleh Jameel Malaikah	2.0%	40,000
Mr. Rashid Abdullah Al-Suwaiket	2.0%	40,000
Mr. Ayman Ismail Abu Dawood	2.0%	40,000
Mr. Hussein Hassan Bayari	2.0%	40,000

Source: Administration Information

3.5 Substantial Shareholders

As of the date of this Prospectus, the substantial shareholders of the Company who own 5% or more of its shares are:

Table 15 Substantial Shareholders

Shareholder	Ownership Percentage	Number of Shares
Abdullah Mohamed Alruwaite	5%	1,000,000

Source: Administration Information

3.6 Key Dates and Developments

Table 16 Key Dates and Developments

Developments	Date
A service investment license No. (870/1) was obtained by the General Authority for Investment	13/09/1426H (corresponding to 15/10/2005G)
The founders obtained a license to establish the Company under the Council of Ministers Resolution No. (233)	16/09/1427H (corresponding to 09/10/2006G)
The founders obtained a license to establish the Company under Royal Decree No. (M/60)	18/09/1427H (corresponding to 11/10/2006G)
The Company's shares have been offered for public subscription	27/02/1428H (corresponding to 17/03/2007G)
The founders obtained the approval of the Ministry of Commerce to establish the Company by virtue of Resolution No. (112/Q)	29/04/1428H (corresponding to 16/05/2007G)
The Company was registered as a joint stock company and the Commercial Register No. (4030169661) was issued	06/05/1428 H (corresponding to 23/05/2007G)
The Company's shares were listed on Tadawul Saudi Arabia (Tadawul)	06/05/1428H (corresponding to 23/05/2007G)

The Company obtained the license of the Saudi Central Bank No. (TMN/4/20079) to practice insurance activity	29/08/1428H (corresponding to 11/09/2007G)
The company obtained SAMA approval of the capital increase.	01/12/1435H corresponding to 25/09/2014G
The company obtained CMA approval of the capital increase request through a rights issue worth SAR 150,000,000.	09/07/1436H (corresponding to 28/04/2015G)
The Company obtained the approval of the Saudi Central Bank to reduce the capital under letter No. (43089045)	21/10/1443AH (corresponding to 22/05/2022G)
The company obtained CMA approval of capital reduction by SAR 150,000,000.	22/12/1443H (corresponding to 21/07/2022G)
Recommendation of the Board of Directors to increase the capital of the Company by offering rights shares	18/01/1444AH (corresponding to 16/08/2022G)
Modify the recommendation of the Board of Directors to increase the capital of the Company by offering rights shares	09/04/1444AH (corresponding to 03/11/2022G)
The Company obtained the approval of the Saudi Central Bank to increase the capital under letter No. (44036229)	26/04/1444AH (corresponding to 20/11/2022G)
The Company obtained an extension of the approval of the Saudi Central Bank to increase the capital under letter No. (44082666)	28/10/1444H (corresponding to 18/05/2023G)
The company obtained CMA approval of the capital increase through a rights issue worth SAR 100,000,000.	05/01/1445H (corresponding to 23/07/2023G)
The Extraordinary General Assembly decided to approve the recommendation of the company's Board of Directors to increase the capital through a rights issue worth SAR 100,000,000.	21/04/1445H (corresponding to 05/11/2023G)
The Board of Directors' recommendation to increase the company's capital through a rights issue.	08/09/1446H (corresponding to 18/03/2024G)
The company obtained approval from the Insurance Authority to increase the capital according to letter number (290-24).	25/11/1446H (corresponding to 02/06/2024G)
The company obtained CMA approval of the capital increase through a rights issue worth SAR 100,000,000.	22/03/1446H (corresponding to 25/09/2024G)
The Extraordinary General Assembly decided to approve the recommendation of the company's Board of Directors to increase the capital through a rights issue worth SAR 100,000,000.	[●] / [●] / 1446H (corresponding to [●] / [●] / 2024G)

Source: Administration Information

3.7 Company Vision

To be the leading provider of innovative and customized insurance solutions backed by strong financial and human resources.

3.8 Company Message

The Company seeks to meet the insurance needs of individuals and companies in order to help them manage their daily risks, compensate them for unexpected events and achieve their aspirations. This will be achieved by establishing long-term partnerships that enable the Company to understand, anticipate and meet customer needs, provide high quality insurance solutions and provide high levels of services that meet and exceed their expectations.

3.9 Company Mission

The Company aims to become one of the world's leading companies in the cooperative insurance sector in terms of:

- Shareholders' equity.
- Market share.

3.10 Company Values

- Honest relations and trustworthy management
- Dynamic, disciplined, and outstanding performance .
 - Transparency and commitment to responsibilities.
 - Faithfulness in business and strive in achieving success.
 - Teamwork and mutual respect.

3.11 Company Strategy

Salama's goal is to be a leading provider of Shari 'a compliant Takaful insurance products in the Kingdom of Saudi Arabia by providing high quality services at competitive prices. The Company offers a number of insurance products designed to meet the needs of its individual and corporate customers as detailed below:

1. Motor Insurance
2. Medical Insurance
3. Fire and Property Insurance
4. Marine Insurance
5. Accident and Liability Insurance
6. Engineering Insurance

The Company also aims to practice Takaful insurance activities and related activities such as reinsurance, agency, representation, correspondence or insurance brokerage, in accordance with the principles of the Saudi Cooperative Insurance Law and its executive regulations and other applicable rules.

The Company intends to leverage the strengths, knowledge, experience and administrative competence of its founding members. Salama's goals arise from its focus on customer satisfaction, operational effectiveness, employees, and profitability. The Company's policy aims to:

- Targeting different customer segments to design and provide premium and high-quality products and services at competitive prices, tailored to the needs of each segment
- Providing the Company's customers with high quality services and processing claims with the utmost efficiency and speed.
- Establishing, strengthening and maintaining special relations with customers through high-level customer relationship management (CRM) system and the use of information technology in order to develop and establish high standards of providing services. The loyalty of our customers is reflected through the high rates of customer retention and the frequency of their dealings with the Company.
- Working and coordinating closely with our partners in distribution channels to understand different customer needs. We work with these partners to tailor insurance solutions to suit the needs of our customers.

The Company provides insurance solutions to corporate and individual customers through the following distribution channels:

- Direct sales & brokers team: To provide insurance solutions to our individual customers.
- Identifying brokers and dedicated account administrators: Providing end-to-end solutions for corporates.
- Other distribution channels: Expand the POS network and explore new sales methods such as online selling.

The Company aims to achieve a high level of profitability by optimizing the subscription work, reinsurance and claims business and striving to achieve a significant increase in gross premiums in the coming years. Salama also aims to manage its operations with a constant focus on controlling its costs and focusing mainly on the use of information technology to ensure an effective and responsive business system.

On the other hand, the Company provides equal opportunities for its employees so that they can exploit their potential to the maximum extent possible. It also provides its employees with high-level services in the field of education and training, including technical management skills and personal relations. The Company also has a focused plan to increase the percentage of Saudis working for it.

3.12 Strengths and Competitive Advantages of the Company

The Company is distinguished from its competitors by the following:

- Qualified administrative staff with long experience in the insurance market in Saudi Arabia.
- Robust IT infrastructure which meets long-term operational safety needs.
- Multiple distribution channels including brokers, agents and sales specialists.
- Reinsurance agreements with internationally renowned reinsurers.
- Benefiting from the establishment of mandatory insurance lines by the regulatory authorities and insurance activity for the huge individual sector in the Saudi market.

3.13 Products and Services

The Company provides cooperative insurance services and associated activities in the Kingdom of Saudi Arabia through 34 different policies as described below:

Motor Insurance		General Insurance			Medical Insurance	
<ol style="list-style-type: none"> 1. Comprehensive Insurance (Individual and Corporate) 2. Insurance against third parties (for individuals and companies) 3. Operational Motor Insurance 4. Third Party Insurance for Government Vehicles 		<ol style="list-style-type: none"> 1. Contractors' Error Insurance 2. Contractor's Equipment Insurance 3. Electronic Equipment Insurance 4. Loss of Profit and Machinery Breakdown Insurance 5. Machinery Breakdown Insurance 6. Installation Hazards Insurance 			<ol style="list-style-type: none"> 1. Corporate Insurance 2. SME Insurance 3. Health Insurance (Visit) 	
Property Insurance <ol style="list-style-type: none"> 1. Fire Insurance 2. Property All Risks Insurance 3. Home Insurance 	Marine Insurance <ol style="list-style-type: none"> 1. Marine cargo insurance 2. Marine hull insurance 3. Hauler Liability Insurance (All Risks) 4. Hauler's Liability Insurance (Named Risks) 5. Road Transport Insurance - All Risks 6. Road Transport Insurance (basic risks) 				Accident Insurance <ol style="list-style-type: none"> 1. Personal Accident Insurance (Individual) 2. Personal Accident Insurance (Group) 3. Travel Insurance 4. Fidelity Insurance 5. Cash Insurance 6. Marine Accident & Liability Insurance 	Liability Insurance <ol style="list-style-type: none"> 1. General Liability Insurance 2. Commercial Liability Insurance 3. Workmen's Compensation and Employer's Liability Insurance 4. Medical Malpractice Insurance 5. Directors and Officers Insurance 6. Professional Liability Insurance

Source: Administration Information

3.14 Future Products

The Company continuously studies the provision of new products, whether individual, commercial, family, or general products, to meet the requirements of individual and corporate customers, in accordance with the

provisions of the Cooperative Insurance Companies Control Law and its executive regulations. Currently, the Company is studying potential insurance products to offer in the future.

3.15 Reinsurers

The Company deals with several reinsurance companies rated by Standard & Poor's (S&P) or AM BEST so that their rating is not less than the stable level. They are companies approved by the Saudi Central Bank under the scope of classified local and international reinsurance companies that Saudi insurance companies can deal with. Reinsurers rated by Moody's Investor Service and Fitch Ratings are also accredited by the Saudi Central Bank. In the event that the Company wants to deal with reinsurers who are not accredited by the Saudi Central Bank, it must obtain written approval from it. The ratings indicate the strength of the reinsurance company's financial position and its efficiency in covering claims, in addition to the quality of its service and the strength of its reinsurance programs.

The Company has contracted with several international reinsurance companies (please refer to Section No. (8) "**Legal Information**") to reduce the risks of the insurance business and ensure the stability of operations and sources of capital, in addition to reducing the risks of losses and stability of profitability.

Table 17 The most important reinsurers that the Company deals with

Name	Credit Rating
Swiss Re, Zurich	AA-
Saudi Re, Riyadh	A3
Hannover Re, Bahrain	A
SCOR, Paris	AA-
Aspen Re, Zurich	A
CCR, France	A
Chaucer, UK	A
Echo Re, Zurich	A-
RGA, Duabi	AA-

Source: Administration Information

3.16 Marketing and Distribution

The Company markets its products within the framework of supporting the Company's vision and objectives and developing the value of its products and services to current and potential customers. It seeks to maximize the volume of sales through its geographical spread in the Kingdom of Saudi Arabia, where it provides its products and services through (14) offices including its headquarters in Jeddah in addition to (13) branches and points of sale distributed around the Kingdom. The Company does not have any commercial activity outside the Kingdom of Saudi Arabia. The following table shows details of the Company's branches:

Table 18 Branches of the Company

#	Branches of the Company	Commercial Register	Detailed Activity
1	Al Khobar - Al Khobar North District	2051059594	Insurance Business Office
2	Dammam - Block 11	2050112433	Insurance Business Office
3	Tabuk - Al-Saada neighborhood	3550035797	Insurance Business Office
4	Sabya – Salhabah District	5906031731	Insurance Business Office
5	Najran - Al-Fahad District	5950033107	Insurance Business Office
6	Riyadh - Al-Taawon District	1010600111	Insurance Business Office
7	Riyadh - Al-Rawda District	1010600111	Insurance Business Office
8	Riyadh -Al Murabba District	1010600111	Insurance Business Office

9	Buraydah - Al-Marqab District	1131057681	Insurance Business Office
10	Madinah - Al-Khalidiya	4650076547	Insurance Business Office
11	Jeddah - Musharrafah District	4030169661	Insurance Business Office
12	Makkah - Al-Naseem District	4031086374	Insurance Business Office
13	Taif - Qamaria District	4032045121	Insurance Business Office

Source: Administration Information

3.17 Business Interruption

There has been no interruption in the Company's business that could have affected or had a significant impact on the financial position during the last 12 months.

3.18 Employees and Saudization

As of the date of this prospectus, the Company has 268 employees, including 199 Saudi employees and 69 non-Saudi employees. According to the Social Insurance Certificate, the Saudization rate as of the date of this prospectus is about 83%. The Company is currently under the "Platinum" scope of Nitaqat program of the Ministry of Human Resources and Social Development.

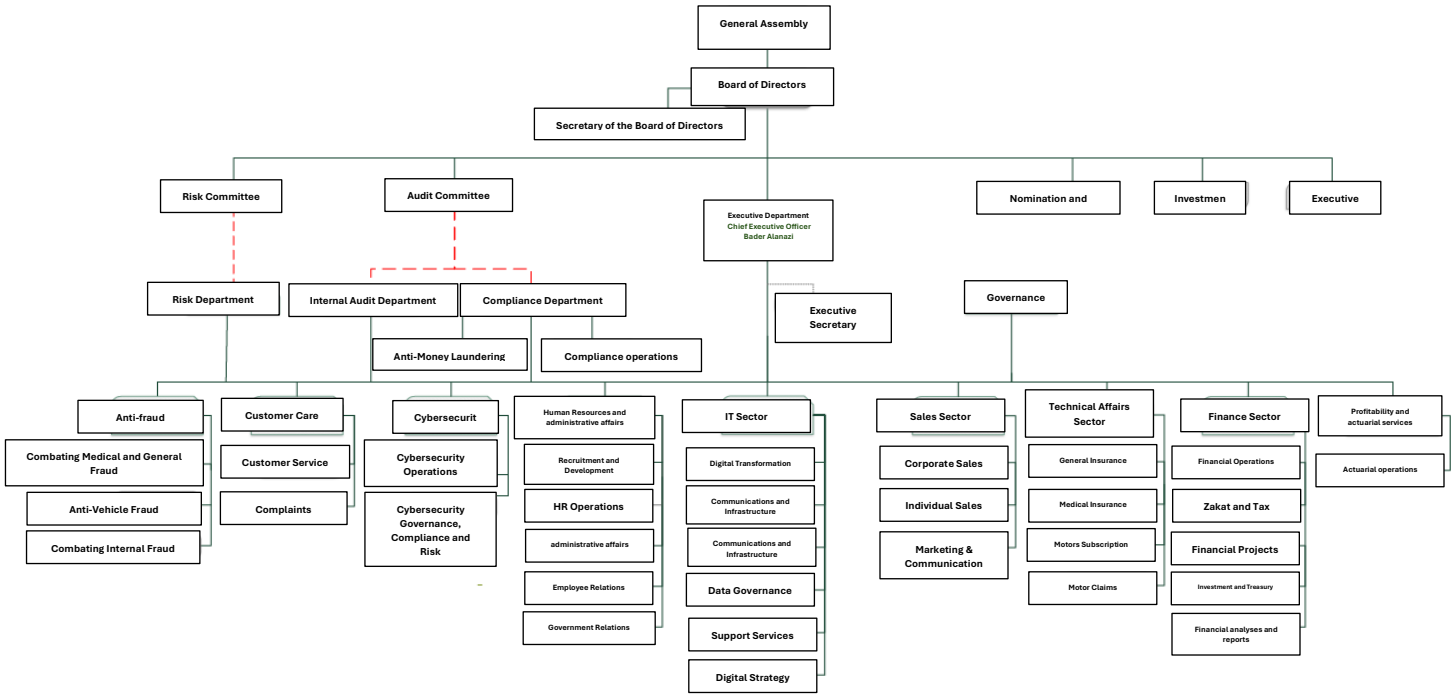
3.19 Employee Stock Program

As of the date of this Prospectus, the Company does not have any existing employee stock programs before submitting the registration application and offering of securities subject to this prospectus.

3.20 Arrangements for employee participation in the capital

As of the date of this Prospectus, there are no arrangements involving employees in the capital of the Company.

3.21 Organizational Structure



Source: Administration Information

4. Management Discussion and Analysis of Financial Position and Results of Operations

4.1 Introduction

This Section "Management Discussion and Analysis of Financial Position and Results of Operations" ("MD&A") provides an analytical review of Salama Cooperative Insurance Company's ("Salama" or the "Company") performance and financial position for the financial years ended 31 December 2021G, 2022G and 2023G. It is based on and must be read in conjunction with the Company's audited financial statements for the financial years ended 31 December 2021G ("FY21"), 2022G ("FY22") and 2023G ("FY23") and their notes, together being the ("Audited Financial Statements").

The Company's financial statements for the financial years ended 31 December 2021G and 2022G have been audited by Crowe Solutions for Professional Consulting, and PFK Ibrahim Ahmed Al-Bassam and Co.. The financial statements for the financial year ended 31 December 2023G have been audited by PFK Ibrahim Ahmed Al-Bassam and Co. and PricewaterhouseCoopers Public Accountants ("PwC").

Neither Crowe Solutions for Professional Consulting, PFK Ibrahim Ahmed Al-Bassam and Co., PwC, their employees (forming part of the engagement team serving the Company) or any of their employees' relatives own any shares or interest of any kind whatsoever in the Company, and each of the Public Accountants have given the written consent to the inclusion of their names, logos and statements in the form and content stated in the Prospectus and none of them have, as of the date of this Prospectus, withdrawn their written consent as of the date of this Prospectus. For the purpose of this paragraph, relatives are defined under the category of immediate family members as per the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia.

The Board of Directors of Salama Cooperative Insurance Company recommended in its meeting held on 04/08/1435H corresponding to 12 June 2014G (by circulation) to the Extraordinary General Assembly to increase the Company's capital from SAR 100 million divided into 10 million shares at a value of SAR 10 per share to SAR 250 million divided into 25 million shares at a value of SAR 10 per share through a rights issue worth SAR 150 million divided into 15 million shares at a value of SAR 10 per share. The Company received a decision from the Saudi Central Bank (known as the Saudi Arabian Monetary Authority at that time) dated 01/12/1435H corresponding to 25 September 2014G approving the Company's request to increase the capital by SAR 150 million. The Capital Market Authority approved the Company's request for this increase on 28 April 2015G. Then, the Extraordinary General Assembly approved on 13/09/1436H corresponding to 30 June 2015G the Board of Directors' recommendation to increase the capital from SAR 100 million to SAR 250 million through a rights issue. The Company's capital amounted to SAR 100 million divided into 10 million shares at a value of SAR 10 per share before the issuance and SAR 250 million divided into 25 million shares

at a value of SAR 10 per share after the issuance. The purpose of increasing the capital was to enhance the solvency margin and support the growth of the Company's future activity.

The authorized, issued and paid-up capital amounted to SAR 250 million as of 31 December 2021G, consisting of 25 million shares at a value of SAR 10 per share. According to Article 150 of the Companies Law issued by Royal Decree (M/3) dated 28/01/1437H corresponding to 10 November 2015G, which requires the Company's board of directors to hold an Extraordinary General Assembly meeting during the period specified by the regulations to reduce the accumulated losses to less than half of the Company's capital or dissolve the Company before its term specified in its articles of association, and accordingly, the Company obtained a letter from the Central Bank containing its approval to reduce the Company's capital on 21/10/1443H corresponding to 22 May 2022G and the approval of the Capital Market Authority on 22/12/1443H corresponding to 21 July 2022G. The Extraordinary General Assembly held on 18/01/1444H corresponding to 16 August 2022G approved the reduction in the Company's capital from SAR 250 million divided into 25 million ordinary shares at a value of SAR 10 per share to SAR 100 million divided into 10 million ordinary shares at a value of SAR 10 per share. The accumulated losses were reduced by offsetting the capital by an amount of SAR 150 million and using the full balance of the statutory reserve amounting to SAR 5,003,000 as of 31 March 2022G. Accordingly, the accumulated losses, capital and statutory reserve were reduced by an amount of SAR 155 million, SAR 150 million and SAR 5,003,000, respectively, during the financial year ended 31 December 2022G. The capital was reduced by reducing 3 shares for every 5 shares owned by the shareholder. The purpose of the capital reduction was to restructure the Company's capital position and absorb 94.48% of the accumulated losses amounting to SAR 158.8 million as of 31 December 2021G, in line with Article 150 of the Companies Law issued by Royal Decree (M/3) dated 28/01/1437H corresponding to 10 November 2015G. The capital reduction had no impact on the Company's financial obligations. Accordingly, the Company's authorized, issued and fully paid-up capital amounted to SAR 100 million as of 31 December 2022, divided into 10 million ordinary shares of SAR 10 per share. The Company manages its capital requirements by identifying shortfalls between the authorized and required capital levels on a regular basis. Adjustments are made to the current capital levels in light of changes in market conditions and risks related to the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares.

During the year ended 31 December 2023G, in order to support the Company's future plans and support the Company's solvency margin and in compliance with the requirements of Article 68 of the Implementing Regulations for Cooperative Insurance Law, the Company completed the rights issue for 10 million new shares amounting to SAR 100 million at a value of SAR 10 per share with the aim of increasing the Company's authorized, issued and paid-up capital from SAR 100 million divided into 10 million ordinary shares at a value of SAR 10 per share before the rights issue to SAR 200 million divided into 20 million shares at a value of SAR 10 per share after the rights issue. Accordingly, the Company's authorized, issued and fully paid-up capital amounted to SAR 200 million as of 31 December 2023G, divided into 20 million ordinary shares at a value of SAR 10 per share. The Company announced that it received a letter from the Saudi Central Bank dated

26/04/1444H (corresponding to 20 November 2022G) including the Saudi Central Bank's approval to increase the Company's capital from SAR 100 million to SAR 200 million through a rights issue. The Company also announced that it received a letter from the Saudi Central Bank dated 28/10/1444H corresponding to 18 May 2023G including the Saudi Central Bank's approval to extend the approval previously granted to the Company regarding the capital increase through a rights issue for a period of three months from the date of the letter. The Company also obtained the approval of the Capital Market Authority for this capital increase on 05/01/1445H (corresponding to 23 July 2023G). The Extraordinary General Assembly held on 21/04/1445H (corresponding to 05 November 2023G) subsequently approved this capital increase.

The Company's financing structure is based on the authorized, issued and paid-up capital of SAR 200 million as of 31 December 2023. The Company has no other material sources of financing as of the date of this prospectus.

The Company's audited financial statements for the financial year ended 31 December 2023G included an emphasis of matter on the material uncertainty related to going concern which indicates that the Company had accumulated losses of SAR 35.7 million as of 31 December 2023G representing 17.9% of its capital as of 31 December 2023. Further, the Company's solvency margin equaled 32.8% as of 31 December 2023G, which is below the minimum solvency requirements as mandated by the Insurance Authority. The ability of the Company to improve its financial performance and meet the minimum solvency margin requirements is dependent on the favorable outcome and the realization of the Company's planned measures and actions. The events and conditions indicate the existence of a material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern. Subsequent to the year end, the Company's Board of Directors in their meeting, held on 18 March 2024G recommended to increase the share capital by offering rights issue amounting to SAR 100 million.

The Company has adopted IFRS 17 "Insurance Contracts", as endorsed in the Kingdom of Saudi Arabia ("IFRS 17"), which replaces IFRS 4 "Insurance Contracts", and is effective for annual periods beginning on or after 1 January 2023G. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance, reinsurance and investment contracts with direct participation features ("DPF"). The Company has applied the full retrospective approach to each group of these contracts. The adoption of IFRS 17 resulted in a transition adjustment to the Company's equity as of 1 January 2022G amounting to SAR 33.8 million.

Further, effective 1 January 2023G, the Company also adopted IFRS 9 "Financial Instruments", as endorsed in the Kingdom of Saudi Arabia ("IFRS 9") which replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 requires the management to assess its business model with respect to different portfolios of investments that drive the measurement and disclosures of the Company's investments. It also introduced the concept of Expected Credit Loss (ECL) which is a forward-looking estimate of credit losses for the Company's financial assets. The Company had applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023G. For the transition to IFRS 9, the Company applied a retrospective approach to be in line with the transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9. The adoption of IFRS 9 resulted in a transition adjustment to the Company's equity as of 1

January 2022G amounting to SAR 34.8 million.

The Company also engaged the services of their Appointed Actuary and other technical and valuation experts (together the “management’s experts”) to support them with the implementation process for adoption of these two standards including, amongst others, preparation of technical papers and identifying and determining the transition adjustments required to be recorded. The first year of adoption of IFRS 17 and IFRS 9 resulted in fundamental changes to classification and measurement of the main transactions and balances of the Company along with significant changes to presentation and disclosures that were required in the financial statements for the year ended 31 December 2023G.

The financial information in this section has primarily been extracted from the audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and its accompanying notes. For comparison purposes, two separate analyses of the income statements, financial position and cash flows are presented as follows:

- comparison between the financial years ended 31 December 2021G and 2022G before the impact of the implementation of IFRS No. 9 and 17: the figures for the financial year ended 31 December 2021G have been presented as classified in the audited financial statements for the financial year ended 31 December 2022G. The figures for the financial year ended 31 December 2022G have been presented as classified in the audited financial statements for the financial year ended 31 December 2022G.
- comparison between the two financial years ended 31 December 2022G and 2023G after the impact of implementation of the IFRS No. 9 and 17: the figures for the financial year ended 31 December 2022G were presented as amended and classified in the audited financial statements for the financial year ended 31 December 2023G. The figures for the financial year ended 31 December 2023G were also presented as classified in the audited financial statements for the financial year ended 31 December 2023G.

The impact of the implementation of the International Financial Reporting Standards No. 9 and 17 and the resulting amendments in the two financial years ended 31 December 2021G and 2022G has been extracted from an Independent Limited Assurance Report related to Annexure 19 of the Rules on the Offer of Securities and Continuing Obligations for the years ended 31 December 2021G, 2022G and 2023G issued by PFK Ibrahim Ahmed Al-Bassam and Co. on 15 August 2024G (hereinafter referred to as the “Limited Assurance Report”). All financial information included in this section are presented in Saudi Riyals (“SAR”), unless otherwise stated. All amounts have been rounded to the nearest thousand. Therefore, if summed, the numbers may differ to those which are stated in the tables. It is also worth noting that all percentages, annual growth rates, profit margins and costs have been calculated based on the rounded figures in the tables below.

This Section may include statements of forward-looking nature related to the Company’s prospects and are based on management's plans and current expectations of the Company’s growth, results of operations, and financial situation and may include risks and unconfirmed forecasts. The Company's actual results could differ materially from those expressed or implied in such data and statements as a result of various factors,

including those discussed within this Section and elsewhere in this Prospectus.

4.2 Directors' Declarations on the Financial Statements

Members of the Board of Directors of the Company hereby declare that:

1. All material facts pertaining to the Company and its financial performance have been disclosed in this Prospectus and no further information, documents or facts have been omitted that would render the information stated in this Prospectus misleading.
2. The information in this section has been obtained from the audited financial statements for the years ended 31 December 2021G, 2022G and 2023G along with their accompanying notes without any material changes. Furthermore, the audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.
3. The Company incurred financial losses during the financial years ended 31 December 2021G and 2022G. The Company did not incur financial losses during the financial year ended 31 December 2023G. Other than what is disclosed in this Prospectus, the Company has not had any material adverse changes in its financial and commercial position during the three years immediately preceding the date of the rights issue application subject to this Prospectus, in addition to the end of the period covered by the auditor's report until the date of approval of this Prospectus.
4. The Company has a working capital sufficient for twelve (12) months immediately following the date of issuance of this Prospectus.
5. The comparative tables included in this section have been prepared on a consistent basis for both the comparisons between the two financial years ended 31 December 2021G and 2022G (before the implementation of IFRS 9 and 17) and between the two financial years ended 31 December 2022G and 2023G (after the implementation of IFRS 9 and 17). They also contain financial information presented in a manner consistent with the Company's audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G.
6. Other than what is stated in the following sub-sections (2.1.31) "Risks related to disasters and business interruptions" on page (28), (2.2.2) "Risks related to the economic performance of the Kingdom" on page (34), and (2.2.3) "Risks related to political and economic instability in the Middle East" on page (35) of Section (2) "Risk Factors", the Company does not have any seasonal factors or economic cycles related to the operations that may have an impact on the Company's business and financial position.
7. Other than what is stated in the following sub-sections (2.2.1) "Risks of non-compliance with laws and regulations" on page (33), (2.2.2) "Risks related to the economic performance of the Kingdom" on page (35), (2.2.3) "Risks related to political and economic Instability in the Middle East" on page (35) and (2.2.4) "Risks related to non-compliance with current regulations and laws and/or the issuance of new

regulations and laws” on page (35) of Section (2) “Risk Factors” , the Company does not have any information regarding any government, economic, financial, monetary or political policies or other factors that may have a material impact (direct or indirect) on the Company’s operations.

8. The Company does not have any share capital with option rights as on the date of this Prospectus.
9. There are no mortgages, rights or charges against the Company’s property as of the date of this Prospectus.
10. The Company does not hold any contractual assets or securities or other assets of a value subject to fluctuations or the value of which is difficult to verify that may have a significant impact on the assessment of the Company’s financial position.
11. No commissions, discounts, brokerage fees, or any non-monetary compensation were granted by the Issuer during the three years immediately preceding the date of the application for registration and the offering of rights subject to this Prospectus in connection with the issue or offering of any share to the members of the Board of Directors, proposed members of the Board of Directors, Chief Executives, those offering or issuing these shares or experts.
12. Other than what is mentioned in sub-sections (4.9.3) and (4.12.4) “Contingent liabilities” on pages (122) and (153) of this Section (4) “MD&A” and in sub-section (2.1.9) “Risks related to contingent liabilities” on page (18) of Section (2) “Risk factors”, the Company does not have any contingent liabilities, guarantees or any material fixed assets intended to be acquired or leased.
13. Other than what is mentioned in sub-sections (4.9.3) and (4.12.4) “Contingent liabilities” on pages (122) and (153) of this Section (4) “MD&A” and in sub-section (2.1.9) “Risks related to contingent liabilities” on page (18) of Section (2) “Risk factors” and (2.1.42) “Risks related to guarantees” on page (32) of Section (2) “Risk factors”, the Company does not have borrowings or indebtedness including bank account overdrafts, liabilities under acceptance, acceptance credits or hire purchase commitments that are guaranteed, unguaranteed, secured or unsecured.
14. The Company does not have debt instruments that are issued and outstanding, nor does it have authorized or otherwise created but unissued, and term loans that are guaranteed, unguaranteed, secured or unsecured.
15. Moreover, the Company has no subsidiaries as of the date of this Prospectus.

4.3 Going Concern and Solvency Requirements

The Company has accumulated losses of SAR 35.7 million as of 31 December 2023G (31 December 2022G: accumulated losses of SAR 76.8 million). Further, the Company’s solvency margin of 32.8% as of 31 December 2023G (31 December 2022G: negative 45.16%) remains below the minimum solvency requirements as mandated by Saudi Central Bank (“SAMA”) (whose authority regarding the regulation of the insurance sector were transferred to the Insurance Authority).

Under Article 68 2(c) of the Implementing Regulations of the Cooperative Insurance Companies Control Law

(the “Regulations”), when the solvency margin falls between 25% and 50% of the required margin, the Company shall restore its solvency margin to the required level. If the required solvency margin is not restored to its appropriate level for two consecutive quarters, the Company will be required by SAMA (whose authority regarding the regulation of the insurance sector were transferred to the Insurance Authority) to immediately take all or any of the measures including increasing the Company’s capital, adjusting insurance premiums, reducing costs, stopping underwriting business, assets liquidation or any other measures deemed appropriate by the Company and approved by SAMA (whose authority regarding the regulation of the insurance sector were transferred to the Insurance Authority). The Company received correspondence from SAMA requiring the Company to submit its rectification measures according to Article 68 of the Regulations. In response to SAMA’s correspondence, the Company submitted its planned rectification measures which included a rights issue of SAR 100 million (10 million new shares). The Company successfully completed the rights issue during December 2023G after obtaining the required approvals from the regulators and its shareholders.

Management has formulated and implemented various performance improvement measures starting late 2022G, as approved by the Company’s Board of Directors, which, among others, include better pricing strategies for motor LoBs. Such measures have resulted in better results and the Company earned total profit for the year ended 31 December 2023G of SAR 51.3 million (total loss for the year ended 31 December 2022G was SAR 38.9 million). Management expects that this will further reflect positively in the operational results and cash flows for 2024G and the years to come. However, management's assessment and realization of its planned measures and actions outlined in the business plan is dependent on a number of factors, estimates and assumptions including the achievement of the projected improvement in the results of the motor LoB and achieving the desired solvency ratios. Accordingly, these events and conditions including realization of planned measures and actions indicate the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

Notwithstanding the above, the financial statements have been prepared on a going concern basis as management believes that the Company will be both able to continue its operations without significant curtailment and meet its obligations as they fall due within the next 12 months as reflected in the detailed business plan and projected cash flows for the years from 2024G to 2026G. Further, management believes that it will be able to meet the solvency requirements based on the plan outlined above. Management continues to monitor performance indicators of all lines of business and prevailing market conditions and will take the necessary corrective actions and amend its business plan, if necessary.

Subsequent to the year end, the Company's Board of Directors in their meeting held on 18 March 2024G recommended to increase the share capital by offering rights issue amounting to SAR 100 million.

4.4 Basis of Preparation

4.4.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by The Saudi Organization for Chartered and Professional Accountants (“SOCPA”). The audited financial statements for the year ended 31 December 2023G is the first full set of the Company’s financial statements in which IFRS 17 – Insurance Contracts (“IFRS 17”) and IFRS 9 – Financial Instruments (“IFRS 9”) as endorsed in the Kingdom of Saudi Arabia have been applied. Comparative information was restated due to the adoption of IFRS 17 and IFRS 9.

As required by the Saudi Arabian Insurance Regulations “SAMA Implementation Regulations”, the Company maintains separate books of accounts for Insurance Operations and Shareholders’ Operations. SAMA Implementation Regulations require a clear separation between assets, liabilities, revenue and expenses pertaining to insurance operations and shareholders operations. Accordingly, assets, liabilities, revenues and expenses attributable to either operation are recorded in the respective accounts. The statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations have been provided as supplementary information to comply with requirements of the SAMA Implementing Regulations and is not required by International Financial Reporting Standards (IFRS).

In preparing the Company’s financial statements in compliance with IFRS as endorsed in KSA, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders’ operations. Inter-operation balances, transactions and unrealized gains and losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders’ operations are uniform for like transactions and events in similar circumstances.

In accordance with the requirements of the Regulations issued by SAMA and as per by-laws of the Company, shareholders of the Company receive 90% of the annual surplus from insurance operations and policyholders receive the remaining 10%. Any deficit arising from insurance operations is transferred to the shareholders’ operations in full.

4.4.2 Basis of Measurement

The financial statements are prepared under the going concern basis and the historical cost convention, except as described in respective policies.

4.4.3 Basis of Presentation

The Company’s statement of financial position is not presented using a current/non-current classification and is presented in order of liquidity. However, the following balances would generally be classified as

current: cash and cash equivalents, term deposits, financial assets at FVTPL, prepaid expenses and other assets, accrued income on statutory deposit, accrued expenses and other liabilities, provision for zakat and accrued income payable to SAMA (whose authority regarding the regulation of the insurance sector were transferred to the Insurance Authority). The following balances would generally be classified as non-current: financial assets at FVOCI, financial assets at amortized cost, property and equipment, right-of-use assets, intangible assets, statutory deposit and employee benefit obligations. The balances which are of mixed nature i.e., include both current and non-current portions include insurance contract liabilities, reinsurance contract assets, employee benefit obligations and lease liabilities.

4.4.4 Functional and Presentation Currency

The financial statements are expressed in Saudi Arabian Riyals (“SAR”) which is the functional and presentation currency of the Company. All financial information presented in SAR has been rounded to the nearest thousand, except where otherwise indicated.

4.4.5 Seasonality of Operations

There are no seasonal changes that may affect insurance operations of the Company.

4.4.6 Changes in Products and Services

During the year ended 31 December 2023G, there were no significant changes in products or services and their terms of the insurance contracts offered by the Company.

4.5 Material Accounting Policies

The material accounting policies used in the preparation of these financial statements are consistently applied for all years presented, except where stated otherwise.

4.5.1 New IFRS, International Financial Reporting and Interpretations Committee’s interpretations (IFRIC) and amendments thereof, adopted by the Company

A number of new or amended standards became applicable for the current reporting period. The Company had to change its accounting policies as a result of adopting the following standards:

4.5.1.1 IFRS 17 Insurance contracts (“IFRS 17”),

IFRS 17 replaces IFRS 4 ‘Insurance Contracts’ and is effective for annual periods beginning on or after 1 January 2023G, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features (“DPF”).

On transition to IFRS 17, the Company has applied the full retrospective approach to all insurance contracts issued and reinsurance contracts held. Therefore, on transition date 1 January 2022G, the Company:

- has identified, recognized and measured each group of insurance contracts as if IFRS 17 had always applied.
- derecognized any existing balances that would not exist had IFRS 17 always applied; and
- recognized any resulting net difference in equity.

4.5.1.2 IFRS 9 Financial Instruments (“IFRS 9”).

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and was effective for annual periods beginning on or after January 1, 2018G. However, the Company had met the relevant criteria and had applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023G. For transition to IFRS 9, the Company applied a retrospective approach to be in line with transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9.

A number of other amendments became applicable for the current reporting period i.e., for reporting periods beginning on or after 1 January 2023G. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments which are described below:

Table 19 Other Amendments for Reporting Periods beginning on or after 1 January 2023G

Standard/ Interpretation	Description
Amendment to IAS 12 - International tax reform	These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. The Company did not identify an impact as a result of these amendments.
Amendment to IAS 12 ‘Taxation’ (“IAS 12”) - deferred tax related to assets and liabilities arising from a single transaction.	These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The Company did not identify an impact as a result of these amendments.
Narrow scope amendments to IAS 1, IFRS Practice Statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The Company did not identify an impact as a result of these amendments.

Source: Audited financial statements for the financial year ended 31 December 2023G.

4.5.2 New standards, amendments and interpretations not yet applied by the Company

Certain new standards and interpretations issued but not yet effective up to the date of issuance of the Company’s financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. Management is in the process of assessing the impact of such new standards and interpretations on its financial statements. The Company intends to adopt these interpretations when they are effective.

Table 20 New standards, amendments and interpretations not yet applied by the Company

Standard/ Interpretation	Description	Effective date
Amendment to IFRS 16 ‘Leases’ (“IFRS 16”) - Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable	Annual periods beginning on or after 1 January 2024G

lease payments that do not depend on an index or rate are most likely to be impacted.

Amendments to IAS 1 - Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	Annual periods beginning on or after 1 January 2024G
Amendment to IAS 7 'Cash flow statements' ("IAS 7") and IFRS 7 'Financial instruments: Disclosures' ("IFRS 7") - Supplier finance	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	Annual periods beginning on or after 1 January 2024G
Amendments to IAS 21 'Foreign currencies' ("IAS 21") - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025G.

Source: Audited financial statements for the financial year ended 31 December 2023G.

Impact Assessment

The management is in the process of assessing the impact of the amendments on its financial statements, however, no material impact is expected.

4.5.3 Insurance and Reinsurance Contracts

A. Classification and Summary of Measurement Models

The Company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include medical, motor, liability, engineering, general accident, fire and marine. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident. The Company does not issue any contracts with direct participating features.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

None of the insurance contracts issued by the Company contain embedded derivatives, investment

components or any other goods and services.

B. Level of aggregation

The Company identifies portfolios of insurance contracts. Each portfolio comprises contracts that are subject to similar risks and managed together, and is divided into three groups:

- Any contracts that are onerous on initial recognition.
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts in the portfolio.

The portfolios are further divided by year of issue.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of: (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Company tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

The Company assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at a policyholder-pricing-groups level.

C. Recognition

The Company recognizes a group of insurance contracts issued from the earliest of the following:

- The beginning of the coverage period of the group of contracts.
- The date when the first payment from a policyholder in the group becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the policyholder.
- For a group of onerous contracts, the date when facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

The Company recognizes a group of reinsurance contracts held it has entered into from the earlier of the following:

- For reinsurance contracts that provide proportionate coverage, at the later of:
 - The beginning of the coverage period of the group of reinsurance contracts and
 - the initial recognition of any underlying contract.
- All other groups of reinsurance contracts held are recognized from the beginning of the coverage period of the group of reinsurance contracts.

However, if the Company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognized prior to the beginning of the coverage period of the group of reinsurance contracts held, the reinsurance contract held, in this case, is recognized at the same time as the group of underlying insurance contracts is recognized.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

D. Insurance Contract Boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- Both of the following criteria are satisfied:
 - The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and
 - The pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The contract boundary is reassessed at each reporting date and, therefore, may change over time.

E. Measurement

The general measurement model (GMM), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin. This is the default model under IFRS 17 to measure insurance contracts. However, the Premium Allocation Approach (PAA), which is a simplified measurement model, is permitted if, and only if, at the inception of the group:

- The entity reasonably expects that such simplification would produce a measurement of the liability for

remaining coverage for the group that would not differ materially from the one that would be produced applying the general measurement model requirements; or

- The coverage period of each contract in the group (including insurance contract services arising from all premiums within the contract boundary determined at that date) is one year or less.

The Company uses the PAA to simplify the measurement of groups of contracts on the following bases:

- **Insurance Contracts:**

The coverage period of medical, motor, property, fire, marine and general accident contracts in the group of contracts is one year or less and are therefore eligible to be measured under the PAA.

PAA eligibility testing has been performed for the engineering and liability group of contracts as coverage extends beyond one year. The Company reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA would not differ materially from the measurement that would be produced applying the general measurement model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

- **Reinsurance Contracts:**

The Company reasonably expects that the resulting measurement under the PAA measurement model would not differ materially from the result of applying the general measurement model.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the year before a claim is incurred.

Measurement on initial recognition under PAA:

On initial recognition of each group of insurance contracts that are not onerous, the carrying amount of the liability for remaining coverage ("LRC") is measured at the premiums received on initial recognition less any insurance acquisition cash flows paid.

For reinsurance contracts held on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid.

On initial recognition of each group of insurance contracts, the Company assesses the time between providing each part of the coverage and the related premium due date. If the period is no more than a year i.e. no significant financing component exists, the Company does not adjust the carrying amount of the LRC and ARC to reflect the time value of money and the effect of financial risk using the discount rates.

Subsequent measurement under PAA:

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- the LRC; and
- The LIC, comprising the fulfilment cash flows ("FCF") related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- the remaining coverage; and
- The incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- increased for premiums received in the year, excluding amounts that relate to premium receivables included in the LIC.
- decreased for insurance acquisition cash flows paid in the year.
- decreased for the amounts of expected premium receipts recognized as insurance revenue for the services provided in the year.
- increased for the amortization of insurance acquisition cash flows in the year recognized as insurance service expenses; and
- increased for any adjustment to the financing component, where applicable.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- increased for ceding premiums paid in the year; and
- decreased for the expected amounts of ceding premiums recognized as reinsurance expenses for the services received in the year.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. Fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows, and a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Company uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk.

Some insurance contracts permit the Company to sell (usually damaged) assets acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included in the estimates of claims liabilities. The provision is the amount

that can reasonably be recovered from the disposal of the asset.

- **Onerous Contract Assessment:**

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognizes a loss in insurance service expense and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows, determined under the GMM, that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the liability for remaining coverage. A loss component will be established for the amount of the loss recognized. Subsequently, the loss component will be remeasured at each reporting date as the difference between the amounts of the fulfilment cash flows determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component.

Where the Company recognizes a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes (or adjusts) a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses. The Company calculates the loss-recovery component by multiplying the loss recognized on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

- **Non-Performance Risk (NPR) Adjustment:**

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognized in profit or loss.

F. De-Recognition and Contract Modification

The Company derecognizes a contract when it is extinguished i.e., when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognizes a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognized. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in the estimates of fulfilment cash flows.

G. Acquisition & Attributable Cost

Insurance acquisition cash flows are the costs directly associated with selling and handling acquired businesses. The company considers underwriting, sales, and regulatory levies as acquisition costs. Acquisition costs are not expensed when incurred and are deferred over the life of the insurance contract. While attributable costs are the costs that can fully or partially be attributed to the insurance operations. The Company has in place allocation technique to allocate the costs based on direct to indirect costs ratio. Both acquisition and attributable costs fall under the insurance service expense while the non-attributable costs are reported under other operating expenses.

H. Risk Adjustments for Non-Financial Risk

The Company has decided to adopt the value at risk method on incurred claims for the estimation of risk adjustment. The Company has chosen a confidence level based on the 75th percentile of the distribution of the claim reserves, considering this level is adequate to cover sources of uncertainty about the amount and timing of the cash flows. While for premium risk, Solvency II approach is used to derive the risk with the same percentile as the claim reserves.

I. Presentation

Groups of insurance contracts that are assets and those that are liabilities, and groups of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. The Company recognized in the statement of income: (a) an insurance service result, comprising insurance revenue and insurance service expenses and (b) insurance finance income or expenses.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

- **Insurance Revenue:**

The insurance revenue for each year is the amount of expected premium receipts for providing coverage in the period. The Company allocates the expected premium receipts to each period on the passage of time.

- **Insurance Services Expenses:**

Insurance service expenses include the following:

- incurred claims for the year.
- other incurred directly attributable expenses.
- insurance acquisition cash flows amortization.
- changes that relate to past service - changes in the FCF relating to the LIC.
- changes that relate to future service - changes in the FCF that result in onerous contract losses or reversals of those losses.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time for all groups of contracts except for longer term policies under engineering and liability groups for which amortisation is done based on the expected timing of incurred insurance service expenses.

- **Net Expenses from Reinsurance Contracts:**

Net expenses from reinsurance contracts comprise reinsurance expenses less amounts recovered from reinsurers. The Company recognizes reinsurance expenses as it receives coverage or other services under groups of reinsurance contracts. For contracts measured under the PAA, the Company recognizes reinsurance expenses based on the passage of time over the coverage period of a group of contracts except for longer term policies under engineering and liability groups for which amortisation is done based on the expected timing of incurred insurance service expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

- **Umrah and Hajj Insurance Pool:**

The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from 1 January 2020G. The compulsory Hajj / Umrah product is offered by the ministry and approved by SAMA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia. except for citizens of the Gulf Cooperation Council countries. This covers general accidents and health benefits of the pilgrims entering the Kingdom of Saudi Arabia to perform Hajj / Umrah. The agreement term is 4 years starting from 1 January 2020G and it is renewable for another four years subject to the terms and conditions of the agreement.

This co-insurance arrangement, in which the Company is a participant, is an insurance contract as defined in IFRS 17, and the Company has accordingly applied the recognition and measurement principles of IFRS 17. Given the bespoke nature of the arrangement and given that the rights and obligations from the arrangement are managed and settled on a net basis, the Company has accordingly presented the results from the arrangement on a net basis in insurance service results as a separate line item on the statement of comprehensive income.

- **Insurance Finance Income and Expenses:**

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk, and changes therein.

The Company includes all insurance finance income or expenses for the year in profit or loss.

4.5.3.1 Changes to classification, recognition and measurement

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- **Deferral of acquisition costs** – Under IFRS 17, insurance acquisition cash flows are costs directly attributable to selling or underwriting a portfolio of insurance contracts. The Company may elect to capitalize and amortize these costs over the coverage period based on the passage of time for all groups of contracts except for longer term policies under engineering and liability groups for which amortization is done based on the expected timing of incurred insurance service expenses.
- **Discount rate** - Under IFRS 17, the liability for incurred claims is discounted at a rate that reflects the characteristics of the liabilities and the duration of each portfolio. The Company has established discount yield curves using risk-free rates adjusted to reflect the appropriate illiquidity characteristics of the applicable insurance contracts. Under IFRS 4, claims liabilities were discounted using a rate that reflected the estimated market yield of the underlying assets backing these claims liabilities at the reporting date. The changes in discounting methodology did not have a significant impact on transition. Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- **Risk Adjustment** - Under IFRS 17, the liability for incurred claims includes an explicit risk adjustment for non-financial risk (“risk adjustment”) which replaces the risk margin under IFRS 4. The IFRS 4 risk margin reflected the inherent uncertainty in the net discounted claim liabilities estimates, whereas the IFRS 17 risk adjustment is the compensation required for bearing the uncertainty that arises from non-financial risk. Similar to the risk margin, the risk adjustment includes the benefit of diversification, therefore the two methodologies are fairly aligned. As a result, the changes in methodology did not have a significant impact on transition.
- **Onerous contracts** - IFRS 17 requires the identification of groups of onerous contracts at a more granular level than the liability adequacy test performed under IFRS 4. For onerous contracts, the loss component based on projected profitability is recognized immediately in Net income, resulting in earlier recognition compared to IFRS 4. Onerous contracts did not have a significant impact on transition to IFRS 17.

4.5.3.2 *Changes to presentation and disclosure*

• **Statement of Financial Position**

Presentation is driven by portfolios which are composed of groups of contracts covering similar risks and which are managed together. Portfolios of insurance and reinsurance contracts are presented separately between:

- Portfolios of insurance and reinsurance contracts issued that are assets.
- Portfolios of insurance and reinsurance contracts issued that are liabilities.
- Portfolios of reinsurance contracts held that are assets; and
- Portfolios of reinsurance contracts held that are liabilities.

Table 21 Changes to presentation and disclosure

Line items under IFRS 17	Line items under IFRS 4, now combined under one line item under IFRS 17
Insurance contract liabilities	<ul style="list-style-type: none"> - Unearned premium and Premium deficiency reserve - Premium receivables - Deferred acquisition costs - Policyholders' claims payable - Najm, Manafeth, SAMA fee within prepaid expenses and other assets - Survey fee, actuarial fee and Elm fee payable within accrued expenses and other liabilities - Outstanding claims - Claims incurred but not reported - Due to agents, brokers and third-party administrator - Surplus distribution payable
Reinsurance contract assets	<ul style="list-style-type: none"> - Reinsurer's share of unearned premiums - Minimum deposit premium (XOL) within prepaid expenses and other assets - Unearned reinsurance commission - Reinsurance premium payable - Payable to reinsurers within due to reinsurers, agents, brokers and third-party administrator - Reinsurer's share of outstanding claims - Reinsurer's share of claims incurred but not reported - XOL reinstatement payable, within accrued expenses and other liabilities - Due from reinsurers and VAT on reinsurance commission

Source: Audited financial statements for the financial year ended 31 December 2023G.

4.5.3.3 *Changes to classification, recognition and measurement*

- **Statement of Income**

The line-item descriptions in the statement of income have been changed significantly compared to presentation in the latest annual financial statements.

Insurance revenue under IFRS 17 includes gross written premium, gross movement in unearned premiums and estimates for expected premium receipts.

Insurance service expense under IFRS 17 includes gross claims paid, changes in outstanding claims, changes in incurred but not reported claims, changes in loss component, policy acquisition costs, attributable expenses and the impact of release in the risk adjustment. The changes in premium deficiency reserve are eliminated and instead changes in loss component is taken.

Net income / (expenses) from reinsurance contracts held under IFRS 17 includes reinsurance premium ceded, changes in reinsurer's share of unearned premiums, reinsurance commission earned, reinsurance share of paid claims, reinsurance share of outstanding claims, reinsurance share of changes in claims incurred but not reported, change in reinsurance accrual reserve, expected credit losses on reinsurance receivables and the impact of loss adjustment the risk adjustment for non-financial risk.

Insurance service results are presented without the impact of discount unwinding and changes in discount rates which are shown separately under net insurance financial result.

Share of surplus from insurance pool (Umrah & Hajj scheme) is presented on a net basis within the total insurance service results after the insurance service result from the Company's directly written business.

IFRS 17 resulted in presentation changes to IFRS 4's underwriting expenses, claims handling expenses, policy acquisition costs and general and administrative expenses since such expenses are classified either as 'Incurred claims and other directly attributable expenses' within insurance service expense or as other operating expenses when they are not directly attributable to insurance contracts. As a result, a portion of expenses classified as general and administrative expenses under IFRS 4 are now presented as other operating expenses under IFRS 17.

The following previously reported line items are no longer disclosed: gross premiums written, net earned premiums, net claims incurred, and underwriting expenses.

4.5.4 Financial Assets and Liabilities

A. Initial Recognition of Financial Assets

At initial recognition, the Company measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of financial asset. Transaction cost of financial assets carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognized for financial assets measured at amortized cost and investments measured at FVOCI.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (that is, a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.
- In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

• Amortized Cost and Effective Interest Rate

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative depreciation using the effective profit method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e., its amortized cost before any impairment allowance) or to the amortized cost of a financial liability.

The calculation does not consider expected credit losses and includes transaction costs, contributions or

discounts and fees and points paid or received that are integral to the effective profit rate, such as origination fees.

Commission income is recognized using the effective profit rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit impaired, profit income is recognized by applying the effective interest rate to the net carrying value of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, commission income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

B. Classification and Subsequent Measurement of Financial Assets

The Company classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL).
- Fair value through other comprehensive income (FVOCI).
- Held at amortized cost.

- **Debt Instruments:**

The classification requirements for debt and equity instruments are described below:

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial assets.

- **Business Model:**

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the Company in determining the business model for a group of assets include experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the liquidity portfolio of assets, which is held by the Company as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

- **Solely Payments of Principal and Profit:**

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and profit. In making this assessment, the Company considers whether the contractual

cash flows are consistent with the financing agreement i.e., profit includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL. The Company exercises judgment in determining whether the contractual terms of financial assets it originates or acquires give rise on specific dates to cash flows that are solely payments of principal and profit income on the principal outstanding and so may qualify for amortized cost measurement. In making the assessment the Company considers all contractual terms, including any prepayment terms or provisions to extend the maturity of the assets, terms that change the amount and timing of cash flows and whether the contractual terms contain leverage.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

- **Amortized Cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized. Profit income from these financial assets is included in 'Commission income' using the effective profit method.

- **Fair Value through other Comprehensive Income ("FVOCI"):**

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are designated as FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special commission income and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Profit income from these financial assets is included in 'Commission Income' using the effective profit method. Currently no debt instrument is classified as FVOCI.

- **Fair Value through Profit or Loss:**

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL presented in profit or loss in the year in which it arises. Currently investment in mutual funds and Sukuk which failed SPPI assessment are classified as FVTPL. The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are not expected to be frequent, and no such instances have occurred during the year ended 31 December 2023G.

- **Equity Instruments:**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is,

instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Company classifies all equity investments at FVTPL, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, transaction costs are made part of the cost at initial recognition and subsequent fair value gains and losses (unrealized) are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. The Company has designated its investment in Najm for Insurance Services Company, a Saudi Closed Joint Stock Company, as FVOCI.

Dividends, when representing a return on such investments, continue to be recognized in the statement of income as 'Dividend income' when the Company's right to receive payments is established. Currently all equity securities are designated as FVOCI.

Any gain or loss on the disposal of equity classified as FVOCI will be non-recycling i.e., on disposal, fair value movement residing in OCI will be moved directly from OCI to retained earnings.

C. Impairment of Financial Assets

The Company assesses on a forward-looking basis the ECL associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company applies the three-stage model for impairment of financial assets measured at amortized cost and FVOCI, based on changes in credit quality since initial recognition.

Stage 1 ("Performing") includes financial assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these financial assets, 12-month expected credit losses ("ECL") are recognized and financial income is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). A 12-month ECL is the ECL that results from default events that are possible within 12-months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset, weighted by the probability that the loss will occur in the next 12-months.

Stage 2 ("Under-performing") includes financial assets that have had a significant increase in credit risk since initial recognition, but do not have objective evidence of impairment. A significant increase in credit risk is

presumed if a receivable is more than 30 days past due. For these financial assets, lifetime ECL are recognized, but financial income is still calculated on the gross carrying amount of the asset. Lifetime ECL is the ECL that results from all possible default events over the maximum contractual period during which the Company is exposed to credit risk. ECL is the weighted average credit losses, with the respective risks of a default occurring as the weights.

Stage 3 (“Non-performing”) includes financial assets that have objective evidence of impairment at the reporting date. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due. For these financial assets, lifetime ECL are recognized, and financial income is calculated on the net carrying amount (that is, net of credit allowance).

The Company, when determining whether the credit risk on a financial asset has increased significantly, considers reasonable and supportable information available (e.g., days past due, customer credit scoring etc.), in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial asset.

Financial assets are written-off only when there is no reasonable expectation of recovery.

Where financial assets are written-off, the Company continues to engage enforcement activities to attempt to recover the receivable due. Recoveries made, after write-off, are recognized in profit or loss.

Impairment losses on financial assets are presented separately on the statement of income.

D. Derecognition of Financial Assets

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in statement of income.

E. Classification and Subsequent Measurement of Financial Liabilities

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

F. Derecognition of Financial Liabilities

Financial liabilities are derecognized when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled or expires). Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the

recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of income.

4.5.4.1 Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the Company's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories for financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortized cost) have been replaced by:

- Financial assets at fair value through profit or loss, including equity instruments and derivatives.
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition.
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition; and
- Debt instruments at amortized cost.

IFRS 9 largely retains the requirements in IAS 39 for the classification and measurement of financial liabilities. However, under IAS 39 all fair value changes of financial liabilities designated as at FVTPL are recognized in the statement of income, whereas under IFRS 9 these fair value changes will generally be presented as follows:

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

The Company has applied IFRS 9 retrospectively and restated comparative information for 2022G for financial instruments in the scope of IFRS 9. Differences arising from the adoption of IFRS 9 were recognized in retained earnings as of 1 January 2022G. There is no impact expected on financial liabilities as a result of transition to IFRS 9.

4.5.4.2 Changes to the impairment calculation

Under IFRS 9, the Expected Credit Loss ("ECL") allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

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

ECL is computed based on the parameters namely Probability of Default (PD), Loss Given Default (LGD) and

Exposure at Default (EAD) values. ECL is discounted to present value.

Probability of Default ('PD'): The probability of default is an estimate of the likelihood of default over a given time horizon.

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

Exposure at Default ('EAD'): The exposure at default is an estimate of the exposure at a future default date.

Forward looking estimate: While estimating the ECL, the Company will review macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company will analyze the relationship between key economic trends with the estimate of PD.

IFRS 9 impairment applies to financial instruments that are not measured at fair value through profit or loss (FVTPL). Equity instruments measured at FVOCI are also excluded from the purview of impairment.

Financial assets that are subject to impairment consist of investment portfolio (debt instruments) and cash and cash equivalents.

4.5.5 Commission, Dividend Income and Other Income

Commission income on term deposits is recognized on a time proportion basis using the effective interest rate method and are disclosed under 'Investment and commission income' in statement of income. Dividend income is recognized when the right to receive a dividend is established and is included under realized gain on FVTPL investments in the statement of income. Income from Umrah product medical, general and accident insurance fund, is recognized as other income on the basis of quarterly financial statements released by their Fund Manager i.e. The Company for Cooperative Insurance.

4.5.6 Dividend Distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

4.5.7 Cash and Cash Equivalent

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments, if any, with less than three months maturity from the date of acquisition.

Murabaha deposits directly managed by the Company that fall due within more than three months from the date of acquisition are classified separately as term deposits.

4.5.8 Term Deposits

Short-term deposits are placed with local banks and financial institutions with an original maturity of more than three months but less than or equal to twelve months from the date of placement.

Long-term deposit represents deposit with maturity of more than one year from the date of placement and is placed with a financial institution carrying commission income.

4.5.9 Operating Segments

A segment is a distinguishable component of the Company that is engaged in providing products or services (an operating segment), which is subject to risk and rewards that are different from those of other segments. For management purposes, the Company is organized into business units based on their products and services and has the following major reportable segments:

- Medical provides compensation to policyholders for expenses incurred in treatment of a disease, illness or injury.
- Motor provides coverage against losses and liability related to motor vehicles.
- Other includes property, marine, engineering, accident and liability.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

No inter-segment transactions occurred during the period. If any transaction were to occur, transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expense and results will then include those transfers between business segments which will then be eliminated at the level of the financial statements of the Company.

4.5.10 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial year in which they are incurred. Land does not depreciate. The cost of other items of property and equipment is depreciated on the straight-line method to allocate the cost over estimated useful lives. Management does not anticipate any material changes to the depreciation policy.

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. The carrying values of these assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the statement of income under "Other Income, net".

4.5.11 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are not capitalized, and the related expenditure is reflected in the

statement of income in the period in which the expenditure is incurred. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Further, capital work in progress is not amortized.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the statement of income in the expense category that is consistent with the function of the intangible assets. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income when the asset is derecognized. Intangible assets with indefinite useful lives are tested for impairment annually at the cash generating unit (“CGU”) level, as appropriate, and when circumstances indicate that the carrying value may be impaired. Any impairment loss is recognised immediately in the statement of income.

The amortization method, useful life and residual value are reviewed at each reporting date and the changes are adjusted, if appropriate.

4.5.12 Lease Liabilities

The lease liability is initially measured at the net present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the Rou asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the individual lessee, which does not have recent third-party financing, and
- makes adjustments specific to the lease, for example term, country, currency and security.

Lease liabilities include the net present value of the following lease payments:

- fixed lease payments, less any lease incentives receivable.
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- amounts expected to be payable by the lessee under residual value guarantees.
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options. and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to

terminate the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related RoU asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets (RoU):

The RoU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37 "Provisions, contingent liabilities and contingent assets.

4.5.13 Provisions and Other Liabilities

Provisions are recognized when the Company has an obligation (legal or constructive) arising from past events, and the costs to settle the obligation are both probable and may be measured reliably. Provisions are not recognized for future operating losses. Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

4.5.14 Employee benefit obligations

The Company operates a single post-employment benefit scheme of defined benefit plan driven by the labor laws and workman laws of the Kingdom of Saudi Arabia which is based on most recent salary and number of service years.

The post-employment benefits plan is not funded. Accordingly, valuations of the obligations under the plan

are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately in the statement of income and while unwinding of the liability at discount rates used are recorded in the statement of income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the statement of comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in the statement of comprehensive income and transferred to retained earnings in the statement of changes in equity in the year in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in statement of income as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the labor law of Saudi Arabia.

4.5.15 Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority ("ZATCA"). Zakat is computed on the Saudi shareholders' share of equity or net profit using the basis defined under the Zakat regulations. Income tax against foreign shareholder shares is charged to the adjusted net income for the year. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. The Company is subject to zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority ("ZATCA"). Zakat expense is charged to the statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

4.5.16 Impairment of Non-Financial Assets

Assets that have an indefinite useful life – for example, land – are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

4.5.17 Statutory Reserve

In accordance with the Company's by-laws, the Company shall allocate 20% of its net income from shareholders operations each year to the statutory reserve until it has built up a reserve equal to the share capital. The reserve is not available for distribution.

4.5.18 Fair Values

The fair value of financial assets is based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flow using commission for items with similar terms and risk characteristics.

For financial assets where there is no active market, fair value is determined by reference to the market value of a similar financial assets or where the fair values cannot be derived from active market, they are determined using a variety of valuation techniques. The inputs of this models are taken from observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

4.6 Critical Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Following are the accounting judgments and estimates that are critical in preparation of these financial statements:

- **Estimates of Future Cash Flows to Fulfil Insurance Contracts**

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events. The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over

the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force within groups. The Company performs regular expense studies to determine the extent to which fixed and variable overheads are directly attributable to fulfil the insurance contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include claims handling, maintenance and administration costs, and recurring commissions payable on instalment premiums receivable within the contract boundary. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads. Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. Other costs are recognized in profit or loss as they are incurred.

- **Discounting Methodology**

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

The bottom-up approach was used to derive the discount rate. Under this approach, the USD based risk free discount rates per the European Insurance and Occupational Pensions Authority (“EIOPA”) were used as a starting point for preparing the yield curve given that SAR is pegged with USD. The Company then further added a KSA country risk premium to make the yield curve appropriate for application. The Company has used the USD volatility adjustment announced by the EIOPA for Solvency II as a proxy for illiquidity premium. The Company is currently discounting liability for incurred claims for all groups of insurance contracts.

The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

Table 22 Insurance contracts issued and reinsurance contracts held

2023	Currency	1 Year	2 Years	3 Years	4 Years	5 Years
Medical	SAR	6.23%	5.09%	4.99%	5.09%	4.91%
Motor - Comprehensive	SAR	6.23%	5.09%	4.99%	5.09%	4.91%
Motor - TPL	SAR	6.23%	5.09%	4.99%	5.09%	4.91%
Accident & liability	SAR	6.23%	5.09%	4.99%	5.09%	4.91%
Engineering	SAR	6.23%	5.09%	4.99%	5.09%	4.91%

Property	SAR	6.23%	5.09%	4.99%	5.09%	4.91%
Marine	SAR	6.23%	5.09%	4.99%	5.09%	4.91%

Source: Audited financial statements for the financial year ended 31 December 2023G.

Table 23 Insurance contracts issued and reinsurance contracts held

2022	Currency	1 Year	2 Years	3 Years	4 Years	5 Years
Medical	SAR	5.75%	4.57%	4.40%	4.48%	4.26%
Motor - Comprehensive	SAR	5.75%	4.57%	4.40%	4.48%	4.26%
Motor - TPL	SAR	5.75%	4.57%	4.40%	4.48%	4.26%
Accident & liability	SAR	5.75%	4.57%	4.40%	4.48%	4.26%
Engineering	SAR	5.75%	4.57%	4.40%	4.48%	4.26%
Property	SAR	5.75%	4.57%	4.40%	4.48%	4.26%
Marine	SAR	5.75%	4.57%	4.40%	4.48%	4.26%

Source: Audited financial statements for the financial year ended 31 December 2023G.

Table 24 Insurance contracts issued and reinsurance contracts held

2021	Currency	1 Year	2 Years	3 Years	4 Years	5 Years
Medical	SAR	1.37%	2.16%	2.49%	2.44%	2.57%
Motor - Comprehensive	SAR	1.37%	2.16%	2.49%	2.44%	2.57%
Motor - TPL	SAR	1.37%	2.16%	2.49%	2.44%	2.57%
Accident & liability	SAR	1.37%	2.16%	2.49%	2.44%	2.57%
Engineering	SAR	1.37%	2.16%	2.49%	2.44%	2.57%
Property	SAR	1.37%	2.16%	2.49%	2.44%	2.57%
Marine	SAR	1.37%	2.16%	2.49%	2.44%	2.57%

Source: Management information for the financial year ended 31 December 2021G.

- **Risk Adjustment for Non-Financial Risks**

The Company shall adjust the estimate of the present value of the future cashflows to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cashflows that arises from non-financial risk. So, the purpose of the risk adjustment for non-financial risk is to measure the effect of uncertainty in the cashflows that arise from insurance contracts, other than uncertainty arising from financial risk. The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks such as lapse risk and expense risk.

The Company adopted the PAA simplification for the calculation of liability for remaining coverage. Therefore, risk adjustment for liability for remaining coverage will only be estimated in case a group of contracts is recognized as onerous.

Applying a confidence level technique, the Company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

- **Onerosity Determination**

Under the PAA, the Company shall assume no contracts in the portfolio are onerous at initial recognition

unless “facts and circumstances” indicate otherwise. The Company performs the assessment of onerous contracts on an annual and underwriting year basis, in conjunction with updated information on product profitability. Furthermore, the assessment shall be repeated if “facts and circumstances” indicate that there are significant changes in product pricing, product design, plans and forecasts. This level of granularity determines sets of contracts. The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment. The Company has established a process for the underwriting team to capture onerous, potentially onerous and profitable contracts by assessing the profitability of the different portfolios at the start of the underwriting year. The profitability of each portfolio shall be assessed separately.

- **Fair Value of Financial Instruments**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and to make assumptions that are mainly based on market conditions existing at the end of each reporting period.

- **Estimates for Expected Premium Receipts**

The Company has developed a methodology for expected premium receipts based on provision matrix approach. Such balances have been reclassified to insurance contract liabilities in line with the requirements of IFRS 17. To measure the estimates, such balances have been grouped based on shared credit risk characteristics for respective policyholder base portfolio and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors, affecting the ability of the customers to settle the receivables. The Company has identified the gross domestic product of the country in which it operates to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

- **Share of Surplus from Umrah and Hajj Scheme**

IFRS 17 does not have specific requirements on the presentation of assigning insurance income and expenses, and insurance assets and liabilities when an insurance contract is issued by more than one entity. Accordingly, the Company applied the requirements in IAS 8 in developing a policy for the presentation of the arrangement in which it is a co-insurer. The Company analyzed the contractual terms of the arrangement policy and concluded that given the nature and substance of the arrangement, it is appropriate to present the results within net insurance results as a separate line item in the statement of comprehensive income, with details provided in the notes. The Company believes this is appropriate as management has no ability to change the pricing or control the expenditure and as such do not think it is appropriate to include the results within revenue and expenses that are controllable by the Company. The current presentation of the arrangement is similar where an entity is acting as an agent, where the principle is as there is no control net presentation is more appropriate and disclosure is provided in the notes. Management believes the presentation and disclosure reflects the substance of the arrangement.

- **Right of use assets and lease liabilities**

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

4.7 Impact of Adoption of New Accounting Standards

4.7.1 IFRS 17

On transition to IFRS 17, the Company has applied the full retrospective approach to all insurance contracts issued and reinsurance contracts held. Therefore, on transition date, 1 January 2022G, the Company:

- has identified, recognized and measured each group of insurance contracts as if IFRS 17 had always applied.
- derecognized any existing balances that would not exist had IFRS 17 always applied; and
- recognized any resulting net difference in equity.

The impact of transition to IFRS 17 on total equity is, as follows:

Table 25 (Reduction) / increase in the Company's total equity

(SAR' 000)	1 January 2022G	1 January 2023G
Change in measurement of reinsurance contract assets	4,908	4,873
Change in measurement of insurance contract liabilities	(38,703)	(19,524)
Impact of adoption of IFRS 17 on total equity	(33,795)	(14,651)

Source: Audited financial statements for the financial year ended 31 December 2023G.

Table 26 Increase / (reduction) in the Company's total assets impacting total equity

(SAR'000)	1 January 2022G	1 January 2023G
Risk adjustment	2,661	1,913
Discounting	(221)	(864)
Loss component recovery	786	2,125
Estimates for expected recoveries from reinsurer	1,682	1,699
Impact of adoption of IFRS 17 on total assets impacting total equity	4,908	4,873

Source: Audited financial statements for the financial year ended 31 December 2023G.

Table 27 (Increase) / reduction in the Company's total liabilities impacting total equity

(SAR'000)	1 January 2022G	1 January 2023G
Loss component	(26,334)	(17,790)
Risk adjustment	(6,150)	(5,902)
Discounting	1,504	2,544
Estimates for expected premium receipts	(7,461)	1,624
Re-measurement adjustments	(262)	-
Impact of adoption of IFRS 17 on total liabilities impacting total equity	(38,703)	(19,524)

Source: Audited financial statements for the financial year ended 31 December 2023G.

The impact on the net loss for the year ended 31 December 2022G attributable to the shareholders, arising from risk adjustment, discounting, loss component adjustment and expected premium receipts, in line with the requirements of IFRS 17, are as follows:

Table 28 The impact on the net loss for the year ended 31 December 2022G attributable to the shareholders

(SAR'000)	FY22
Net loss after zakat as previously reported	(58,327)
Impact on the Company's net loss	
Loss component	8,544
Risk adjustment	281
Discounting, net	406
Reinsurers' share of loss component	1,339
Estimates for expected premium receipts	9,085
Estimates for expected recoveries from reinsurer	17
Other LIC adjustment	(528)
Impact of adoption of IFRS 17	19,144
Impact of adoption of IFRS 9	317
Adjusted loss after zakat - restated	(38,866)

Source: Audited financial statements for the financial year ended 31 December 2023G.

Impact of adoption of IFRS 9

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using a full retrospective approach. The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- the determination of the business model within which a financial asset is held.
- the designation and revocation of previous designated financial assets as measured at FVTPL. This category includes financial assets that were previously designated as fair value through statement of income (FVSI).
- the sukuks having fixed term maturities were reclassified into amortized cost which were previously classified as held to maturity; and
- the designation of certain investments in equity instruments not held for trading as FVOCI.

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as of the date of application i.e., 1 January 2023G is, as follows:

Table 29 Reconciliation of Carrying Values from the Date of Implementation

Financial Assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying value under IAS 39	New carrying value under IFRS 9	Impact of ECL	Impact of change in classification
As on 1 January 2023G						
Cash and cash equivalents	Amortized cost	Amortized cost	134,765	134,765	-	-
Term deposit	Amortized cost	Amortized cost	239,076	239,043	(33)	-
Investments						
- Mutual funds	FVSI	FVTPL	20,755	20,755	-	-

- Ordinary shares	AFS	FVOCI	1,923	39,703	-	37,780
- Sukuk	Held to maturity at amortized cost	Amortized cost	60,000	61,464	(8)	1,472
Statutory deposit	Amortized cost	Amortized cost	37,500	37,500	-	-
Accrued commission income on statutory deposit	Amortized cost	Amortized cost	4,913	4,913	-	-
Other receivables	Advance to staff, deposits and other receivables	Amortized cost	6,073	4,601	-	(1,472)
			505,005	542,744	(41)	37,780

Source: Audited financial statements for the financial year ended 31 December 2023G.

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as of the date of application i.e., 1 January 2022G is, as follows:

Table 30 Reconciliation of Carrying Values from the Date of Application

Financial Assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying value under IAS 39	New carrying value under IFRS 9	Impact of ECL	Impact of change in classification
As on 1 January 2022G						
Cash and cash equivalents	Amortized cost	Amortized cost	124,016	124,016	-	-
Term deposit	Amortized cost	Amortized cost	97,000	96,825	(175)	-
Investments						
- Mutual funds	FVSI	FVTPL	69,163	68,996	(167)	-
- Ordinary shares	AFS	FVOCI	1,923	37,028	(5)	35,110
- Ordinary shares	FVSI	FVTPL	32,384	32,384	-	-
- Sukuk	Held to maturity at amortized cost	Amortized cost	64,983	65,766	(11)	794
Statutory deposit	Amortized cost	Amortized cost	37,500	37,500	-	-
Accrued commission income on statutory deposit	Amortized cost	Amortized cost	3,887	3,887	-	-
Other receivables	Advance to staff, deposits and other receivables	Amortized cost	8,907	8,113	-	(794)
			439,763	474,515	(358)	35,110

Source: Audited financial statements for the financial year ended 31 December 2023G.

Most of the financial assets that were classified as loan and receivables and held to maturity under IAS 39

continues to be measured at amortized costs under IFRS 9 since these form part of business model hold to collect contractual cash flows which are SPPI. A portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The entity is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. For such portfolios, the collection of contractual cash flows is only incidental to achieving the business model's objective. Consequently, such portfolios of financial assets must be measured at fair value through profit or loss. Accordingly, financial assets at fair value through statement of income continue to be measured at fair value through profit or loss and as such there was no impact on transition.

The impact on the net loss and other comprehensive income for the year ended 31 December 2022G upon adoption of IFRS 9, is as follows:

Table 31 The impact on the net loss and other comprehensive income for the year ended 31 December 2022G upon adoption of IFRS 9

(Thousands of Riyals)	Impact on Net Profit	Impact on other comprehensive income
Revaluation of Najm Investments	--	2,670
Net ECL allowance on financial assets	317	--
Impact of initial application of IFRS 9 for the year ended 31 December 2022G	317	2,670

Source: Audited financial statements for the financial year ended 31 December 2023G.

The impact on opening fair value reserve and opening accumulated losses, as of 1 January 2022G and 2023G, is as follows:

Table 32 Adjustment to opening fair value reserve under IFRS 9

(Thousands of Riyals)	Impact on opening accumulated losses	Impact on opening fair value reserve
Revaluation of Najm Investments	-	37,780
Net ECL allowance on financial assets	(41)	-
Impact of initial application of IFRS 9 as of 1 January 2023G	(41)	37,780

Source: Audited financial statements for the financial year ended 31 December 2023G.

(Thousands of Riyals)	Impact on opening accumulated losses	Impact on opening fair value reserve
Revaluation of Najm Investments	-	35,110
Net ECL allowance on financial assets	(358)	-
Impact of initial application of IFRS 9 as of 1 January 2022G	(358)	35,110

Source: Audited financial statements for the financial year ended 31 December 2023G.

Furthermore, the classification of financial liabilities has changed from 'Other financial liabilities at

amortized cost' as per IAS 39 to 'amortized cost' as per IFRS 9, with no corresponding change in the carrying value of such financial liabilities.

Overall impact on transition to IFRS 17 and IFRS 9:

Table 33 (Decrease) / increase in total equity on transition to

(Thousands of Riyals)	1 January 2022G	1 January 2023G
- IFRS 17	(33,795)	(14,651)
- IFRS 9	34,752	37,739
Total impact on transition to IFRS 17 and IFRS 9	957	23,088

Source: Audited financial statements for the financial year ended 31 December 2023G.

Table 34 Increase on transition to

(SAR'000)	Impact on net profit	Impact on other comprehensive income
- IFRS 17	19,144	-
- IFRS 9	317	2,670
Impact of adoption of IFRS 17 and IFRS 9 for year ended 31 December 2022G	19,461	2,670

Source: Audited financial statements for the financial year ended 31 December 2023G.

4.8 Income Statement for the financial years ended 31 December 2021G and 31 December 2022G before the impact of the implementation of the International Financial Reporting Standards No. 9 and 17

The following table presents the statements of income for the financial years ended 31 December 2021G and 31 December 2022G before the impact of the implementation of the International Financial Reporting Standards No. 9 and 17.

Table 35 Statement of Income

(SAR' 000)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	% Annual Change 2021G-2022G
Revenue			
Gross premiums written	467,531	792,108	69.42%
Reinsurance premiums ceded:			
Local	(6,660)	(3,358)	(49.58%)
Foreign	(45,690)	(75,161)	64.50%
	(52,350)	(78,519)	49.99%
Excess of loss expense:			
Local	(2,694)	(2,870)	6.53%
Foreign	(4,905)	(8,769)	78.78%
	(7,599)	(11,639)	53.16%
Net premiums written	407,582	701,950	72.22%
Change in unearned premiums, net	(8,243)	(180,885)	2,094.41%
Net premiums earned	399,339	521,065	30.48%

Reinsurance commission	8,425	9,279	10.14%
Other underwriting income	675	14,223	2,007.11%
Total revenues	408,439	544,567	33.33%
Underwriting costs and expenses			
Gross claims paid	390,048	500,604	28.34%
Reinsurers' share of claims paid	(37,599)	(48,279)	28.41%
Net claims paid	352,449	452,325	28.34%
Change in outstanding claims, net	(3,960)	(4,873)	23.06%
Change in claims incurred but not reported, net	93	(2,152)	(2,412.90%)
Net claims incurred	348,582	445,300	27.75%
Changes in premium deficiency reserve	6,700	(2,866)	(142.78%)
Changes in other technical reserves	4,795	(702)	(114.64%)
Policy acquisition costs	22,453	30,714	36.79%
Other underwriting expenses	48,590	67,431	38.77%
Total underwriting costs and expenses	431,120	539,877	25.23%
Net underwriting income / (loss)	(22,681)	4,690	(120.68%)
Other operating (expenses) / income			
Doubtful debts	(7,016)	(5,639)	(19.63%)
General and administrative expenses	(94,887)	(75,704)	(20.22%)
Investment Income	1,551	7,192	363.70%
Commission from held-to-maturity investments	1,115	1,865	67.26%
Commission income from term deposits	6,460	11,047	71.01%
Realized (loss) on investments	(1,170)	-	(100.00%)
Unrealized (loss) / gain on investments	10,123	(1,172)	(111.58%)
Other income	95	2,394	2,420.00%
Total other operating expenses	(83,729)	(60,017)	(28.32%)
Net loss before zakat	(106,410)	(55,327)	(48.01%)
Income attributable to insurance operations	-	-	-
Income / (loss) for the year attributable to shareholders before Zakat	(106,410)	(55,327)	(48.01%)
Zakat	(6,000)	(3,000)	(50.00%)
Net loss/ (income)attributable to shareholders	(112,410)	(58,327)	(48.11%)
Weighted average number of ordinary shares outstanding	10,000	10,000	(60.00%)
Basic and diluted (loss) per share	(11.24)	(5.83)	29.56%
Other comprehensive (loss) / income			
Items that will not be reclassified to the income statement in subsequent years			
Actuarial (losses)/ gains on defined benefit obligations related to insurance operations	300	(389)	(229.67%)
Total comprehensive (loss)/ income for the year	(112,110)	(58,716)	(47.63%)

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

The following table presents KPIs for the financial years ended 31 December 2021G and 31 December 2022G.

Table 36 Key Performance Indicators

	Financial year 2021G	Financial year 2022G
Gross written premium growth rate	9.30%	69.42%
Cession rate (including excel of loss expense)	12.80%	11.38%
Net premiums earned as a percentage of gross premiums written	85.40%	65.78%
Net loss ratio	87.30%	85.46%
Commission paid as a percentage of gross premiums written	4.80%	3.88%
Commission received as a percentage of ceded premiums	14.10%	10.29%
Net commission rate: Reinsurance commission less policy acquisition costs/net earned premiums	(3.50%)	(4.11%)
Net underwriting results as a percentage of gross premiums written	(4.90%)	0.59%
Net expense ratio	23.80%	14.53%
Net combined ratio	111.10%	99.99%

Source: The Company

Gross premiums written

The medical Line of Business (“LoB”) and the motor LoB are the two main business segments of the Company, as they contributed together to 93.6%, and 96.8% of the total gross premiums written in the financial years 2021G and 2022G respectively.

Gross premiums written increased by 69.4% from SAR 467.5 million in 2021G to SAR 792.1 million in 2022G, impacted by the following:

- 65.2% growth in gross premiums written in the medical LoB, from SAR 86.4 million in 2021G to SAR 142.6 million in 2022G, driven by the policies of small and micro enterprises, which recorded a 94.5% increase from SAR 62.0 million to SAR 120.6 million, after the Company reduced prices based on the recommendations of the actuarial expert, and started relying on online platforms to attract new clients;
- 77.5% increase in gross premiums written attributed to the motor LoB, from SAR 351.5 million in 2021G to SAR 624.0 million in 2022G, impacted by the competitive prices offered by the Company compared to other insurance companies, which attracted new customers, especially through online aggregators, which was partially offset by;
- 14.3% decrease in gross premiums written attributed to other LoBs, from SAR 29.7 million in 2021G to SAR 25.5 million in 2022G.

Reinsurance ceded and excess of loss premiums

The Company reinsures in accordance with a risk management strategy in order to protect the Company from potential losses and to secure additional potential growth. Reinsurance operations are carried out under proportional and facultative reinsurance agreements and contracts and excess of loss reinsurance.

Change in unearned premiums

The net change in unearned premiums is the difference between net premiums written and net premiums earned during each year.

Net Premiums Earned

Net premiums earned increased by 30.5% from SAR 399.3 million in 2021G to SAR 521.1 million in 2022G. This was mainly driven by the growth of earned premiums in the medical and motor LoBs, which increased collectively from SAR 390.9 million in 2021G to SAR 511.1 million in 2022G.

Reinsurance commissions

Reinsurance commissions are the income generated from reinsurance arrangements/agreements. Reinsurance commissions in most reinsurance arrangements/agreements depend on the profitability of the reinsured portfolio which is negatively or positively affected by the increase or decrease in incurred claims.

Net claims incurred

Net claims incurred increased by 27.7% from SAR 348.6 million in 2021G to SAR 445.3 million in 2022G. This was mainly due to the growth of business in the motor LoB, as the net claims incurred attributed to this LoB increased from SAR 289.4 million in 2021G to SAR 391.5 million in 2022G.

Changes in additional premium reserves and other technical reserves

The changes in additional premium reserves and other technical reserves included in the statement of income for the financial years 2021G and 2022G are based on the recommendations of the actuarial expert.

Policy acquisition costs

Policy acquisition costs mainly relate to commissions paid to sales representatives, brokers, and agents. These costs are generally in line with movements in gross earned premiums.

Policy acquisition costs increased by 36.8% from SAR 22.5 million in 2021G to SAR 30.7 million in 2022G, mainly due to the 45.5% surge in the motor LoB policy acquisition costs from SAR 13.2 million in 2021G to SAR 19.2 million in 2022G following the increase in sales of motor policies through brokers via online platforms.

Other underwriting expenses

Other underwriting expenses mainly relate to Elm Company fees (Yaqeen services to obtain the data of the insured), Saudi Central Bank fees, Najm Company fees, and other fees.

Other underwriting expenses increased by 38.8% from SAR 48.6 million in 2021G to SAR 67.4 million in 2022G, which was mainly driven by the increase in Najm Company fees as a result of business growth in the motor LoB, and the increase in Elm Company fees (Yaqeen services to obtain the data of the insured).

Allowance for doubtful debts

The provision for doubtful debts is related to the carrying amount of premium receivables that have been due for a long time and for which events or circumstances indicate that the carrying amount may not be recoverable. In 2021G and 2022G, the Company reviewed the carrying amount of insurance and reinsurance premium receivables in accordance with the guidelines set by the Saudi Central Bank and records the change

in the impairment of past-due premiums as a provision for doubtful debts.

General and administrative expenses

General and administrative expenses decreased by 20.2% from SAR 94.9 million in 2021G to SAR 75.7 million in 2022G. This drop was mainly due to a decline in staff costs from SAR 49.2 million in 2021G to SAR 40.0 million in 2022G, which was in turn mainly driven by the Company's adoption of a commission-based reward system for the sales department employees instead of salaries, in addition to a decrease in the number of employees from 255 to 242 between 2021G and 2022G. Additionally, depreciation and amortization expenses decreased from SAR 11.5 million in 2021G to SAR 4.9 million in 2022G, due to the SAP system write-off which was recognized mainly in 2021G.

Investment (loss) / income

Investments (loss) / income consist of profits and dividends from investment funds.

Investment income increased from SAR 1.6 million in 2021G to SAR 7.2 million in 2022G, mainly driven by the disposal of investment shares in several companies and portfolios, which resulted in a profit of SAR 5.7 million, and the disposal of investment shares in Alawwal Investment Funds, which resulted in a realized profit of SAR 1.5 million.

Commission on investments held to maturity

Commission on investments held to maturity increased from SAR 1.1 million in 2021G to SAR 1.9 million in 2022G due to additions to investments held to maturity.

Commission income on term deposits

Commission on time deposits increased from SAR 6.5 million in 2021G to SAR 11.0 million in 2022G as a result of investing in five new deposits with a total value of SAR 155.0 million as at 31 December 2022G.

Realized (loss) / gain on investments

In 2021G, the Company recorded a SAR 2.1 million realized loss from investments due to disposing local sukuk worth SAR 5.33 million.

The Company did not realize again any gain or losses from investments in 2022G.

Unrealized (loss) / gain on investments

Unrealized gain from investments at fair value through the income statement amounted to SAR 10.1 million in 2021G, mainly driven by an increase in the fair value of some investments.

However, the Company recorded an unrealized loss of SAR 1.2 million in 2022G, driven by changes in the fair value of certain investments.

Zakat expense

The Company submitted its zakat declaration for the year ended 31 December 2021G and obtained the zakat and tax certificate.

ZATCA issued assessments covering from 2006G to 2012G and amounting to SAR 17.1 million, consisting of SAR 9.3 million as zakat differences, SAR 4.4 million as withholding tax differences, and SAR 3.4 million as fines. The Company settled the withholding tax differences amounting to SAR 4.4 million and partially settled the delay fines amounting to SAR 3.1 million. Accordingly, the Company issued a SAR 9.5 million letter of guarantee in favor of ZATCA for the zakat differences of the aforementioned years. In 2021G, the Company settled its liabilities from 2008G to 2012G and subsequently requested from ZATCA to release the SAR 9.5 million bank guarantee.

A settlement request was submitted to ZATCA to pay SAR 3 million to close the case, but the Zakat Disputes Committee reached a decision to settle SAR 7.7 million to finalize the assessments for the mentioned years. ZATCA rejected the decision of the Zakat Disputes Committee, and upon the end of the hearing, the case was raised to the Appeal Committee. Management expects the Zakat liability to reach to SAR 4.2 million based on the objection and the information submitted to ZATCA and to the committees.

ZATCA issued an assessment for 2014G, in which it requested an additional zakat liability amounting to SAR 1.2 million. The assessment was objected, and the objection was rejected by ZATCA. The case was escalated to the Tax Committees, and in 2023 G, the final decision regarding the Zakat liability was announced and was paid by management.

ZATCA issued an assessment for the years 2015G to 2018G, in which it requested an additional zakat liability amounting to SAR 14.1 million, and a withholding tax liability for the years 2014G to 2018G amounting to SAR 7 million. In 2021G, the Company settled the withholding tax differences to access the benefits of the first phase of the revised governmental amnesty period (full exemption of penalties). Management believes that the zakat liability will reach SAR 14.7 million. Management believes that the provision maintained is adequate to cover any unfavorable outcome.

In 2021G, the Company received zakat assessments for the years 2019G and 2020G where ZATCA requested an additional liability amounting to SAR 11.4 million. The Company objected and the liability was later reduced to SAR 9.1 million. The Company paid SAR 2.3 million in order to object according to the Zakat regulation. The objection was referred to the General Secretariat of the Tax Committees and the case is still under discussion.

Total comprehensive (loss) / income for the year

In 2021G, the Company recorded a comprehensive loss of SAR 112.1 million resulting from a net underwriting loss of SAR 22.7 million, specifically in the motor LoB, mainly driven by an increase in net claims incurred. In addition, operating expenses amounted to SAR 83.7 million.

Comprehensive loss decreased by 47.6% from SAR 112.1 million in 2021G to SAR 58.7 million in 2022G, mainly due to the increase in net underwriting income in the medical LoB from SAR 15.7 million in 2021G to SAR 39.3 million in 2022G, and the increase in net underwriting income in other LoBs from SAR 6.2 million in

2021G to SAR 23.8 million in 2022G, partially offset by an increase in net underwriting loss in the motor LoB from SAR 44.6 million in 2021G to SAR 58.4 million in 2022G.

4.8.1 Segmental Information

The following table presents segmental information for the financial year ended 31 December 2021G:

Table 37 Segmental information for the financial year ended 31 December 2021G

(SAR' 000)	Medical insurance	Motor insurance	Others	Total
Revenue				
Individual	-	317,862	4,413	322,275
Large	18,298	6,537	8,114	32,949
Medium	9,097	16,549	8,731	34,377
Small	8,560	9,427	6,494	24,481
Very small	50,395	1,106	1,948	53,449
Gross premiums written	86,350	351,481	29,700	467,531
Reinsurance premiums ceded				
Local	-	-	(6,660)	(6,660)
Foreign	-	(34,921)	(10,769)	(45,690)
	-	(34,921)	(17,429)	(52,350)
Excess of loss expense:				
Local	(1,360)	(542)	(792)	(2,694)
Foreign	(2,131)	(2,241)	(533)	(4,905)
	(3,491)	(2,783)	(1,325)	(7,599)
Net premiums written	82,859	313,777	10,946	407,582
Change in unearned premiums, net	1,988	(7,692)	(2,539)	(8,243)
Net premiums earned	84,847	306,085	8,407	399,339
Reinsurance commission earned	-	3,933	4,492	8,425
Other underwriting income	66	424	185	675
Total revenues	84,913	310,442	13,084	408,439
Underwriting costs and expenses				
Gross claims paid	68,881	318,510	2,657	390,048
Reinsurers' share of claims paid	(3,495)	(32,264)	(1,840)	(37,599)
Net claims paid	65,386	286,246	817	352,449
Change in outstanding claims, net	(1,280)	(2,512)	(168)	(3,960)
Change in claims incurred but not reported, net	(6,873)	5,651	1,315	93
Net claims incurred	57,233	289,385	1,964	348,582
Changes in premium deficiency reserves	-	5,892	808	6,700
Change in other technical reserves	1,040	3,153	602	4,795
Policy acquisition costs	6,012	13,193	3,248	22,453
Other underwriting expenses	4,944	43,407	239	48,590
Total underwriting costs and expenses	69,229	355,030	6,861	431,120
Net underwriting income / (loss)	15,684	(44,588)	6,223	(22,681)

Source: Audited financial statements for the year ended 31 December 2021G.

In 2021G, the medical and motor LoBs accounted for the majority of the Company's portfolio. Gross premiums written amounted to SAR 467.5 million, 75.2% of which were from the motor LoB, 18.5% from the medical LoB, and 6.4% from other LoBs. The motor LoB recorded a net underwriting loss of SAR 44.6 million in 2021G, after the net loss ratio for the motor LoB increased from 71.7% in 2020G to 93.7% 2021G, while the medical LoB and other LoBs recorded a net underwriting income of SAR 15.7 million and SAR 6.2 million respectively.

The following table presents segmental information for the financial year ended 31 December 2022G:

Table 38 Segmental information for the financial year ended 31 December 2022G

(SAR' 000)	Medical insurance	Motor insurance	Others	Total
Revenue				
Individual	-	571,506	879	572,385
Large	14,325	15,905	6,910	37,140
Medium	7,459	22,070	10,605	40,134
Small	9,623	11,581	5,619	26,823
Very small	111,168	3,008	1,450	115,626
Gross premiums written	142,575	624,070	25,463	792,108
Reinsurance premiums ceded				
Local	0	0	(3,358)	(3,358)
Foreign	0	(62,269)	(12,892)	(75,161)
	0	62,269	16,250	(78,519)
Excess of loss expense:				
Local	(1,910)	(594)	(366)	(2,870)
Foreign	(5,222)	(2,405)	(1,142)	(8,769)
	(7,132)	(2,999)	(1,508)	(11,639)
Net premiums written	135,443	558,802	7,705	701,950
Change in unearned premiums, net	(28,130)	(155,019)	2,264	(180,885)
Net premiums earned	107,313	403,783	9,969	521,065
Reinsurance commission earned	-	4,651	4,628	9,279
Other underwriting income	4,745	-	9,478	14,223
Total revenues	112,058	408,434	24,075	544,567
Underwriting costs and expenses				
Gross claims paid	61,337	434,982	4,285	500,604
Reinsurers' share of paid claims	(3,848)	(43,162)	(1,269)	(48,279)
Net claims paid	57,489	391,820	3,016	452,325
Change in outstanding claims, net	1,333	(1,853)	(4,353)	(4,873)
Change in claims incurred but not reported, net	(2,270)	1,512	(1,394)	(2,152)
Net claims incurred	56,552	391,479	(2,731)	445,300
Changes in premium deficiency reserves	0	(2,057)	(809)	(2,866)
Change in other technical reserves	(919)	294	(77)	(702)
Policy acquisition costs	7,977	19,202	3,535	30,714
Other underwriting expenses	9,185	57,925	321	67,431
Total underwriting costs and expenses	72,795	466,843	239	539,877
Net underwriting income / (loss)	39,263	(58,409)	23,836	4,690

Source: Audited financial statements for the financial year ended 31 December 2022G.

In 2022G, the medical and motor LoBs accounted for the majority of the Company's portfolio. Gross premiums written amounted to SAR 792.1 million, 78.8% of which were from the motor LoB, 18.0% from the medical LoB, and 3.2% from other LoBs. The motor LoB recorded a net underwriting loss of SAR 58.5 million in 2022G, with a net loss ratio of 97.0%, while the medical LoB and other recorded a net underwriting income of SAR 39.3 million and SAR 23.8 million, respectively. However, the loss ratio for the medical LoB and other LoBs were 52.7% and 27.4%, respectively.

4.8.2 Gross Premiums Written

The following table presents the gross premiums written for the financial years ended 31 December 2021G and 31 December 2022G:

Table 39 Gross premiums written

Type of Insurance (SAR '000)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	% Annual Change 2021G - 2022G
Medical insurance	86,350	142,575	65.1%
Motor insurance	351,481	624,070	77.6%
Other LoBs	29,700	25,463	(14.3%)
Gross premiums written	467,531	792,108	69.4%
Percentage of total			
Medical insurance	18.5%	18.0%	
Motor insurance	75.2%	78.8%	
Other LoBs	6.4%	3.2%	
Total	100.0%	100.0%	

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G.

The motor LoB accounted for 75.2% and 78.8% of the gross premiums written in 2021G and 2022G, respectively; followed by the medical LoB at a percentage of 18.5% and 18.0% of the gross premiums written respectively during the same period.

Medical LoB

Gross premiums written for the medical LoB increased by 65.2% from SAR 86.4 million in 2021G to SAR 142.6 million in 2022G. This was a result of the Company reducing the prices of micro enterprises insurance policies mainly based on the recommendations of the actuary, in addition to relying on electronic platforms to attract new customers.

Motor LoB

The gross premiums written for the motor LoB increased by 77.5% from SAR 351.5 million in 2021G to SAR 642.1 million in 2022G, impacted by the continuous increase in sales of third-party liability insurance through online platforms.

Other LoBs

Gross premiums written for the other LoBs decreased by 14.3% from SAR 29.7 million in 2021G to SAR 25.5 million in 2022G as a result of the decline in business in the accident and liability LoB.

4.8.3 Reinsurance premiums ceded and excess of loss expense

The following table presents the reinsurance premiums ceded and excess loss of expense for the financial years ended 31 December 2021G and 31 December 2022G:

Table 40 Reinsurance premiums ceded and excess of loss expense

Type of Insurance (SAR '000)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	% Annual Change 2021G - 2022G
Medical insurance	3,491	7,132	104.3%
Motor insurance	37,704	65,268	73.1%
Other LoBs	18,754	17,758	(5.3%)
Reinsurance premiums ceded, including excess of loss expense	59,949	90,158	50.4%
Cession ratio: net premiums written / gross premiums written			
Medical insurance	0.7%	0.9%	

Motor insurance	8.1%	8.2%
Other LoBs	4.0%	2.2%
Cession ratio	12.8%	11.4%

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

The Company reinsures the policies issued by it under proportional and facultative agreements and reinsurance contracts and excess of loss arrangements externally and locally. The ceded reinsurance premiums and external excess of loss represent 89.6% of the total ceded reinsurance premiums and excess loss premiums between 2021G and 2022G, while the local ceded reinsurance premiums, including excess of loss represent a percentage of 10.4%.

The overall cession rate ranged between 11.4% and 12.8% of the total gross premiums written between 2021G and 2022G.

Total ceded reinsurance premiums increased by 50.4% from SAR 59.9 million in 2021G to SAR 90.2 million in 2022G, mainly due to the increase in business in the motor LoB.

4.8.4 Net premiums written

The following table presents the net premiums written for the financial years ended 31 December 2021G and 31 December 2022G:

Table 41 Net premiums written

Type of Insurance (SAR '000)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	% Annual Change 2021G - 2022G
Medical insurance	82,859	135,443	63.5%
Motor insurance	313,777	558,802	78.1%
Other LoBs	10,946	7,705	(29.6%)
Net premiums written	407,582	701,950	72.2%
Retention rate: net premiums written / gross premiums written			
Medical insurance	96.00%	95.0%	
Motor insurance	89.30%	89.5%	
Other LoBs	36.90%	30.3%	
Retention Rate	87.20%	88.6%	

Source: Audited financial statements for the years ended 31 December 2021G and 2022G

Medical LoB

The average retention rate for the medical LoB was 95.5% for 2021G and 2022G, as the Company uses excess loss arrangements to reinsure this LoB.

Motor LoB

The average retention rate for the motor LoB was 89.4% for 2021G and 2022G, as the Company uses excess loss arrangements to reinsure this LoB.

Other LoBs

The average retention rate for other LoBs (mainly including accident and liability, fire and property LoBs, in addition to marine and engineering LoBs) was 36.9% in 2021G then decreased to 30.3% in 2022G, where the

average retention rate for other LoBs is relatively lower than that for the motor and medical LoBs. This is due to the nature of the reinsurance agreements for other LoBs.

4.8.5 Change in unearned premiums

The net change in unearned insurance premiums is the difference between net written insurance premiums and net earned insurance premiums during each year.

4.8.6 Net Premiums Earned

The following table presents the net premiums earned for the financial years ended 31 December 2021G and 31 December 2022G:

Table 42 Net earned premiums

Type of Insurance (SAR '000)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	% Annual Change 2021G - 2022G
Medical insurance	84,847	107,313	26.5%
Motor insurance	306,085	403,783	31.9%
Other <u>LoBs</u>	8,407	9,969	18.6%
Net earned premiums	399,339	521,065	30.5%
Percentage of total			
Medical insurance	21.2%	20.6%	
Motor insurance	76.6%	77.5%	
Other <u>LoBs</u>	2.1%	1.9%	
Total	100.0%	100.0%	

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

The motor LoB represented the highest percentage of net insurance premiums earned, contributing 77.0% of the total in 2021G and 2022G, followed by the medical LoB which contributed to 20.9% of the total for the same period, as the Company retains the largest part of its operations in these two LoBs.

Net earned insurance premiums increased by 30.5% from SAR 399.3 million in 2021G to SAR 521.1 million in 2022G, mainly due to the following:

- the increase in gross premiums written for the motor LoB by 31.9% from SAR 306.1 million in 2021G to SAR 403.7 million in 2022G, impacted by the increase in sales of third-party liability through online platforms, in addition to
- the increase in net insurance premiums earned for the medical LoB by 26.5% from SAR 84.8 million in 2021G to SAR 107.4 million in 2022G due to the business growth in this LoB mainly driven by competitive prices offered by the Company based on the recommendations of the actuary.

4.8.7 Reinsurance commission earned

The following table presents the reinsurance commission earned for the financial years ended 31 December 2021G and 31 December 2022G:

Table 43 Reinsurance commission earned

Type of Insurance (SAR '000)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	% Annual Change 2021G - 2022G
Medical insurance	-	-	N/A
Motor insurance	3,933	4,651	18.3%
Other LoBs	4,492	4,628	3.0%
Reinsurance commission earned	8,425	9,279	10.1%
Reinsurance commission earned as a percentage of premiums ceded			
Medical insurance	0.0%	0.0%	
Motor insurance	10.4%	7.1%	
Other LoBs	24.0%	26.1%	
Total	14.1%	10.3%	

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G.

Reinsurance commissions represent the income generated from reinsurance arrangements/ agreements. Reinsurance commissions in most reinsurance arrangements/ agreements depend on the profitability of the reinsured portfolio which is negatively or positively affected by the increase or decrease in incurred claims.

Motor LoB

The rate of reinsurance commissions earned as a percentage of premiums ceded in the motor LoB was 10.4% and 7.1% in 2021G and 2022G, respectively. Changes in the above rates are mainly due to changes in the distribution of premiums ceded between proportional reinsurance and excess loss arrangements in this LoB's reinsurance where the latter is not subject to reinsurance commissions unlike the proportional insurance.

Other LoBs

The rate of reinsurance commissions received as a percentage of premiums ceded in the other LoBs was 24.0% and 26.1% in 2021G and 2022G, respectively. Changes in the above rates are mainly due to changes in the distribution of premiums ceded between proportional and facultative reinsurance and excess loss arrangements in this LoB's reinsurance where the latter is not subject to reinsurance commissions unlike the proportional insurance.

4.8.8 Net claims paid and incurred

The below table shows the claims paid and incurred for the financial years ended 31 December 2021G and 31 December 2022G:

Table 44 Net claims paid and incurred

Type of Insurance (SAR '000)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	% Annual Change 2021G - 2022G
Medical insurance	68,881	61,337	(11.0%)
Motor insurance	318,510	434,982	36.6%
Other LoBs	2,657	4,285	61.3%
Gross claims paid	390,048	500,604	28.3%
Medical insurance	(3,495)	(3,848)	10.1%
Motor insurance	(32,264)	(43,162)	33.8%
Other LoBs	(1,840)	(1,269)	(31.0%)
Reinsurers' share of paid claims	(37,599)	(48,279)	28.4%

Net claims paid	352,449	452,325	28.3%
Medical insurance	(1,280)	1,333	(204.1%)
Motor insurance	(2,512)	(1,853)	(26.2%)
Other LoBs	(168)	(4,353)	2,491.1%
Change in claims outstanding, net	(3,960)	(4,873)	23.1%
Medical insurance	(6,873)	(2,270)	(67.0%)
Motor insurance	5,651	1,512	(73.2%)
Other LoBs	1,315	(1,394)	(206%)
Change in claims incurred but not reported, net	93	(2,152)	(2,214.0%)
Medical insurance	57,233	56,552	(1.2%)
Motor insurance	289,385	391,479	35.3%
Other LoBs	1,964	(2,731)	(239.1%)
Net claims incurred	348,582	445,300	27.7%
Reinsurers' share as a percentage of total claims paid			
Medical insurance	5.1%	6.3%	
Motor insurance	10.1%	9.9%	
Other LoBs	69.3%	29.6%	
Total	9.6%	9.6%	

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G.

4.8.8.1 Gross claims paid

Gross claims paid increased by 28.3% from SAR 390.0 million in 2021G to SAR 500.6 million in 2022G, mainly due to the increase in gross claims paid of the motor LoB by 36.6% from SAR 318.5 million in 2021G to SAR 435.0 million in 2022G driven by the increase in third-party liability sales written through the online aggregators.

4.8.8.2 Reinsurers' share of paid claims

The reinsurance share of the claims paid is determined by the reinsurance agreement of each LoB in the Company.

There is no material change in the percentage of the reinsurers' share of claims paid in the financial years 2021G and 2022G.

4.8.8.3 Changes in Outstanding Claims and Claims Incurred But Not Reported

Changes in outstanding claims and changes in incurred but not reported claims represent changes in estimated claims reserve and incurred but not reported claims estimated by the actuary during the year.

4.8.9 Net claims incurred

The following table presents the net claims incurred for the financial years ended 31 December 2021G and 31 December 2022G:

Table 45 Net claims incurred

Type of Insurance (SAR '000)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	% Annual Change 2021G - 2022G
Medical insurance	57,233	56,552	(1.2%)

Motor insurance	289,385	391,479	35.3%
Other LoBs	1,964	(2,731)	(239.0%)
Net claims incurred	348,582	445,300	27.7%
Net loss ratio: net claims incurred / net premiums earned			
Medical insurance	67.5%	52.7%	
Motor insurance	94.5%	97.0%	
Other LoBs	22.3%	(27.4%)	
Net loss ratio	87.3%	85.5%	

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G.

Medical LoB

The net loss ratio for the medical LoB decreased from 67.5% in 2021G to 52.7% in 2022G, mainly driven by the Company's focus on issuing medical insurance policies for small and micro enterprises that usually have a lower net loss ratio than Corporates.

Motor LoB

The net loss ratio for the motor LoB increased from 94.5% in 2021G to 97.0% in 2022G. This was due to the growth in the volume of business in the motor LoB, especially through online aggregators as a result of the competitive prices offered by the Company for this product compared to other insurance companies.

Other LoBs

The net loss ratio for other LoBs decreased from 22.3% in 2021G to (27.4%) in 2022G due to the absence of any major claims during 2022G.

4.8.10 Policy acquisition costs

The following table presents the policy acquisition costs for the financial years ended 31 December 2021G and 31 December 2022G:

Table 46 Policy acquisition costs

Type of Insurance (SAR '000)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	% Annual Change 2021G - 2022G
Medical insurance	6,012	7,977	32.7%
Motor insurance	13,193	19,202	45.5%
Other LoBs	3,248	3,535	8.8%
Insurance policy acquisition costs	22,453	30,714	36.8%
Paid policy acquisition costs / gross premiums written			
Medical insurance	1.3%	%1.0	
Motor insurance	2.8%	2.4%	
Other LoBs	0.7%	%0.4	
Total	4.8%	%3.9	

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G.

Policy acquisition costs mainly relate to commissions paid to sales representatives, brokers and agents. These costs are generally in line with movements in gross premiums written earned.

The medical and motor LoBs constitute the two largest LoBs that contributed to the total policy acquisition

costs, collectively representing an average of 85.5% and 88.5% of the total policy acquisition costs in 2021G and 2022G, respectively.

The policy acquisition costs increased by 36.8% from SAR 22.5 million in 2021G to SAR 30.7 million in 2022G. That is primarily because of the increase in policy acquisition costs attributable to the motor LoB due to the growth in the volume of business in this LoB, especially through online aggregators.

4.8.11 General and administrative expenses

The following table presents the general and administrative expenses for the financial years ended 31 December 2021G and 31 December 2022G.

Table 47 General and administrative expenses

Type of Insurance (SAR '000)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	% Annual Change 2021G - 2022G
Staff Costs	49,204	40,005	(%18.7)
Depreciation and amortization	11,516	4,690	(%59.3)
Information Technology	6,003	4,420	(%26.4)
Training and Development	146	113	(%22.6)
Travel and accommodation	382	226	(%40.8)
Telecommunication	2,020	2,034	%0.7
Stationery and Prints	388	382	(1.5%)
Benefits	283	204	(%27.9)
Maintenance and repair	631	1,037	%64.3
Auditing and professional fees	3,365	4,259	%26.6
Marketing and advertisement	1,122	737	(%34.3)
Other	19,827	16,631	(%16.1)
Total	94,887	74,738	(%21.2)

Source: The audited financial statements for the financial years ended 31 December 2021 and 2022G.

4.8.11.1 Staff Costs

Staff costs represent the main expense within general and administrative expenses, as they constituted 51.9% and 52.8% of the total general and administrative expenses in the years 2021G and 2022G, respectively.

Staff costs decreased by 18.7% from SAR 49.2 million in 2021G to SAR 40.0 million in 2022G. This decrease was mainly driven by the Company's adoption of a commission-based reward system for the sales department employees instead of salaries, in addition to a decrease the number of employees from 255 in 2021G to 242 in 2022G.

4.8.11.2 Depreciation and amortization

In 2022G, depreciation and amortization expenses decreased by 59.3% from SAR 11.5 million in 2021G to SAR 4.9 million after the Company wrote-off the SAP ERP program in 2021G.

4.8.11.3 Other

The other expenses decreased by 16.1% from SAR 19.8 million in 2021G to SAR 16.6 million in 2022G.

4.9 Statement of Financial Position as at 31 December 2021G and 31 December 2022G before the impact of the implementation of the International Financial Reporting Standards No. 9 and 17

The following table provides a summary of the Company's statement of financial position as at 31 December 2021G and 31 December 2022G before the impact of the implementation of the International Financial Reporting Standards No. 9 and 17:

Table 48 Statement of Financial Position

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Total assets	614,541	765,970	24.6%
Total liabilities	518,057	728,202	40.6%
Total equity	96,484	37,768	(60.9%)
Total liabilities and equity	614,541	765,970	24.6%

Source: Audited financial statements for the years ended 31 December 2021G and 2022G

Total Assets

Total assets increased by 24.6% from SAR 614.5 million as at 31 December 2021G to SAR 766.0 million as at 31 December 2022G. This was mainly due to: 1) increase in term deposits by 146.5% from SAR 97.0 million as of 31 December 2021G to SAR 239.1 million as of 31 December 2022G as a result of a short-term deposit of SAR 164.1 million; this was partially offset by the disposal of deposits of SAR 22.0 million as of 31 December 2022G; and 2) An increase in the balance of premiums and reinsurers receivables from SAR 54.7 million as of 31 December 2021G to SAR 85.3 million at 31 December 2022G in line with the growth in gross premiums written; partially offset by a decrease in the balance of investments from SAR 168.5 million as of 31 December 2021G to SAR 82.7 million as of 31 December 2022G. This is mainly caused by the disposal of investments held at fair value through the statement of income and investments held to maturity.

Total liabilities

Total liabilities increased by 40.6% from SAR 518.1 million as of 31 December 2021G to SAR 728.2 million as of 31 December 2022G. This was mainly caused by an increase in unearned premium balances by 86.2% from SAR 228.8 million as of 31 December 2021G to SAR 426.0 million as of 31 December 2022G in line with an increase in gross premiums written.

Total Equity

Total equity decreased by 60.9% from SAR 96.5 million as of 31 December 2021G to SAR 37.8 million as of 31 December 2022G. This is mainly caused by a comprehensive loss of SAR 58.7 million in 2022G. Moreover, the Company's capital was reduced by 60.0% from SAR 250.0 million as of 31 December 2021G to SAR 100.0 million as of 31 December 2022G to net-off accumulated losses, which resulted in a decrease in the balance of accumulated losses to reach SAR 62.1 million as of 31 December 2022G.

4.9.1 Assets

The following table shows the Company's total assets as at 31 December 2021G and 31 December 2022G:

Table 49 Assets

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Cash and Cash Equivalents	124,016	134,765	%8.7
Term Deposits	97,000	239,076	%146.5
Premiums and reinsurers' receivable –net	54,672	85,342	%56.1
Reinsurers' share of unearned premiums	25,555	41,878	%63.9
Reinsurers' share of outstanding claims	19,975	28,976	%45.1
Reinsurers' share of claims incurred but not reported	13,866	13,493	(%2.7)
Deferred policy acquisition costs	27,707	42,239	%52.4
Investments	168,453	82,678	(%50.9)
Prepaid expenses and other assets	19,154	31,481	%64.4
Right to use assets, net	18,231	17,454	(%4.3)
Property and equipment, net	4,107	5,154	%25.5
Intangible Assets, net	418	1,021	%144.3
Statutory deposit	37,500	37,500	0.0%
Accrued commission on statutory deposit	3,887	4,913	%26.4
Total Assets	614,541	765,970	%24.6

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

4.9.1.1 Cash and Cash Equivalents

Cash and cash equivalents constituted 20.2% and 17.6% of total assets as of 31 December 2021G and 2022G, respectively. Cash and cash equivalents consist of cash in hand and current accounts with banks. The majority of bank accounts are with the Saudi British Bank and Banque Saudi Fransi (BSF).

The balance of cash and cash equivalents increased by 8.7% from SAR 124.0 million as of 31 December 2021G to SAR 134.8 million as of 31 December 2022G, due to the growth in the volume of business in addition to proceeds from the maturity of investments, part of which was invested in term deposits.

4.9.1.2 Term Deposits

Term deposits consist of term deposits with banks with maturity dates of more than three months from the date of their original deposit as at 31 December 2021G and 31 December 2022G.

The balance of term deposits increased by 146.5% from SAR 97.0 million as of 31 December 2021G to SAR 239.1 million as of 31 December 2022G, as a result of the placement of five new deposits amounting to SAR 164.1 million, partially offset by the maturity of deposits amounting to SAR 22.0 million as of 31 December 2022G.

4.9.1.3 Insurance premiums receivable and reinsurance receivables, net

The following table shows the insurance premiums receivable and reinsurance receivables as at 31 December 2021G and 31 December 2022G.

Table 50 Premiums and reinsurers' receivable, net

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	%Annual Change 2021G - 2022G
Insurance policyholders	92,983	130,807	40.7%
Receivables from reinsurers	6,073	4,558	(24.9%)
Total	99,056	135,365	36.7%
Allowance for doubtful receivables	(44,384)	(50,023)	12.7%
Premiums and reinsurers' receivable, net	54,672	85,342	56.1%

Source: Audited financial statements for the year ended 31 December 2022G.

Premiums receivable are recognized based on gross written insurance premiums receivable from insurance contracts, less a provision for any uncollectible amounts. Reinsurance balances and premiums are recognized when due and measured at initial recognition at the fair value of the consideration received or payable. The carrying amount of receivables is reviewed for impairment, and when events or conditions indicate that the carrying amount may not be recoverable, an impairment loss is separately included under "allowance for impairment of insurance and reinsurance premium receivables" in the statement of income. Balances receivable are derecognized when the Company has no control over the contractual rights to the balance, which is normally the case when the balance due is sold, or when all of the cash flows related to the balance are transferred to an independent third party.

Premiums and reinsurers' receivable, net increased by 46.1% from SAR 54.7 million as at 31 December 2021G to SAR 85.3 million as of 31 December 2022G due to the increase in policyholders' balance from SAR 93.0 million as at 31 December 2021G to SAR 130.8 million as of 31 December 2022G, driven by growth of business and gross premiums written.

The following table shows the ages of premiums and reinsurers' receivable, net as of 31 December 2021G and 31 December 2022G:

Table 51 Ageing of premiums and reinsurers' receivable, net

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Up to three months	36,645	52,617	43.6%
From 3-6 months	3,111	14,675	371.7%
From 6-12 months	3,527	5,672	60.8%
More than 12 months	11,389	12,378	8.7%
Total	54,672	85,342	56.1%

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

The ages of premiums and reinsurers' receivable, net in the table above indicate that 20.8% and 14.5% of premiums and reinsurers' receivable, net as of 31 December 2021G and 31 December 2022G, respectively, were outstanding for a period exceeding one year.

The Company, based on past experience, expects to collect premiums and reinsurers' receivable, net that are past due and not fully impaired. It is not the Company's policy to obtain collateral for the receivables, and therefore most of them are without collateral. The balances of the top five clients constitute 22% of the total premium's receivable as at 31 December 2022G (2021G: 21%). Premiums and reinsurers' receivable, net consist of a large number of clients and insurance companies mostly in Saudi Arabia.

4.9.1.4 Allowance for doubtful debts

Table 52 Movement in allowance for doubtful debts

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Balance at the beginning of the year	37,368	44,384	18.8%
Provision for the year	7,016	5,639	(19.6%)
Balance at the end of the year	44,384	50,023	12.7%

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the contractual terms of the debtors. Significant or material financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are indicators that the receivable is impaired.

Allowance for doubtful debts increased from SAR 34.4 million as of 31 December 2021 to SAR 50.0million as of 31 December 2022G, mainly as a result of the increase in receivables balances during the period.

4.9.1.5 Deferred policy acquisition costs

The following table shows the movement in deferred policy acquisition costs as at 31 December 31 December 2021G and 31 December 2022G:

Table 53 Movement in deferred acquisition costs

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Balance at the beginning of the year	21,020	27,707	31.8%
Incurred during the year	29,140	45,246	55.3%
Amortized during the year	(22,453)	(30,714)	36.8%
Balance at the end of the year	27,707	42,239	52.4%

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

Commissions and other costs directly related to the acquisition and renewal of insurance contracts are deferred and amortized over the terms of the insurance contracts to which they relate, similar to premiums earned, to the extent that these costs are recoverable out of future premiums.

All other acquisition costs are recognized as an expense when incurred. Amortization is recorded in the "Policy acquisition costs" in the statement of income. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embedded in the asset are accounted for by changing the amortization period and are treated as a change in accounting estimates.

The following table shows the analysis of deferred insurance policies costs by LoB as of 31 December 2021G and 31 December 2022G.

Table 54 Deferred policy acquisition costs

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021 - 2022
Medical insurance	4,547	9,569	110.4%
Motor insurance	20,700	30,491	47.30%
Other	2,460	2,179	(11.4%)
Deferred policy acquisitions costs	27,707	42,239	52.4%

As a percentage of commissions paid per segment		
Medical insurance	75.60%	120.0%
Motor insurance	156.90%	158.8%
Other	75.70%	61.6%
Total	123.40%	137.5%

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

Deferred policy costs increased by 52.4% from SAR 27.7 million as of 31 December 2021G to SAR 42.2 million as at 31 December 2022G, due to the increase in the deferred policy acquisition costs for the motor LoB by 47.3% from SAR 20.7 million as at 31 December 2021G to SAR 30.5 million as at 31 December 2022G, in addition to an increase in the deferred policy acquisition costs for the medical LoB by 110.4% from SAR 4.5 million as at 31 December 2021G to SAR 9.6 million as at 31 December 2022G in line with business growth in these LoBs in the financial year 2022G.

4.9.1.6 Investments

The following table shows the investments as of 31 December 2021G and 31 December 2022G.:

Table 55 Investments

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Investments classified at fair value through statement of income	101,547	20,755	(79.6%)
Investments held to maturity	64,983	60,000	(7.70%)
Investments available for sale:	1,923	1,923	0.00%
Total	168,453	82,678	(50.9%)

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

The following table shows the breakdown of investments classified at fair value through the statement of income as of 31 December 2021G and 31 December 2022G:

Table 56 Breakdown of Investments Classified at Fair Value through Statement of Income

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Investment in equity securities	32,384	-	(100.00%)
Units in local sukuk funds	-	-	N/A
Local DPM money market funds	25,921	20,754	(19.90%)
Units in local real estate funds	9,394	-	(100.00%)
Local DPM equity securities	33,848	-	(100.00%)
Total	101,547	20,755	(79.60%)

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

The following table shows the movement in investments classified at fair value through the income statement as of 31 December 2021G and 31 December 2022G:

Table 57 Movements in Investments Classified at Fair Value through Statement of Income

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Balance at the beginning of the year	151,968	101,547	(33.20%)
Purchased during the year	8,838	90,036	918.70%
Disposals during the year	(69,382)	(169,656)	144.52%

Realized gain during the year	91,424	21,927	(76.00%)
Total	10,123	(1,172)	(111.60%)
Change in fair value	101,547	20,755	(79.60%)
Balance at the end of the year	151,968	101,547	(33.20%)

Source: The audited financial statements for the financial years ended 31 December 2021G and 31 December 2022G.

The following table shows movements in investments held to maturity as of 31 December 2021G and 31 December 2022G.

Table 58 Movements in investments held to maturity

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Balance at the beginning of the year	14,983	64,983	333.70%
Disposals during the year	-	(4,983)	N/A
Due during the year	-	-	N/A
Purchased during the year	50,000	-	(100.00%)
Amortized during the year	-	-	N/A
Balance at the end of the year	64,983	60,000	(7.70%)

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

Total investments decreased by 50.9% from 168.6 million as of 31 December 2021G to SAR 82.7 million as of 31 December 2022G, due to a 79.6% decrease in investments classified at fair value through the statement of income to SAR 20.8 million as of 31 December 2022G. This is mainly caused by the disposal of investments held at fair value through the income statement of SAR 169.7 million as well as the disposal of investments held to maturity amounting to SAR 5.0 million, partially offset by additions to investments classified at fair value through the income statement of SAR 90.0 million in year 2022G.

4.9.1.7 Prepaid Expenses and Other Assets

The following table shows prepaid expenses and other assets as of 31 December 2021G and 31 December 2022G:

Table 59 Prepaid Expenses and Other Assets

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Prepayments	1,504	1,247	(17.1%)
Advances to Staff	2,619	1,694	(35.3%)
Deposits	300	300	0.0%
Accrued commissions	444	1,122	152.7%
Co-insurance income receivable	558	13,732	2,360.9%
Discount volume Incentive receivable	1,895	1,995	5.3%
Advances to suppliers	6,268	7,962	27.0%
Other receivables	5,566	3,429	89.8%
Total	19,154	31,481	64.4%

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

Prepaid expenses and other assets increased by 64.4% from SAR 19.2 million as of 31 December 2021G to SAR 31.5 million as of 31 December 2022G, mainly due to an increase in the balance of receivables of the Hajj and Umrah Fund from SAR 0.6 million as of 31 December 2021G to SAR 13.7 million as of 31 December 2022G.

4.9.1.8 Right of use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. Lease terms range from 2 to 11 years for offices. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Table 60 Right of use assets

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
1 January	21,927	18,231	(16.86%)
Additions during the year	162	1,720	961.73%
Depreciation charge for the year	(3,853)	(1,756)	(54.43%)
Terminations	(5)	(741)	14,720.00%
Net book value at 31 December	18,231	17,454	(4.26%)

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

The right of use assets decreased by 4.26% from SAR 18.2 million as of 31 December 2021G to SAR 17.5 million as of 31 December 2022G, mainly caused by depreciation charged during the year.

4.9.1.9 Property and equipment

Table 61 Property and equipment, net

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Motor vehicle	16	-	(100.0%)
Furniture and fixtures	3,139	2,014	(35.8%)
Computers and equipment	952	1,026	7.8%
Capital work in progress	-	2,114	N/A
Total	4,107	5,154	25.5%

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G.

Net carrying amount of property and equipment increased by 25.5% from SAR 4.1 million as of 31 December 2021G to SAR 5.2 million as of 31 December 2022G mainly caused by work in progress with a balance of SAR

2.1 million as of 31 December 2022G representing IT system upgrades and other IT related purchases.

4.9.1.10 Intangible Assets

Intangible assets include computer software and licenses that are measured at cost. Intangible assets with defined useful lives are amortized over the estimated useful life according to the expected consumption pattern of economic benefits. The estimated useful life of the software is 5 years while the estimated useful life of the licenses is 4 years.

In 2021G, and upon the approval of the Board of Directors, the Company charged additional amortization expenses to write-off the SAP system. Instead, the Company adopted a comprehensive ERP system that can help provide a strategic advantage given that SAP was deemed not the best option to achieve this advantage according to Management.

Intangible assets increased from to SAR 418 thousands as of 31 December 2021G to SAR 1.0 million as of 31 December 2022G due to additions to Aman software of SAR 0.9 million, partially offset by depreciation expenses of SAR 0.3 million.

4.9.1.11 Statutory deposit

The statutory deposit represents 15% of the paid-up and held capital, in accordance with the requirements of the Cooperative Insurance Companies Control Law in the Kingdom of Saudi Arabia. In accordance with the instructions of the Saudi Central Bank in the circular issued on 1 March 2016G, the Company has recognized the commissions payable for the statutory deposit as of 31 December 2021G and 31 December 2022G as an asset and liability in these financial statements.

4.9.2 Liabilities

The following table shows the liabilities as of 31 December 2021G and 31 December 2022G.

Table 62 Liabilities

(SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Liabilities			
Policyholders claims payable	11,421	7,407	(35.2%)
Receivable accrued and other liabilities	35,982	42,179	17.2%
Lease liabilities	20,335	18,493	(9.0%)
Reinsurers' balances payable	984	13,214	1242.9%
Unearned premiums	228,830	426,038	86.2%
Unearned reinsurance commission	4,351	3,835	(11.9%)
Outstanding claims	22,859	26,987	18.0%
Claims incurred but not reported Claims	123,883	121,358	(2.0%)
Premium deficiency reserve	6,700	3,834	(42.8%)
Other technical reserves	7,892	7,190	(8.9%)
Employee benefits obligations	7,895	6,716	(14.9%)
Surplus distribution payable	15,409	15,409	0.0%
Provision for zakat	27,629	30,629	10.9%

Accrued commission income payable to SAMA	3,887	4,913	26.4%
Total liabilities	518,057	728,202	40.6%

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G.

4.9.2.1 Policyholders claims payable

Policyholders claims payable decreased by 35.2% from SAR 11.4 million as of 31 December 2021 to SAR 7.4 million as of 31 December 2022, due to claim settlements.

4.9.2.2 Accrued expenses and other liabilities

The following table shows accrued expenses and other liabilities as of 31 December 2021G and 31 December 2022G:

Table 63 Accrued expenses and other liabilities

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Payable to agents and brokers	12,032	20,686	71.9%
Payable to government entities	2,770	12,142	338.3%
Payable to suppliers	14,921	7,917	(46.9%)
Payable to third party administrator	729	710	(2.6%)
Accrued expenses	397	525	32.2%
Other liabilities	5,133	199	(96.1%)
Total	35,982	42,179	17.2%

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G.

Accrued expenses and other liabilities increased by 17.2% from SAR 36.0 million as at 31 December 2021G to SAR 42.2 million as of 31 December 2022G. This is mainly caused by an increase in the balance of amounts payable to brokers and agents by 71.9% from SAR 12.0 million as of 31 December 2021G to SAR 20.7 million as at 31 December 2022G, in line with the increase in gross premiums written, in addition to an increase in amounts payable to government entities by 338.3% to SAR 12.1 million as of 31 December 2022G as a result of the increase in VAT due from zero as of 31 December 2021G to SAR 6.7 million as of 31 December 2022G. This was partially offset by a decrease in the balance of payables to suppliers from SAR 14.9 million as of 31 December 2021G to SAR 7.9 million as of 31 December 2022G, in addition to a decrease in other liabilities by 96.1% to reach SAR 0.2 million as of 31 December 2022G.

4.9.2.3 Lease obligations

Lease obligations decreased from SAR 20.3 million as of 31 December 2021G to SAR 18.5 million as of 31 December 2022G. This was mainly caused by the disposal of a number of offices and points of sale in addition to annual payments of the obligation amount.

4.9.2.4 Reinsurers' balances payable

Reinsurers' balances payable increased by 1,242.9% from SAR 948 thousand as of 31 December 2021G to SAR 13.2 million as of 31 December 2022G in line with the growth in business during the year.

4.9.2.5 Unearned premiums and reinsurers' share of unearned premiums

The following table shows the unearned premiums and reinsurers' share of unearned premiums as of 31 December 2021G and 31 December 2022G:

Table 64 Unearned premiums and reinsurers' share of unearned premiums

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Medical insurance	41,948	70,077	67.1%
Motor insurance	168,303	340,546	102.3%
Other LoBs	18,579	15,415	(17.0%)
Unearned Premiums	228,830	426,038	86.2%
Medical insurance	-	-	N/A
Motor insurance	(16,829)	(34,054)	102.4%
Other LoBs	(8,726)	(7,824)	(10.3%)
Reinsurers' share of unearned premiums	(25,555)	(41,878)	63.9%
Unearned Premiums, net	203,275	384,160	89.0%
Unearned premiums as a percentage of gross premiums written			
Medical insurance	9.00%	8.8%	
Motor insurance	36.00%	43.0%	
Other LoBs	4.00%	1.9%	
Total	48.90%	53.8%	
Reinsurers' share of unearned premiums as a percentage of unearned premiums			
Medical insurance	0.00%	0.00%	
Motor insurance	10.00%	10.00%	
Other LoBs	47.00%	53.20%	
Total	11.20%	10.00%	

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G.

Unearned Premiums

Premiums are carried to the income statement on a proportional basis over the periods of the relevant insurance policies. Unearned premiums represent the portion of premiums written relating to the unexpired period of coverage.

The motor LoB represents 73.5% and 79.9% of total unearned premiums as of 31 December 2021G and 2022G, respectively. The medical LoB represents 18.3% and 16.4% of total unearned premiums as of 31 December 2021G and 2022G, respectively. While the other LoBs represent 8.1% and 3.6% of the total unearned premiums as of 31 December 2021G and 2022G, respectively.

Total unearned premiums increased by 86.2% from SAR 228.8 million as at 31 December 2021G to SAR 426.0 million as at 31 December 2022G, mainly driven by an increase in unearned premiums in the motor LoB by 102.3% from SAR 168.3 million as at 31 December 2021G to SAR 340.5 million as at 31 December 2022G in addition to an increase in total unearned premiums in the medical LoB by 67.1% from SAR 41.9 million as at 31 December 2021G to SAR 70.1 million as at 31 December 2022G, in line with the increase in total written premiums in both LoBs.

Reinsurers' share of unearned premiums

Reinsurers' share of unearned premiums is calculated on a proportional basis using the same mechanism of

calculating unearned insurance premiums. Reinsurers' share of unearned premiums coincides proportionally with the reinsurers' share of written premiums under reinsurance agreements. The other LoBs had the highest ceded rate compared to the motor and medical LoBs.

Reinsurers' share of unearned premiums increased by 63.9% from SAR 25.6 million as of 31 December 2021G to SAR 41.9 million as of 31 December 2022G, due to the increase in the reinsurers' share of unearned premiums ceded to the motor LoB by 102.4% to reach SAR 34.1 million as of 31 December 2022G, in line with the increase in gross premiums written in the motor LoB.

4.9.2.6 Unearned reinsurance commission

The following table shows the unearned reinsurance commission as of 31 December 2021G and 31 December 2022G:

Table 65 Movements in unearned reinsurance commission

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Balance at the beginning of the year	3,733	4,351	16.6%
Commissions received during the year	9,043	8,763	(3.1%)
Commissions earned during the year	(8,425)	(9,279)	(10.1%)
Balance at the end of the year	4,351	3,835	(11.9%)

Source: The audited financial statements for the financial years ended 31 December 2021G and 31 December 2022G.

Commissions related to reinsurance contracts issued under the terms of the insurance contracts to which they relate, are deferred and amortized, similar to premiums earned. Amortization is recorded in the statement of income.

The unearned reinsurance commission balance decreased by 11.9% from SAR 4.3 million as of 31 December 2021G to SAR 3.8 million as of 31 December 2022G.

The following table presents the unearned reinsurance commission by LoB for the financial years ended 31 December 2021G and 31 December 2022G:

Table 66 Unearned reinsurance commission

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Medical insurance	-	-	N/A
Motor insurance	1,960	1,775	(9.4%)
Other LoBs	2,391	2,060	(13.8%)
Unearned reinsurance commission	4,351	3,835	(11.9%)

Source: The audited financial statements for the financial years ended 31 December 2021G and 31 December 2022G.

The unearned reinsurance commission balance decreased by 11.9% from SAR 4.3 million as of 31 December 2021G to SAR 3.8 million as of 31 December 2022G.

4.9.2.7 Outstanding claims and reinsurers' share of outstanding claims

The following table shows the outstanding claims and reinsurers' share of outstanding claims as of 31 December 2021G and 31 December 2022G:

Table 67 Outstanding claims and reinsurers' share of outstanding claims

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Medical insurance	7,627	8,961	17.5%
Motor insurance	(13,630)	(15,602)	14.5%
Other LoBs	28,862	33,628	16.5%
Outstanding Claims	22,859	26,987	18.1%
Medical insurance	-	-	N/A
Motor insurance	1,476	1,597	8.2%
Other LoBs	(21,451)	(30,573)	42.5%
Reinsurers' share of outstanding claims	(19,975)	(28,976)	45.1%
Outstanding Claims, net	2,884	(1,989)	(169.0%)
Reinsurers' share of outstanding claims as a percentage of outstanding claims			
Medical insurance	0.0%	0.0%	
Motor insurance	10.8%	10.2%	
Other LoBs	74.3%	90.9%	
Total	87.4%	107.4%	

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

Outstanding Claims

Claims consist of amounts payable to policyholders and third parties and related loss adjustment expenses after excluding salvage value and other recoveries and are charged to statement of income as incurred. Gross outstanding claims comprise the gross estimated cost of claims incurred but not settled at the statement of financial position date together with related claims handling costs, the impairment in the expected value of salvage and other recoveries, whether reported by the insured or not. Provisions for reported claims not paid at the statement of financial position date are made on the basis of individual case estimates. In addition, a provision based on management's judgment and the Company's prior experience is maintained for the cost of settling claims incurred but not reported, including related claims handling costs and the expected value of salvage and other recoveries as at the date of the statement of financial position. The ultimate liability may be in excess of or less than the amount provided. Any difference between the provisions at the reporting date and settlements and provisions in the following year is included in the statement of income for that year.

The outstanding claims are shown on a gross basis and the related share of the reinsurers is shown separately.

Gross outstanding claims increased by 18.1% from SAR 22.9 million as of 31 December 2021G to SAR 27.0 million as of 31 December 2022G, as a result of the increase in outstanding claims of other LoBs by 16.5% to reach SAR 33.6 million as of 31 December 2022G from SAR 28.9 million as of 31 December 2021G where a claim was submitted by a major customer amounting to SAR 10.1 million attributed to the property LoB (of which SAR 9.8 million is reinsured).

Reinsurers' share of outstanding claims

Recoverable amounts are estimated consistent with the provision for outstanding claims and are made in accordance with reinsurance contracts.

Reinsurers' share of outstanding claims increased by 45.1% from SAR 20.0 million as of 31 December 2021G to SAR 29.0 million as of 31 December 2022G, mainly due to the increase in the reinsurers' share in outstanding claims for other LoBs by 42.5% from SAR 21.5 million as of 31 December 2021G to SAR 30.1 million as of 31 December 2022G, in line with the increase in outstanding claims of other LoBs.

4.9.2.8 Incurred but not Reported Claims and reinsurers' share of incurred but not reported claims

The following table shows the incurred but not reported claims and reinsurers' share of incurred but not reported claims as of 31 December 2021G and 31 December 2022G:

Table 68 Incurred but not Reported Claims and reinsurers' share of incurred but not reported claims

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Medical insurance	10,751	8,436	(21.5%)
Motor insurance	108,154	111,270	2.9%
Other LoBs	4,978	1,652	(66.8%)
Incurred but not Reported Claims	123,883	121,358	(2.0%)
Medical insurance	(915)	(870)	(4.9%)
Motor insurance	(9,885)	(11,489)	16.2%
Other LoBs	(3,066)	(1,134)	(63.0%)
Reinsurers' share of incurred but not reported claims	(13,866)	(13,493)	(2.7%)
Incurred but not Reported Claims, net	110,017	107,865	(2.0%)
Reinsurers' share of incurred but not reported claims as a percentage of not Reported Claims			
Medical insurance	8.5%	10.3%	
Motor insurance	9.1%	10.3%	
Other LoBs	61.6%	68.6%	
Total	11.2%	11.1%	

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

Incurred but not reported claims increased by 2.0% from SAR 123.9 million as of 31 December 2021G to SAR 121.4 million as of 31 December 2022G. This was mainly caused by a decrease in incurred but not reported claims for the medical LoB and other LoBs from SAR 10.8 million and SAR 5.0 million as of 31 December 2021G, respectively, to SAR 8.4 million and SAR 1.7 million as of 31 December 2022G based on the recommendation of the actuary, partially offset by an increase in incurred but not reported claims for the motor LoB from SAR 108.2 million as of 31 December 2021G to SAR 111.3 million as of 31 December 2022G based on the recommendation of the actuary.

4.9.2.9 Premiums deficiency reserve

The insurance premiums deficiency reserve balance decreased by 42.8% from SAR 6.7 million as of 31 December 2021G to SAR 3.8 million as of 31 December 2022G, based on the recommendation of the actuary.

4.9.2.10 Other Technical Reserves

Other technical reserves decreased by 8.9% from SAR 7.9 million as of 31 December 2021G to SAR 7.2 million

as of 31 December 2022G, based on the recommendation of the actuary.

4.9.2.11 Employee Benefits Obligations

Employee benefits obligations decreased from SAR 7.9 million as of 31 December 2021G to SAR 6.7 million as of 31 December 2022G. This is mainly caused by payment of dues to former employees.

4.9.2.12 Zakat and Income Tax

The Company submitted its zakat declarations for the year ended 31 December 2021G and obtained the zakat and tax certificate.

ZATCA issued assessments covering from 2006G to 2012G and amounting to SAR 17.1 million, consisting of SAR 9.3 million as zakat differences, SAR 4.4 million as withholding tax differences, and SAR 3.4 million as fines. The Company settled the withholding tax differences amounting to SAR 4.4 million and partially settled the delay fines amounting to SAR 3.1 million. Accordingly, the Company issued a letter of guarantee of SAR 9.5 million in favor of ZATCA for the zakat differences of the aforementioned years. During 2021G, the Company settled the liabilities from 2008G to 2012G and requested ZATCA to release the bank guarantee amounting to SAR 9.5 million.

A settlement request was submitted to ZATCA to pay SAR 3 million to close the case, but the Zakat Disputes Committee reached a decision to settle SAR 7.7 million to finalize the assessments for the mentioned years. ZATCA rejected the decision of the Zakat Disputes Committee, and upon the end of the hearing, the case was raised with the Appeal Committee. Management expects the Zakat liability to reach SAR 4.2 million based on the objection and the information submitted to ZATCA and to the committees.

ZATCA issued an assessment for 2014G, in which it requested an additional zakat liability amounting to SAR 1.2 million. The assessment was objected to, and the objection was rejected by ZATCA. The case was escalated to the Tax Committees, and in 2023G, the final decision regarding the zakat liability was announced and was paid by management.

ZATCA issued an assessment for the years 2015G to 2018G, in which it requested an additional zakat liability amounting to SAR 14.1 million, and a withholding tax liability for the years 2014G to 2018G amounting to SAR 7 million. During 2021G, the Company settled the withholding tax differences to access the benefits of the first phase of the revised governmental amnesty period (full exemption of penalties). The management believes that the provision maintained is adequate to cover any unfavorable outcome.

During 2021G, the Company received Zakat assessments for the years 2019G and 2020G where ZATCA requested an additional liability amounting to SAR 11.4 million. The Company objected and the liability was later reduced to SAR 9.1 million. The Company paid SAR 2.3 million in order to object according to the Zakat regulation. The objection was referred to the general secretariat of the tax committees and the case is still under discussion.

4.9.2.13 Surplus distribution payable

There is no change in surplus distribution payable as of 31 December 2021G and 31 December 2022G.

4.9.3 Commitments and contingencies

Following are details on commitments and contingencies as of 31 December 2021G and 2022G.

Table 69 Commitments and contingencies

(SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Letters of guarantees in favour of non-government Customers	700	700	-
Letters of guarantees in favour of ZATCA	9,500	9,500	-
Total	10,200	10,200	-

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

The Company enters into insurance contracts and is subject to legal proceedings in the normal course of business. While it is not practical to forecast or determine the final results of all the existing and potential legal proceedings, management does not believe that any such proceedings (including litigation) that are in progress at the reporting date will have a material effect on its financial results, however management has made provisions to cover any contingent liabilities.

The Company's bankers have given guarantees to non-government customers amounting to SAR 0.7 million as of 31 December 2022G (2021G: SAR 0.7 million) in respect of motor insurance and to ZATCA amounting to SAR 9.5 million as of 31 December 2022G (2021G: SAR 9.5 million) in respect of Zakat assessments for the years 2008G to 2012G. During the year 2021G, the Company settled the liability from 2008G to 2012G and requested ZATCA to release the bank guarantee amounting to SAR 9.5 million.

4.9.4 Equity

The following table shows shareholders' equity as of 31 December 2021G and 31 December 2022G:

Table 70 Equity

(SAR' 000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Shareholders' equity			
Share capital:	250,000	100,000	(60.0%)
Statutory reserve	5,003	-	(100.0%)
Accumulated losses	(158,767)	(62,091)	(60.9%)
Total shareholders' equity	96,236	37,909	(60.6%)
Re-measurement reserve of defined benefit obligations	248	(141)	(156.9%)
Total shareholders' equity	96,484	37,768	(60.9%)

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

4.9.4.1 Capital

The Board of Directors of Salama Cooperative Insurance Company recommended in its meeting held on 04/18/1435H corresponding to 12/06/2014G (by circulation) to the Extraordinary General Assembly to increase the Company's capital from SAR 100 million divided into 10 million shares at a value of SAR 10 per share to SAR 250 million divided into 25 million shares at a value of SAR 10 per share through a rights issue worth SAR 150 million divided into 15 million shares at a value of SAR 10 per share. The Company received a decision from the Saudi Central Bank (known as the Saudi Arabian Monetary Authority at that time) dated 01/12/1435H corresponding to 25/09/2014G approving the Company's request to increase the capital by SAR 150 million. The Capital Market Authority approved the Company's request for this increase on 28/04/2015G. Then, the Extraordinary General Assembly approved on 13/09/1436H corresponding to

30/06/2015G the Board of Directors' recommendation to increase the capital from SAR 100 million to SAR 250 million through a rights issue. The Company's capital amounted to SAR 100 million divided into 10 million shares at a value of SAR 10 per share before the issuance and SAR 250 million divided into 25 million shares at a value of SAR 10 per share after the issuance. The purpose of increasing the capital was to enhance the solvency margin and support the growth of the Company's future activity.

The authorized, issued and paid-up capital amounted to SAR 250 million as of 31 December 2021G, consisting of 25 million shares at a value of SAR 10 per share. According to Article 150 of the Companies Law issued by Royal Decree (M/3) dated 28/01/1437H corresponding to 10/11/2015G, which requires the Company's board of directors to hold an Extraordinary General Assembly meeting during the period specified by the regulations to reduce the accumulated losses to less than half of the Company's capital or dissolve the Company before its term specified in its articles of association, and accordingly, the Company obtained a letter from the Central Bank containing its approval to reduce the Company's capital on 21/10/1443H corresponding to 22/05/2022G and the approval of the Capital Market Authority on 22/12/1443H corresponding to 21/07/2022G. The Extraordinary General Assembly held on 18/01/1444H corresponding to 16/08/2022G approved the reduction in the Company's capital from SAR 250 million divided into 25 million ordinary shares at a value of SAR 10 per share to SAR 100 million divided into 10 million ordinary shares at a value of SAR 10 per share. The accumulated losses were reduced by offsetting the capital by an amount of SAR 150 million and using the full balance of the statutory reserve amounting to SAR 5,003,000 as of March 31, 2022G. Accordingly, the accumulated losses, capital and statutory reserve were reduced by an amount of SAR 155 million, SAR 150 million and SAR 5,003,000, respectively, during the financial year ended 31 December 2022G. The capital was reduced by reducing 3 shares for every 5 shares owned by the shareholder. The purpose of the capital reduction was to restructure the Company's capital position and absorb 94.48% of the accumulated losses amounting to SAR 158.8 million as of December 31, 2021G, in line with Article 150 of the Companies Law issued by Royal Decree (M/3) dated 28/01/1437H corresponding to 10/11/2015G. The capital reduction had no impact on the Company's financial obligations. Accordingly, the Company's authorized, issued and fully paid-up capital amounted to SAR 100 million as of 31 December 2022, divided into 10 million ordinary shares of SAR 10 per share. The Company manages its capital requirements by identifying shortfalls between the authorized and required capital levels on a regular basis. Adjustments are made to the current capital levels in light of changes in market conditions and risks related to the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares.

In the opinion of the Board of Directors, the Company has met the externally imposed capital compliance requirements during the financial year.

4.9.4.2 Accumulated losses

Accumulated losses decreased by 60.9% from SAR 158.8 million as of 31 December 2021G to SAR 62.1 million as of 31 December 2022G, mainly caused by a net loss incurred during the year of SAR 58.7 million, offset by a capital reduction of SAR 150 million to net-off accumulated losses.

4.9.4.3 Re-measurement reserve of defined benefit obligations

The re-measurement reserve of defined benefit obligations decreased by 156.9% from SAR 248 thousand as

of 31 December 2021G to SAR (141) thousand as of 31 December 2022G, based on the recommendation of the actuary.

4.9.4.4 Related Party Transactions and Balances

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors.

Below are the details of significant transactions with related parties as of 31 December 2021G and 31 December 2022G:

Table 71 Transactions with related parties

(SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Major shareholder			
Salama Company (IAC) - United Arab Emirates	970	-	(100.0%)
Entities controlled, or jointly controlled, or significantly controlled by the Board of Directors			
Al Mamoon Insurance Brokers*	-	771	N/A
Ittihad Insurance Brokers*	-	8	N/A

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G.

*These transactions are from the date of appointment of the relevant directors, i.e., September 11, 2022G.

Table 72 Balances due (from) / to related parties

(SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Salama Company (IAC) - United Arab Emirates	(970)	-	N/A
Al Mamoon Insurance Brokers	-	884	N/A
Ittihad Insurance Brokers	-	36	N/A
Total	(970)	920	(194.8%)

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G.

Table 73 Compensation of key management personnel

(SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	% Annual Change 2021G - 2022G
Salaries and benefits	1,395	4,698	236.8%
Remuneration to those charged with governance	1,180	1,295	9.7%
End of service indemnities	66	443	571.2%
Total	2,641	6,436	143.7%

Source: The audited financial statements for the financial years ended 31 December 2021G and 2022G.

Compensation of key management personnel increased by 143.7% from SAR 2.6 million as of 31 December 2021G to SAR 6.4 million as of 31 December 2022G, mainly driven by the increase in salaries and benefits of key management personnel, to reach SAR 4.7 million as at 31 December 2022G, as a result of hiring new CEO and Deputy CFO of the Company.

4.10 Statement of cash flows for the financial years 2021G and 2022G before the impact of the implementation of the International Financial Reporting Standards No. 9 and 17

The following table presents the statement of cash flows for the years 2021G and 2022G before the impact of the implementation of the International Financial Reporting Standards No. 9 and 17.

Table 74 Statement of Cash Flows

(SAR' 000)	Financial year 2021G (Audited)	Financial year 2022G (Audited)
Cash Flows from Operating Activities		
Net (loss) / income attributable to shareholders before Zakat	(106,410)	(55,327)
Adjustments for non-cash items		
Income attributable to insurance operations, net	-	-
Depreciation of property and equipment	3,542	2,682
Depreciation of right-of-use assets	3,853	1,756
Amortization of intangible assets	4,121	252
Finance cost on lease liabilities	1,333	2,128
Allowance for doubtful debts	7,016	5,639
Unrealized loss /gain on investments at FVTSI	(10,123)	1,172
Realized loss /gain on investments at FVTSI	1,170	-
Gain on remeasurement of lease liabilities	-	86
Employee Benefits Obligations	1,710	1,699
Amortization of investments held to maturity	-	-
	(93,788)	(39,913)
Changes in operational assets and liabilities:		
Premiums and reinsurers' receivable	(20,792)	(36,309)
Reinsurers' share of unearned premiums	(2,285)	(16,323)
Reinsurers' share of outstanding claims	935	(9,001)
Reinsurers' share of claims incurred but not reported	(2,084)	373
Deferred policy acquisition costs	(6,687)	(14,532)
Prepaid Expenses and Other Assets	23,078	(12,111)
Accrued commission on statutory deposit	(219)	(1,026)
Policyholders claims payable	(2,101)	(4,014)
Accrued expenses and other liabilities	5,617	5,981
Reinsurers' balances payable	(3,445)	12,230
Unearned Premiums	10,528	197,208
Unearned reinsurance commission	618	(516)
Outstanding Claims	(4,895)	4,128
Claims incurred but not reported	2,177	(2,525)
Premium deficiency reserves	6,700	(2,866)
Other Technical Reserves	4,796	(702)
Accrued commission income payable to SAMA	219	1,026
	(81,628)	81,108
Zakat paid	(9,502)	-
Employee benefits paid	(3,216)	(3,267)
Net cash flows generated from / (used in) operating activities	(94,346)	77,841

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

Table 75 Statement of cash flows from investing activities

(SAR' 000)	Financial year 2021G (Audited)	Financial year 2022G (Audited)
Cash Flows from Investing Activities		
Purchases of investments	(8,838)	(90,036)
Proceeds from sale of investments	68,212	169,656
Placement of Term Deposits	(325,000)	(142,076)
Proceeds from term deposits	376,318	-
Purchases of held to maturity investments	(50,000)	-
Proceeds from held to maturity investments	-	4,983
Purchase of property and equipment	(499)	(3,729)
Purchase of intangible assets	-	(855)
Net cash flows (used in) / generated from investing activities	60,193	(62,057)

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

Table 76 Statement of cash flows from financing activities

(SAR' 000)	Financial year 2021G (Audited)	Financial year 2022G (Audited)
Cash Flows from Financing Activities		
Payment of lease liabilities	(1,077)	(5,035)
Net cash flows (used in) / generated from financing activities	(1,077)	(5,035)
Net cash and cash equivalent	(35,230)	10,749
Cash and cash equivalents at beginning of year	159,246	124,016
Cash and cash equivalents at end of year	124,016	134,765

Source: Audited financial statements for the years ended 31 December 2021G and 2022G.

Cash and cash equivalents increased from SAR 124.0 million as of 31 December 2021G to SAR 134.8 million as of 31 December 2022G. This was mainly caused by net cash from operating activities of SAR 81.1 million in the financial year 2022G, partially offset by net cash used in investment activities of SAR 62.1 million in the financial year 2022G.

Operating Activities

The net cash from operating activities increased from SAR (94.3) million in 2021G to SAR 77.8 million in the financial year 2022G, mainly due to an increase in unearned premiums of SAR 197.2 million in the financial year 2022G, partially offset by used cash flows attributable to premiums and reinsurers receivable of SAR 36.3 million and net loss incurred of SAR 55.3 million in the same year.

Investment Activities

The net cash generated from investment activities decreased from SAR 60.2 million in 2021G to SAR (62.1) million in the year 2022G, mainly as a result of placements of term deposits of SAR 142.1 million and sale of investments of SAR 90.0 million in 2022G. These were partially offset by proceeds from the sale of investments with a value of SAR 169.7 million in the same year.

Financing Activities

The net cash used in financing activities increased from SAR 1.1 million in 2021G to SAR 5.0 million in 2022G, mainly due to the renewal of the lease for the Company's Head Office, branches and points of sale.

4.11 Income Statement for the financial years ended 31 December 2022G and 2023G after the impact of the implementation of the International Financial Reporting Standards No. 9 and 17

The following table presents the income statement for the financial years ended 31 December 2022G and 2023G after the impact of the implementation of the International Financial Reporting Standards No. 9 and 17.

Table 77 Income Statement

(SAR'000)	Financial year 2022G	Financial year 2023G	% Annual change
	(Restated)	(Audited)	2022G - 2023G
Insurance revenue	598,351	802,288	34.08%
Insurance service expenses	(628,997)	(723,966)	15.10%
Net expenses from reinsurance contracts	(7,358)	(40,285)	447.50%
Insurance service result from Company's directly written business	(38,004)	38,037	(200.09%)
Share of surplus from insurance pool	14,223	13,166	(7.43%)
Total insurance service result	(23,781)	51,203	(315.31%)
Commission income from financial assets not measured at FVTPL	12,911	22,130	71.40%
Net gains on financial assets measured at FVTPL	6,020	5,545	(7.89%)
Net (impairment losses) / reversal of impairment losses on financial assets	317	(165)	(152.05%)
Net investment income	19,248	27,510	42.92%
Net finance (costs) / income from insurance contracts issued	674	(2,728)	(504.75%)
Net finance income / (costs) from reinsurance contracts held	(307)	734	(339.09%)
Net insurance finance (costs) / income	367	(1,994)	(643.32%)
Net insurance and investment result	(4,166)	76,719	(1,941.55%)
Other income	2,394	1,222	(48.96%)
Other operating expenses	(34,094)	(22,639)	(33.60%)
(Loss) / profit for the year attributable to the shareholders before zakat	(35,866)	55,302	(254.19%)
Zakat expense	(3,000)	(4,000)	%33.33
Net (loss) / profit for the year attributable to the shareholders	(38,866)	51,302	(232.00%)
Basic and diluted (losses) / earnings per share (expressed in SAR per share)	(2.55)	3.25	(227.45%)
Net (loss) / profit for the year attributable to the shareholders	(38,866)	51,302	(232.00%)
Other comprehensive Income			
Items that will not be reclassified to statement of income in subsequent years			
Net changes in fair value of investment measured at FVOCI – equity instruments	2,670	3,760	%40.82

Remeasurement loss on employee benefit obligations	(389)	(693)	%78.15
Total comprehensive (loss) / income for the year attributable to the shareholders	(36,585)	54,369	(248.61%)

Source: Audited financial statements of the year ended 31 December 2023G.

The following table presents the key performance indicators (“KPIs”) for the financial years ended 31 December 2022G and 2023G.

Table 78 Key performance indicators

KPI	Financial year 2022G	Financial year 2023G
Total insurance service result as a percentage of insurance revenue	(6.35%)	4.74%
Total insurance service result before net reinsurance contract expenses as a percentage of insurance revenue	(5.12%)	9.76%
Reinsurance recovery ratio	77.08%	52.94%
Acquisition costs ratio	5.13%	5.48%
Combined ratio	100.33%	84.94%

Source: Management information.

Insurance revenue

The medical and motor LoBs are the Company’s key business LoBs. Together, they contributed to 94.9% and 95.5% of the total insurance revenue during the financial years 2022G and 2023G, respectively.

Total insurance revenue increased by 34.1% from SAR 598.4 million in 2022G to SAR 802.3 million in 2023G impacted by:

- 36.3% increase in insurance revenue from the motor LoB from SAR 453.0 million in 2022G to SAR 617.4 million in 2023G driven by an increase in sale of third-party motor insurance written premiums through online aggregators in 2022G, which were recognized as revenue over the period of the relevant policies extending to 2023G. The Company recorded gross premiums written in the motor LoB during 2023G of a volume largely similar to that of the gross premiums written recorded in 2022G (gross premiums written in the motor LoB totaled SAR 351.5 million, SAR 624.1 million and SAR 601.0 million in 2021G, 2022G and 2023G respectively).
- 29.8% increase in insurance revenue from the medical LoB from SAR 114.8 million in 2022G to SAR 149.1 million in 2023G driven by an increase in sale of small and micro business policies after the Company decreased prices in 2022G following recommendations from the actuarial expert, which were recognized as revenue over the period of the relevant policies extending to 2023G. The Company recorded gross premiums written in the medical LoB during 2023G of a volume largely similar to that of gross premiums written recorded in 2022G (gross premiums written in the medical LoB totaled SAR 86.3 million, SAR 142.6 million and SAR 140.7 million in 2021G, 2022G and 2023G respectively); and
- 17.3% increase in insurance revenue from other LoBs from SAR 30.5 million in 2022G to SAR 35.8 million in 2023G as a result of growth in the size of operations in other LoBs, especially in the accident and liability and engineering LoBs.

Insurance service expenses

Insurance service expenses increased by 15.1% from SAR 629.0 million in 2022G to SAR 724.0 million in 2023G as a result of an increase in total claims incurred. This was mainly attributable to an increase in paid claims in the motor and medical LoBs.

Net expenses from reinsurance contracts

The Company reinsures according to the risk management strategy in order to protect the Company from potential losses and to secure additional growth prospects. Reinsurance is conducted pursuant to proportionate and facultative reinsurance agreements and contracts and excess loss reinsurance. Net expenses from reinsurance contracts comprise reinsurance expenses less amounts recovered from reinsurers. The Company recognizes reinsurance expenses as it receives coverage or other services under groups of reinsurance contracts. For contracts measured under the PAA, the Company recognizes reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

In 2023G, net expenses from reinsurance contracts increased by 447.5% to SAR 40.3 million from SAR 7.4 million in 2022G as a result of:

- Increase in the cession rate in the motor LoB according to the Company's reinsurance strategy (cession rate in the motor LoB was 10% in 2022G compared to 12.5% in 2023G), and
- Increase in reinsurance contract expenses in other LoBs (mainly including accident and liability, property, marine and engineering LoBs) due to an increase in the average ceding ratio in other LoBs depending on the nature of products and associated reinsurance contracts.

Share of surplus from insurance pool

This represents the Company's share in the surplus for general accident product arising from the Umrah & Hajj scheme. The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from 1 January 2020G. The compulsory Hajj / Umrah product is offered by the ministry and approved by SAMA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers general accidents and health benefits of the pilgrims entering the Kingdom of Saudi Arabia to perform Hajj / Umrah. The agreement terms are for 4 years starting from 1 January 2020G, and it is renewable for another four years subject to the terms and conditions of the agreement. The agreement will not be renewed in 2024G as the above arrangement was discontinued.

This co-insurance arrangement, in which the Company is a participant, is an insurance contract as defined in IFRS 17, and the Company has accordingly applied the recognition and measurement principles of IFRS 17. Given the bespoke nature of the arrangement and given that the rights and obligations from the arrangement are managed and settled on a net basis, the Company has accordingly presented the results from the arrangement on a net basis in insurance service results as a separate line item on the statement of comprehensive income. The Company's share of income from the Hajj and Umrah scheme amounted to SAR 14.2 million and 13.2 million in 2022G and 2023G, respectively.

Total insurance service result

In 2023G, income resulting from insurance services amounted to SAR 51.2 million mainly driven by insurance service income from the medical LoB, which amounted to SAR 33.3 million in 2023G in addition to the Company's share of surplus from the Hajj and Umrah scheme including medical and general accident insurance amounting to SAR 13.2 million in 2023G. The motor LoB recorded insurance service income of SAR 1.1 million in 2023G compared to a loss of SAR 77.9 million in 2022G.

Commission income from financial assets not measured at FVTPL

In 2023G, commission income from financial assets not measured at fair value through profit or loss increased by 71.4% to SAR 22.1 million from SAR 12.9 million in 2022G as the Company invested in term deposits during the year amounting to SAR 239.0 million as of 31 December 2022G compared to SAR 304.3 million as of 31 December 2023G.

Net gains on financial assets measured at FVTPL

There was no material variance in net gains from financial assets measured at FVTPL as of 31 December 2023G compared to 31 December 2022G.

Net (impairment losses) / reversal of impairment losses on financial assets

The Company reversed impairment losses on financial assets amounting to SAR 0.3 million in 2022G. In 2023G, the Company recorded impairment losses on financial assets for an amount of SAR 0.2 million.

Net insurance finance (costs) / income

Net insurance finance costs and income are calculated based on the recommendation of the actuarial expert. In 2022G, the Company achieved net insurance finance income of SAR 0.4 million of which the motor LoB contributed 73.6% followed by the medical LoB which contributed 23.2% of overall net insurance finance income. In 2023G, the Company incurred net insurance finance expenses of SAR 2.0 million, of which the motor LoB contributed 82.4% followed by the medical LoB which contributed 12.2% of overall net insurance finance expenses.

Other income

Other income mainly relates to income resulting from old provisions that the Company reversed during the years 2022G and 2023G.

Other operating expenses

Other operating expenses presented in the Income Statement represent unallocated expenses, which are administrative expenses not related to insurance contracts. For an analysis of total other operating expenses (allocated and unallocated), please refer to sub-section (4.11.7) "Other Operating Expenses" of this Section (4) "MD&A" .

Unallocated other operating expenses decreased by 33.6% from SAR 34.1 million in 2022G to SAR 22.6 million in 2023G. This decrease is mainly attributed to management reclassifying banking expenses from unallocated other operating expenses to allocated other operating expenses as they relate to insurance contracts.

Zakat expense

The Company submitted the Zakat declarations for the year ended 31 December 2022G and obtained the Zakat certificate.

The ZATCA has issued an assessment for the year 2014G, which has requested an additional Zakat liability amounting to SAR 1.2 million. The assessment was objected, and the objection was rejected by ZATCA. The case was escalated to the Preliminary Committee of the Tax Committees. The final decision regarding the Zakat liability was announced and the management has paid the liability during 2023G.

The ZATCA raised an assessment for the years from 2015G to 2018G, which has requested an additional Zakat liability amounting to SAR 14.1 million. Management believes that the provision maintained is adequate to cover any unfavorable outcome.

During 2021G, the Company received zakat assessments for the years 2019G and 2020G where ZATCA has asked additional liability of SAR 11.4 million. The Company objected and later reduced to SAR 9.1 million. The Company made a payment of SAR 2.3 million in order to object according to the zakat regulation. The objection has been referred to the General Secretariat of the Tax Committees and the case is still under discussion.

During 2023G, the Company has received an initial assessment for the years 2021G and 2022G where ZATCA has asked additional Zakat liability of SAR 2.4 million and SAR 2.1 million, respectively. The Company is in the process to fulfill the data requirements from ZATCA pertaining to the year 2021G and 2022G. The Company has sufficient provision to cover the additional Zakat liabilities.

Net changes in fair value of investment measured at FVOCI - equity instruments

The Company's share in Najm Insurance Services Company, a Saudi Closed Joint Stock Company is 3.5%. These shares are un-quoted and are carried at fair value. The Company has determined the fair value of its investment in Najm, which was previously carried at initial cost of SAR 1.9 million until 31 December 2022G, which then amounted to SAR 39.7 million as of 31 December 2022G and SAR 43.5 million as of 31 December 2023G. Accordingly, the required adjustments to bring the carrying value of such investment to its fair value, in accordance with the requirements of IFRS 9, have been recorded in equity.

There were no material changes to net adjustments in the fair value of investments measured through other Comprehensive Income ("FVOCI") in 2023G compared to 2022G.

Total comprehensive (loss) / income for the year attributable to the shareholders

In 2022G, the Company recorded total comprehensive loss for the year attributable to the shareholders of SAR 36.6 million. This was mainly due to the Company recording a net insurance loss of SAR 77.9 million in the motor LoB in 2022G, partially offset by a net insurance profit of SAR 25.0 million in the medical LoB and a net insurance profit of SAR 14.8 million in other LoBs.

In 2023G, the Company recorded total comprehensive loss for the year attributable to the shareholders of SAR 54.4 million where income from insurance services amounted to SAR 51.2 million. This was mainly due to the Company recording profit from insurance services across all LoBs. As such, the Company recorded net insurance profit of SAR 33.3 million in the medical LoB, SAR 1.1 million in the motor LoB and SAR 3.6 million

in other LoBs.

4.11.1 Segmental Information

The following table presents segmental information for the financial year ended 31 December 2022G:

Table 79 Segmental information for the financial year ended 31 December 2022G (Restated)

(SAR'000)	Medical	Motor	Others	Total
Insurance revenue	114,828	453,023	30,500	598,351
insurance service expenses	(86,453)	(532,822)	(9,722)	(628,997)
Net income / (expenses) from reinsurance contracts held	(3,341)	1,944	(5,961)	(7,358)
Insurance service result from Company's directly written business	25,034	(77,855)	14,817	(38,004)
Share of surplus from insurance pool				14,223
Insurance service result	25,034	(77,855)	14,817	(23,781)
Commissions on investment income				12,911
Unrealized investment profit				6,020
Increase in the value of financial assets				317
Net investment income				19,248
Net finance (costs) / income from insurance contracts issued	95	3,396	(2,817)	674
Finance costs from retained reinsurance contracts	(11)	(49)	(247)	(307)
Net insurance finance (costs) / income	84	3,347	(3,064)	367
Net insurance and investment result				(4,166)
Other revenue				2,394
Other operating expenses				(34,094)
Loss for the year attributable to the shareholders before zakat				(35,866)
Zakat				(3,000)
Loss for the year attributable to the shareholders				(38,866)

Source: Audited financial statements for the year ended 31 December 2023G.

In 2022G, the medical and motor LoBs comprised the majority of the Company's portfolio. Total insurance revenue was SAR 598.4 million, in which the motor LoB was the largest contributor at 75.7% followed by the medical LoB at 19.2% then other LoBs at 5.1%. The Company incurred insurance service loss of SAR 77.9 million in the motor LoB. On the other hand, the Company recorded insurance service income in each of the medical and other LoBs amounting to SAR 25.0 million and 14.8 million respectively in, 2022G.

The following table presents segmental information for the financial year ended 31 December 2023G:

Table 80 Segmental information for the financial year ended 31 December 2023G (Audited)

(SAR'000)	Medical	Motor	Others	Total
Insurance revenue	149,084	617,424	35,780	802,288
insurance service expenses	(113,181)	(596,056)	(14,729)	(723,966)
Net income / (expenses) from reinsurance contracts held	(2,567)	(20,291)	(17,427)	(40,285)

Insurance service result from Company's directly written business	33,336	1,077	3,624	38,037
Share of surplus from insurance pool				13,166
Insurance service result	33,336	1,077	3,624	51,203
Commissions on investment income				22,130
Unrealized investment profit				5,545
Impairment losses on financial assets				(165)
Net investment income				27,510
Finance costs from insurance contracts	(269)	(1,826)	(633)	(2,728)
Finance income from reinsurance contracts held	25	183	526	734
Net insurance finance costs	(244)	(1,643)	(107)	(1,994)
Net insurance and investment result				76,719
Other revenue				1,222
Other operating expenses				(22,639)
Net profit for the year attributable to the shareholders before zakat				55,302
Zakat				(4,000)
Net profit for the year attributable to the shareholders				51,302

Source: Audited financial statements for the year ended 31 December 2023G.

In 2023G, the medical and motor LoBs comprised the majority of the Company's portfolio. Total insurance revenue was SAR 802.3 million, in which the motor LoB was the largest contributor at 77.0% followed by the medical LoB at 18.6% then other LoBs at 4.5%. The Company recorded insurance service income across all segments with insurance service income in the medical LoB amounted to SAR 33.3 million followed by the other LoBs at SAR 3.6 million and motor LoB at SAR 1.1 million.

4.11.2 Insurance revenue

The following table presents insurance revenue for the financial years ended 31 December 2022G and 2023G.

Table 81 Total insurance revenue

Insurance Type (SAR'000)	Financial year 2022G (Restated)	Financial year 2023G (Audited)	% Annual change 2022G - 2023G
Total insurance revenue			
Medical	114,828	149,084	29.83%
Motor	453,023	617,424	36.29%
Other	30,500	35,780	17.31%
Total insurance revenue	598,351	802,288	34.08%
As a percentage from total			
Medical	19.19%	18.58%	
Motor	75.71%	76.96%	
Other	5.10%	4.46%	
Total	100.00%	100.00%	

Source: Audited financial statements for the financial year ended 31 December 2023G.

The motor LoB represented 75.7% and 77.0% of total insurance revenue in 2022G and 2023G, respectively. This was followed by the medical LoB that contributed 19.2% and 18.6% of total insurance revenue,

respectively over the same period.

Medical

In 2023G, total insurance revenue from the medical LoB increased by 29.8% to reach SAR 149.1 million from SAR 114.8 million in 2022G driven by growth in small and micro business policy sales after the Company reduced prices in 2022G based on the recommendations of the actuarial expert, which were recognized as revenue over the period of relevant policies extending to 2023G. The Company recorded gross premiums written in the medical LoB in 2023G of a volume largely similar to that of the gross premiums written recorded in 2022G (gross premiums written in the medical LoB amounted to SAR 142.6 million and SAR 140.7 million in 2022G and 2023G, respectively);

Motor

Total insurance revenue from the motor LoB increased by 36.3% from SAR 453.0 million in 2022G to SAR 617.4 million in 2023G driven by an increase in sale of third-party motor insurance written through online aggregators in 2022G, which were recognized as revenue over the period of the relevant policies extending to 2023G. The Company recorded gross premiums written in the motor LoB during 2023G of a volume largely similar to that of gross premiums written recorded in 2022G (gross premiums written in the motor LoB amounted to SAR 624.1 million and SAR 601.0 million in 2022G and 2023G, respectively).

Other LoBs

Total insurance revenue from other LoBs increased by 17.3% from SAR 30.5 million in 2022G to SAR 35.8 million in 2023G as a result of growth in the size of operations in other LoBs, especially in the accident and liability and engineering LoBs.

4.11.3 Insurance service expenses

The following table presents insurance service expenses for the financial years ended 31 December 2022G and 2023G:

Table 82 Insurance service expenses

Insurance type (SAR'000)	Financial year 2022G (Restated)	Financial year 2023G (Audited)	% Annual change 2022G - 2023G
Medical	(83,974)	(85,350)	1.64%
Motor	(567,475)	(531,942)	(6.26%)
Other	(24,339)	(6,293)	(74.14%)
Incurred claims and other incurred insurance service expenses directly related thereto	(675,788)	(623,585)	(7.72%)
Medical	19,664	3,857	(80.39%)
Motor	85,300	7,001	(91.79%)
Other	27,778	0	(100.00%)
Changes that relate to past service - adjustments to the LIC	132,742	10,858	(91.82%)
Medical	(374)	(518)	38.50%
Motor	11,245	19,229	71.00%
Other	1,321	229	(82.66%)
(Loss) / reversal of losses on onerous contracts	12,192	18,940	55.35%
Medical	(21,769)	(31,170)	43.19%

Motor	(61,892)	(90,344)	45.97%
Other	(14,482)	(8,665)	(40.17%)
Insurance acquisition cash flows amortization	(98,143)	(130,179)	32.64%
Medical	(86,453)	(113,181)	30.92%
Motor	(532,822)	(596,056)	11.87%
Other	(9,722)	(14,729)	51.50%
Total insurance service expenses	(628,997)	(723,966)	15.10%

Source: Audited financial statements for the financial year ended 31 December 2023G

The motor LoB represented 84.7% and 82.3% of total insurance service expenses in 2022G and 2023G, respectively. This was followed by the medical LoB that contributed to 13.7% and 15.6% of total insurance service expenses, respectively, over the same period.

Medical

Total insurance services expenses for the medical LoB increased by 30.9% from SAR 86.5 million in 2022G to SAR 113.2 million in 2023G as a result of an increase in insurance acquisition cash flow amortization in the medical LoB and a reduction in changes that relate to past service.

Motor

This increase in total insurance services expenses in the motor LoB increased by 11.9% from SAR 532.8 million in 2022G to SAR 596.1 million in 2023G. This was mainly attributable to an increase in insurance acquisition cash flow amortization in the motor LoB.

Other

In 2023G, insurance services expenses for the other LoBs increased by 51.5% to SAR 14.7 million from SAR 9.7 million in 2022G as a result of an increase in total claims incurred in the accident and liability, engineering and marine LoBs.

4.11.4 Net income / (expenses) from reinsurance contracts held

In 2023G, total reinsurance contracts expenses increased by 447.5% to SAR 40.3 million from SAR 7.4 million in 2022G as a result of:

- increase in cession rate in the motor LoB according to the Company's reinsurance strategy (cession rate in the motor LoB was 10% in 2022G compared to 12.5% in 2023G), and
- increase in reinsurance contract expenses in other LoBs (mainly including accident and liability, property, marine and engineering LoBs) due to an increase in the average cession rate in other LoBs depending on the nature of the associated products and reinsurance contracts.

4.11.5 Net investment income

In 2023G, net investment income increased by 42.9% to SAR 27.5 million from SAR 19.2 million in 2022G, mainly driven by an increase in commission income from financial assets not measured by FVTPL from SAR 12.9 million in 2022G to SAR 22.1 million in 2023G.

4.11.6 Net insurance finance (costs) / income

The following table presents net insurance finance (costs)/ income for the financial years ended 31 December 2022G and 2023G:

Table 83 Net insurance finance (costs) / income

Insurance type (SAR'000)	Financial year 2022G (Restated)	Financial year 2023G (Audited)	% Annual change 2022G – 2023G
Medical	96	(269)	(380.21%)
Motor	319	(1,826)	(672.41%)
Other	259	(633)	(344.40%)
Finance costs from insurance contracts issued	674	(2,728)	(504.75%)
Medical	(11)	25	(327.27%)
Motor	(49)	183	(473.47%)
Other	(247)	526	(312.96%)
Finance income from reinsurance contracts held	(307)	734	(339.09%)
Medical	85	(244)	(387.06%)
Motor	270	(1,643)	(708.52%)
Other	12	(107)	(991.67%)
Net insurance finance (costs) / income	367	(1,994)	(643.32%)

Source: Audited financial statements for the financial year ended 31 December 2023G.

Net insurance finance income of SAR 0.4 million and SAR 2.0 million were recorded in 2022G and 2023G, respectively.

Net insurance finance costs and income was calculated based on the recommendation of the actuarial expert.

4.11.7 Other operating expenses

The following table presents other operating expenses for the financial years ended 31 December 2022G and 2023G:

Table 84 Other operating expenses

(SAR '000)	Financial year 2022G (Restated)	Financial year 2023G (Audited)	% Annual change 2022G - 2023G
Salaries and other benefits	40,005	43,199	7.98%
Banking expenses	11,813	11,311	(4.25%)
Communication expenses	2,034	2,132	4.82%
Depreciation	2,934	2,305	(21.44%)
Depreciation on right-of-use assets	1,756	4,318	145.90%
Information technology	4,420	4,964	12.31%
Professional fees	4,259	8,242	93.52%
Repair and maintenance	1,037	2,067	99.32%
Others	7,446	6,103	(18.04%)
Total	75,704	84,641	%11.81
Policy acquisition cost*	21,273	28,064	31.92%
Other attributable expenses*	20,337	33,938	66.88%
Other operating expenses**	34,094	22,639	(33.60%)
Total	75,704	84,641	%11.81

* The reported portion included in the insurance service expenses.

** Other operating expenses include unallocated expenses which are administrative expenses not related to insurance contracts

Source: Audited Financial Statements for the financial year ended 31 December 2023G.

4.11.7.1 Salaries and benefits

Staff costs (salaries and benefits) represent the main expense within other operating expenses which represented 52.8% and 51.0% of total other operating expenses for the years 2022G and 2023G, respectively. Staff costs (salaries and benefits) increased by 8.0% from SAR 40.0 million in 2022G to SAR 43.2 million in 2023G due to the appointment of the Deputy CEO on 1 August 2022G and the CFO on 1 August 2023G.

4.11.7.2 Bank charges

There was no material change in bank charges in 2023G compared with 2022G, with a decline of 4.3% from SAR 11.8 million in 2022G to SAR 11.3 million in 2023G.

4.11.7.3 Depreciation

Depreciation decreased by 21.4% from SAR 2.9 million in 2022G to SAR 2.3 million in 2023G.

4.11.7.4 Professional Fees

In 2023G, professional fees increased by 93.5% to reach SAR 8.2 million from SAR 4.3 million in 2022G mainly driven by an increase in fees and underlying services provided by auditors, legal service fees and other advisory fees.

4.11.7.5 Others

In 2023G, other expenses decreased by 18.0% to SAR 6.1 million from SAR 7.4 million in 2022G.

4.12 Statement of financial position as at 31 December 2022G and 2023G after the impact of the implementation of the International Financial Reporting Standards No. 9 and 17

The following table presents a summary of the Company's statement of financial position as at 31 December 2022G and 2023G after the impact of the implementation of the International Financial Reporting Standards No. 9 and 17:

Table 85 Statement of financial position

(SAR'000)	31 December 2022G (Restated)	31 December 2023G (Audited)	Annual Variation 2022G - 2023G
Total assets	666,810	806,249	%20.91
Total liabilities	605,954	601,270	(0.77%)
Total equity	60,856	204,979	%236.83
Total liabilities and equity	666,810	806,249	20.91%

Source: Audited financial statements for the financial year ended 31 December 2023G

Total assets

Total assets increased by 20.9% from SAR 666.8 million as of 31 December 2022G to SAR 806.2 million as of 31 December 2023G. This was mainly due to an increase in cash and cash equivalents by 208.0% from SAR 134.8 million as of 31 December 2022G to SAR 415.1 million as of 31 December 2023G, which was partially offset by a decrease in term deposit balances by 62.8% from SAR 239.0 million as of 31 December 2022G to SAR 89.0 million as of 31 December 2023G mainly driven by new deposits for an amount of SAR 89.0 million acquired by the Company after increasing its share capital by way of rights issue at a total value of SAR 100.0 million in 2023G.

Total liabilities

There was not material change in total liabilities as of 31 December 2023G compared to total liabilities as of 31 December 2022G.

Total equity

Total equity increased by 236.8% to SAR 205.0 million as of 31 December 2023G from SAR 60.9 million as of 31 December 2022G, mainly driven by the Company's share capital increase of SAR 100.0 million by way of rights issue in addition to recording total comprehensive income of SAR 54.4 million in 2023G.

4.12.1 Assets

The following table presents the Company's total assets as at 31 December 2022G and 2023G:

Table 86 Assets

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Assets			
Cash and cash equivalents	134,765	415,085	208.01%
Term deposits	239,043	89,007	(62.77%)
Investments:			
Financial assets at fair value through profit or loss	20,755	45,087	117.23%
Financial assets at fair value through other comprehensive income	39,703	43,463	9.47%
Financial assets at amortized cost	61,464	50,343	(18.09%)
Prepaid expenses and other assets	30,009	36,530	21.73%
Reinsurance contract assets	75,029	62,331	(16.92%)
Right-of-use assets	17,454	18,120	3.82%
Property and equipment	5,154	5,471	6.15%
Intangible assets	1,021	863	(15.48%)
Statutory deposit	37,500	37,500	0.00%
Accrued commission income on statutory deposit	4,913	2,449	(50.15%)
Total assets	666,810	806,249	20.91%

Source: Audited financial statements for the financial year ended 31 December 2023G.

4.12.1.1 Cash and cash equivalents

Table 87 cash and cash equivalents

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Bank balances	134,765	199,925	48.35%
Deposits with original maturity of less than 3 months	0	215,276	Not Applicable
Cash in hand	0	4	Not Applicable
Expected credit loss	0	(120)	Not Applicable
Total	134,765	415,085	208.01%

Source: Audited financial statements for the financial year ended 31 December 2023G.

Cash and cash equivalents represented 20.2% and 51.5% of total assets as of 31 December 2022G and 2023G respectively. Cash and cash equivalents include cash in hand, current bank accounts and deposits with an original maturity below 3 months.

Cash and cash equivalent balance increased by 208.0% from SAR 134.8 million as of 31 December 2022G to SAR 415.1 million as of 31 December 2023G, as a result of new deposits amounting to SAR 89.0 million placed by the Company after increasing its share capital by way of rights issue at a total value of SAR 100.0 million during 2023G in addition to management reclassifying term deposits below 3 months from term deposits to

cash and cash equivalents.

Cash at banks is placed with counterparties with sound credit ratings. As of 31 December 2023G, deposits were placed with the local bank with original maturity of less than three months from the date of placement and earned commission income ranging from 6.25% to 7%.

The gross carrying amount of cash and cash equivalents represents the Company's maximum exposure to credit risk on these financial assets which are categorized under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized.

4.12.1.2 Term deposits

The term deposits represent deposits held with the local commercial banks and earn commission at market rates. These term deposits are denominated in Saudi Arabian Riyals and have an original maturity of more than three-months and less than twelve-months. As of 31 December 2023G, the deposit yield commission rate amounted to 6.50% (31 December 2022G: ranges from 0.95% to 4.2%).

The gross carrying amount of financial assets measured by amortized cost represents the Company's maximum exposure to credit risk on these financial assets which are categorized under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB, while non-investment grade represents uncategorized exposures. The Company's exposures to credit risk are not collateralized.

Term deposit balance decreased by 62.8% from SAR 239.0 million as of 31 December 2022G to SAR 89.0 million as of 31 December 2023G as a result of reclassification of term deposits with a maturity less than 3 months from term deposits to cash and cash equivalents.

4.12.1.3 Investments

The following table presents investments as at 31 December 2022G and 2023G:

Table 88 Investments

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Financial assets at fair value through profit or loss	20,755	45,087	117.23%
Financial assets at fair value through other comprehensive income	39,703	43,463	9.47%
Financial assets at amortized cost	61,464	50,343	(18.09%)
Total	121,922	138,893	13.92%

Source: Audited financial statements for the financial year ended 31 December 2023G.

Total investments increased by 13.9% from SAR 121.9 million as of 31 December 2022G to SAR 138.9 million as of 31 December 2023G. This is attributed to a 117.2% increase in financial assets at FVTPL, which reached SAR 45.1 million as of 31 December 2023G as compared to SAR 20.8 million as of 31 December 2022G, and to a 9.5% increase in FVOCI measurement reaching SAR 43.5 million as of 31 December 2023G as compared to a balance of SAR 39.7 million as of 31 December 2022G, offset by a decrease in financial assets held at

amortized cost by 18.1% to reach SAR 50.3 million as of 31 December 2023G as compared to a balance of SAR 61.5 million as of 31 December 2022G.

The following table presents movement of financial assets at FVTPL as at 31 December 2022G and 2023G:

Table 89 Financial assets at fair value through profit or loss

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	%Annual change 2022G - 2023G
Balance at beginning of the year	101,380	20,755	(79.53%)
Additions during the year	90,030	40,091	(55.47%)
Termination during the year	(176,675)	(21,304)	(87.94%)
Changes in fair value of investments	6,020	5,545	(7.89%)
Closing balance	20,755	45,087	117.23%

Source: Audited financial statements for the financial year ended 31 December 2023G.

Financial assets at FVTPL includes investments managed by a fund manager under the discretionary portfolio of investments where all such investments are carried at fair value as dictated by the Fund managers. The fund manager keeps such investments in various equity and real estate funds.

The following table presents movement of financial assets at FVOCI as at 31 December 2022G and 2023G:

Table 90 Financial assets at fair value through other comprehensive income

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	%Annual change 2022G - 2023G
Balance at beginning of the year	37,028	39,703	7.22%
(Loss) reversal of expected credit loss	5	-	Not Applicable
Changes in fair value of investments	2,670	3,760	40.82%
Closing balance	39,703	43,463	9.47%

Source: Audited financial statements for the financial year ended 31 December 2023G and Management information

The above represents the Company's 3.45% (31 December 2022: 3.45%) holding in Najm for Insurance Services Company, a Saudi Closed Joint Stock Company. These shares are un-quoted and are carried at fair value. The Company has determined the fair value of its investment in Najm, which was previously carried at initial cost of SAR 1.9 million until 31 December 2022G, which then amounted to SAR 39.7 million at as 31 December 2022 and SAR 43.5 million as at 31 December 2023. Accordingly, the required adjustments to bring the carrying value of such investment to its fair value, in accordance with the requirements of IFRS 9, have been recorded in the opening balance of equity as of 1 January 2022G and 31 December 2022G.

The following table presents details of financial assets measured at the amortized cost as at 31 December 2022G and 2023G:

Table 91 Financial assets measured at amortized cost

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Sukuk	60,000	50,000	(16.67%)
Commission accrued	1,472	350	(76.22%)
Total amount	61,472	50,350	(18.09%)

Expected credit loss	(8)	(7)	(12.50%)
Net amount - total	61,464	50,343	(18.09%)

Source: Audited financial statements for the financial year ended 31 December 2023G.

Financial assets measured at amortized cost represent 500,000 Sukuks at a face value of SAR 100 per Sukuk with a coupon rate of 2.80% per annum. These Sukuks have a maturity of 10 years commencing 18 March 2021G.

The gross carrying amount of financial assets measured at amortized cost represents the Company's maximum exposure to credit risk on these financial assets which are categorized under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB, whereas non-investment grade represents un-rated exposures. The Company's exposures to credit risk are not collateralized.

4.12.1.4 Prepaid expenses and other assets

The following table presents prepaid expenses and other assets as at 31 December 2022G and 2023G:

Table 92 Prepaid expenses and other assets

(SAR'000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Co-insurance income receivable	13,732	12,997	(5.35%)
Advance to suppliers	7,962	12,769	60.37%
Prepayments	1,247	2,189	75.54%
Discount volume incentives receivable	1,995	2,065	3.51%
Deposits	300	1,894	531.33%
Employee receivables	1,693	1,616	(4.55%)
Other receivables	3,080	3,000	(2.60%)
Total	30,009	36,530	21.73%

Source: Audited financial statements for the financial year ended 31 December 2023G.

Prepaid expenses and other assets increased by 21.7% from SAR 30.0 million as of 31 December 2022G to SAR 36.5 million as of 31 December 2023G mainly driven by a 60.4% increase in prepaid expenses to suppliers from SAR 8.0 million as of 31 December 2022G to SAR 12.8 million as of 31 December 2023G. This was due to the enforcement of a court ruling in the amount of SAR 2 million and the issuance of excess priority shares in the amount of SAR 2.5 million during the rights issue of 2022G to increase the Company's share capital, which were returned to the concerned investors in 2024G.

4.12.1.5 Insurance and reinsurance contracts

The following table presents an analysis of total insurance and reinsurance contracts for the financial years ended 31 December 2022G and 2023G:

Table 93 Insurance and reinsurance contracts

(SAR'000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Reinsurance contract assets	75,029	62,331	(16.92%)
Insurance contract liabilities	(524,418)	(508,116)	(3.11%)
Reinsurance contract liabilities	0	(3,185)	Not Applicable
Total insurance and reinsurance contracts	(449,389)	(448,970)	(0.09%)

Source: Audited financial statements of the financial year ended 31 December 2023G.

The following table presents insurance contract liabilities as at 31 December 2022G and 2023G:

Table 94 Insurance contract liabilities

(SAR'000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Medical	55,523	49,509	(10.83%)
Motor	301,229	258,002	(14.35%)
Other	11,946	22,031	84.42%
Liability for remaining coverage	368,698	329,542	(10.62%)
Medical	17,701	22,350	26.26%
Motor	100,689	132,318	31.41%
Other	37,330	23,906	(35.96%)
Liability for incurred claims	155,720	178,574	14.68%
Total	524,418	508,116	(3.11%)

Source: Audited Financial Statements for the financial year ended 31 December 2023G.

Total insurance contract liabilities decreased by 3.1% from SAR 524.4 million as of 31 December 2022G to SAR 508.1 million as of 31 December 2023G. This was due to a 10.6% decrease in the liability related to remaining coverage to SAR 329.5 million as of 31 December 2023G as compared to a balance of SAR 368.7 million as of 31 December 2022G resulting from a decrease in motor insurance. This was offset by a 14.7% increase in incurred claims liabilities to SAR 178.6 million as of 31 December 2023G as compared to a balance of SAR 155.7 million as of 31 December 2022G resulting from an increase in motor insurance.

The following table presents an analysis of assets and liabilities related to reinsurance contracts as of 31 December 2022G and 2023G:

Table 95 Reinsurance contracts assets and liabilities

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Medical	4,588	(3,185)	(169.42%)
Motor	32,372	34,345	6.09%
Other	38,069	27,986	(26.49%)
Total reinsurance contracts	75,029	59,146	(21.17%)

Total reinsurance contract assets	75,029	62,331	(16.92%)
Total reinsurance contract liabilities	-	(3,185)	Not Applicable

Source: Audited Financial Statements for the financial year ended 31 December 2023G.

Total reinsurance contract assets decreased by 16.9% from SAR 75.0 million as of 31 December 2022G to SAR 62.3 million as of 31 December 2023G, mainly driven by a 26.5% decrease in reinsurance contract assets for other LoBs to SAR 28.0 million as of 31 December 2023G from SAR 38.1 million as of 31 December 2022G, and by a 169.4% decrease in the balance of medical reinsurance contract assets to SAR (3.2) million as of 31 December 2023G from SAR 4.6 million as of 31 December 2022G.

4.12.1.6 Right-of-use assets

The following table presents right-of-use assets as at 31 December 2022G and 2023G:

Table 96 Right-of-use assets

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
1 January 2023	18,231	17,454	(4.26%)
Additions	1,720	4,984	189.77%
Charged during the Year	(1,756)	(4,318)	145.90%
Termination during the year	(741)	0	(100.00%)
Total	17,454	18,120	3.82%

Source: Audited financial statements for the financial year ended 31 December 2023G.

The Company leases office premises and various point-of-sale stores across the Kingdom of Saudi Arabia. Rental contracts are typically made for a period of 1 months to 12 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Company assesses whether the contract contain a lease agreement based on whether the contract covers the right to control the use of a specific asset for a period of time against financial compensation. The Company chose to apply the practical method to calculate each component of rent agreements and any other non-lease components as a single lease component. The Company recognizes right-of-use assets and rent liabilities at the lease contract start date. The right to use the asset is initially measured based on the initial rent liability amount adjusted for any rent payments on or before the start date plus any initial direct costs incurred, the estimated costs to dismantle and remove the principal asset or to restore the original asset to its location, minus any lease incentives.

Right of use assets depreciate until the end of the productive life of the asset or rent period using the straight-line method as it depicts the expected pattern of consumption of future economic benefits more clearly. The rent period includes periods covered by the extension option if the Company is reasonably certain of the reasonability of this option. In addition, the right to use an asset is reduced periodically through impairment losses, if any, adjusted for specific rent contract liabilities remeasurement.

There was no material change in right-of-use assets as on 31 December 2023G compared to total right-of-use assets as on 31 December 2022G.

4.12.1.7 Property and equipment

The following table presents net property and equipment as at 31 December 2022G and 2023G:

Table 97 Property and equipment

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Furniture and fixtures	2,014	1,335	(33.71%)
Computers & equipment	1,026	3,467	237.91%
Cars	-	-	0.00%
Projects under construction	2,114	669	(68.35%)
Total	5,154	5,471	6.15%

Source: Audited Financial Statements for the financial year ended 31 December 2023G.

Net carrying value of property and equipment increased by 6.2% from SAR 5.2 million as of 31 December 2022G to SAR 5.5 million as of 31 December 2023G, mainly driven by additions to the computers and equipment category.

4.12.1.8 Intangible assets

Intangible assets include computer software and licenses measured at cost. Intangible assets with specific production periods are amortized over the useful economic life as per the expected pattern of consumption of future economic benefits. The estimated productive life of software is five years, while the estimated productive life of licenses is four years.

Intangible assets decreased from SAR 1.0 million as of 31 December 2022G to SAR 0.9 million as of 31 December 2023G as a result of depreciation charged for the year.

4.12.1.9 Statutory deposit and accrued commission income on statutory deposit

The statutory deposit represents 37.5% and 18.8% of the paid-up share capital as on 31 December 2022G and 2023G respectively. In accordance with Article 58 of the Insurance Implementing Regulations of SAMA, the Company is required to maintain a statutory deposit of not less than 10% of its paid-up capital. The statutory deposit is maintained with a Saudi Arabian bank. Accrued income on this deposit payable to the Insurance Authority (IA) was SAR 2.4 million as on 31 December 2023G (31 December 2022G: SAR 2.4 million) and this deposit can be withdrawn only with the consent of IA.

In accordance with the instruction received from SAMA via their circular dated 1 March 2016G, the Company has disclosed the interest due on the statutory deposit as of 31 December 2023G as an asset and a liability in these financial statements. In accordance with the request received from SAMA on 30 August 2023G, the Company has released the accrued income on statutory deposit to SAMA up to 31 December 2022G

amounting to SAR 4.9 million. The statutory deposit is shown on the statement of financial position net of impairment allowance. During the year, the Insurance Authority has been established by a Royal Decree as the insurance regulator. Previously issued regulations by SAMA will be upheld until the Insurance Authority issues updated regulations. Therefore, the accrued income liability is payable to the Insurance Authority.

4.12.2 Liabilities

The following table presents liabilities as at 31 December 2022G and 2023G:

Table 98 Liabilities

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Insurance contract liabilities	524,418	508,116	(3.11%)
Reinsurance contract liabilities	0	3,185	Not Applicable
Accrued expenses and other liabilities	20,785	25,590	23.12%
Lease liabilities	18,493	19,771	6.91%
Employee benefit obligations	6,716	8,717	29.79%
Provision for zakat	30,629	33,442	9.18%
Accrued commission income on statutory deposit	4,913	2,449	(50.15%)
Total liabilities	605,954	601,270	(0.77%)

Audited financial statements of the financial year ended 31 December 2023G.

4.12.2.1 Accrued expenses and other liabilities

The following table presents accrued expenses and other liabilities as at 31 December 2022G and 2023G:

Table 99 Accrued expenses and other liabilities

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Due to government entities	2,770	11,938	330.97%
Suppliers and other creditors	14,921	9,356	(37.30%)
Accrued expenses	397	1,537	287.15%
Other payables	2,697	2,759	2.30%
Total	20,785	25,590	23.12%

Source: Audited financial statements of the financial year ended 31 December 2023G.

Accrued expenses and other liabilities increased by 23.1% from SAR 20.8 million as of 31 December 2022G to SAR 25.6 million as of 31 December 2023G. This is mainly attributable to a 331.0% increase in due to government entities from SAR 2.8 million as of 31 December 2022G to SAR 11.9 million as of 31 December 2023G mainly driven by an increase in withholding tax payable.

4.12.2.2 Lease liabilities

The following table presents lease liabilities as at 31 December 2022G and 2023G:

Table 100 Lease liabilities

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Balance at the beginning of the year	20,335	18,493	(9.06%)
Additions	1,720	4,984	189.77%
Finance costs	2,128	955	(55.12%)
Paid during the Year	(655)	0	(100.00%)
Payment during the year	(5,035)	(4,661)	(7.43%)
Total	18,493	19,771	6.91%

Source: Audited financial statements of the financial year ended 31 December 2023G.

Lease liabilities increased from SAR18.5 million as of 31 December 2022G to SAR 19.8 million as of 31 December 2023G. This is mainly attributable to an increase in rent value at the Company's points of sale, in addition to the lease value of the advertising space (Company name and logo) used on the Salama Tower (Company's Head Office).

4.12.2.3 Employee benefit obligations

The following table presents employee benefit obligations as at 31 December 2022G and 2023G:

Table 101 Employee benefit obligations

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
At the beginning of the year	7,895	6,716	(14.93%)
Carried on the P&L statement	1,486	1,829	23.08%
Service cost	213	332	55.87%
Paid during the year	(3,267)	(853)	(319.28%)
Carried to gross income	389	693	(121.21%)
Closing balance	6,716	8,717	29.79%

Source: Audited financial statements of the financial year ended 31 December 2023G.

The Company operates a defined benefit plan in line with the Labor Law requirement in the Kingdom of Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labor Laws of the Kingdom of Saudi Arabia. Employees' end-of-service benefit plans are unfunded plans, and the benefit payment obligation are met when they fall due upon termination of employment.

Employee benefit obligations increased from SAR 6.7 million as of 31 December 2022G to SAR 8.7 million as of 31 December 2023G, mainly driven by an increase in end of service benefits for current employees.

4.12.2.4 Provision for zakat

The Company submitted the Zakat declarations for the year ended 31 December 2022D and obtained the Zakat certificate.

The ZATCA has issued an assessment for the year 2014G, which has requested an additional Zakat liability amounting to SAR 1.2 million. The assessment was objected, and the objection was rejected by ZATCA. The case was escalated to the Preliminary Committee of the Tax Committees. The final decision regarding the Zakat liability was announced and the management has paid the liability during 2023G.

The ZATCA raised an assessment for the years from 2015G to 2018G, which has requested an additional Zakat liability amounting to SAR 14.1 million. The management believes that the provision maintained is adequate to cover any unfavorable outcome.

During 2021G, the Company received zakat assessments for the year 2019G and 2020G where ZATCA has asked additional liability of SAR 11.4 million. The Company objected and later reduced to SAR 9.1 million. The Company made a payment of SAR 2.3 million in order to object according to the zakat regulation. The objection has been referred to the General Secretariat of the Tax Committees and the case is still under discussion.

During 2023G, the Company has received an initial assessment for the years 2021G and 2022G where ZATCA has asked additional Zakat liability of SAR 2.4 million and SAR 2.1 million respectively. The Company is in the process to fulfill the data requirements from ZATCA pertaining to the years 2021G and 2022G. The Company has sufficient provision to cover the additional Zakat liabilities.

4.12.3 Shareholder equity

The following table presents shareholder equity as at 31 December 2022G and 2023G:

Table 102 Shareholder Equity

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Share capital	100,000	200,000	100.00%
Statutory reserve	-	-	0.00%
Accumulated losses	(76,783)	(35,727)	(53.47%)
Fair value reserve for investments	37,780	41,540	9.95%
Remeasurement reserve of employee benefit obligations	(141)	(834)	491.49%
Total shareholder equity	60,856	204,979	236.83%

Source: Audited financial statements of the financial year ended 31 December 2023G.

4.12.3.1 Share capital

The Board of Directors of Salama Cooperative Insurance Company recommended in its meeting held on 04/18/1435H corresponding to 12 June 2014G (by circulation) to the Extraordinary General Assembly to increase the Company's capital from SAR 100 million divided into 10 million shares at a value of SAR 10 per share to SAR 250 million divided into 25 million shares at a value of SAR 10 per share through a rights issue worth SAR 150 million divided into 15 million shares at a value of SAR 10 per share. The Company received a

decision from the Saudi Central Bank (known as the Saudi Arabian Monetary Authority at that time) dated 01/12/1435H corresponding to 25 September 2014G approving the Company's request to increase the capital by SAR 150 million. The Capital Market Authority approved the Company's request for this increase on 28 April 2015G. Then, the Extraordinary General Assembly approved on 13/09/1436H corresponding to 30 June 2015G the Board of Directors' recommendation to increase the capital from SAR 100 million to SAR 250 million through a rights issue. The Company's capital amounted to SAR 100 million divided into 10 million shares at a value of SAR 10 per share before the issuance and SAR 250 million divided into 25 million shares at a value of SAR 10 per share after the issuance. The purpose of increasing the capital was to enhance the solvency margin and support the growth of the Company's future activity.

The authorized, issued and paid-up capital amounted to SAR 250 million as of 31 December 2021G, consisting of 25 million shares at a value of SAR 10 per share. According to Article 150 of the Companies Law issued by Royal Decree (M/3) dated 28/01/1437H corresponding to 10 November 2015G, which requires the Company's board of directors to hold an Extraordinary General Assembly meeting during the period specified by the regulations to reduce the accumulated losses to less than half of the Company's capital or dissolve the Company before its term specified in its articles of association, and accordingly, the Company obtained a letter from the Central Bank containing its approval to reduce the Company's capital on 21/10/1443H corresponding to 22 May 2022G and the approval of the Capital Market Authority on 22/12/1443H corresponding to 21 July 2022G. The Extraordinary General Assembly held on 18/01/1444H corresponding to 16 August 2022G approved the reduction in the Company's capital from SAR 250 million divided into 25 million ordinary shares at a value of SAR 10 per share to SAR 100 million divided into 10 million ordinary shares at a value of SAR 10 per share. The accumulated losses were reduced by offsetting the capital by an amount of SAR 150 million and using the full balance of the statutory reserve amounting to SAR 5,003,000 as of 31 March 2022G. Accordingly, the accumulated losses, capital and statutory reserve were reduced by an amount of SAR 155 million, SAR 150 million and SAR 5,003,000, respectively, during the financial year ended 31 December 2022G. The capital was reduced by reducing 3 shares for every 5 shares owned by the shareholder. The purpose of the capital reduction was to restructure the Company's capital position and absorb 94.48% of the accumulated losses amounting to SAR 158.8 million as of 31 December 2021G, in line with Article 150 of the Companies Law issued by Royal Decree (M/3) dated 28/01/1437H corresponding to 10 November 2015G. The capital reduction had no impact on the Company's financial obligations. Accordingly, the Company's authorized, issued and fully paid-up capital amounted to SAR 100 million as of 31 December 2022, divided into 10 million ordinary shares of SAR 10 per share. The Company manages its capital requirements by identifying shortfalls between the authorized and required capital levels on a regular basis. Adjustments are made to the current capital levels in light of changes in market conditions and risks related to the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares.

During the year ended 31 December 2023G, in order to support the Company's future plans and support the Company's solvency margin and in compliance with the requirements of Article 68 of the Implementing

Regulations for Cooperative Insurance Law, the Company completed the rights issue for 10 million new shares amounting to SAR 100 million at a value of SAR 10 per share with the aim of increasing the Company's authorized, issued and paid-up capital from SAR 100 million divided into 10 million ordinary shares at a value of SAR 10 per share before the rights issue to SAR 200 million divided into 20 million shares at a value of SAR 10 per share after the rights issue. Accordingly, the Company's authorized, issued and fully paid-up capital amounted to SAR 200 million as of 31 December 2023G, divided into 20 million ordinary shares at a value of SAR 10 per share. The Company announced that it received a letter from the Saudi Central Bank dated 26/04/1444H (corresponding to 20 November 2022G) including the Saudi Central Bank's approval to increase the Company's capital from SAR 100 million to SAR 200 million through a rights issue. The Company also announced that it received a letter from the Saudi Central Bank dated 28/10/1444H corresponding to 18 May 2023G including the Saudi Central Bank's approval to extend the approval previously granted to the Company regarding the capital increase through a rights issue for a period of three months from the date of the letter. The Company also obtained the approval of the Capital Market Authority for this capital increase on 05/01/1445H (corresponding to 23 July 2023G). The Extraordinary General Assembly held on 21/04/1445H (corresponding to 05 November 2023G) subsequently approved this capital increase. In the opinion of the Board of Directors, the Company has met the externally imposed capital compliance requirements during the financial year.

4.12.3.2 Accumulated losses

Accumulated losses decreased by 53.5% from SAR 76.8 million as on 31 December 2022G to SAR 35.7 million as on 31 December 2023G as a result of profits achieved by the Company in 2023G.

4.12.3.3 Fair value reserve for investments

This above represents the Company's 3.45% (31 December 2022: 3.45%) holding in Najm for Insurance Services Company, a Saudi Closed Joint Stock Company. These shares are un-quoted and are carried at fair value. The Company has determined the fair value of its investment in Najm, which was previously carried at initial cost of SAR 1.9 million until 31 December 2022G, which then reached SAR 39.7 million at as 31 December 2022G and SAR 43.5 million at 31 December 2023G. Accordingly, the required adjustments to bring the carrying value of such investment to its fair value, in accordance with the requirements of IFRS 9, have been recorded in the opening equity as of 1 January 2022G and 31 December 2022G.

4.12.3.4 Remeasurement reserve of employee benefit obligations

The remeasurement reserve of employees benefit obligations increased from SAR (0.1) million as of 31 December 2022G to SAR (0.8) million as of 31 December 2023G based on the recommendation of the actuarial expert.

4.12.3.5 Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them (affiliated entities). As part of its regular business, the Company conducts

transactions with related parties. Related party transactions are concluded pursuant to terms agreed with such parties and approved by the Company's Board of Directors.

Following are details of significant related party transactions as of 31 December 2022G and 2023G:

Table 103 Related party transactions

(SAR '000)	Nature of transactions	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Islamic Arab Insurance Company ("IAIC")	Payments received on behalf	0	0	0
Al Mamoon Insurance Brokers	Commissions incurred	771	311	(59.66%)
Ittihad Insurance Brokers	Commissions incurred	8	375	4587.50%
Najm Insurance Services Company	Najm fees	0	34,934	Not Applicable

Source: Audited financial statements of the financial year ended 31 December 2023G.

Table 104 Due from / (to) related parties' balances

(SAR '000)	Nature of transactions	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Islamic Arab Insurance Company ("IAIC")	Payments received on behalf of	0	0	0.00%
Al Mamoon Insurance Brokers	Commissions incurred	884	441	(50.11%)
Ittihad Insurance Brokers	Commissions incurred	36	0	(100.00%)
Najm Insurance Services Company	Najm fees	0	3,510	Not Applicable
Total		920	3,951	329.46%

Source: Audited financial statements of the financial year ended 31 December 2023G.

Table 105 Key senior management remunerations

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Salaries and benefits	4,698	4,423	(5.85%)
Employee benefit obligations	243	266	9.47%
Remuneration to those charged with governance - Board of Directors	204	1,032	405.88%
Remuneration to those charged with governance - Board Committees	239	242	1.26%
Total	5,384	5,963	10.75%

Source: Audited financial statements of the financial year ended 31 December 2023G.

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer and the Chief Financial Officer of the Company. The transactions with

related parties are carried out at commercial terms and conditions. Compensation to key management personnel is based on employment terms and as per the by-laws of the Company.

Key senior management remunerations increased by 10.8% to SAR 6 million in 2023G mainly driven by an increase in Remuneration to those charged with governance – Key senior management amounting to SAR 1 million in 2023G.

4.12.4 Commitments and contingencies

- The Company is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not believe that the outcome of these cases will have a material impact on the Company’s financial performance.
- The Company’s bankers have given guarantees to non-government customers amounting to SAR 2.2 million as at 31 December 2023G (31 December 2022G: SAR 0.7 million) in respect of motor insurance and to Zakat, Tax and Customs Authority amounting to SAR 9.5 million as at 31 December 2023G (31 December 2022G: SAR 9.5 million) in respect of zakat assessments for years 2008G to 2012G. During 2022G, the Company has settled the liability from 2008G to 2012G and requested ZATCA to release the bank guarantee amounting to SAR 9.5 million.
- For further clarifications, kindly refer to potential liabilities related to zakat assessment and income tax under sub-section (4.11) “Income Statement for the financial years ended 31 December 2022G and 31 December 2023G after the impact of the implementation of the International Financial Reporting Standards No. 9 and 17” of this Section (4) “MD&A” .
- The Company operates in the insurance industry and is subject to legal proceedings in the ordinary course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings. The Company, based on in-house legal advice, does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

4.13 Financing structure

Table 106 Financing structure

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Share capital	100,000	200,000	100%

Source: Audited financial statements of the financial year ended 31 December 2023G.

The Company’s financing structure is based on authorized and paid-up capital which amounted to SAR 200 million as of 31 December 2023. The Company does not have other material sources of financing as of the date of this Prospectus.

4.14 Statement of Cash Flows for the financial years 2022G and 2023G after the impact of implementation of the International Financial Reporting Standards No. 9 and 17

The following table presents cash flow statements for the years 2022G and 2023G after the impact of implementation of the International Financial Reporting Standards No. 9 and 17:

Table 107 Statement of cash flows

(SAR'000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Cash flows from operating activities			
Profit / (loss) for the year attributable to the shareholders before zakat	(35,866)	55,302	(254.19%)
Adjustments for non-cash items:			
Depreciation of property and equipment	2,682	1,958	(26.99%)
Amortization of intangible assets	252	348	38.10%
Depreciation for right-of-use assets	1,756	4,318	145.90%
Finance costs on lease liabilities	2,128	955	(55.12%)
Net impairment losses / (reversal of impairment losses) on financial assets	(317)	165	(152.05%)
Unrealized (gain) / loss on financial assets measured at FVTPL	1,172	(5,292)	(551.54%)
Realized gain on financial assets measured at FVTPL	(7,192)	(253)	(96.48%)
Commission income from financial assets measured at amortized cost	(1,864)	(1,724)	(7.51%)
Provision for employees benefit obligations	1,699	2,161	27.19%
Gain on remeasurement of lease liabilities	86	0	(100.00%)
Total	(35,464)	57,938	(263.37%)
Changes in operating assets and liabilities:			
Prepaid expenses and other assets	(11,649)	(6,521)	(44.02%)
Changes in reinsurance contract assets	(11,681)	12,698	(208.71%)
Accrued expenses and other liabilities	(3,165)	4,805	(251.82%)
Changes in insurance contract liabilities	134,689	(16,302)	(112.10%)
Changes in reinsurance contract liabilities	0	3,185	Not Applicable
Due (from) / to insurance operations	72,730	55,803	(23.27%)
Employee benefit obligations paid	(3,267)	(853)	(73.89%)
Zakat paid	0	(1,187)	Not Applicable
Net cash (used in) / generated from operating activities	69,463	53,763	(22.60%)

Source: Audited financial statements of the financial year ended 31 December 2023G.

Table 108 Cash flows from investing activities

(SAR'000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual Change 2022G - 2023G
Cash flows from investing activities			
Term deposits	(142,587)	149,871	(205.11%)
Payments for purchases of financial assets at FVTPL	(90,030)	(40,091)	(55.47%)
Proceeds from sale of investments held at FVTPL	176,675	21,304	(87.94%)
Proceeds from maturity of financial assets held at amortized cost	4,983	10,000	100.68%
Commission income received from financial assets at amortized cost	1,864	2,845	52.63%
Payments for purchases of property and equipment	(3,729)	(2,275)	(38.99%)
Payments for purchases of intangible assets	(855)	(190)	(77.78%)
Net cash generated from / (used in) investing activities	(53,679)	141,464	(363.54%)

Source: Audited financial statements of the financial year ended 31 December 2023G.

Table 109 Cash flows from financing activities

(SAR'000)	31 December 2022G (Restated)	31 December 2023G (Audited)	% Annual change 2022G - 2023G
Cash flows from financing activities			
Principal elements of lease payments	(2,907)	(3,706)	27.49%
Finance costs paid on lease liabilities	(2,128)	(955)	(55.12%)
Issue of right shares	0	100,000	100.00%
Transaction costs on the issue of right shares	0	(10,246)	Not Applicable
Net cash (used in) / generated from financing activities	(5,035)	85,093	(1790.03%)
Net increase in cash and cash equivalents	10,749	280,320	2507.87%
Cash and cash equivalent at year beginning	124,016	134,765	8.67%
Cash and cash equivalent at year ending	134,765	415,085	208.01%
Supplementary table for Non-cash information			
Net changes in fair value of investment measured at FVOCI	2,670	3,760	40.82%
Transfer from capital work in progress	0	1,445	100.00%

Source: Audited financial statements of the financial year ended 31 December 2023G.

Cash and cash equivalent increased from SAR 134.8 million as of 31 December 2022G to SAR 415.1 million as of 31 December 2023G, mainly driven by net cash from operating activities for an amount of SAR 53.8 million in 2022G, net cash from investing activities for an amount of SAR 141.5 million in 2023G and net cash from financing activities for an amount of SAR 85.1 million in 2023G.

Operating activities

Net cash from operating activities decreased from SAR 69.6 million in 2022G to SAR 53.8 million in 2023G due to a decrease in insurance contract payables from SAR 524.4 million as of 31 December 2022G to SAR 508.1 million as of 31 December 2023G.

Investing activities

Net cash from investing activities increased from SAR (53.7) million in 2022G to SAR 141.5 million in 2023G, mainly attributed to the maturity of term deposits in the amount of SAR 149.9 million.

Financing activities

Net cash from financing activities increased from SAR (5.0) million in 2022G to SAR 85.1 million in 2023G, mainly attributed to the issuance of shares in the amount of SAR 100 million.

4.15 Impact measurement on the financial statements

The impact of implementation of the International Financial Reporting Standards No. 9 and 17 on the income statement for the financial year ended 31 December 2021G is as follows:

Table 110 Impact of implementation of the International Financial Reporting Standards No. 9 and 17 on the income statement for the financial year ended 31 December 2021G

(SAR'000)	International Financial Reporting Standard	International Financial Reporting Standard No. 17		International Financial Reporting Standard No. 9		Total
	Before implementation	Reclassification	Remeasurement	Reclassification	Remeasurement	Post implementation
Insurance revenue	0	449,977	(7,460)	0	0	442,517
Insurance service expenses	0	(529,240)	(29,274)	0	0	(558,514)
Net expenses from reinsurance contracts	0	(9,700)	3,951	0	0	(5,749)
Insurance service result from Company's directly written business	0	(88,963)	(32,783)	0	0	(121,746)
Share of surplus from insurance pool	0	675	0	0	0	675
Total insurance service result	0	(88,288)	(32,783)	0	0	(121,071)
Revenues						
Gross premiums written	467,531	(467,531)	0	0	0	0
Reinsurance premiums ceded	(52,350)	52,350	0	0	0	0
Excess of loss expenses	(7,599)	7,599	0	0	0	0

Net premiums written	407,582	(407,582)	0	0	0	0
Changes in unearned premiums, net	(8,243)	8,243	0	0	0	0
Net premiums earned	399,339	(399,339)	0	0	0	0
Reinsurance commissions	8,425	(8,425)	0	0	0	0
Other underwriting income	675	(675)	0	0	0	0
Total revenues	408,439	(408,439)	0	0	0	0
<u>Underwriting costs and expenses</u>						
Gross claims paid	(390,048)	390,048	0	0	0	0
Reinsurers' share of claims paid	37,599	(37,599)	0	0	0	0
Net claims paid	(352,449)	352,449	0	0	0	0
Changes in outstanding claims, net	3,960	(3,960)	0	0	0	0
Changes in claims incurred but not reported, net	(93)	93	0	0	0	0
Net claims incurred	(348,582)	348,582	0	0	0	0
Changes in premium deficiency reserve	(6,700)	6,700	0	0	0	0
Changes in other technical reserves	(4,795)	4,795	0	0	0	0
Policy acquisition costs	(22,453)	22,453	0	0	0	0
Other underwriting expenses	(48,590)	48,590	0	0	0	0
Total underwriting costs and expenses	(431,120)	431,120	0	0	0	0
Commission income from financial assets not measured at FVTPL	0	0	0	7,575	0	7,575
Net gains on financial assets measured at FVTPL	0	0	0	10,504	0	10,504
Net (impairment losses) / reversal of impairment losses on financial assets	0	0	0	0	(358)	(358)
Net investment income / (loss)	0	0	0	18,079	(358)	17,721

Net finance costs from insurance contracts issued	0	0	(1,189)	0	0	(1,189)
Net finance income from reinsurance contracts held	0	0	177	0	0	177
Net insurance finance (costs) / income	0	0	(1,012)	0	0	(1,012)
Net underwriting (loss) / income	(22,681)	(65,607)	(33,795)	18,079	(358)	(104,362)
Other operating (expenses) / income						
Allowance for doubtful debts	(7,016)	7,016	0	0	0	0
General and administrative expenses	(94,887)	94,887	0	0	0	0
Investment income	1,551	0	0	(1,551)	0	0
Commission from held to maturity investments	1,115	0	0	(1,115)	0	0
Commission income from term deposit	6,460	0	0	(6,460)	0	0
Realized (loss) / gain on investments	(1,170)	0	0	1,170	0	0
Unrealized gain / (loss) on investments	10,123	0	0	(10,123)	0	0
Other income	95	0	0	0	0	95
Other operating expenses	0	(36,296)	0	0	0	(36,296)
Total other operating expenses	(83,729)	65,607	0	(18,079)	0	(36,201)
Loss for the year attributable to the shareholders before zakat	(106,410)	0	(33,795)	0	(358)	(140,563)
Zakat	(6,000)	0	0	0	0	(6,000)
Net loss for the year attributable to the shareholders after zakat	(112,410)	0	(33,795)	0	(358)	(146,563)
Net changes in fair value of investment measured at FVOCI - equity instruments	0	0	0	0	35,110	35,110

Remeasurement gain on employee benefit obligations	300	0	0	0	0	300
Total comprehensive (loss) / income for the year attributable to the shareholders	(112,110)	0	(33,795)	0	34,752	(111,153)

Source: Limited Assurance Report

The impact of implementation of the International Financial Reporting Standards No. 9 and 17 on the statement of financial position for the financial year ended 31 December 2021G is as follows:

Table 111 Impact of implementation of the International Financial Reporting Standards No. 9 and 17 on the statement of financial position for the financial year ended 31 December 2021G

(SAR '000)	International Financial Reporting Standard	International Financial Reporting Standard No. 17		International Financial Reporting Standard No. 9		Total
	Before implementation	Reclassification	Remeasurement	Reclassification	Remeasurement	Post implementation
Assets						
Cash and cash equivalents	124,016	0	0	0	0	124,016
Term deposits	97,000	0	0	0	(175)	96,825
Premiums and reinsurers' receivable – net	54,672	(54,672)	0	0	0	0
Reinsurers' share of unearned premiums	25,555	(25,555)	0	0	0	0
Reinsurers' share of outstanding claims	19,975	(19,975)	0	0	0	0
Reinsurers' share of claims incurred but not reported	13,866	(13,866)	0	0	0	0
Deferred policy acquisition costs	27,707	(27,707)	0	0	0	0
Investments	168,453	0	0	(168,453)	0	0
Financial assets at fair value through profit or loss ("FVTPL")	0	0	0	101,548	(168)	101,380

Financial assets at fair value through other comprehensive income ("FVOCI")	0	0	0	1,923	35,105	37,028
Financial assets at amortised cost	0	0	0	65,776	(10)	65,766
Prepaid expenses and other assets	19,154	0	0	(794)	0	18,360
Reinsurance contract assets	0	58,440	4,908	0	0	63,348
Right of use assets – net	18,231	0	0	0	0	18,231
Property and equipment – net	4,107	0	0	0	0	4,107
Intangible assets – net	418	0	0	0	0	418
Statutory deposit	37,500	0	0	0	0	37,500
Accrued commission income on statutory deposit	3,887	0	0	0	0	3,887
Total assets	614,541	(83,335)	4,908	0	34,752	570,866
Liabilities						
Insurance contract liabilities	0	351,026	38,703	0	0	389,729
Reinsurance contract liabilities	0	0	0	0	0	0
Policyholders claims payable	11,421	(11,421)	0	0	0	0
Accrued expenses and other liabilities	35,982	(12,032)	0	0	0	23,950
Lease liabilities	20,335	0	0	0	0	20,335
Reinsurers' balances payable	984	(984)	0	0	0	0
Unearned premiums	228,830	(228,830)	0	0	0	0
Unearned reinsurance commission	4,351	(4,351)	0	0	0	0
Outstanding claims	22,859	(22,859)	0	0	0	0
Claims incurred but not reported	123,883	(123,883)	0	0	0	0

Premium deficiency reserves	6,700	(6,700)	0	0	0	0
Other technical reserves	7,892	(7,892)	0	0	0	0
Employee benefit obligations	7,895	0	0	0	0	7,895
Surplus distribution payable	15,409	(15,409)	0	0	0	0
Provision for zakat	27,629	0	0	0	0	27,629
Accrued commission income on statutory deposit	3,887	0	0	0	0	3,887
Total liabilities	518,057	(83,335)	38,703	0	0	473,425
Shareholders' equity						
Share capital	250,000	0	0	0	0	250,000
Statutory reserve	5,003	0	0	0	0	5,003
Accumulated losses	(158,767)	0	(33,795)	0	(358)	(192,920)
Fair value reserve for investments	0	0	0	0	35,110	35,110
Total shareholders' equity	96,236	0	(33,795)	0	34,752	97,193
Remeasurement reserve of employee benefit obligations	248	0	0	0	0	248
Total equity	96,484	0	(33,795)	0	34,752	97,441
Total liabilities and equity	614,541	(83,335)	4,908	0	34,752	570,866

Source: Limited Assurance Report

The impact of implementation of the International Financial Reporting Standards No. 9 and 17 on the statement of cash flows for the financial year ended 31 December 2021G is as follows:

Operating cash flows:

Table 112 Impact of implementation of the International Financial Reporting Standards No. 9 and 17 on the statement of cash flows for the financial year ended 31 December 2021G

(SAR '000)	International Financial Reporting Standard	International Financial Reporting Standard No. 17		International Financial Reporting Standard No. 9		Total
	Before implementation	Reclassification	Remeasurement	Reclassification	Remeasurement	Post implementation
Cash flows from operating activities						
Loss for the year attributable to shareholders before zakat	(106,410)	0	(33,795)	0	(358)	(140,563)
Adjustments for non-cash items:						
Depreciation of property and equipment	3,542	0	0	0	0	3,542
Amortization of intangible assets	4,121	0	0	0	0	4,121
Depreciation of right of use assets	3,853	0	0	0	0	3,853
Finance costs on lease liabilities	1,333	0	0	0	0	1,333
Net impairment losses / (reversal) on financial assets	0	0	0	0	358	358
Allowance for doubtful debts	7,016	(7,016)	0	0	0	0
Unrealized loss / (gain) on investments at fair value through statement of income	(10,123)	0	0	10,123	0	0
Realized loss on investments at fair value through statement of income	1,170	0	0	(1,170)	0	0
Unrealized (gain) / loss on financial assets measured at FVTPL	0	0	0	(10,123)	0	(10,123)

Realized gain on financial assets measured at FVTPL	0	0	0	0	0	0
Commission income from financial assets measured at amortised cost	0	0	0	(1,115)	0	(1,115)
Gain on remeasurement of lease liabilities	0	0	0	0	0	0
Provision for employees benefit obligations	1,710	0	0	0	0	1,710
	(93,788)	(7,016)	(33,795)	(2,285)	0	(136,884)
Changes in operating assets and liabilities:						
Premiums and reinsurers' receivable	(20,792)	20,792	0	0	0	0
Reinsurers' share of unearned premiums	(2,285)	2,285	0	0	0	0
Reinsurers' share of outstanding claims	935	(935)	0	0	0	0
Reinsurers' share of claims incurred but not reported	(2,084)	2,084	0	0	0	0
Deferred policy acquisition costs	(6,687)	6,687	0	0	0	0
Changes in reinsurance contract assets	0	(8,645)	(4,908)	0	0	(13,553)
Prepaid expenses and other assets	23,078	1	0	616	0	23,695
Accrued commission on statutory deposit	(219)	219	0	0	0	0
Policyholders claims payable	(2,101)	2,101	0	0	0	0
Accrued expenses and other liabilities	5,617	(733)	0	0	0	4,884

Changes in insurance contract liabilities	0	(142)	38,703	0	0	38,561
Changes in reinsurance contract liabilities	0	0	0	0	0	0
Reinsurers' balances payable	(3,445)	3,445	0	0	0	0
Unearned premiums	10,528	(10,528)	0	0	0	0
Unearned reinsurance commission	618	(618)	0	0	0	0
Outstanding claims	(4,895)	4,895	0	0	0	0
Claims incurred but not reported	2,177	(2,177)	0	0	0	0
Premium deficiency reserves	6,700	(6,700)	0	0	0	0
Other technical reserves	4,796	(4,796)	0	0	0	0
Accrued commission income payable to SAMA	219	(219)	0	0	0	0
	(81,628)	0	0	(1,669)	0	(83,297)
Zakat paid	(9,502)	0	0	0	0	(9,502)
Employee benefit obligations paid	(3,216)	0	0	0	0	(3,216)
Net cash flows generated used in operating activities	(94,346)	0	0	(1,669)	0	(96,015)

Source: Limited Assurance Report

Cash flows from investing activities

(SAR '000)	International Financial Reporting Standard	International Financial Reporting Standard No. 17		International Financial Reporting Standard No. 9		Total
	Before implementation	Reclassification	Remeasurement	Reclassification	Remeasurement	Post implementation
Cash flows from investing activities						
Purchase of investments	(8,838)	0	0	8,838	0	0
Proceeds from sale of investments	68,212	0	0	(68,212)	0	0

Placement of term deposits	(325,000)	0	0	325,000	0	0
Proceeds from term deposits	376,318	0	0	(376,318)	0	0
Proceeds from held to maturity investments	(50,000)	0	0	50,000	0	0
Term deposits	0	0	0	50,702	0	50,702
Payments for purchases of financial assets at FVTPL	0	0	0	(8,838)	0	(8,838)
Proceeds from sale of investments held at FVTPL	0	0	0	69,382	0	69,382
Proceeds from maturity of financial assets held at amortised cost	0	0	0	(50,000)	0	(50,000)
Commission income received from financial assets at amortised cost	0	0	0	1,115	0	1,115
Payments for purchases of property and equipment	(499)	0	0	0	0	(499)
Payments for purchases of intangible assets	0	0	0	0	0	0
Net cash flows generated from investing activities	60,193	0	0	1,669	0	61,862

Source: Limited Assurance Report

Cash flows from financing activities

(SAR '000)	International Financial Reporting Standard	International Financial Reporting Standard No. 17		International Financial Reporting Standard No. 9		Total
	Before implementation	Reclassification	Remeasurement	Reclassification	Remeasurement	Post implementation
Cash flows from financing activities						
Payments of lease liabilities	(1,077)	1,077	0	0	0	0
Principal elements of lease payments	0	256	0	0	0	256
Finance costs paid on lease liabilities	0	(1,333)	0	0	0	(1,333)
Net cash flows used in financing activities	(1,077)	0	0	0	0	(1,077)

Net change in cash and cash equivalents	(35,230)	0	0	0	0	(35,230)
Cash and cash equivalents, at the beginning of the year	159,246	0	0	0	0	159,246
Cash and cash equivalents, at the end of the year	124,016	0	0	0	0	124,016

Source: Limited Assurance Report

The impact of implementation of the International Financial Reporting Standards No. 9 and 17 on the income statement for the financial year ended 31 December 2022G is as follows:

Table 113 : Impact of implementation of the International Financial Reporting Standards No. 9 and 17 on the income statement for the financial year ended 31 December 2022G

(SAR '000)	International Financial Reporting Standard	International Financial Reporting Standard No. 17		International Financial Reporting Standard No. 9		Total
	Before implementation	Reclassification	Remeasurement	Reclassification	Remeasurement	Post implementation
Insurance revenue	0	589,267	9,084	0	0	598,351
Insurance service expenses	0	(637,612)	8,615	0	0	(628,997)
Net expenses from reinsurance contracts	0	(8,436)	1,078	0	0	(7,358)
Insurance service result from Company's directly written business	0	(56,781)	18,777	0	0	(38,004)
Share of surplus from insurance pool	0	14,223	0	0	0	14,223
Total insurance service result	0	(42,558)	18,777	0	0	(23,781)
Revenues						
Gross premiums written	792,108	(792,108)	0	0	0	0
Reinsurance premiums ceded	(78,519)	78,519	0	0	0	0
Excess of loss expenses	(11,639)	11,639	0	0	0	0
Net premiums written	701,950	(701,950)	0	0	0	0
Changes in unearned premiums, net	(180,885)	180,885	0	0	0	0
Net premiums earned	521,065	(521,065)	0	0	0	0
Reinsurance commissions	9,279	(9,279)	0	0	0	0

Other underwriting income	14,223	(14,223)	0	0	0	0
Total revenues	544,567	(544,567)	0	0	0	0
Underwriting costs and expenses						
Gross claims paid	(500,604)	500,604	0	0	0	0
Reinsurers' share of claims paid	48,279	(48,279)	0	0	0	0
Net claims paid	(452,325)	452,325	0	0	0	0
Changes in outstanding claims, net	4,873	(4,873)	0	0	0	0
Changes in claims incurred but not reported, net	2,152	(2,152)	0	0	0	0
Net claims incurred	(445,300)	445,300	0	0	0	0
Changes in premium deficiency reserve	2,866	(2,866)	0	0	0	0
Changes in other technical reserves	702	(702)	0	0	0	0
Policy acquisition costs	(30,714)	30,714	0	0	0	0
Other underwriting expenses	(67,431)	67,431	0	0	0	0
Total underwriting costs and expenses	(539,877)	539,877	0	0	0	0
Commission income from financial assets not measured at FVTPL	0	(1)	0	12,912	0	12,911
Net gains on financial assets measured at FVTPL	0	0	0	6,020	0	6,020
Net reversal of impairment losses / (impairment losses) on financial assets	0	0	0	0	317	317
Net investment income	0	(1)	0	18,932	317	19,248
Net finance income / (costs) from insurance contracts issued	0	0	674	0	0	674
Net finance (costs) / income from reinsurance contracts held	0	0	(307)	0	0	(307)
Net insurance finance income / (costs)	0	0	367	0	0	367
Net underwriting income / (loss)	4,690	(47,249)	19,144	18,932	317	(4,166)
Other operating (expenses) / income						
Allowance for doubtful debts	(5,639)	5,639	0	0	0	0
General and administrative expenses	(75,704)	75,704	0	0	0	0
Investment income	7,192	0	0	(7,192)	0	0
Commission from held to maturity investments	1,865	0	0	(1,865)	0	0

Commission income from term deposit	11,047	0	0	(11,047)	0	0
Unrealized (loss) / gain on investments	(1,172)	0	0	1,172	0	0
Other income	2,394	0	0	0	0	2,394
Other operating expenses	0	(34,094)	0	0	0	(34,094)
Total other operating expenses	(60,017)	47,249	0	(18,932)	0	(31,700)
Net (loss) / income before zakat	(55,327)	0	19,144	0	317	(35,866)
Zakat	(3,000)	0	0	0	0	(3,000)
Net (loss) / income for the year attributable to the shareholders after Zakat	(58,327)	0	19,144	0	317	(38,866)
Net changes in fair value of investment measured at FVOCI - equity instruments	0	0	0	0	2,670	2,670
Remeasurement loss on employee benefit obligations	(389)	0	0	0	0	(389)
Total comprehensive (loss)/ income for the year attributable to the shareholders	(58,716)	0	19,144	0	2,987	(36,585)

Source: Limited Assurance Report

The impact of implementation of the International Financial Reporting Standards No. 9 and 17 on the statement of financial position for the financial year ended 31 December 2022G is as follows:

Table 114 Impact of implementation of the International Financial Reporting Standards No. 9 and 17 on the statement of financial position for the financial year ended 31 December 2022G

(SAR '000)	International Financial Reporting Standard	International Financial Reporting Standard No. 17		International Financial Reporting Standard No. 9		Total
	Before implementation	Reclassification	Remeasurement	Reclassification	Remeasurement	Post implementation
Assets						
Cash and cash equivalents	134,765	0	0	0	0	134,765
Term deposits	239,076	0	0	0	(33)	239,043
Premiums and reinsurers' receivable – net	85,342	(85,342)	0	0	0	0
Reinsurers' share of unearned premiums	41,878	(41,878)	0	0	0	0
Reinsurers' share of outstanding claims	28,976	(28,976)	0	0	0	0

Reinsurers' share of claims incurred but not reported	13,493	(13,493)	0	0	0	0
Deferred policy acquisition costs	42,239	(42,239)	0	0	0	0
Investments	82,678	0	0	(82,678)	0	0
Financial assets at fair value through profit or loss ("FVTPL")	0	0	0	20,755	0	20,755
Financial assets at fair value through other comprehensive income ("FVOCI")	0	0	0	1,923	37,780	39,703
Financial assets at amortised cost	0	0	0	61,472	(8)	61,464
Prepaid expenses and other assets	31,481	0	0	(1,472)	0	30,009
Reinsurance contract assets	0	70,156	4,873	0	0	75,029
Right of use assets – net	17,454	0	0	0	0	17,454
Property and equipment – net	5,154	0	0	0	0	5,154
Intangible assets – net	1,021	0	0	0	0	1,021
Statutory deposit	37,500	0	0	0	0	37,500
Accrued commission income on statutory deposit	4,913	0	0	0	0	4,913
Total assets	765,970	(141,772)	4,873	0	37,739	666,810
Liabilities						
Insurance contract liabilities	0	504,894	19,524	0	0	524,418
Policyholders claims payable	7,407	(7,407)	0	0	0	0
Accrued expenses and other liabilities	42,179	(21,394)	0	0	0	20,785
Lease liabilities	18,493	0	0	0	0	18,493
Reinsurers' balances payable	13,214	(13,214)	0	0	0	0
Unearned premiums	426,038	(426,038)	0	0	0	0
Unearned reinsurance commission	3,835	(3,835)	0	0	0	0
Outstanding claims	26,987	(26,987)	0	0	0	0
Claims incurred but not reported	121,358	(121,358)	0	0	0	0
Premium deficiency reserves	3,834	(3,834)	0	0	0	0
Other technical reserves	7,190	(7,190)	0	0	0	0
Employee benefit obligations	6,716	0	0	0	0	6,716
Surplus distribution payable	15,409	(15,409)	0	0	0	0
Provision for zakat	30,629	0	0	0	0	30,629

Accrued commission income on statutory deposit	4,913	0	0	0	0	4,913
Total liabilities	728,202	(141,772)	19,524	0	0	605,954
Shareholders' equity						
Share capital	100,000	0	0	0	0	100,000
Statutory reserve	0	0	0	0	0	0
Accumulated losses	(62,091)	0	(14,651)	0	(41)	(76,783)
Fair value reserve for investments	0	0	0	0	37,780	37,780
Total shareholders' equity	37,909	0	(14,651)	0	37,739	60,997
Remeasurement reserve of employee benefit obligations	(141)	0	0	0	0	(141)
Total equity	37,768	0	(14,651)	0	37,739	60,856
Total liabilities and equity	765,970	(141,772)	4,873	0	37,739	666,810

Source: Limited Assurance Report

The impact of implementation of the International Financial Reporting Standards No. 9 and 17 on the statement of cash flows for the financial year ended 31 December 2022G is as follows:

Table 115 Impact of implementation of the International Financial Reporting Standards No. 9 and 17 on the statement of cash flows for the financial year ended 31 December 2022G

Cash flows from operating activities

(SAR'000)	International Financial Reporting Standard	International Financial Reporting Standard No. 17		International Financial Reporting Standard No. 9		Total
	Before implementation	Reclassification	Remeasurement	Reclassification	Remeasurement	Post implementation
Cash flows from operating activities						
(Loss) / profit for the year attributable to shareholders before zakat	(55,327)	0	19,144	0	317	(35,866)
Adjustments for non-cash items:						
Depreciation of property and equipment	2,682	0	0	0	0	2,682
Amortization of intangible assets	252	0	0	0	0	252
Depreciation of right of use assets	1,756	0	0	0	0	1,756
Finance costs on lease liabilities	2,128	0	0	0	0	2,128
Net impairment losses / (reversal) on financial assets	0	0	0	0	(317)	(317)

Allowance for doubtful debts	5,639	(5,639)	0	0	0	0
Unrealized loss / (gain) on investments at fair value through statement of income	1,172	0	0	(1,172)	0	0
Unrealized (gain) / loss on financial assets measured at FVTPL	0	0	0	1,172	0	1,172
Realized gain on financial assets measured at FVTPL	0	0	0	(7,192)	0	(7,192)
Commission income from financial assets measured at amortised cost	0	0	0	(1,864)	0	(1,864)
Gain on remeasurement of lease liabilities	86	0	0	0	0	86
Provision for employees benefit obligations	1,699	0	0	0	0	1,699
	(39,913)	(5,639)	19,144	(9,056)	0	(35,464)
Changes in operating assets and liabilities:						
Premiums and reinsurers' receivable	(36,309)	36,309	0	0	0	0
Reinsurers' share of unearned premiums	(16,323)	16,323	0	0	0	0
Reinsurers' share of outstanding claims	(9,001)	9,001	0	0	0	0
Reinsurers' share of claims incurred but not reported	373	(373)	0	0	0	0
Deferred policy acquisition costs	(14,532)	14,532	0	0	0	0
Changes in reinsurance contract assets	0	(11,716)	35	0	0	(11,681)
Prepaid expenses and other assets	(12,327)		0	678	0	(11,649)
Accrued commission on statutory deposit	(1,026)	1,026	0	0	0	0
Policyholders claims payable	(4,014)	4,014	0	0	0	0
Accrued expenses and other liabilities	6,197	(9,362)	0	0	0	(3,165)
Changes in insurance contract liabilities	0	153,868	(19,179)	0	0	134,689
Reinsurers' balances payable	12,230	(12,230)	0	0	0	0
Unearned premiums	197,208	(197,208)	0	0	0	0
Unearned reinsurance commission	(516)	516	0	0	0	0
Outstanding claims	4,128	(4,128)	0	0	0	0
Claims incurred but not reported	(2,525)	2,525	0	0	0	0

Premium deficiency reserves	(2,866)	2,866	0	0	0	0
Other technical reserves	(702)	702	0	0	0	0
Accrued commission income payable to SAMA	1,026	(1,026)	0	0	0	0
	81,108	0	0	(8,378)	0	72,730
Zakat paid	0	0	0	0	0	-
Employee benefit obligations paid	(3,267)	0	0	0	0	(3,267)
Cash generated from / (used in) operations	77,841	0	0	(8,378)	0	69,463

Source: Limited Assurance Report

Cash flows from investing activities

(SAR'000)	International Financial Reporting Standard	International Financial Reporting Standard No. 17		International Financial Reporting Standard No. 9		Total
	Before implementation	Reclassification	Remeasurement	Reclassification	Remeasurement	Post implementation
Cash flows from investing activities						
Purchase of investments	(90,036)	0	0	90,036	0	0
Proceeds from sale of investments	169,656	0	0	(169,656)	0	0
Placement of term deposits	(870,401)	0	0	870,401	0	0
Proceeds from term deposits	728,325	0	0	(728,325)	0	0
Proceeds from held to maturity investments	4,983	0	0	(4,983)	0	0
Term deposits	0	0	0	(142,587)	0	(142,587)
Payments for purchases of financial assets at FVTPL	0	0	0	(90,030)	0	(90,030)
Proceeds from sale of investments held at FVTPL	0	0	0	176,675	0	176,675
Proceeds from maturity of financial assets held at amortised cost	0	0	0	4,983	0	4,983

Commission income received from financial assets at amortised cost	0	0	0	1,864	0	1,864
Payments for purchases of property and equipment	(3,729)	0	0	0	0	(3,729)
Payments for purchases of intangible assets	(855)	0	0	0	0	(855)
Net cash flows (used in) / generated from investing activities	(62,057)	0	0	8,378	0	(53,679)

Source: Limited Assurance Report

Cash flows from financing activities

(SAR '000)	International Financial Reporting Standard	International Financial Reporting Standard No .17		International Financial Reporting Standard No. 9		Total
	Before implementation	Reclassification	Remeasurement	Reclassification	Remeasurement	Post implementation
Cash flows from financing activities						
Payments of lease liabilities	(5,035)	5,035	0	0	0	0
Principal elements of lease payments	0	(2,907)	0	0	0	(2,907)
Finance costs paid on lease liabilities	0	(2,128)	0	0	0	(2,128)
Net cash flows used in financing activities	(5,035)	0	0	0	0	(5,035)
Net change in cash and cash equivalents	10,749	0	0	0	0	10,749
Cash and cash equivalents, at the beginning of the year	124,016	0	0	0	0	124,016
Cash and cash equivalents, at the end of the year	134,765	0	0	0	0	134,765

Source: Limited Assurance Report

5. Use of Offer Proceeds and Future Projects

5.1 Net Proceeds of the Offering

The total proceeds of the subscription of the rights shares would be one hundred million (100,000,000) Saudi riyals, from which an amount of about five million (5,000,000) Saudi riyals will be deducted for the purposes of covering the costs of the offering, which include the fees of the financial advisor, the lead manager, the additional lead manager, the legal advisor, the underwriter, the legal accountant, marketing, printing, distribution and other expenses related to the subscription. Accordingly, the net proceeds of the offering will amount to about ninety-five million (95,000,000) Saudi riyals, which will be used to support the Company's future plans, meet the minimum capital requirements, and enhance the solvency margin. The Company decided to increase its capital to meet the minimum capital requirements set by the Insurance Authority in accordance with Paragraph 5 of Article 3 of the Cooperative Insurance Companies Control Law amended by Royal Decree No. (M/12) dated 23/01/1443H (corresponding to 01/09/2021G), requiring the minimum paid-up capital of an insurance company or reinsurance company to be at least three hundred million (300,000,000) Saudi Riyals.

The Company will also disclose to the public on the Tadawul website, when there is a difference of 5% or more between the actual use of the proceeds of the offering against what has been disclosed in this Prospectus as soon as it becomes aware thereof, in accordance with paragraph (f) of Article (72) of the Rules on the Offer of Securities and Continuing Obligations, which states that (the Issuer shall disclose to the public, when there is a difference of 5% or more between the actual use of the proceeds of the issuance of rights shares or the issuance of shares with the suspension of the rights against what has been disclosed in the relevant Prospectus as soon as it becomes aware thereof).

5.2 Use of Net Offering Proceeds

The net proceeds of the offering will generally be used to support the Company's future plans, meet the minimum capital requirements and enhance the solvency margin to meet the requirements of the solvency margin, as this will be done through the use of the proceeds of the offering in bank deposits investments in addition to increasing the statutory deposit stipulated by the Saudi Central Bank (whose regulatory powers over the insurance sector have been transferred to the Insurance Authority) in order to increase the capital. The shareholders will not receive any of the proceeds of the subscription.

The table below shows the proposed use of the proceeds of the offering:

Table 116 Proposed Use of Offering Proceeds

Description	2024	2025	Value (SAR)	Percentage to total proceeds
	Q4	Q1		
Investing in bank deposits	-	87,500,000	87,500,000	87.5%
Increase of the Statutory Deposit	7,500,000	-	7,500,000	7.5%
Offering Costs	5,000,000	-	5,000,000	5%
Total proceeds of the Offering	12,500,000	87,500,000	100,000,000	100%

Source: Management Information

5.2.1 Use of Part of Net Proceeds of the Offering in Bank Deposits:

The Company has an approved investment policy for investment management in accordance with Paragraph (1) of Article fifty nine (59) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by the Saudi Central Bank (whose regulatory powers over the insurance sector have been

transferred to the Insurance Authority). It also has to invest 50% of its total assets in Saudi Riyals, If the Company wishes to reduce this percentage, it shall obtain a prior written approval of the Saudi Central Bank (whose regulatory powers over the insurance sector have been transferred to the Insurance Authority), in accordance with Paragraph (1) of Article fifty nine (59) of the Implementing Regulations of the Cooperative Insurance Companies Control Law. The Company submits reports and recommendations to the Investment Committee, which in turn studies, analyzes and issues appropriate decisions for investment. The Company intends to allocate part of the net proceeds of the offering, which amounts to eighty-seven million five hundred thousand (87,500,000) Saudi riyals, to invest in bank deposits. According to the Company, the investment period in bank deposits will be three years, renewed every quarter. All investments will be managed through local and Gulf banks. The Company intends to make investments immediately after the completion of the capital increase process during Q1 of 2025G

It is worth mentioning that the amounts will be distributed to the investment channels in accordance with Article (61) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, which stipulates the following:

- When developing its investment policy, the Company shall take into account that the maturity period of the invested assets in concurrence with the Company's liabilities according to the issued policies. The Company shall provide the Saudi Central Bank with the investment policy, including the distribution of assets. If the Saudi Central Bank (whose regulatory powers over the insurance sector have been transferred to the Insurance Authority) does not approve the policy, the Company shall comply with the investment standards mentioned in Table No. (1) of the Executive Regulations, provided that the investment outside the Kingdom shall not exceed twenty percent (20%) of the total investments in accordance with paragraph (2) of Article Fifty-Nine (59), which stipulates that the investment shall be in riyals at the rate of fifty percent (50%) of the total assets available for investment. If the Company wishes to reduce this percentage, it shall obtain the prior written approval of the Saudi Central Bank (whose regulatory powers over the insurance sector have been transferred to the Insurance Authority).
- The Company shall take into account the investment concentration risks so that the concentration percentage shall not exceed fifty percent (50%) in one investment instrument mentioned in Table No. (1) of the Executive Regulations.

Article (62) of the Implementing Regulations of the Cooperative Insurance Companies Control Law stipulates that the Company shall not use financial instruments such as financial derivatives and off-balance sheet items, other than for efficient portfolio management before obtaining prior written approval of SAMA (whose regulatory powers over the insurance sector have been transferred to the Insurance Authority). The Company is permitted to invest in such instruments when these conditions are met:

1. Such derivatives must be listed on a financial exchange, are capable of being readily closed out, are based on underlying admissible assets and have a prescribed pricing basis.
2. . The company has set aside assets that can be used to settle any obligations under these derivatives and set adequate provisions for any adverse changes on the derivatives and their coverage.
3. The counter party must be reputable and in an acceptable financial condition.

It is important to note that the Company has existing investments (please refer to Sub-Sections (4.9.1.6) and (4.12.1.3) "**Investments**" of Section (4) "**Management Discussion and Analysis of Financial Position and Results of Operations**" of this Prospectus).

5.2.2 Using Part of Net Proceeds of the Offering to Increase the Statutory Deposit

According to Article fifty eight (58) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by the Central Bank (whose regulatory powers over the insurance sector have been transferred to the Insurance Authority), the statutory deposit shall be ten percent (10%) of the paid-up capital. The Central Bank may raise such percentage up to maximum fifteen percent (15%) based on the risks faced by the Company. Accordingly, the Company will allocate seven million five hundred thousand (7,500,000) Saudi riyals as a part of the net proceeds of the offering as a statutory deposit, bringing the total statutory deposit to forty-five million (45,000,000) Saudi riyals, which is representing fifteen percent (15%) of the Company's paid capital. The investment in the same current investment fund will be the "Capital Market Fund" (ITFS) with Al-Ahli Financial Company, where the statutory deposit is invested, upon the completion of capital increase process, i.e. Q4 of 2024G.

5.2.3 Impact of Capital Increase on Solvency Margin

The Company intends to increase its capital from two hundred million (200,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals to support the growth of its business, through the use of net proceeds of the offering in bank deposits investments and increasing the statutory deposit (within the normal activities of the Company where insurance companies make financial investments according to a mechanism specified by the Saudi Central Bank (whose regulatory powers over the insurance sector have been transferred to the Insurance Authority). See Sub-Section (5.2) "**Use of Net Proceeds of the Offering**" of this Section (5) "**Use of Proceeds of the offering and Future Projects**".

The Implementing Regulation of the Insurance Companies Control Law requires insurance companies to maintain a minimum of net assets admissible for solvency margin account. This requirement translates into the need to maintain a minimum of 100% full coverage of the solvency margin (net assets admissible for solvency account divided by the minimum solvency margin).

In accordance with Article (65) of the Implementing Regulation of the Insurance Companies Control Law, the Central Bank of Saudi Arabia (whose regulatory powers over the insurance sector have been transferred to the Insurance Authority) shall require insurance companies to value their assets for the purpose of calculating the solvency margin in accordance with Table (2) of the Implementing Regulation of the Insurance Companies Control Law, taking into account the following:

- Market value shall not be exceeded in the valuation process and all assets linked to the Investment part of the Protection and Savings insurance policy shall be excluded.
- Maximum limit of 20% of the total assets value in any one-asset category .

Article (66) of the Implementing Regulation of the Insurance Companies Control Law stipulates that the Company practicing general and health insurance shall maintain a minimum solvency margin equivalent to the highest of the following three methods:

- Minimum Capital Requirements.
- Premiums Solvency Margin.
- Claims solvency margin.

The table below shows the details of the Company's solvency margin and coverage as of 31 December 2021G, 2022G and 2023G:

Table 117 Details of the Company's solvency margin and cover as of 31 December 2021G and 2022G before the application of IFRS 9 and 17

Description	2021G	2022G	2023G
Minimum Capital Required	100,000	100,000	100,000
Total premiums Solvency Margin	80,514	136,906	133,366
Total Claims Solvency Margin	88,167	89,820	109,253
Net assets admissible for solvency	73,270	(8,254)	41,431
Increase (Deficit) in Net admissible Assets compared to the Minimum Required Solvency Margin	(26,730)	(145,160)	(91,935)
Solvency Margin Cover (%)	73.52%	(45.16%)	(32.8%)

Source: Management Information

Table 118 Details of the company's solvency margin and cover as at 31 December 2022G and 2023G after the application of IFRS 9 and 17

Statement	2022G	2023G
Minimum capital required	100,000	100,000
Total premiums solvency margin	136,906	133,366
Total claims solvency margin	89,820	109,253
Net assets admissible for solvency	(8,254)	41,431
Increase (Deficit) in net admissible assets compared to the minimum required solvency margin	(145,160)	(91,935)
Solvency margin cover (%)	(45.16%)	(32.8%)

Source: Management information

The following are the expected contributions of the net proceeds of the offering in maintaining the capital requirements for the coming years, which were calculated based on certain requirements imposed by the Central Bank of Saudi Arabia (whose regulatory powers over the insurance sector have been transferred to the Insurance Authority) on insurance companies.

Table 119 Details of the Company's solvency margin and cover for the coming years

Description	2024G	2025G	2026G	2027G
Minimum Capital Required	300,000	300,000	300,000	300,000
Gross premiums Solvency Margin	117,803	124,855	142,327	149,443
Total Claims Solvency Margin	36,537	38,565	40,142	43,137
Net assets admissible for solvency	303,119	306,035	311,923	357,049
Increase (Deficit) in Net admissible Assets compared to Minimum Required Solvency Margin	3,119	6,035	11,923	57,049
Solvency Margin Cover (%)	101%	102%	104%	119%

Source: Management Information

6. Expert Statements

The approval of all consultants whose names appear on pages (H) and (I) has been obtained in order to include their names, logos and statements in the form and content contained in this prospectus. None of these approvals have been withdrawn as of the date of publication of this prospectus. Also, contrary to what is stated in Sub-Section (2.1.7) "**Risks Related to Transactions with the Related Parties**" of Section (2) "**Risk Factors**" in relation to the Financial Advisor, the Lead Manager and the Underwriter ("Alawwal Capital"), none of the above and their employees or relatives have any shares or any interest in the Company of any kind.

7. Declarations

As of the date of this Prospectus, Board members declare that:

- There has been no interruption in the Company's business that could affect or have had a significant impact on the financial position during the last 12 months.
- No commissions, discounts, brokerage fees, or any non-monetary consideration were granted by the issuer within the three years immediately preceding the application for the registration and offer of securities that are subject to this prospectus.
- Other than what is stated in Sub-Section (4.2) "**Acknowledgment of the members of the Board of Directors of Salama Cooperative Insurance Co. regarding the financial statements**" in page (58) of Section (4) "**Management Discussion and Analysis of Financial Position and Results of Operations**", there was no material adverse change in the financial or trading situation of the issuer during the three years immediately preceding the application for registration and offer the securities that are subject to this Prospectus, in addition to the period covered by the report of the external auditor until the approval of the prospectus.
- Other than what is stated in Sub-Sections (4.9.4.4) and (4.12.3.5) "**Balances and transactions with related parties**" in pages (124) and (151) of Section (4) "**Management Discussion and Analysis of Financial Position and Results of Operations**" and Sub-Section (8.6.1) "**Board composition**" in page (184) of Section (8) "**Legal Information**", the members of the Board of Directors or any of their relatives have no shares or interest of any kind in the issuer.
- The Company did not hold treasury shares, and the Company's extraordinary general meeting did not approve the purchase of the Company's shares.

8. Legal Information

8.1 Company Name

The Company was registered in the Commercial Register of Joint Stock Companies in Jeddah under the trade name "Saudi IAIC Cooperative Insurance Company". On 03/08/1433H (corresponding to 23/06/2012G), the Extraordinary General Assembly approved the amendment of the name of the Company from "Saudi IAIC Cooperative Insurance Company" to "Salama Cooperative Insurance Company".

8.2 Establishment of the Company and stages of capital development

- Salama Cooperative Insurance Co. ("**the Company**" or "**Salama**") is a Saudi joint stock Company incorporated under the license of the Ministry of Investment No. (1/870) dated 13/09/1426H (corresponding to 15/10/2005G), the decision of the Council of Ministers No. (233) dated 16/09/1427H (corresponding to 09/10/2006G) and the Royal Decree No. (M/60) dated 18/09/1427H (corresponding to 11/10/2006G), and the decision of the Ministry of Commerce No. (112/S) issued on 29/04/1428H (corresponding to 16/05/2007G). The Company operates its business under the commercial register issued and registered in Jeddah No. (4030169661) dated 06/05/1428H (corresponding to 23/05/2007G). The Company's headquarters is located in Jeddah, Medina Road, Salama Tower, P.O. Box 7864 Jeddah 23525, Kingdom of Saudi Arabia.
- On 23/05/2007G, the entire shares of the Company were listed on the Saudi Stock Exchange (Tadawul) with ten million (10,000,000) ordinary shares at a nominal value of ten (10) Saudi riyals per share by offering them for public subscription, where the founding shareholders subscribed for six million (6,000,000) shares representing 60% of the total shares of the Company and paid their full value. The rump four million (4,000,000) shares representing 40% of the total shares of the Company were offered for public offering under the laws and regulations of the Saudi Capital Market Authority, which took place from Saturday 27/02/1428H (corresponding to 17/03/2007G) to Monday 7/03/1428H (corresponding to 26/03/2007G) at offering price of ten (10) Saudi riyals per share.
- On 29/08/1428H (corresponding to 11/09/2007G), the Company obtained the license of the Central Bank of Saudi Arabia No. (TMN/4/20079) to practice insurance activity in public insurance and health insurance in accordance with the provisions of the Cooperative Insurance Companies Control Law and its executive regulations. This license was renewed on 17/05/1443H (corresponding to 21/12/2021G) for a period of three years starting from 27/08/1443H (corresponding to 30/03/2022G) and ending on 26/08/1446H (corresponding to 25/02/2025G).
- On 24/06/1435H (corresponding to 24/04/2014G), Salama received the decision of the Saudi Central Bank to reject the request submitted by the Company to the Saudi Central Bank to increase the capital by 120,000,000 Saudi riyals through the offering of rights shares because the request did not meet the requirements of the Saudi Central Bank.
- On 14/08/1435H (corresponding to 12/06/2014G), the Board of Directors of Salama Company recommended to the Extraordinary General Assembly to increase the capital of the Company from one hundred million (100,000,000) Saudi riyals to two hundred and fifty million (250,000,000) Saudi riyals through the offering of rights shares worth one hundred and fifty million (150,000,000) Saudi riyals, as the Company obtained the approval of the Saudi Central Bank to increase its capital on 01/12/1435H (corresponding to 25/09/2014G). The Company obtained approval from the Capital Market Authority for its capital increase request on 09/07/1436H (corresponding to 28/04/2015).
- On 13/09/1436H (30/06/2015G), the Extraordinary General Assembly of the Company approved the increase of the Company's capital by one hundred and fifty million (150,000,000) Saudi riyals with a capital increase of 150% through the issuance of rights shares. After the end of the subscription, the

Company's capital became two hundred and fifty million (250,000,000) Saudi riyals divided into twenty-five million (25,000,000) ordinary shares with a nominal value of ten (10) riyals per share.

- On 13/08/1443H (corresponding to 16/03/2022G), the Board of Directors of the Company recommended to the Extraordinary General Assembly to reduce the capital of the Company from two hundred and fifty million (250,000,000) Saudi riyals to one hundred million (100,000,000) Saudi riyals. On 21/10/1443H (corresponding to 22/05/2022G), the Company received the letter of the Central Bank of Saudi Arabia No. 43089045 dated 21/10/1443H (corresponding to 22/05/2022G) containing the approval of the Central Bank of Saudi Arabia to reduce the capital of the Company by one hundred and fifty million (150,000,000) Saudi riyals, so that the capital of the Company after the reduction becomes one hundred million (100,000,000) Saudi riyals.
- On 22/12/1443H (corresponding to 21/07/2022G), the Capital Market Authority approved the Company's request to reduce its capital by one hundred and fifty million (150,000,000) Saudi riyals so that the Company's capital after the reduction becomes one hundred million (100,000,000) Saudi riyals.
- On 18/01/1444H (corresponding to 16/08/2022G), the Extraordinary General Assembly approved the recommendation of the Board of Directors to reduce the Company's capital by one hundred and fifty million (150,000,000) Saudi riyals, so that the Company's capital after the reduction becomes one hundred million (100,000,000) Saudi riyals, in order to restructure the capital and extinguish the percentage of (94.48%) of the accumulated losses, whose value as of 31 December 2021 is (158,767,000) Saudi riyals. The Board of Directors of the Company also recommended increasing the Company's capital by offering rights shares by two hundred million (200,000,000) Saudi riyals, so that the new capital becomes three hundred million (300,000,000) Saudi riyals.
- On 09/04/1444H (corresponding to 03/11/2022G), the Board of Directors decided to amend its recommendation to increase the capital of the Company by offering rights shares of one hundred million (100,000,000) Saudi riyals to become the new capital of the Company two hundred million (200,000,000) Saudi riyals. The Company has received the letter of the Central Bank of Saudi Arabia No. (44036229) dated 26/04/1444H corresponding to 20/11/2022G, which includes the approval of the Central Bank to increase the Company's capital from one hundred million (100,000,000) Saudi riyals to two hundred million (200,000,000) Saudi riyals through the offering of rights shares.
- On 07/05/2023G, the Company submitted a request to extend the non-objection to the capital increase by letter to the Saudi Central Bank No. (SM/81/2023). On 28/10/1444H (corresponding to 18/05/2023G), the Company obtained a letter from the Central Bank of Saudi Arabia containing the approval of the Central Bank of Saudi Arabia to extend the no-objection to increase the Company's capital through the issuance of rights shares for a period of three months from the date of the letter.
- On 21/05/1444H (corresponding to 15/12/2022G), the Extraordinary General Assembly agreed to direct the Company to proceed with the capital increase procedures and obtain the approval of the competent authorities.
- On 21/04/1445H (corresponding to 05/11/2023G), the Extraordinary General Assembly approved the increase of the Company's capital through the issuance of rights shares, through the offering of ten million (10,000,000) new ordinary shares at an offering price of ten (10) Saudi riyals per share at a nominal value of ten (10) Saudi riyals per share, thus increasing the Company's capital from one hundred million (100,000,000) Saudi riyals to two hundred million (200,000,000) Saudi riyals divided into twenty million (20,000,000) ordinary shares, an increase of 100% of the Company's capital.
- On 08/09/1445H (corresponding to 18/03/2024G), the Board of Directors of the Company recommended to the Extraordinary General Assembly to increase the capital of the Company from two hundred million (200,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals through the offering of rights shares by one hundred million (100,000,000) Saudi riyals, provided that

the entitlement is to the shareholders who own the shares. The Company received the approval of the Insurance Authority No. (29024) issued on 25/11/1446H (corresponding to 02/06/2024G), which includes the approval of the Insurance Authority to increase the Company's capital from two hundred million (200,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals by offering rights shares.

- On [●]/[●]/1446H (corresponding to [●]/[●]/2024G), the Extraordinary General Assembly approved the increase of the Company's capital through the issuance of rights shares, through the offering of ten million (10,000,000) new ordinary shares at an offering price of ten (10) Saudi riyals per share at a nominal value of ten (10) Saudi riyals per share, thus increasing the Company's capital from two hundred million (200,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) ordinary shares, an increase of 50% of the Company's capital.

8.3 Capital Adjustment

- On 13/09/1436H (corresponding to 30/06/2015G), the Extraordinary General Assembly of the Company approved the increase of the capital of the Company by one hundred and fifty million (150,000,000) Saudi riyals with a capital increase of 150% through the issuance of rights issue shares. After the end of the offering, the Company's capital became two hundred and fifty million (250,000,000) Saudi riyals divided into twenty-five million (25,000,000) ordinary shares with a nominal value of ten (10) riyals per share. The number of shares prior to the capital increase amounted to fifteen million (15,000,000) shares.
- On 18/01/1444H (corresponding to 16/08/2022G), the Extraordinary General Assembly approved the recommendation of the Board of Directors to reduce the capital of the Company by one hundred and fifty million (150,000,000) Saudi riyals, so that the capital of the Company after the reduction becomes one hundred million (100,000,000) Saudi riyals,. Before the capital reduction, the Company had 25,000,000 shares, which was reduced to 10,000,000 shares following the capital reduction. The capital reduction of Salama was carried out in accordance with Article 150 of the Companies Law issued by Royal Decree (M/3) dated 28/01/1437H (corresponding to 10/11/2015G). These regulations require the Company's board of directors to hold an extraordinary general assembly meeting within the period specified by the regulations to reduce accumulated losses to less than half of the company's capital or to dissolve the company before its term as stated in its articles of association. Accordingly, the Company received a letter from the Central Bank approving the capital reduction on 21/10/1443H (corresponding to 22/05/2022G), and the Capital Market Authority's approval on 22/12/1443H (corresponding to 21/07/2022G). The extraordinary general assembly, held on 07/06/1444H (corresponding to 16/08/2022G), approved the reduction of the Company's capital from SAR 250,000,000, divided into 25,000,000 ordinary shares with a nominal value of SAR 10 per share, to SAR 100,000,000, divided into 10,000,000 ordinary shares with a nominal value of SAR 10 per share. This was done to reduce accumulated losses by offsetting capital amounting to SAR 150,000,000 and using the entire balance of SAR 5,000,000 from the legal reserve. As a result, the accumulated losses, capital, and legal reserve were reduced by SAR 155,000,000, SAR 150,000,000, and SAR 5,000,000, respectively. The capital reduction was achieved by reducing 3 shares for every 5 shares held by the shareholders. The purpose of the capital reduction was to restructure the company's capital position in line with the Companies Law.
- On 21/04/1445H (corresponding to 05/11/2023G), the Extraordinary General Assembly approved the increase of the Company's capital by offering ten million (10,000,000) new ordinary shares at an offer price of ten (10) Saudi riyals per share at a nominal value of ten (10) Saudi riyals per share. Thus, the Company's capital increased after the completion of the offering process from one hundred million (100,000,000) Saudi riyals to two hundred million (200,000,000) Saudi riyals ,thus, the

number of shares increased from 10,000,000 to 20,000,000 ordinary shares, representing a 100% increase in the company's capital. The Company decided to raise its capital due to receiving a letter from the Saudi Central Bank dated 20/04/2022G (reference number 43082110), indicating that the company's actual solvency margin had fallen below the required margin. The letter also stipulated that the Company must comply with Article 68 of the Implementing Regulations of the Insurance Companies Control Law and submit a corrective action plan to the Saudi Central Bank outlining the steps it would take to improve its financial solvency and the necessary time frame. To support its future plans and enhance its financial solvency margin, the Company increased its capital. The Company received a letter from the Saudi Central Bank approving the capital increase on 26/04/1444H (corresponding to 20/11/2022G). Additionally, the Company received a letter from the Saudi Central Bank on 28/10/1444H (corresponding to 18/05/2023G), approving the extension of the previous approval for the capital increase through a rights issue for an additional three months from the date of the letter. The Company also obtained approval from the Authority on 05/01/1445H (corresponding to 05/11/2023G).

- On 08/09/1445H (corresponding to 18/03/2024G), the Board of Directors of the Company recommended to the Extraordinary General Assembly to increase the capital of the Company from two hundred million (200,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals through the offering of rights shares by one hundred million (100,000,000) Saudi riyals, provided that the entitlement is to the shareholders who own the shares. The Company received the approval of the Insurance Authority No. (29024) issued on 25/11/1446H (corresponding to 02/06/2024G), which includes the approval of the Insurance Authority to increase the Company's capital from two hundred million (200,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals by offering rights shares. The Company obtained approval from the Capital Market Authority for the capital increase on 22/03/1446H (corresponding to 25/09/2024G). The decision to increase the capital was made to meet the minimum capital requirement set by the Insurance Authority, in accordance with paragraph 5 of Article 3 of the Cooperative Insurance Companies Control Law, as amended by Royal Decree No. (M/12) dated 23/01/1443H (corresponding to 01/09/2021). This regulation stipulates that the minimum paid-up capital for an insurance company or a reinsurance company must not be less than 300 million Saudi Riyals (SAR 300,000,000).
- On [●]/[●]/1446H (corresponding to [●]/[●]/2024G), the Extraordinary General Assembly approved the increase of the Company's capital through the issuance of rights shares, through the offering of ten million (10,000,000) new ordinary shares at an offering price of ten (10) Saudi riyals per share at a nominal value of ten (10) Saudi riyals per share, thus increasing the Company's capital from two hundred million (200,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) ordinary shares, an increase of 50% of the Company's capital.

8.4 Objectives of the Company

- According to the Company's Commercial Register No. (4030169661) dated 06/05/1428H (corresponding to 23/05/2007G), the Company may carry out the following activities:
 - General Insurance and Health Insurance.
- In accordance with Article (3) of the Articles of Association, the Company may carry out the following activities:
 - Practicing the cooperative insurance business in the General Insurance and Health Insurance Branch. The Company may carry out all the work necessary to achieve its objectives and the Company practices its activities in accordance with the Cooperative Insurance Companies Control Law, its implementing regulations, the provisions issued by the Central Bank (whose

powers related to regulating the insurance sector have been transferred to the Insurance Authority), and the laws and rules in force in the Kingdom of Saudi Arabia, and after obtaining the necessary licenses from the competent authorities, if any.

The Company has obtained the final approval by the Saudi Central Bank to carry out its insurance activity (for more information, please refer to Sub-Section (8.10) "**Government Approvals, Licenses and Certificates**" of this Section (8) "**Legal Information**").

8.5 Duration of the Company

Article (6) of the Company's Articles of Association stipulates that the duration of the Company shall be ninety-nine (99) Gregorian years as of the date of its registration in the Commercial Register. The duration of the Company may be extended by a decision issued by the extraordinary general assembly at least one year before the end of this period. The commercial registration data indicate that the term of the Company expired on 22/05/1530H (corresponding to 26/05/2106G).

8.6 Board of Directors

8.6.1 Composition of the Board

The Company shall be managed in accordance with Article (15) of its Articles of Association by a Board of Directors consisting of seven (7) members appointed by the Ordinary General Assembly for a period not exceeding three (3) years. On 15/02/1444H (corresponding to 11/09/2022G), the Ordinary General Assembly of Shareholders elected the members of the Board of Directors for a new term starting from 11/09/2022G for a period of three years, which ends on 10/09/2025G. The Board of Directors of the said session was formed from the following:

Table 120 Members of Board of Directors

The Board of Directors of the Company appointed on 15/02/1444H (corresponding to 11/09/2022G) *										
#	Name	Position	Nationality	Age	Membership Status	Membership Date	Direct Ownership		Indirect Ownership	
							Number of Shares	Direct Ownership Percentage	Number of Shares	Indirect Ownership Percentage
1	Mountasar Mohammed Foudah**	Chairman	Saudi	48	Independent	15/02/1444H (corresponding to 11/09/2022G)	-	-	-	-
2	Adnan Jameel Khoja**	Deputy Chairman	Saudi	61	Non-Executive	15/02/1444H (corresponding to 11/09/2022G)	-	-	-	-
3	Bader Khalid Alanzi	Member	Saudi	46	Executive	15/02/1444H (corresponding to 11/09/2022G)	-	-	-	-
4	Khaled Mohammed Salem Bajnaid	Member	Saudi	54	Independent	15/02/1444H (corresponding to 11/09/2022G)	-	-	-	-
5	Mohammed Taha Alsafi	Member	Saudi	37	Independent	15/02/1444H (corresponding to 11/09/2022G)	-	-	-	-

6	Mohammed Taha Alsafi	Member	Saudi	54	Independent	15/02/1444H (corresponding to 11/09/2022G)	-	-	-	-
7	Wael Abdulrahman Albassam	Member	Saudi	49	Independent	15/02/1444H (corresponding to 11/09/2022G)	2,300	0.0115%***	-	-

Source: Management Information

*The Ordinary General Assembly of the Company agreed at its meeting held on 15/02/1444H (corresponding to 11/09/2022G) to elect the members of the Board of Directors for the current session, which begins on 15/02/1444H (corresponding to 11/09/2022G) and for a period of three years ending on 18/03/1447H (corresponding to 10/09/2025G)

**The Board of Directors of the Company decided on 17/02/1444H (corresponding to 13/09/2022G) to appoint Mr. Mountasar Mohammed Foudah as Chairman of the Board of Directors, and to appoint Mr. Adnan Jameel Khoja as the Deputy Chairman of the Board of Directors. The Company obtained the non-objection of the Saudi Central Bank on 28/03/1444H (corresponding to 24/10/2022G).

***As on 26/11/1445H (corresponding to 03/06/2024G), Board Member Mr. Wael Abdulrahman Albassam owns 2,300 shares of the Company's shares.

The Company shall abide by the Companies Law, the Governance Regulations issued by the Board of Directors of the Capital Market Authority and the Insurance Companies Governance Regulations issued by the Central Bank of Saudi Arabia (whose powers related to regulating the insurance sector have been transferred to the Insurance Authority) regarding the composition of the Board of Directors, as the Company's Articles of Association stipulate that the number of members of the Board shall be seven members elected by the Ordinary General Assembly for a period not exceeding three years. The Company's Governance Regulations also indicate the Company's compliance with Article (16) of the Governance Regulations, which obliges listed companies to have a majority of non-executive members of the Board and that the number of its independent members shall not be less than two members or one third of the members of the Board (whichever is more). Therefore, the Company shall comply with Clause (54) of the Governance Regulations of Insurance Companies. Currently, there are five independent board members of Salama Cooperative Insurance Company out of seven.

8.6.2 Chairman and Deputy Chairman

The Company is committed to the Articles of Association and Governance Regulations issued by the Board of Directors of the Capital Market Authority and the Insurance Companies Governance Regulations issued by the Central Bank of Saudi Arabia (whose powers related to regulating the insurance sector have been transferred to the Insurance Authority) in terms of mandatory appointment to these positions. The Board of Directors of the Company decided on 17/02/1444H (corresponding to 13/09/2022G) to appoint Mr. Mountasar Mohammed Foudah as Chairman of the Board of Directors (Independent) and Mr. Adnan Jameel Khoja as Deputy Chairman of the Board of Directors (Non-executive).

The Company obtained no objection from the Central Bank of Saudi Arabia on 28/03/1444H (corresponding to 24/10/2022G). The positions of the Board of Directors are as follows:

Table 121 Company Board Positions

#	Name	Position
1	Mountasar Mohammed Foudah**	Chairman
2	Adnan Jameel Khoja**	Deputy
3	Bader Khalid Alanzi	Member
4	Khaled Mohammed Salem Bajnaid	Member
5	Mohammed Taha Alsafi	Member
6	Mohammed Taha Alsafi	Member
7	Wael Abdulrahman Albassam	Member

Source: Management Information

According to the Company's Articles of Association, the board of directors, taking into account the competences prescribed for the general assembly, shall have the broadest powers in managing the Company in order to achieve its objectives, with the exception of what is excluded by a special provision in the companies' Articles of Association or the articles of association from acts or actions that fall within the competence of the general assembly. The chairman of the board of directors of the Company shall be represented before the judiciary, arbitration bodies and others. The Board may also, within the limits of its competence, authorize one or more of its members or third parties to carry out certain work or works in a manner that does not conflict with the relevant laws and regulations.

The Board of Directors may conclude loans of any duration, sell or mortgage the assets of the Company, sell or mortgage the commercial premises of the Company, or discharge the debtors of the Company from their obligations, unless the Articles of Association or the Ordinary General Assembly restricts the powers of the Board in this regard.

8.6.3 Board Remuneration

The remuneration of the Board of Directors shall consist of the percentage stipulated in the Articles of Association of the Company. The reports of the Board of Directors of 2023, which will be reviewed and approved by the Ordinary General Assembly to be held on 13/06/2024 and of 2022, which was approved by the Ordinary General Assembly on 07/06/2023, and of 2021, which was approved by the Ordinary General Assembly on 26/06/2022 and the year 2020, which was approved by the Extraordinary General Assembly on 13/06/2021, include a comprehensive statement of all the remuneration, allowances, expenses and other benefits received by the members of the Board of Directors during the financial year. The said report also included a statement of what the members of the Board received as employees or administrators or what they received in exchange for technical, administrative or advisory work. It also includes a statement of the number of board meetings attended by each member from the date of the last meeting of the General Assembly.

Article (19) of the Company's Articles of Association stipulates that the remuneration of the members of the Board of Directors shall be a certain amount, an attendance allowance for meetings, in-kind benefits, or a certain percentage of net profits. Two or more benefits may be combined. If the remuneration is a certain percentage of the Company's profits, this percentage may not exceed 10% of the net profits, after deducting the reserves decided by the general assembly in application of the provisions of Cooperative Insurance Companies Control and the Companies Law, and after distributing a profit to shareholders of not less than 5% of the paid-up capital of the Company, provided that the entitlement to the remuneration is proportional to the number of sessions attended by the member. In all cases, the total remuneration and financial or in-kind benefits received by the Board member shall not exceed five hundred thousand (500,000) Saudi riyals annually.

The compensation and remuneration of the members of the Board of Directors amounted to (1) for the year ended December 31, 2023, an amount of five hundred and thirty-one thousand five hundred and seventy-nine (531,579) Saudi riyals, (2) for the year ended December 31, 2022, an amount of nine hundred and forty-three thousand eight hundred and five (943,805) Saudi riyals, (3) for the year ended December 31, 2021, an amount of one million three hundred and four thousand eight hundred and twenty-one (1,304,821) Saudi riyals, but the Ordinary General Assembly held on 26/06/2022 did not approve the disbursement of this amount (4) and the amount of one million two hundred and thirteen thousand four hundred and twenty-four (1,213,424) Saudi riyals for the year ended December 31, 2020.

8.6.4 Board Meetings

In accordance with Article (21) of the Articles of Association of the Company, the Board shall meet at the invitation of its Chairman. The Chairman of the Board shall call for a meeting whenever requested to do so by two members. The invitation must be documented in the manner the Board deems appropriate. The meetings of the Board shall be held periodically and whenever the need arises, provided that the number of annual meetings of the Board shall not be less than (4) meetings, so that at least one meeting shall be held every three months. In accordance with Article (27) of the Company's Governance Regulations, there shall be at least four (4) board meetings per year. No three (3) months period may not be elapsed without holding the Board meeting.

Five (5) meetings of the Board were held during the year ended 31/12/2023.

8.6.5 Secretary of the Board

On 01/12/2022G, the Board of Directors appointed Walaa Khaled Al-Assaf as the Board Secretary for the new board term starting from 11/09/2022G and lasting for three years until 10/09/2025G. Approval from the Saudi Central Bank (whose regulatory powers over the insurance sector have been transferred to the Insurance Authority) was obtained on 16/02/2023G.

8.6.6 Transactions between the Company and the Members of the Board of Directors

The Company deals in the normal course of its business with companies that are defined as related parties, mainly representing membership in the Board of Directors, executive positions held by the Company's shareholders in other companies and transactions carried out with related parties.

The total transactions consisting of salaries, benefits, end-of-service benefits for employees and bonuses for those charged with governance were as follows:

Table 122 Remuneration of key senior management personnel (1)

(SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change rate 2021G-2022G
Salaries and benefits	1,395	4,698	236.8%
End-of-service benefits for employees	1,180	1,295	9.7%
Remuneration for governance officers	66	443	571.2%
Total	2,641	6,436	143.7%

Source: audited financial statements for FYs ended 31 December 2021G and 2022G.

Table 123 Remuneration of key senior management personnel (2)

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	Annual change rate 2022G-2023G
Salaries and benefits	4,698	4,423	(5.85%)
Employee benefit obligations	243	266	9.47%
Remuneration for governance officers – directors	204	1,032	405.88%
Remuneration for governance officers – board committees	239	242	1.26%
Total	5,384	5,963	10.75%

Source: audited financial statements for FY ended 31 December 2023G.

In addition, the Company has entered into transactions with related parties (please refer to Sub-Section (8.11.1) "Contracts with Related Parties" of this Section (8) "Legal Information").

In addition, the Company has appointed Alawwal Capital as its financial advisor, lead manager and underwriter in relation to this edition. Dr. Saleh Jameel Malaikah, Chairman of Alawwal Capital, is a 0.054% shareholder in Salama. Also, one of the subsidiaries of Dr. Saleh Jameel Malaikah, which is Rasd Intl Marketing Services, is a shareholder in Salama Company with a percentage of 4.969%.

Article (27) (1) of the Companies Law stipulates that neither the manager of the Company nor the member of its board of directors may have any direct or indirect interest in the business and contracts carried out for the Company's account except with the permission of the partners, the general assembly, the shareholders or those they authorize.

Article (71) (1) of the Companies Law stipulates that: taking into account the provisions of Article (27) of the Companies Law, a member of the Board of Directors shall immediately upon becoming aware of any interest he has, whether direct or indirect, in the business and contracts that are for the account of the Company, inform the Board of the same and such notification shall be recorded in the minutes of the meeting of the Board when it meets. Such members may not participate in voting on the resolution issued in this regard in the Council and the General Assemblies. The Board shall inform the General Assembly when it convenes of the works and contracts in which the Board member has a direct or indirect interest and shall be accompanied by a special report from the Company's auditor prepared in accordance with the auditing standards adopted in the Kingdom.

Article (71) (2) stipulates that if a member of the Board fails to disclose his interest referred to in paragraph (1) of this article, the Company or any interested party may claim before the competent judicial authority to cancel the contract or oblige the member to pay any profit or benefit derived therefrom.

Article (71) (3) stipulates that liability for damages resulting from these acts and contracts referred to in paragraph (1) of this article shall be borne by the member benefiting from such work or contract, as well the members of the Board of Directors when they fail or neglect to perform their obligations in violation of the provisions of that paragraph or if it is proven that these acts and contracts are unfair or involve a conflict of interest and harm the shareholders.

In addition, Article (87), Paragraph One (1) of the Corporate Governance Regulations stipulates that the report of the Board of Directors must include a presentation of its operations during the last financial year, and all factors affecting the Company's business. The report of the Board of Directors must include the implemented and non-implemented provisions of these regulations and the reasons for that.

As for relations with related parties regarding the financial year ended on 31/12/2023G, the annual report of the Board of Directors for 2023 summarized the contracts and works related to related parties during this year (please refer to Sub-Section (8.11.1) "**Contracts with the Related Parties**" of Section (8) "**Legal Information**"). The Board invited the General Assembly when it convened to approve business and contracts with related parties regarding the financial year ended on 31/12/2023. The General Assembly of Shareholders met and approved these transactions on 13/06/2024.

With regard to relations with related parties regarding the financial year ending on 31/12/2022G, the Ordinary General Assembly of the Company, during its meeting on 07/06/2023, approved the relations with related parties that took place during this year as follows:

- Approval of the works and contracts that have been concluded between the Company and Al Mamoon Brokers, in which the member of the Board of Directors Adnan Jamil Khoja (non-executive member) has an indirect interest, which is an insurance brokerage contract, and there are no

preferential conditions, knowing that the total amount of these works in 2022 amounted to 884,000 Saudi riyals.

- Approval of the works and contracts that have been concluded between the Company and Al Mamoon Brokers, in which the member of the Board of Directors Abdullah Adel Sultan (independent member) has an indirect interest, which is an insurance brokerage contract, and there are no preferential conditions, noting that the total amount of these works in 2022 amounted to 36,000 Saudi riyals.

The annual report of the Board of Directors of 2022 included information related to approved transactions with related parties that took place during this year.

As for relations with related parties regarding the financial year ending on 31/12/2021, while the annual report of the Board of Directors of 2021 summarized the contracts and works related to related parties during this year and explained that they relate to payments received on behalf of SALAMA Islamic Arab Insurance Company – UAE, with a total value of 970,000 Saudi riyals. However, the Board did not inform the General Assembly when it held its meeting about the works and contracts in which the Board member has a direct or indirect interest. Accordingly, the General Assembly of Shareholders did not approve the transactions with SALAMA Islamic Arab Insurance Company – UAE during 2021 because it was not notified or presented to it.

We note that the Company did not conclude any transactions with related parties in 2020.

Consequently, the Company's violation of Articles Twenty-Seven (27) and Seventy-One (71) of the Companies Law with regard to transactions with related parties that occurred during 2021 may expose it to fines by the Authority and to the cancellation of contracts related to such transactions with related parties (please refer to Section No. (2) "**Risk Factors**").

In concluding the aforementioned contracts and agreements, the Company has committed that all transactions shall be on a competitive commercial basis that guarantees the rights of the shareholders and the Company.

With the exception of the contracts and arrangements concluded with the aforementioned related parties, the Company confirms that none of the members of the Board of Directors or any of their relatives has any direct or indirect interest in the Company, and that there are no other contracts concluded with any other related parties, including the issuance of insurance policies covering its business and assets.

These contracts with related parties contain the same terms and conditions applicable to the Company's customers without any discrimination. The Company also confirms its commitment to the insurance market behavior regulation issued by the Saudi Central Bank (whose regulatory powers over the insurance sector have been transferred to the Insurance Authority). The Company defines related parties as immediate relatives, family members, spouses, children, parents, brothers and sisters, and any institution in which any member of the Board of Directors has an interest of more than 5%.

Other than what is indicated above, the Company confirms its commitment to the Executive Regulations, the Companies Law and the Corporate Governance Regulations in relation to transactions with related parties.

8.6.7 Compensation and remuneration of board members

The Nomination and Remuneration Committee is responsible for proposing the compensation and remuneration received by the members of the Board of Directors and senior executives. The following table shows the salaries, bonuses and allowances received by the members of the Board of Directors and senior executives, including the Chief Executive Officer and the Chief Financial Officer:

Table 124 Compensation and Remuneration of Directors and Senior Executives

(SAR '000)	31/12/2021G	31/12/2022G	31/12/2023G
members of the Board of Directors	1,304	253	1,058
Senior executives including CEO and CFO	2,575	4,941	4,689
Total	3,879	5,194	5,747

Source: Administration Information

8.7 Board Committees

The Board of Directors has five (5) sub-committees as follows:

8.7.1 Executive Committee

The Executive Committee shall consist of three (3) members. The Executive Committee was appointed by the Board of Directors at its meeting held on 13/09/2022 for a period starting on 11/09/2022 and ending at the end of the current Board session on 10/09/2025. The Company obtained no objection from the Saudi Central Bank on 28/03/1444H (corresponding to 24/10/2022G).

The table below shows the members of the Executive Committee:

Table 125 Executive Committee Members

Member Name	Position
Mountasar Mohammed Foudah	Chairman of the Committee (Independent)
Bader Khalid Alanzi	Member (Executive)
Khaled Mohammed Salem Bajnaid	Member (Independent)

Source: Administration Information

8.7.1.1 Functions of the Committee

- Subject to any instructions set by the Saudi Central Bank or the Board of Directors, the Executive Committee shall exercise all powers decided by the Saudi Central Bank (whose powers related to regulating the insurance sector have been transferred to the Insurance Authority) or the Board and the Executive Committee shall cooperate with the Chief Executive Officer and the Managing Director.
- The Committee shall exercise all the powers granted to it to carry out its work towards the meetings of the Board of Directors, and its members shall have the right to access the confidential information of the Company.
- Formulate, review, inform and manage the Company's strategy in relation to the interests of shareholders, customers, employees and other stakeholders.
- The committee discusses and makes decisions on urgent topics that need to be decided urgently.
- Approve the amendments to the budget items and the final approval of the capital expenditure items in accordance with Committee powers stipulated in powers table.
- Approve the Company's business policies and procedures.
- Monitor and recommend the performance of the CEO and senior management.
- The Committee shall carry out the following work related to the company's strategy:
 - Review the company's strategic planning procedures and processes in cooperation with the CEO.
 - Ensure the completion of strategic plans that achieve the company's objectives.
 - Review the CEO's recommendations regarding the allocation of the Company's resources aimed at achieving alignment between the Company's strategic plans and its long-term operational objectives.
 - Periodically review the strategic plans and operational objectives of the Company and its subsidiaries (if any) to ensure their alignment with the Company's objectives.

- Monitor the implementation of Board policies and procedures.
- The Committee shall prepare recommendations to the Board of Directors regarding the Company's operational priorities and strategies.
- The Committee shall carry out the following work related to the financial planning of the Company:
 - Prepare and review annual and long-term financial goals and strategies and make necessary recommendations to the Board of Directors.
 - Review the financial aspects of the company, in cooperation with the company's executive management and the audit committee.
 - Prepare and review profit distribution policies and how to implement them and make recommendations thereon to the Board of Directors.
 - Periodic review of actual CAPEX to match with budgets approved by the Board of Directors
 - The Committee shall submit a periodic report at least once every six (6) months on its work to the Board of Directors.
- Inform the Board of Directors in the event of any conflict of interest arising as a result of the decisions taken by the Committee
- Prepare an annual review and evaluation of the activities of the Committee and its members.
- Provide the Board with all minutes of meetings relating to the Committee.

The Executive Committee held six (6) meetings during 2021, 2022 and 2023.

8.7.2 Investment Committee

The Investment Committee shall consist of three (3) members. The Investment Committee was appointed by the Board of Directors at its meeting held on 13/09/2022 for a period starting on 11/09/2022 and ending at the end of the current Board session on 10/09/2025. The Company obtained no objection from the Saudi Central Bank on 28/03/1444H (corresponding to 24/10/2022G).

The table below shows the members of the Investment Committee:

Table 126 Members of the Investment Committee

Member Name	Position
Khaled Mohammed Salem Bajnaid	Chairman of the Committee (Independent)
Bader Khalid Alanzi	Member (Executive)
Abdullah Adel Sultan	Member (Independent)

Source: Administration Information

8.7.2.1 Functions of the Committee

- Subject to any instructions set by the Saudi Central Bank (whose powers related to regulating the insurance sector have been transferred to the Insurance Authority) or by the Board of Directors, the Investment Committee shall assume all the powers delegated by the Board of Directors. The Committee shall cooperate with the Chief Executive Officer and the Managing Director regarding investment decisions.
- The Committee shall exercise all powers vested in it to carry out its work towards its shareholders and the strategy of the Company.
- The committee is responsible for preparing the investment policy of the Company and must present this policy to the Saudi Central Bank (whose powers related to regulating the insurance sector have been transferred to the Insurance Authority) and obtain its approval of the investment policy.

- Prepare and formulate the investment policy of the Company and follow up its implementation and approval annually by the Board of Directors. This policy must not be amended except after obtaining the approval of the Board of Directors for any amendment thereto.
- Supervise the implementation of the investment policy and the operations of the Company's investment portfolios within the stable operational frameworks of strategy and risk.
- Review and make recommendations on own investment policies, objectives and plans.
- Take the necessary steps to inform the employees directly and indirectly concerned of the investment activities and ensure that they understand it
- Strategic asset allocation to key investment categories.
- Review the performance of each asset category.
- Setting limits for the distribution of assets according to geographical areas, financial markets, related sectors, securities, as well as currencies.
- Defining and identifying illiquid assets and setting restrictions on investing in them.
- The committee monitors the performance of the Company's investment portfolios on an ongoing basis and submits reports on a quarterly basis.
- Follow up and monitor investment risks periodically.
- The responsibilities of the Committee include making decisions related to investment within the power granted by the Board of Directors.
- Comprehensive review on an annual basis of the efficiency of the overall investment policy in light of the Company's activities, overall risk tolerance, long-term risk return requirements and solvency status.
- Review due diligence reports prepared on external asset managers or any third party that provides investment-related services.
- Conduct a comprehensive assessment of investment service providers, asset management and external parties related to the investment on an annual basis to ensure the stability of the circumstances on the basis of which that entity was appointed and the and to ensure absence of any material change that may lead to the Company's reconsideration regarding dealing with that entity.
- Recommend the appointment of investment and asset managers or a portfolio manager licensed by the Capital Market Authority or any other regulatory authority if the investments are outside the Kingdom
- Manage the relationship between the Company and officially appointed asset managers
- Ensure that the Company's investments are compliant with the Investment Regulations issued by the Saudi Central Bank (whose powers related to regulating the insurance sector have been transferred to the Insurance Authority).
- Monitor and recommend the performance of the CEO and senior management in relation to the Company's investments.
- The Committee shall submit a quarterly periodic report on its work to the Board of Directors and on the performance of investment portfolios to the Board of Directors
- Inform the Board of Directors in the event of any conflict of interest arising as a result of the decisions taken by the Committee.
- Prepare an annual review and evaluation of the activities of the Committee and its members.
- Provide the Board with all minutes of meetings relating to the Committee.

The Investment Committee held two (2) meetings during 2022 and two (2) meetings during 2023.

8.7.3 Audit Committee

The Audit Committee shall consist of three (3) members. The Audit Committee was appointed by the Ordinary General Assembly on 08/02/2023 for a period ending at the end of the current Board session on 10/09/2025.

The table below shows the members of the Audit Committee who were appointed on 08/02/2023:

Table 127 Members of the Audit Committee as of 08/02/2023

Member Name	Position
Mohammed Taha Alsafi	Chairman of the Committee (member from within the Board)
Mater Saud Al-Enazi	Member (from outside the Board)
Ayed Matar Al Qathami	Member (from outside the Board)

Source: Administration Information

On 13/03/1445H (corresponding to 28/09/2023G), the Company announced the resignation of the member of the Audit Committee, Mr. Mater Saud Al-Enazi (an independent member from outside the Board), who submitted his resignation on 13/03/1445H (28/09/2023G) due to his commitment to other professional tasks, provided that the resignation is effective from the date of submission. The Board of Directors approved the resignation by circulation on Thursday 13/03/1445H (28/09/2023G).

On 07/05/1445H (corresponding to 21/11/2023G), the Company announced that it obtained the non-objection of the Saudi Central Bank on 06/05/1445H (corresponding to 20/11/2023G) to appoint the new Chairman and members of the Audit Committee, based on the decision of the Board of Directors by circulation on 31/10/2023G until the end of the current session of the Board of Directors on 10/09/2025G.

The table below shows the current members of the Audit Committee:

Table 128 Current Audit Committee Members

Member Name	Position
Mohammed Taha Alsafi	Chairman of the Committee (member from within the Board)
Noha Abdulghani Soleimani	Member (from outside the Board)
Ghassan Omar Shuaib	Member (from outside the Board)
Salah Mohammed Barbaa	Member (from outside the Board)

Source: Administration Information

The General Assembly of the Company has not yet held its meeting to approve the appointment of the new members of the Audit Committee.

8.7.3.1 Functions of the Committee:

The Audit Committee shall perform its tasks in a number of areas and topics. The tasks performed can be broadly classified into the following areas:

- General Expectations
- External Auditors
- Internal Audit Function
- Compatibility function
- General Expectations

The Audit Committee held six (6) meetings during 2022 and seven (7) meetings during 2023.

The Ordinary General Assembly held on 26/06/2022 approved the amendment of the work regulations of the Audit Committee.

8.7.4 Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall consist of three (3) members. The Nomination and Remuneration Committee was appointed by the Board of Directors at its meeting held on 13/09/2022 for a period starting on 11/09/2022 and ending at the end of the current session of the Board on 10/09/2025. The Company obtained no objection from the Saudi Central Bank on 28/03/1444H (corresponding to 24/10/2022G).

The table below shows the members of the Nomination and Remuneration Committee:

Table 129 Members of the Nomination and Remuneration Committee

Member Name	Position
Wael Abdulrahman Al-Bassam	Chairman of the Committee (Independent Member)
Abdullah Adel Sultan	Member (Independent Member)
Adnan Jamil Khoja	Member (Non-Executive Member)

Source: Administration Information

8.7.4.1 Functions of the Committee:

The functions and responsibilities of the Nomination and Remuneration Committee include:

- Propose clear policies and criteria for membership in the Board of Directors and senior executive management.
- Recommend to the Board of Directors nomination for membership of the Board of Directors and its committees in accordance with the statutory requirements and approved policies and standards.
- Develop a job description for executive members, non-executive members, independent members, and senior executives.
- Annual review of the required needs of the skills appropriate for the membership of the Board of Directors and its committees and prepare a description of the capabilities and qualifications required to occupy the positions of senior executive management and the membership of the Board and its committees and determine the time that must be allocated by the member to the work or committees of the Board and evaluate the structure and composition of the Board and its committees and identify weaknesses periodically and propose the necessary steps to address them.
- Evaluate and monitor the independence of the members of the Board and its committees and ensure that there is no conflict of interest, including ensuring the independence of independent members annually.
- Set clear policies for the compensation and remuneration of the members of the Board of Directors, its committees and the members of senior management, and submitting them to the Board of Directors for approval by the General Assembly, taking into account the following criteria related to performance, disclosure, and verification of their implementation.
- Periodically review the remuneration policy and assess its effectiveness in achieving its objectives.
- Clarify the relationship between the remuneration awarded and the applicable remuneration policy and indicate any material deviation from this policy.
- Supervise the evaluation of the performance of the members of the Board and its committees periodically.
- Recommend the appointment and discharge of members of senior management.
- Establishing special procedures in the event of a vacancy in the position of a member of the Board of Directors or senior executives.

- Propose succession policy and procedures for the CEO and senior members of senior management and monitor the application of succession plans and procedures for them.
- Review compensation plans for senior management.
- Supervise the induction program and periodic training for the members of the Board of Directors.
- Recommend to the Board on matters related to nominations and remuneration of members of the Board of Directors, its committees and senior executives of the Company in accordance with the approved policy.

The Nomination and Remuneration Committee held five (5) meetings during 2022 and two (2) meetings during 2023.

8.7.5 Risk Committee

The Risk Committee shall consist of three (3) members. The Risk Committee was appointed by the Board of Directors at its meeting held on 13/09/2022 for a period starting on 11/09/2022 and ending at the end of the current Board session on 10/09/2025. The Company obtained no objection from the Saudi Central Bank on 28/03/1444H (corresponding to 24/10/2022G).

The table below shows the members of the Risk Committee:

Table 130 Risk Committee Members

Member Name	Position
Adnan Jameel Khoja	Chairman of the Committee (non-executive member of the Board)
Wael Abdulrahman Albassam	Member (Independent Member)
Mountasar Mohammed Foudah	Member (Independent Member)

Source: Administration Information

8.7.5.1 Functions of the Committee

The tasks and responsibilities of the Committee include of the following:

- Identify risks to which the Company may be exposed and maintain an acceptable level of risk to the Company.
- Oversee risk management systems and assess their effectiveness.
- Verify the feasibility of company continuity and continuing its activity successfully, while identifying the risks that threaten its continuation during the next twelve months.
- Develop a comprehensive risk management strategy for the Company, supervise its implementation, and review and update it periodically, taking into account the relevant internal and external variables.
- Review risk management policies.
- Review and reassess the Company's acceptable level of risk and exposure periodically.
- Submit detailed reports to the Board on potential risks and make recommendations on how to manage them.
- Advising the Board of Directors on risk management.
- Ensure the provision of adequate resources and systems to manage risks.
- Review the organizational structure of risk management and making recommendations thereon before it is approved by the Board of Directors.
- Verify the independence of risk management personnel from activities that may result in risk to the Company.
- Verify that the risk management personnel understand the risks of the Company, and work to raise the awareness of risk culture.

- Review the issues raised by the Audit Committee that may affect the Company's risk management.
- The Committee shall report to the Board of Directors on the results of its work in accordance with the controls and mechanisms contained in the Risk Management Charter. The minutes of the meetings of the Risk Management Committee shall be presented to the Board of Directors for information.
- When needed, the Committee shall have the right to use external consulting services in order to perform its tasks, at the expense of the Company, after obtaining the approval of the Board of Directors.

The Risk Committee held two (2) meetings during 2022 and three (3) meetings during 2023.

8.8 Executive Management

The CEO is currently Mr. Bader Khalid Alanzi, as of 01/12/2021, and the table below shows the names and details of the executive management:

Table 131 Executive Management

#	Name	Nationality	Age	Position	Appointment Date	Direct ownership		Indirect ownership	
						Number of Shares	Direct Ownership Percentage	Number of Shares	Indirect Ownership Percentage
1	Bader Khalid Zaar Alanzi	Saudi	46	CEO	01/12/2021	-	-	-	-
2	Ammar Ahmed Hamza Ghorab	Saudi	49	Head of Technical Affairs	06/05/2016	-	-	-	-
3	Christopher Andrew Radcliffe	British	43	In-house Actuary	01/10/2023	-	-	-	-
4	Hani Ghazi Saeed Bahadi	Saudi	47	Head of Sales	01/05/2023	-	-	-	-
5	Noman Jameel Idris Benten	Saudi	55	Head of IT	19/02/2023	-	-	-	-
6	Mohammed Nasser Abdulaziz Al-Wahhabi	Saudi	49	Head of Customer Care	01/07/2017	-	-	-	-
7	Ali Jaafar Ahmed Al-Tahifa	Saudi	36	Chief Financial Officer	08/01/2023	-	-	-	-
8	Afaf Hamed Althobyani	Saudi	46	Human Resources Manager	06/09/2017	-	-	-	-
9	Roya Essam Ghorab	Saudi	33	Head of Marketing Department	18/03/2024	-	-	-	-
10	Turki Awad Mubarak	Saudi	42	Head of Internal Audit Department	03/12/2023	-	-	-	-
11	Hassan Ahmad	Saudi	36	Head of Compliance	01/09/2024	-	-	-	-

	Hassan Al Zahrani			and Anti-Money Laundering					
12	Shaker Faisal Al-Khannani	Saudi	42	Head of Risk Management	02/06/2024	-	-	-	-
13	Vacant	-	-	Head of Governance Department	-	-	-	-	-

Source: Administration Information

8.9 Corporate Governance

In accordance with the rules, regulations and instructions issued by the Capital Market Authority, and in particular the Corporate Governance Regulations issued by virtue of the Authority's Board Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G) based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G) and amended by the Authority's Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G) based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G) , in addition to the Governance Regulations of Insurance Companies issued by the Saudi Central Bank (whose powers related to regulating the insurance sector have been transferred to the Insurance Authority), a Corporate Governance Manual was developed and approved and amended during the Company's Ordinary General Assembly Meeting on 26/06/2022G.

8.10 Government Approvals, Licenses and Certificates

8.10.1 Table of approvals and licenses

The Company (including its branches) has obtained several legal and operational licenses and certificates from the competent authorities. These licenses and certificates are renewed periodically, and what has been expired is under renewal in accordance with the usual procedures. The members of the Board of Directors acknowledge that the Company has all the necessary licenses and approvals to carry out its business and continue to do so, and what has been expired is under renewal and they are not aware of what prevents the renewal of any expired certificates or licenses. The following tables show the current licenses and certificates obtained by the Company.

Table 132 Licenses and approvals obtained by the Company

Type of license	Purpose	License no.	Date of issue	Expiry date	Issuing authority
CR	Registration of the Company in the Commercial Companies Registry (joint stock companies)	4030169661	06/05/1428H (corresponding to 23/05/2007G)	06/05/1447H (corresponding to 28/10/2025G)	Ministry of Commerce* - Commercial Registry Office in Jeddah
Insurance activity practice permit	Practicing the activity of general insurance and health insurance	TMN/4/20079	29/08/1428H (corresponding to 11/09/2007G)	26/08/1446H (corresponding to 25/02/2025G)	Saudi Central Bank**
Chamber of Commerce and Industry membership certificate	Company's compliance with the Commercial Register Law, which requires the Company to subscribe to the	201000120714	30/06/2017G	28/10/2025G	Jeddah Chamber of Commerce

Chamber of Commerce and Industry					
Insurance Authority	Rehabilitation License	-	02/07/2024G	01/07/2025G	Insurance Authority
Certificate of the General Organization for Social Insurance	Company's compliance with GOSI laws	71735805	01/09/2024G	27/03/1446H (corresponding to 30/09/2024)	GOSI
Saudization Certificate	To state that the Company is committed to the percentage of Saudization required according to Nitaqat program	208551-10285120	01/05/2024G	15/10/2024G	Ministry of Human Resources and Social Development***
VAT Certificate	VAT Registration	3001010586	03/12/1438H (corresponding to 25/08/2017G)	-	Zakat, Tax and Customs Authority****
Zakat and Income certificate	To certify that the Company has submitted its declaration for the period ending on 31/12/2022G	1112070639	05/11/1445H (corresponding to 13/05/2024G)	02/11/1446H (corresponding to 30/04/2025G)	Zakat, Tax and Customs Authority****
License to practice a commercial activity	Head office activities	40062060155	17/06/1443H (corresponding to 20/01/2022G)	17/06/1447H (corresponding to 08/12/2025G)	Jeddah Municipality
		39111394635	-	26/02/1447H (corresponding to 20/08/2025G)	

Source: Management information.

* The name "Ministry of Commerce and Investment" has been amended to "Ministry of Commerce".

** The name "Saudi Arabian Monetary Authority" has been amended to "Saudi Central Bank".

*** The name "Ministry of Labor and Social Development" has been amended to "Ministry of Human Resources and Social Development".

****The name "General Authority of Zakat and Tax" was amended to "Zakat, Tax and Customs Authority".

Table 133 Licenses and approvals obtained by the Company branches

Branch	Commercial registration no.	Expiry date	Municipal License No.	Expiry date
Al Khobar	2051059594	14/02/1447H (corresponding to 08/08/2025G)	450915273877	12/11/1446H (corresponding to 10/05/2025G)
			450413751529	18/06/1446H (corresponding to 19/12/2024G)
Riyadh	1010600111	22/07/1447H (corresponding to 11/01/2026G)	450413749799	27/06/1446H (corresponding to 28/12/2024G)
			43109803926	10/01/1447H (corresponding to 05/07/2025G)
Taif	4032045121	27/08/1446H (corresponding to 26/02/2025G)	451015364379	28/10/1446H (corresponding to 26/04/2025G)
Medina	4650076547	10/03/1447H (corresponding to 02/09/2025G)	40031782009	07/04/1446H (corresponding to 08/12/2024G)
Sabya	5906031731	21/04/1446H (corresponding to 21/10/2024G)	390995666	05/02/1448H (corresponding to 10/07/ 2026G)

Najran	5950033107	22/07/1446H (corresponding to 22/05/2025G)	450112765722	20/01/1446H (corresponding to 26/07/2024G)*
Makkah	4031086374	03/09/1447H (corresponding to 19/03/2026G)	450112844856	19/02/1447H (corresponding to 13/08/2025G)
Tabuk	3550035797	02/03/1447H (corresponding to 25/08/2025G)	3909332656	04/05/1446H (corresponding to 06/11/2024G)
Dammam	2050112433	22/07/1446H (corresponding to 22/01/2025G)	3909646928	05/05/1445H (corresponding to 19/11/2023G)*
Buraidah	1131057681	22/07/1446H (corresponding to 22/01/2025G)	441112466880	03/04/1446H (corresponding to 06/10/2024G)

Source: Management information

* Licenses of the commercial activity are expired, and the Company is working on renewing them.

8.10.2 Summary of approvals related to insurance products provided by the Company in accordance with the applicable laws

The Company obtained the final approval from the Saudi Central Bank for thirty-three (33) products, while the Company obtained the final approval from the Insurance Authority regarding the accident and marine liability insurance product provided to individual and group customers in the Kingdom of Saudi Arabia according to the following summary of approvals related to the insurance products provided by the Company:

Table 134 Insurance products provided by the Company

#	Product	Product description	Approval Type	Approval Date
1	Road Transport Insurance (All Risks)	Transit Road transport insurance (truck/rail carriage).	Final	16/12/1431H (corresponding to 22/10/2010G)
2	Road Transport Insurance (basic risks)	Transit Road transport insurance (truck/rail carriage).	Final	16/12/1431H (corresponding to 22/10/2010G)
3	Hauler's Liability Insurance (All Risks)	Insurance of losses resulting from the liability of the hauler.	Final	16/12/1431H (corresponding to 22/10/2010G)
4	Hauler's Liability Insurance (Named Risks)	Insurance of losses resulting from the liability of the hauler.	Final	16/12/1431H (corresponding to 22/10/2010G)
5	Marine Insurance	Marine freight insurance.	Final	26/08/1437H (corresponding to 23/05/2017G)
6	Marine hull insurance	Marine insurance on hull and marine cutting machines.	Final	16/12/1431H (corresponding to 22/10/2010G)
7	Professional Liability Insurance	It covers all types of professions against liabilities for which he may be legally held liable for; such an error, negligence, or omission committed during the course of his work.	Final	26/07/1438H (corresponding to 23/04/2017G)

8	Commercial Motor Insurance	Compensation for damage to motors caused by accidental factors.	Final	26/05/1438H (corresponding to 23/02/2017G)
9	Directors and Officers Liability Insurance	This policy covers the protection of directors and officers from liability resulting from their actions in carrying out their corporate and organizational work.	Final	26/07/1438H (corresponding to 23/04/2017G)
10	Third Party Insurance for Motors	Compensation for damage to vehicles caused by third parties.	Final	17/01/2008G
11	Comprehensive Motor Insurance	Compensation for damage to vehicles.	Final	15/01/2023G
12	Workmen's Compensation and Employer's Liability Insurance	It covers legal liability as required by the Saudi Labor Law to pay the amount of compensation in addition to the plaintiff's expenses in relation to injuries to any employee that arise due to and during the course of his work.	Final	02/01/2008G
13	Third Party Insurance for Government Motors	Compensation for damage to government motors.	Final	27/11/1439H (corresponding to 09/08/2018G)
14	Commercial Liability Insurance	Compensation for all losses resulting from events insured under the policy.	Final	26/05/1438H (corresponding to 23/02/2017G)
15	Travel Insurance	While travelling abroad, policyholders are covered for specific risks such as deaths and injuries.	Final	07/04/1438H (corresponding to 05/01/2017G)
16	Contractors & Erection Insurance	Compensation against losses resulting from several reasons.	Final	02/01/2008G
17	Installation Hazards Insurance	Covers the risks associated with storage, assembly or installation and also covers the period of testing and operating machinery at the plant. The policy gives comprehensive coverage against all risks unless specifically excluded	Final	02/01/2008G
18	Electronic Equipment Insurance	Covers sudden and unexpected physical damage resulting from electronic devices. The policy also covers external information means, increased costs and business expenses.	Final	02/01/2008G
19	Machinery Breakdown Insurance	Covers sudden material losses or damage to machinery and plants. It can extend to loss of profits due to machinery breakdown.	Final	02/01/2008G
20	Insurance of contractors' equipment and labs	Compensation for all losses to contractors' equipment and labs.	Final	02/01/2008G
21	General Liability Insurance	This policy covers the legal liability that the insured is legally liable to pay as compensation to third parties for causing any accidental bodily injury to third parties as well as any loss or damage to the property of third parties that arises in the course of the insured's performance of his work, profession or activities.	Final	30/12/2007G
22	Fidelity Insurance	Covers losses resulting from employee dishonesty.	Final	30/12/2007G
23	Fire Insurance	Covers loss and damage to insured property caused by fire and other specified risks.	Final	30/12/2007G

24	Property All Risks Insurance	This policy provides comprehensive and integrated coverage for industrial units or commercial property... etc. against all risks (including incidental damages) except as specifically excluded under the Policy	Final	30/12/2007G
25	Cash Insurance	It covers losses related to money due to detention or theft while it is in transit, while it is inside the insured property, or while it is in a safe.	Final	30/12/2007G
26	Home Insurance	Covers homes against a wide range of hazards such as fire.	Final	20/10/1439H (corresponding to 04/07/2018G)
27	Personal Accident Insurance for Individuals	Covers death and injury to the insured as well as disability compensation according to a specified limit of compensation.	Final	07/04/1438H (corresponding to 05/01/2017G)
28	Personal Accident Insurance for Group	Covers death and injury to the insured as well as disability compensation according to a specified limit of compensation.	Final	07/04/1438H (corresponding to 05/01/2017G)
29	Loss of Profit and Machinery Breakdown Insurance	Covers profit losses resulting from machinery and equipment failures.	Final	22/02/1433H (corresponding to 16/01/2012G)
30	Medical Malpractice Insurance	It covers the protection of any medical practitioner against liabilities for which he may be legally held liable for an error, negligence, or omission committed during the exercise of his work.	Final	24/09/1437H (corresponding to 29/06/2016G)
31	Comprehensive Motor Insurance for Individual Customers	Covers accidents on vehicles occurring to individual customers in the Kingdom of Saudi Arabia	Final	01/05/1445H (corresponding to 15/11/2023G)
32	Comprehensive Motor Insurance	Covers accidents on vehicles occurring to group customers	Final	01/05/1445H (corresponding to 15/11/2023G)
33	Marine Accident & Liability Insurance	Covers marine accidents and liability to individual and group customers in the Kingdom of Saudi Arabia	Final	26/10/1445H (corresponding to 05/05/2024G)
34	Health Insurance Product (Visit)	Covers visits related to health insurance to individual customers in the Kingdom of Saudi Arabia	Final	30/12/1444AH (corresponding to 18/07/2023G)

Source: Administration Information.

8.10.3 Continuing Obligations Imposed by Government Entities on the Company in its Capacity as a "License Holder"

The below regulatory authorities require the Company to comply with some essential requirements as follows:

8.10.3.1 Continuing Obligations as per SAMA's Requirements (whose powers in relation to insurance was transferred to the Insurance Authority)

Article 76 of the Implementing Regulations of the Cooperative Insurance Companies Control Law states that SAMA shall withdraw the Company's license in the following cases:

- a. If the company fails to practice the licensed activity for six months from the issuance date of the license.

- b. If the company fails to meet the Cooperative Insurance Companies Control Law requirements and its Executive Regulations.
- c. If SAMA finds that the applicant has intentionally provided it with false information.
- d. If SAMA finds that the rights of the insured, beneficiaries, or shareholders are at risk of being lost as a result of how the company practices the activity.
- e. If the company or the self-employed professional becomes bankrupt, making them unable to fulfill their obligations.
- f. If the company or the self-employed professional practices the activity in a fraudulent manner.
- g. If the capital falls below the prescribed minimum limit or the company fails to fulfill the solvency requirements stated in the Executive Regulations.
- h. If the insurance activity falls to a limit that SAMA finds unviable to operate under.
- i. If the company unjustly refuses to pay claims due to beneficiaries.
- j. If the company or the self-employed professional prevents the inspection team assigned by SAMA from performing its task of examining the records.
- k. If the company or the self-employed professional prevents the execution of a final judgment against it in any insurance dispute.

Regarding paragraph (B) in the above terms, and as per Article 14 of the Cooperative Insurance Companies Control Law and Article 58 of the Executive Regulations thereof, SAMA requires insurance and reinsurance companies subject to the Law to make a statutory deposit in a local bank to be under SAMA's control. The statutory deposit shall be ten percent (10%) of the paid-up capital. SAMA may increase this percentage to a maximum of fifteen percent (15%). The Company shall place the statutory deposit amount, within three months from the date of issuing the license, in a bank designated by SAMA. SAMA shall invest the statutory deposit and shall be entitled to its earnings.

It shall be noted that the Company committed some procedural violations during its normal business. Below are the details of the violations revealed by the inspection visits conducted by SAMA:

Risks relating to violation of the supervisory and control instructions of SAMA amounting in total to forty-five thousand Saudi Riyals (SAR 45,000) as mentioned in the Company's Annual Report, as follows:

- On 22/01/1445H (corresponding to 09/08/2023G), SAMA recorded a violation of its supervisory and control instructions, which resulted in a fine amounting to forty-five thousand Saudi Riyals (SAR 45,000) on the Company.

Except for the above-mentioned SAMA fines, no fine has been recorded by any other body against the Company according to the Board of Directors' report for the financial year 2023G.

According to Clause (1) of Article Sixty-Six (66) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the company that practices general and health insurance shall maintain the required solvency margin by adopting the higher one for any of the following three methods:

1. Minimum capital
2. Gross underwritten premiums
3. Claims

Clause (2) of Article Sixty-Six (66) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA provides for the method of calculation of the effective solvency rate of insurance companies.

As per Article Sixty-Six (66) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA, the required solvency margin based on the minimum capital for 2023G is SAR 133,3 million.

The Company is not fully in compliance with the share capital requirements imposed during the financial year 2023G and has a deficiency with respect to the solvency rate amounting to SAR 91,9 million (2022G: SAR 145,16 million).

As per paragraph (A) of Clause (2) of Article Sixty-Eight (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA, if the actual solvency margin becomes between (75%) to (100%) of the required solvency margin, then the Company shall work to amend this percentage to become at least (100%) during the next quarter.

As per paragraph (B) of Clause (2) of Article Sixty-Eight (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA, if the actual solvency margin becomes between (50%) to (75%) of the required solvency margin, and in the event the company does not comply with the requirement of paragraph (A) mentioned above during two (2) consecutive quarters, then the Company shall submit to SAMA a corrective plan clarifying the steps to be taken by the Company to improve its solvency margin and the required timeline in this respect.

As per paragraph (C) of Clause (2) of Article Sixty-Eight (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA, if the actual solvency margin becomes between (25%) to (50%) of the required solvency margin, and in the event that the company fails to comply with the requirement of paragraph (B) mentioned above during two (2) consecutive quarters, then SAMA may oblige the company to take any or all of the following procedures:

- Increase the Company's capital
- Adjust prices
- Reduce costs
- Stop accepting any new subscriptions
- Liquidate some assets
- Any other procedure deemed appropriate by the Company and approved by SAMA

As per paragraph (D) of Clause (2) of Article Sixty-Eight (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA, if the actual solvency margin becomes below (25%) or if the company fails to correct its position, SAMA may appoint and advisor to provide advisory services to the company or may request the withdrawal of the company's license.

As of December 31, 2021, the actual margin coverage ratio was 73.52%. As of December 31, 2022, the actual margin coverage ratio was 45.16% (details of margin and coverage as of December 31, 2021, and 2022 before the application of IFRS 9 and 17).

For the year ending December 31, 2022, the actual margin coverage ratio was 45.16%, and for December 31, 2023, it was 32.8% (details of margin and coverage as of December 31, 2022, and 2023 after the impact of International Financial Reporting Standards No. 9 and 17).

As of December 31, 2023, the company is not in compliance with the required margin coverage according to the regulations of the Central Bank (which regulatory powers related to the insurance sector were transferred to the Insurance Authority). The company also does not meet the capital requirements imposed externally during the fiscal year 2023, and it has a solvency deficit of SAR 91.9 million (compared to SAR 145.2 million in 2022).

As per the provisions of Article Sixty-Eight (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA, the Company's Board of Directors recommended the Extraordinary General Meeting on 08/09/1445H (corresponding to 18/04/2024G) to increase the Company's capital from two hundred million Saudi Riyals (SAR 200,000,000) to three hundred million Saudi Riyals (SAR 300,000,000) through a Rights Issue at a value of one hundred million (SAR 100,000,000), provided that the right shall be to the shareholders who own shares. The Company obtained a letter from the Insurance Authority No. (24-290) dated 25/11/1446H (corresponding to 02/06/2024G) containing its approval to increase the Company's capital from two hundred million Saudi Riyals (SAR 200,000,000) to three hundred million Saudi Riyals (SAR 300,000,000) through a Rights Issue.

The Company aims to increase its capital by offering Rights Issue to achieve and maintain the solvency level required by the Saudi Central Bank ("SAMA") (Please refer to Sub-Section (5.2.3) "**Impact of the Capital Increase on the Solvency Margin**" of Section (5) "**Use of the Proceeds of the Offering and Future Projects**").

In the event of the Company's failure to correct its financial position and its failure to meet the required solvency requirements, SAMA (whose regulatory powers over the insurance sector have been transferred to the Insurance Authority) has the right, as per paragraph (D) of Clause (2) of Article Sixty-Eight (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA, to oblige it to appoint a consultant (to provide advice as needed) or to withdraw the Company's license and prevent it from selling its insurance products in the event that it does not comply with the correction of its financial position within a period determined by SAMA. This will have a negative and substantial impact on the Company's business, results of operations, financial position, and future prospects.

8.10.3.2 Continuing Obligations as per the Requirements of the Ministry of Commerce:

- The Company complies with the Law of Commercial Register regarding registration at the relevant department in Jeddah, where the Company's headquarters is located. The Company is registered under

Certificate No. (4030169661), dated 06/05/1428H (corresponding to 23/05/2007G), and expiring on 06/05/1447H (corresponding to 28/10/2025G).

- The Company also complies with the Companies Law regarding the approval of the Company's Articles of Association in line with the amendments made to the Companies Law, after obtaining prior approval from the Ministry of Commerce on the draft Articles of Association. On 05/11/2023G, the Extraordinary General Meeting approved updating the Articles of Association, and their amended final version was approved by the Ministry of Commerce (Corporate Governance Department) on 11/12/2023G. The Company also complied with CMA and Tadawul requirements regarding uploading a copy of the Company's Articles of Association to the Company's page on Tadawul website.
- On 06/06/1427H (corresponding to 02/07/2006G), the Company registered the trademark thereof under the name "Salama". The trademark registration certificate for Salama Cooperative Insurance Company was issued under No. 142608386. The protection started on 28/12/1436H (corresponding to 11/10/2015G) and will expire on 28/12/1446H (corresponding to 24/06/2025G).
- The Company also complies with the Law of Commercial Register regarding obtaining a membership certificate from the Chamber of Commerce and Industry, with Certificate No. 201000120714 dated 30/06/2017G, and will expire on 18/10/2025G.
- As of the date of this Prospectus, the Company has not yet obtained permits from Civil Defense for its branches.
- As of the date of this prospectus, the following municipal licenses are expired:
 - License No. 3909646928 expired on /05/1445H (corresponding to 19/11/2023G)
 - License No.450112765722 expired on 20//01/1446H (corresponding to 26/07/2024G)

The absence of the aforementioned permits or their renewal is considered a violation of the Companies Law, which will result in a fine not exceeding five hundred thousand Saudi Riyals (SAR 500,000), and the fine will be doubled if it is repeated within three years from the date of the judgment imposing the fine.

8.10.3.3 Continuing Obligations as per CMA's Requirements

Except as disclosed in Sub-paragraph 2.1 ("**Risks Related to the Company's Activity and Operations**") of Paragraph 2 ("**Risk Factors**"), CMA requires listed companies to comply with its Rules on the Offer of Securities and Continuing Obligations, its special instructions, and its listing rules. In particular, listed companies are required to periodically disclose significant financial developments and the Board of Directors report. Insurance companies also undertake to announce their financial results as per CMA-approved templates, which shall include clear data on the surplus (deficit) of insurance operations minus the returns of policyholders' investments, total written insurance premiums, net claims incurred, and net profits (losses) of policyholders' investments, and net profits (losses) of shareholders' investments, along with a comparison of this data with the corresponding quarterly or annual period. In accordance with the Continuing Obligations of Listed Companies Manual, the annual financial results published on Tadawul website shall be derived from the financial statements that are audited and approved by the Company's external auditor, who was appointed by the meeting and approved by the Board. Announcements shall be made using the templates given in the Instructions of Companies' Announcement of their Financial Results. Furthermore, the Company

shall submit a statement of all the reasons and factors behind the change in the financial results of the current financial year along with the comparison period, and such reasons shall cover all items of the financial results announcement.

It shall be noted that for the financial solvency of joint stock companies, according to Clause (1) of Article Sixty-Six (66) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the company that practices general and health insurance shall maintain the required solvency margin by adopting the higher one for any of the following three methods:

1. Minimum capital
2. Gross underwritten premiums
3. Claims

Clause (2) of Article Sixty-Six (66) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA (which regulatory powers related to the insurance sector were transferred to the Insurance Authority) provides for the method of calculation of the effective solvency rate of insurance companies.

Subject to Articles Sixty-Six of (66) the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA (which regulatory powers related to the insurance sector were transferred to the Insurance Authority) the required solvency rate based on the minimum capital for 2023G is SAR 133,3 million.

The Company is not fully in compliance with the share capital requirements imposed during the financial year 2023G and has a deficiency with respect to the solvency rate amounting to SAR 91,9 million (2022G: SAR 45,16 million).

Subject to paragraph (A) of Clause (2) of Article Sixty-Eight (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA, if the actual solvency margin becomes between (75%) to (100%) of the required solvency margin, then the Company shall work to amend this percentage to become at least (100%) during the next quarter.

As per paragraph (B) of Clause (2) of Article Sixty-Eight (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA, if the actual solvency margin becomes between (50%) to (75%) of the required solvency margin, and in the event the company does not comply with the requirement of paragraph (A) mentioned above during two (2) consecutive quarters, then the Company shall submit to SAMA a corrective plan clarifying the steps to be taken by the Company to improve its solvency margin and the required timeline in this respect.

As per paragraph (C) of Clause (2) of Article Sixty-Eight (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA, if the actual solvency margin becomes between (25%) to (50%) of the required solvency margin, and in the event that the company does not comply with the requirement of paragraph (B) mentioned above during two (2) consecutive quarters, then SAMA (which regulatory powers related to the insurance sector were transferred to the Insurance Authority) can oblige the company to take any or all of the following procedures:

- Increase the Company's capital

- Adjust prices
- Reduce costs
- Stop accepting any new subscriptions
- Liquidate some assets
- Any other procedure deemed appropriate by the Company and approved by SAMA

As per paragraph (D) of Clause (2) of Article Sixty-Eight (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA, if the actual solvency margin becomes below (25%) or if the company fails to correct its position, SAMA may appoint and advisor to provide advisory services to the company or can request the withdrawal of the company's license.

As of December 31, 2021, the actual margin coverage ratio was 73.52%. As of December 31, 2022, it was 45.16% (details of margin and coverage as of December 31, 2021, and 2022 before the application of IFRS 9 and 17).

For the year ending December 31, 2022, the actual margin coverage ratio was 45.16%, and for December 31, 2023, it was 32.8% (details of margin and coverage as of December 31, 2022, and 2023 after the impact of International Financial Reporting Standards No. 9 and 17).

As of December 31, 2023, the company is not in compliance with the required margin coverage according to the regulations of the Central Bank (which has transferred its regulatory powers related to the insurance sector to the Insurance Authority). The company also does not meet the capital requirements imposed externally during the fiscal year 2023, and it has a solvency deficit of SAR 91.9 million (compared to SAR 145.2 million in 2022).

As per the provisions of Article Sixty-Eight (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA (which regulatory powers related to the insurance sector were transferred to the Insurance Authority), the Company's Board of Directors recommended the Extraordinary General Meeting on 08/09/1445H (corresponding to 18/04/2024G) to increase the Company's capital from two hundred million Saudi Riyals (SAR 200,000,000) to three hundred million Saudi Riyals (SAR 300,000,000) through a Rights Issue at a value of one hundred million Saudi Riyals (SAR 100,000,000), provided that the right shall be to the shareholders who own shares. The Company obtained a letter from the Insurance Authority No. (24-290) dated 25/11/1446H (corresponding to 02/06/2024G) containing its approval to increase the Company's capital from two hundred million Saudi Riyals (SAR 200,000,000) to three hundred million Saudi Riyals (SAR 300,000,000) through a Rights Issue.

The Company aims to increase its capital by offering Rights Issue to achieve and maintain the solvency level required by the Saudi Central Bank ("SAMA") (Please refer to Sub-Section (5.2) "**Use of the Net Offering Proceeds**" of Section (5) "**Use of the Proceeds of the Offering and Future Projects**").

In the event of the Company's failure to correct its financial position and its failure to meet the required solvency requirements, SAMA (whose regulatory powers related to the insurance sector were transferred to the Insurance Authority) has the right, as per paragraph (D) of Clause (2) of Article Sixty-Eight (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA (whose regulatory powers related to the insurance sector were transferred to the Insurance Authority), to oblige it

to appoint a consultant (to provide advice as needed) or to withdraw the Company's license and prevent it from selling its insurance products in the event that it does not comply with the correction of its financial position within a period determined by SAMA. This will have a negative and substantial impact on the Company's business, results of operations, financial position, and future prospects.

CMA has committed companies listed on the capital market by following the instructions for announcements of the joint stock companies listed on the capital market issued by the CMA Board resolution No. (8-127-2016) dated 16/01/1438H (corresponding to 17/10/2016G) based on the Companies Law issued by the Royal decree No. M/3 dated 28/01/1437H and amended by CMA Board Resolution No. 2-26-2023 dated 05/09/1444H (corresponding to 27/03/2023G) based on the Companies Law issued by the Royal Decree No. M/132 dated 01/12/1443H committed.

Except as disclosed in Sub-paragraph 2.1 ("**Risks Related to the Company's Activity and Operations**") of Paragraph 2 ("**Risk Factors**"), as of the date of this Prospectus, the Company is committed to the Capital Market Law and the Executive Regulations thereof.

8.10.3.4 Continuing Obligations as per ZATCA's Requirements

- Like other registered establishments and companies operating in the Kingdom, the Company is required to submit its zakat and tax returns within 120 days of the end of the financial year, for the purpose of renewing its ZATCA certificate. The Company is registered as a taxpayer. The Company filed its zakat returns for the financial year ended 31 December 2021G and obtained a Zakat Certificate from ZATCA under No. 1110095148 dated 07/10/1443H (corresponding to 08/05/2022G) which ended on 10/10/1444H (corresponding to 30/04/2023G). The Company filed its zakat returns for the financial year ended 31 December 2022G and obtained a Zakat Certificate from ZATCA under No. 1110226966 dated 12/10/1444H (corresponding to 02/05/2023G) which ended on 21/10/1445H (corresponding to 30/04/2024G). The Company filed its zakat returns for the financial year ended 31 December 2023G and obtained a Zakat Certificate from ZATCA under No. 1112070639 dated 05/11/1445H (corresponding to 13/05/2024G) valid until 02/11/1446H (corresponding to 30/04/2025G)
- ZATCA issued assessments covering the years 2006G to 2012G amounting to SAR 17.1 million, consisting of SAR 9.3 million as zakat differences, SAR 4.4 million as withholding tax differences, and SAR 3.4 million as fines. The Company settled the withholding tax differences amounting to SAR 4.4 million and partially settled the delay fines amounting to SAR 3.1 million. Accordingly, the Company issued a letter of guarantee of SAR 9.5 million in favor of ZATCA for the zakat differences of the aforementioned years. In 2021G, the Company settled its liabilities from 2008G to 2012G and subsequently asked ZATCA to release the SAR 9.5 million bank guarantee.
- A settlement request was submitted to ZATCA to pay SAR 3 million to close the case, but the Zakat Disputes Committee reached a decision to settle SAR 7.7 million to finalize the assessments for the mentioned years. ZATCA rejected the decision of the Zakat Disputes Committee, and upon the end of the hearing, the case was raised to the Appeal Committee.
- ZATCA issued an assessment for 2014G, in which it requested an additional zakat liability amounting to SAR 1.2 million. The assessment was objected to, and the objection was rejected by ZATCA. The case was escalated to the Tax Committees, and it is awaiting a decision.

- ZATCA issued an assessment for the years 2015G to 2018G, in which it requested an additional zakat liability amounting to SAR 14.1 million, and a withholding tax liability for the years 2014G to 2018G amounting to SAR 7 million. In 2021G, the Company settled the withholding tax differences to access the benefits of the first phase of the revised governmental amnesty period (full exemption of penalties).
- In 2021G, the Company received zakat assessments for the years 2019G and 2020G where ZATCA requested an additional liability amounting to SAR 11.4 million. The Company objected and the liability was later reduced to SAR 9.1 million. The Company paid SAR 2.3 million in order to object according to the Zakat regulation. The objection was referred to the General Secretariat of the Tax Committees and the case is still under discussion.
- In 2023, the Company received an initial assessment for the years 2021G and 2022G where ZATCA requested additional liability amounting to SAR 2.4 million and SAR 2.1 million, respectively. The Company is working to meet the data requirements related to the years 2021G and 2022G, and the Company has a sufficient provision to cover the additional Zakat obligations.

8.10.3.5 Continuing Obligations as per HRSD's Requirements

A file under the unified No. 9-98311 was opened at HRSD (Labor Office) in line with the Saudization certificate issued thereby. As of the date of this Prospectus, the Company benefits from the e-services provided by HRSD. The Saudization certificate was obtained to state that the Company is committed to the required Saudization percentage (83%) as per Nitaqat Program and it is classified in the platinum range.

8.10.4 Company branches and points of sale

Article 5 of the Company's Articles of Association stipulates that the Company may establish branches, offices, or agencies inside or outside the Kingdom after obtaining SAMA's approval (whose regulatory powers related to the insurance sector were transferred to the Insurance Authority). In accordance with Article (9) of the Cooperative Insurance Companies Control Law, which stipulates that SAMA's (whose regulatory powers related to the insurance sector were transferred to the Insurance Authority) written approval shall be obtained before opening insurance company branches, SAMA (whose regulatory powers related to the insurance sector were transferred to the Insurance Authority) requires that the insurance companies willing to open branches shall adhere to the statutory procedures issued by the Ministry of Commerce and related to the opening of branches for joint stock companies. As for points of sale, the municipal license and/or rental contract shall be sufficient if the point of sale is located in government facilities, hotels, or tourist resorts (such as a kiosk). Until the date of preparing this Prospectus, the Company obtained SAMA's final approval to open several branches and points of sale as follows:

Table 135 Branches and points of sale and their commercial registrations and obtained municipal licenses

#	Branch	Commercial Registration No.	Date of Expiry	Municipal License No.	Date of Expiry
1	Jeddah	4030169661	06/05/1447H (corresponding to 28/10/2025G)	40062060155	17/06/1447H (corresponding to 08/12/2025G)
				39111394635	26/02/1447H (corresponding to 20/08/2025G)
2	Al Khobar	2051059594	14/02/1447H (corresponding to 08/08/2025G)	450915273877	12/11/1446H (corresponding to 10/05/2025G)
2	Riyadh	1010600111	22/07/1447H (corresponding to 11/01/2026G)	450413751529	18/06/1446H (corresponding to 19/12/2024G)
				450413749799	27/06/1446H (corresponding to 28/12/2024G)
				43109803926	10/01/1447H (corresponding to 05/07/2025G)
4	Taif	4032045121	27/08/ 1446H (corresponding to 26/02/2025G)	451015364379	28/10/1446H (corresponding to 26/04/2025G)
5	Madinah	4650076547	10/03/1447H (corresponding to 02/09/2025G)	40031782009	07/04/1446H (corresponding to 08/12/2024G)
6	Sabya	59060431731	21/04/1446H (corresponding to 21/10/2024G)	390995666	05/02/1448H (corresponding to 10/07/2026G)
7	Najran	5950033107	22/07/1446H (corresponding to 22/05/2025G)	4501112765722	20/01/1446H (corresponding to 26/07/2024G)
8	Makkah	4031086374	03/09/1447H (corresponding to 19/03/2026G)	450112844856	19/02/1447H (corresponding to 13/08/2025G)
9	Tabuk	3550035797	02/03/1447H (corresponding to 25/08/2025G)	3909332656	04/05/1446H (corresponding to 06/11/2024G)

10	Dammam	2050112433	22/07/1446H (corresponding to 22/01/2025G)	3909646928	05/05/1445H (corresponding to 19/11/2023G) *
11	Buraydah	1131057681	22/07/1446H (corresponding to 22/01/2025G)	441112466880	03/04/1446H (corresponding to 06/10/2024G)

Source: Management information

* Municipality Licenses are expired and the Company is renewing them.

8.11 Summary of Substantial Contracts

The following is a summary of the agreements that are deemed substantial by the Company, based on the extent of their importance and impact on the Company's operations.

In concluding the contracts and agreements referred to below, the Company was committed to executing all transactions on a purely commercial and competitive basis that warrants the rights of shareholders, and to vote on these contracts by the Company's General Meeting without the participation of shareholders who have interests in such contracts. The Company and its board members confirm their compliance with the restrictions of the Companies Law and the Corporate Governance Regulations on transactions of the related parties with respect to those contracts .

The Company has concluded several substantial agreements, including but not limited to the following:

8.11.1 Contracts with Related Parties

During its normal business, the Company deals with companies that are defined as related parties, and mainly representing membership in the Board of Directors, executive positions held by the Company's shareholders in other companies, and transactions carried out with related parties. Total transactions with related parties are as follows:

Table 136 Remuneration of key senior management personnel

(SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change rate 2021G-2022G
Salaries and benefits	1,395	4,698	236.8%
End-of-service benefits for employees	1,180	1,295	9.7%
Remuneration for governance officers	66	443	571.2%
Total	2,641	6,436	143.7%

Source: audited financial statements for FYs ended 31 December 2021G and 2022G.

Table 137 Transactions with related parties

(SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change rate 2021G-2022G
Major shareholder			
Salama company (IAIC) - United Arab Emirates	970	0	(100.0%)
Entities controlled, or jointly controlled, or significantly controlled by the Board of Directors			
Al Mamoon Insurance Brokerage*	-	771	N/A
Ittihad Insurance Brokers*	-	8	N/A

Source: audited financial statements for FYs ended 31 December 2021G and 2022G.

* These transactions were performed as of the date of appointing the relevant managers, i.e. 11 September 2022G.

Table 138 Balances due (from) / to related parties

(SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change rate 2021G-2022G
Salama company (IAIC) - United Arab Emirates	(970)	-	N.A
Al Mamoon Insurance Brokerage	-	884	N.A
Ittihad Insurance Brokers	-	36	N.A
Total	(970)	920	(%194.8)

Source: audited financial statements for FYs ended 31 December 2021G and 2022G.

Table 139 Remuneration of key senior management personnel

(SAR '000)	31 December 2022G (Restated)	31 December 2023G (Audited)	Annual change rate 2022G-2023G
Salaries and benefits	4,698	4,423	(5.85%)
Employee benefit obligations	243	266	9.47%
Remuneration for governance officers – directors	204	1,032	405.88%
Remuneration for governance officers – board committees	239	242	1.26%
Total	5,384	5,963	10.75%

Source: audited financial statements for FY ended 31 December 2023G.

Table 140 Transactions with related parties

(SAR '000)	Nature of transactions	31 December 2022G (Restated)	31 December 2023G (Audited)	Annual change rate 2022-2023
Islamic Arab Insurance Company (IAIC)	Payments received on behalf	0	0	N.A
Al Mamoon Insurance Brokerage	Commissions incurred	771	311	(59.66%)
Ittihad Insurance Brokers	Commissions incurred	8	375	4587.50%
Najm Insurance Services Company	Najm fees	0	34,934	N.A

Source: audited financial statements for FY ended 31 December 2023G.

Table 141 Balances due (from) / to related parties

(SAR '000)	Nature of transactions	31 December 2022G (Restated)	31 December 2023G (Audited)	Annual change rate 2022-2023
Islamic Arab Insurance Company (IAIC)	Payments received on behalf of	0	0	0.00%
Al Mamoon Insurance Brokerage	Commissions incurred	884	441	(50.11%)
Ittihad Insurance Brokers	Commissions incurred	36	0	(100.00%)
Najm Insurance Services Company	Najm fees	0	3,510	N.A
Total		920	3,951	329.46%

Source: audited financial statements for FY ended 31 December 2023G.

Additionally, the Company appointed Al-Awwal Capital as a financial advisor, lead manager, and underwriter in relation to this issue. Also, Dr. Saleh Jameel Malaika, Chairman of Al-Awwal Capital, is a 0.054% shareholder in Salama. Moreover, one of Dr. Saleh Jameel Malaika's subsidiaries, Rasd Intl Marketing Services, is a 4,969% shareholder in Salama.

Article (27)(1) of the Companies Law stipulates that neither the Company's manager nor a member of its board of directors may have any direct or indirect interest in the business and contracts that are made for the Company's account except with a license from the partners, the General Meeting, or Shareholders or their representatives.

Article (71)(1) of the Companies Law stipulates that, subject to the provisions of Article (27) of the Companies Law, a member of the Board of Directors shall, immediately upon his knowledge of any interest he has, whether direct or indirect, in the business and contracts that are made for the account of the Company, notify the Board about such interest, and record this notification in the Board minutes of meeting when it is convened. Such member may not participate in voting on the decision issued in this regard by the Board and General Meeting meetings. The board shall notify the General Meeting, when it convenes, of the transactions and contracts in which such board member has direct or indirect interest; the notice shall be accompanied with a special report prepared by the company auditor in accordance with auditing standards approved in the Kingdom Article (71) (2) stipulates that if a board member fails to disclose his interest referred to in Paragraph (1) of this Article, the Company or any interested party may claim before the competent judicial authority to invalidate the contract or oblige the member to pay any profit or benefit gained therefrom.

Article (71) (3) stipulates that the responsibility for the damages resulting from such business and contracts referred to in Paragraph (1) of this Article shall be borne by the member who has an interest in such business or contract and the Board members in case of failure or negligence in performing their obligations in violation of the provisions of this paragraph, or in case it is proven that such business and contracts are unfair or involve a conflict of interests and harm the shareholders.

In addition, Article (87) (1) of the Corporate Governance Regulations stipulates that the Board report shall include a presentation of its operations during the last financial year, and all factors affecting the Company's business. The Board report shall include the provisions of such Regulations that have been applied, the ones that have not been applied and the reasons for that.

With respect to the related party transactions relating to the financial year ending on 31/12/2023G the annual report of the Board for the year 2023G summarizes the related party contracts and transactions for this year (please refer to Sub-Section (8.11.1) "**Contracts with Related Parties**" of Section (8) "**Legal Information**"). The Board called upon the General Meeting, when convened, to approve the related party transactions and contracts for the financial year ended 31/12/2023G.

With respect to the related party transactions relating to the financial year ending on 31/12/2022G, the ordinary General Meeting of the Company approved the following transactions during its meeting held on 07/06/2023G:

- Approving the contracts and transactions entered into between the Company and Al Mamoon Overseas Insurance Brokers Co. Ltd, in which the board member Adnan Jamil Khoja (non-executive member) has a direct interest, relating to an insurance brokerage agreement. The agreement does

not contain preferential rights and the total amount of the transaction for the year 2022G is SAR 884,000.

- Approving the contracts and transactions entered into between the Company and Ittihad Insurance Brokers, in which the board member Abdallah Adel Sultan (independent member) has an indirect interest, relating to an insurance brokerage agreement. The agreement does not contain preferential rights and the total amount of the transaction for the year 2022G is SAR 36,000.

The Board annual report for the year 2022G includes information relating to the transactions with related parties that occurred during this year and have been approved.

With respect to the related parties transactions that occurred during the financial year ending on 31/12/2021G, and while the annual report for the Board for the year 2021G summarized the transactions and contracts that occurred during such year and clarified that it relates to payment received on behalf of SALAMA IAIC – UAE and which amounts to SAR 970,000, however the board of directors did not notify the General Meeting of the transactions and contracts in which a member of the board has a direct or indirect interest that occurred during such year. Consequently, the General Meeting did not approve the related party transaction with SALAMA IAIC – UAE during the year 2021G, due to the fact that it was not notified of such transaction.

As for the year 2020G, no related party transaction has been entered into by the Company.

As such, the violation of Articles Twenty-Seven (27) and Seventy-One (71) of the Companies' Law with respect to the related party transactions that occurred during the year 2021G with SALAMA IAIC – UAE may subject the Company to fines from the CMA and to the cancellation of the agreements with respect to the related party transactions.

(Please refer to Section 2 “**Risk Factors**”)

In concluding the aforementioned contracts and agreements, the Company was committed to executing all transactions on a purely commercial and competitive basis that warrants the rights of shareholders and the Company.

Except for the contracts and arrangements concluded with the above-mentioned related parties, the Company confirms that none of the board members or any of their relatives has any direct or indirect interest in the Company, and that there are no other contracts concluded with any other related parties, including the issuance of insurance policies covering their business and assets.

These contracts concluded with related parties contain the same terms and conditions that apply to the Company's clients without any discrimination. The Company also confirms its commitment to the insurance market behavior regulations issued by the Central Bank of Saudi Arabia (SAMA) (whose regulatory powers relating to the insurance sector were transferred to the Insurance Authority), and the related parties are defined as direct relatives, family members, wives, husbands, children, parents, brothers and sisters, and any institution in which any member of the board of directors owns interest of more than 5%.

Other than what is indicated above, the Company confirms its commitment to the Executive Regulations, the Companies Law, and the corporate governance regulations with regard to dealings with related parties.

8.11.2 Conflict of Interest

The members of the Board of Directors acknowledge that no conflict of interest has arisen among them in connection with the contracts and/or transactions concluded with the Company and that they were not part of any activity similar to, or competing with, the activities of the Company as of the date of this prospectus.

8.11.3 Insurance Brokerage Agreements

Insurance broker agreements were concluded with relevant companies to facilitate attracting customers and promoting the Company's insurance products to individuals, establishments, companies, and other entities. In exchange, insurance brokers are entitled to a commission estimated at a percentage of the premiums collected through the broker from clients for each type of insurance.

- Agreement validity duration: An agreement remains valid from the date of its initiation and signature until its termination or suspension as per the provisions of the agreement.

Below are the most important articles set forth in insurance broker agreements, some of which are the responsibility of the Company and others are the responsibility of the brokers. Such articles include, but not limited to, the following:

- Company obligations: Repaying commissions due to the broker against the premiums paid to the Company.
- Broker obligations:
 - The broker shall fully comply with all the business rules issued by the Company.
 - The broker shall execute the contract and provide the necessary insurance services to the insured in accordance with the regulatory requirements and professional principles.
 - The broker shall transfer all insurance premiums collected through insurance contracts concluded on behalf of the Company to the account of the insurance company within no more than 7 days from the date of collection.
- Spatial and qualitative scale: Under the agreement, the Company shall deal with the broker on a non-exclusive basis. As such, the Company may work with other brokers and agents during the contract validity period, without objection from the broker.
- Commissions: The broker shall receive a commission on the total insurance premiums, as per the agreement, for each operation assigned to the insurance Company. The Company may deduct any returned or canceled insurance premiums.
- Post-termination obligations: Under the agreement, the broker may receive the commissions collected on insurance policies until the expiration of the contract. However, the broker is not allowed to collect any compensation or commission on subscriptions due after the end of the contract.

8.11.4 Reinsurance Agreements

A set of reinsurance agreements has been concluded with companies specialized in reinsurance business. Under these agreements, the Company reinsures all or part of the losses that may arise from the insurance policies issued by the Company to reduce its exposure to losses in return for an agreed-upon premium. Under these agreements, the Company is compensated against every part of the losses of the issued insurance contracts. These agreements also include different exclusions depending on the reinsured product. Reinsurance agreements are usually valid for twelve (12) months.

Table 142 Valid or renewed reinsurance contracts

Reinsurance company	Insurance policy / Type of Coverage
Arab War Risks Insurance Syndicate (AWRIS)	Marine insurance for goods against the dangers of war.
Guy Carpenter as an agent for Marsh Ltd	Reinsure loss excess against disasters
Swiss Re	Reinsure engineering excess
Swiss Re	Marine cargo insurance
Swiss Re	Business risk insurance
Swiss Re	vehicle insurance
Swiss Re	Proportional insurance and surplus insurance related to business property
Hannover Re	Medical insurance
Europe Assistance	Travel Assistance Insurance

Source: Management information

The agreements issued by Swiss Re and Guy Carpenter as agents for Marsh Ltd. expired on June 30, 2024. The company has renewed all these agreements under the same terms; however, it has not yet received copies of the renewed agreements.

8.11.5 Membership Agreement at the Reconciliation Center for Insurance Disputes

The Company entered into this agreement with the General Secretariat of the committees on the adjudication of insurance disputes and violations on 16/07/2018G. Under this agreement, the Company became a member of the Reconciliation Center for Insurance Disputes affiliated to the General Secretariat. The agreement is valid for one Gregorian year and is renewed automatically unless one of the two parties expresses its unwillingness to renew two months before the expiry of the term.

8.11.6 Provision of Consulting Actuarial Services Contract

An actuarial services contract was concluded on 01/03/2024G between the Company and Lux Actuaries & Consultants to obtain actuarial advisory services in relation to the Company's business. The agreement will expire on 28/02/2025G., and the Company shall pay Lux Actuaries & Consultants an amount of \$280,000 in exchange for the provision of actuarial service

8.11.7 Collection Contracts

The Company concluded collection contracts with several companies .

Table 143 Valid or renewed collection contracts

Agreement Name	Date and Duration	Parties	Subject
Accommodation contract	From 01/04/2022G to 26/02/2023G automatically renewed	First Party: Salama Cooperative Insurance Company Second Party: Abdullah Salem Bamberuk Trading Establishment	The second party shall be responsible for the accommodation of vehicle wreckage
Debt Collection contract	From 01/07/2021G to 02/07/2022G automatically renewed	First Party: Salama Cooperative Insurance Company Second Party: Mokalahah Debt Collections	The Second Party shall collect the First Party's debts and claims in return for a commission ranging from 20% to 25% of the claims.
Debt Collection contract	From 01/10/2020G to 01/10/2021G automatically renewed	First Party: Salama Cooperative Insurance Company Second Party: Sabaa First Debt Collections	The Second Party shall collect the First Party's debts and claims in return for a commission ranging from 35% to 25% of the claims.
Debt Collection contract	From 01/07/2021G to 02/07/2022G automatically renewed	First Party: Salama Cooperative Insurance Company Second Party: Muhammad Abdullah Abdul Wahab firm	The Second Party shall collect the First Party's debts and claims in return for a commission ranging from 20% to 25% of the claims.
Debt Collection contract	From 01/09/2021G to 01/08/2022G automatically renewed	First Party: Salama Cooperative Insurance Company Second Party: Asset Execution Debt Collection Company	The Second Party shall collect the First Party's debts and claims in return for a commission ranging from 20% to 25% of the claims.
Debt Collection contract	From 01/03/2022G to 01/03/2023G automatically renewed	First Party: Salama Cooperative Insurance Company Second Party: Fahd bin Abdullah Mahboob Law firm	The Second Party shall collect the First Party's debts and claims in return for a commission ranging from 20% to 25% of the claims.
Debt Collection contract	From 01/11/2018G to 01/11/2019G automatically renewed	First Party: Salama Cooperative Insurance Company Second Party: Osul Al Sadad Debt Collection Company	The Second Party shall collect the First Party's debts and claims in return for a commission ranging from 20% to 25% of the claims.

Source: Management information

8.11.7.1 Guarantees

The Company has issued the following letters of guarantee

Table 144 letters of guarantee

Client Name	Amount (SAR)	Expiry Date
Abdullah Hashem Company	200,000	30/06/2024G
Abdul Latif Jameel Retail Company Limited	171,988	01/01/2025G
Abdul Latif Jameel Retail Company Limited	250,000	04/01/2025G
Haji Hussein Alireza& Co. Ltd	150,000	04/01/2025G
Petromin Corporation	250,000	08/06/2024G
Zakat Authority	9,500,000	12/11/2024G

Source: Management information

8.11.8 Information Technology (IT) contracts

The Company concluded several IT contracts as follows:

Table 145 IT Contracts

Agreement Name	Date and Duration	Parties	Subject
Maintenance Agreement	From 01/01/2024G to 31/12/2024G not automatically renewed	First Party: Salama Cooperative Insurance Company Second Party: National Computer Company	Provide the First Party with the Software Maintenance Agreement agreed upon by the Parties
Provision of service contract	From 01/01/2024G to 31/12/2024G	First Party: Salama Cooperative Insurance Company Second Party: Almutlhaa Software Services Company	Provide the First Party with services related to human resources software
Main services Agreement	From 01/01/2024G to 31/12/2027G	First Party: Salama Cooperative Insurance Company Second Party: Lean	Provide the First Party with services related to connecting to financial service provider accounts to provide open banking services including collection and initiation of payments
Outsourcing Agreement"	From 09/10/2023G to 09/10/2024G	First Party: Salama Cooperative Insurance Company Second Party: Taazaa Company	Provide the First Party with external developer services
Provision of service Agreement	From 17/09/2023G to 16/09/2026	First Party: Salama Cooperative Insurance Company Second Party: Value Box Professional	Provide the First Party with cybersecurity consulting and services

Source: Management information

8.11.9 Attorney's Fees Contract

The Company concluded an attorney's fees contract on 27/11/2023G with Amer Alamr & Partners Lawyers and Legal Consultants. The duration of the agreement is one year as of the date of conclusion.

8.11.10 Lease Contracts

The Company does not own any properties. The Company leases all the sites it occupies to conduct its business, whether these sites are for branches or points of sale. Therefore, the Company concluded the following lease contracts, most of which are traditional ones stating a rent amount paid by the Company to the lessor annually for renewal. These contracts are considered void when the lessee delays the payment of the rent.

Below are the lease contracts of the Company's sites and their key details:

Table 146 Lease contracts of the Company's sites

#	Branch	Lessor	Rent Amount	Duration of lease contract
1	Dammam	Muhammad Ibrahim bin Abdullah Al Wahaibi	SAR 71,300	From 15/02/2024G to 14/02/2025G Automatically renewed
2	Al Khobar	Trabut_Albuyan Real Estate Development	SAR 446,219	From 08/02/2024G to 07/02/2027G Not automatically renewed
3	Riyadh - Jawazat	Muhammad Fahd Al-Khudair	SAR 120,084	From 04/12/2023G to 31/12/2024G Not automatically renewed
4	Riyadh -Ar Rawdah	Turki Al-Dosari	SAR 58,000	From 28/08/2023 to 27/08/2024G Not automatically renewed
5	Taif	Muhammad Al-Juhani	SAR 34,500	From 06/11/2023G to 05/11/2024G Automatically renewed
6	Jeddah - Claims	Jabal Edsas	SAR 837,887	From 01/01/2024G to 31/12/2024G Not automatically renewed
7	Tabuk	Ali Al-Otaibi	SAR 71,000	From 15/11/2023G to 14/11/2024G Not automatically renewed
8	Jeddah - Al Sahafa	Abdul Wahab Asaad	SAR 70,000	From 13/11/2023G to 02/811/2024G Not automatically renewed
9	Sabya	Fawaz Radwan	SAR 20,200	From 02/07/2023G to 19/07/2024G Automatically renewed
10	Makka	Saed Faleh Al-Fahmi Trading and Contracting Company	SAR 40,250	From 25/10/2023G to 24/10/2024G Not automatically renewed
11	Najran	Yahya bin Musfir bin Sa'eed Al-Yami Real Estate Office	SAR 24,000	From 02/02/2024G to 01/02/2025G Not automatically renewed
12	Madinah	Aziza Al-Harbi	SAR 45,000	From 01/05/2022G to 30/04/2023G Not automatically renewed
13	Riyadh (New Branch)	Abdullah Al Turki Al Dhuhayan Sons Contracting Company	SAR 1,442,978	From 01/11/2021G to 31/10/2024G Not automatically renewed*
14	Buraydah	Abdul Rahman Al-Amer	SAR 30,000	From 14/04/2022G to 13/04/2023G* Not automatically renewed

Source: Management information

*The Contracts have expired, and the company is renewing them.

8.12 Trademarks and Intellectual Property

The Company's competitive position depends largely on its ability to use its name and logo to promote and sell its services. The Company aims to maintain the vibrant image of its brand name. The Company's competitive position depends on several factors, including its ability to use its trademark to provide its services in the markets and protect its rights.

On 06/06/1427H (corresponding to 02/07/2006G), the Company registered its own trademark under the name "SALAMA". A trademark registration certificate was issued in the name of SALAMA Cooperative Insurance Company under No. 142608386. Protection commenced on 28/12/1436H (corresponding to 11/10/2015G) and will expire on 28/12/1446H (corresponding to 24/06/2025G).

8.13 Disputes and Litigation

The following is a summary of ongoing cases and lawsuits:

Table 147 Lawsuits Pending Before the Committees

#	Claimant	Claim Type	Claim Amount	Compensation Type	Claim Status	Required Action
1	Ahmed Yahya Al-Qahtani	Third-Party Liability Insurance	1,600.00	VAT	In Progress	A response was received from the Company
2	Ayman Al-Ansari	Third-Party Liability Insurance	285.33	VAT	In Progress	A response was received from the Company
3	Jamila Al-Qahtani	Third-Party Liability Insurance	13,000.00	Vehicle Damage	In Progress	A response was received from the Company
4	Hamza Fayez Al-Jazairi	Third-Party Liability Insurance	1,407.10	VAT	In Progress	A response was received from the Company
5	Khaled Sulaiman Al-Fares	Third-Party Liability Insurance	18,775.00	Vehicle Damage	In Progress	A response was received from the Company (Fraud)
6	Khaled Mohammed Al-Nafea	Third-Party Liability Insurance	541.58	VAT	In Progress	A response was received from the Company
7	Kholoud Ibrahim Kaabi	Third-Party Liability Insurance	18,000.00	Vehicle Damage	In Progress	A response was received from the Company (Fraud)
8	Raghad Khaled Maafa	Third-Party Liability Insurance	1,208.54	VAT	In Progress	A response was received from the Company
9	Rafeef Hussein Al-Tayyar	Comprehensive Insurance	-	Compensation for Delayed Repairs	In Progress	A response was received from the Company
10	Zuhair Abdullah Al-Shehri	Third-Party Liability Insurance	270.00	VAT	In Progress	A response was received from the Company
11	Reem Khaled Al-Qahtani	Comprehensive Insurance	-	Vehicle Repair	In Progress	A response was received from the Company
12	Zaki Humaid Al-Badri	Third-Party Liability Insurance	2,706.00	Vehicle Damage	In Progress	A response was received from the Company (data concealment)
13	Zuhair Mohammed Al-Tuwaijri	Third-Party Liability Insurance	3,831.23	Vehicle Damage	In Progress	A response was received from the Company (Fraud)

#	Claimant	Claim Type	Claim Amount	Compensation Type	Claim Status	Required Action
14	Saeed Abdullah Habib	Third-Party Liability Insurance	75,000.00	Blood Money	In Progress	A response was received from the Company
15	Salman Farhan Al-Harbi	Third-Party Liability Insurance	730.00	Vehicle Damage	In Progress	A response was received from the Company
16	Al Wafaq Transportation Solutions Co.	Third-Party Liability Insurance	27,974.28	Vehicle Damage	In Progress	A response was received from the Company
17	Abdul Latif Jameel Finance Co.	Third-Party Liability Insurance	19,257.00	Vehicle Damage	In Progress	A response was received from the Company
18	Shahid Nasser Al-Khalifa	Third-Party Liability Insurance	4,750.00	Vehicle Damage	In Progress	A response was received from the Company
19	Aisha Yousef Al-Hawsawi	Third-Party Liability Insurance	2,764.80	Right of Recourse - Counterclaim	In Progress	A response was received from the Company
20	Ayed Ibrahim Al-Suhaibani	Third-Party Liability Insurance	-	Accident-related Injuries	In Progress	A response was received from the Company
21	Abdulrahman Ali Al-Mesbahi	Third-Party Liability Insurance	152.53	VAT	In Progress	A response was received from the Company
22	Abdul Rahman Mohammed Abdullah	Third-Party Liability Insurance	2,645.00	Vehicle Damage	In Progress	A response was received from the Company
23	Abdullah Mohammed Al-Shehri	Third-Party Liability Insurance	1,343.36	VAT	In Progress	A response was received from the Company
24	Abdullah Mohammed Asiri	Third-Party Liability Insurance	2,136.00	VAT	In Progress	A response was received from the Company
25	Abdullah Mohammed Majrashi	Third-Party Liability Insurance	1,217.00	VAT	In Progress	A response was received from the Company
26	Abdulmalik Mohammed Sheba	Third-Party Liability Insurance	-	Compensation for Delayed Repairs	In Progress	A response was received from the Company
27	Ali Ahmed Khurais	Third-Party Liability Insurance	18,000.00	Vehicle Damage	In Progress	A response was received from the Company (Fraud)
28	Fayza Shali Al-Mutairi	Third-Party Liability Insurance	2,188.80	VAT	In Progress	A response was received from the Company
29	Fahd Hamad Al-Khalaf	Third-Party Liability Insurance	120.00	VAT	In Progress	A response was received from the Company

#	Claimant	Claim Type	Claim Amount	Compensation Type	Claim Status	Required Action
30	Mohammed Dakhil Allah Al-Aufi	Third-Party Liability Insurance	501.43	VAT	Settled	A response was received from the Company
31	Mohamed Ayed Al Muhaimzi	Third-Party Liability Insurance	24,700.00	Attorneys' Fees	In Progress	A response was received from the Company
32	Mohammed Ayed Al-Harthy	Third-Party Liability Insurance	2000	Vehicle Damage	In Progress	A response was received from the Company
33	Saqar Al-Jaidi Al-Saqri	Third-Party Liability Insurance	7,512	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
34	Mohammed Ahmed Asiri	Third-Party Liability Insurance	106,013	Damages + Injuries + Delay Compensation	In Progress	A memo was prepared by us and attached to the Portal
35	Mohammed Abdullah Al-Rashidi	Third-Party Liability Insurance	13,500.00	Bodily Injury	In Progress	A response was received from the Company
36	Mohamed Mohsen Batawil	Third-Party Liability Insurance	420.00	VAT	In Progress	A response was received from the Company
37	Marwa Adel Abdel Salam	Third-Party Liability Insurance	4,793.00	Vehicle Damage	In Progress	A response was received from the Company
38	Mushrif Mohammed Al-Shehri	Third-Party Liability Insurance	19,000.00	Vehicle Damage	In Progress	A response was received from the Company (Fraud)
39	Malouh Ateeq Al-Shammari	Third-Party Liability Insurance	-	Bodily Injury	In Progress	A response was received from the Company
40	Mounir Fawaz Al-Rub'	Third-Party Liability Insurance	1,875.00	Vehicle Damage	In Progress	A response was received from the Company
41	Oam Water Company	Third-Party Liability Insurance	20,771.00	Exemption from the Right of Recourse	In Progress	No response was received
42	Oam Water Company	Third-Party Liability Insurance	0.00	Exemption from the Right of Recourse	Canceled	-
43	Nada Hassan Marzouk	Third-Party Liability Insurance	36,460.10	Vehicle Damage	In Progress	A response was received from the Company
44	Nawaf Mesfer Al-Qahtani	Third-Party Liability Insurance	36,460.10	Vehicle Damage	In Progress	A response was received from the Company (Fraud)
45	Heirs of Gulzar Jeonal Abedin	Third-Party Liability Insurance	300,000.00	Blood Money	In Progress	A response was received from the Company

#	Claimant	Claim Type	Claim Amount	Compensation Type	Claim Status	Required Action
46	Yahya Ismail Al Mutahhar	Third-Party Liability Insurance	539.36	VAT	In Progress	A response was received from the Company
47	Yazeed Hussein Al-Faqiri Al-Enazi	Third-Party Liability Insurance	539.36	VAT	In Progress	A response was received from the Company
48	Youssef Saleh Al-Raddadi	Third-Party Liability Insurance	9,000.00	Compensation for Delayed Repairs	In Progress	A response was received from the Company
49	Youssef Nasser Al-Qadi	Third-Party Liability Insurance	-	Compensation for Delayed Settlement	In Progress	A response was received from the Company
50	Mohamed Hassan Ahmed	Third-Party Liability Insurance	700,000.00	Bodily Injury	In Progress	A memo was prepared by us and attached to the Portal
51	Hamoud Saud Al-Enazi	Third-Party Liability Insurance	4,249.00	Vehicle Damage	In Progress	A response was received from the Company
52	Dana Hassan Al-Shehri	Comprehensive Insurance	1,427.61	Policy value plus traffic violation	In Progress	A response was received from the Company
53	Zekrayat Abdulaziz Al-Mudhish	Comprehensive Insurance	30,306.00	Obliging the Company to perform repairs	In Progress	A response was received from the Company
54	Shaden Mohammed Al-Yami	Comprehensive Insurance	10,037.00	Vehicle Damage	Settled	A memo was prepared by us and attached to the Portal
55	Abdullah bin Sultan Al Saud	Comprehensive Insurance	177,002.00	Vehicle Damage	Settled	A statement of appeal was filed by the Company
56	Ali Mohammed Al-Samail	Third-Party Liability Insurance	15,623.00	Vehicle Damage	In Progress	A statement of appeal was filed by the Company
57	Mahmoud Khairallah Hammad	Medical Insurance	143,140.00	Compensation	Settled	A response was received from the Company
58	Moussa Mohamed Ayachi	Third-Party Liability Insurance	20,000.00	Vehicle Damage	Settled	A statement of appeal was filed by the Company
59	Nasser Saeed Al Saadallah	Comprehensive Insurance	300,000.00	Blood Money	Settled	A rejoinder was filed by the Company
60	Nasser Ali Bouhweih	Third-Party Liability Insurance	6,000.00	Vehicle Damage	Settled	A statement of appeal was filed by the Company
61	Hadi Saleh Balshan	Third-Party Liability Insurance	5,450.00	Vehicle Damage	In Progress	A rejoinder was filed by the Company
62	Walid Saleh Al-Zahrani	Third-Party Liability Insurance	14,979.00	Vehicle Damage	Settled	A rejoinder was filed by the Company

#	Claimant	Claim Type	Claim Amount	Compensation Type	Claim Status	Required Action
63	Faisal Talal Al-Shammari	Third-Party Liability Insurance	17,920.00	Vehicle Damage	In Progress	We have responded (Fraud)
64	Fayez Habib Al Habib	Third-Party Liability Insurance	516.84	VAT	Settled	A rejoinder was filed by the Company
65	Ahmed Abu Bakr Hassan	Third-Party Liability Insurance	733	Policy Refund	In Progress	A memo was prepared by us and attached to the Portal
66	Abdul Latif Jameel Finance Co.	Third-Party Liability Insurance	5,651	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
67	Mahmoud Mohamed Mabrouk	Third-Party Liability Insurance	8,830	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
68	Misfer Hamid Al Mudkhir	Third-Party Liability Insurance	22,800	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
69	Bushra Mohammed Habiba	Third-Party Liability Insurance	50,000	Bodily Injury	In Progress	A response was given by the Company
70	Solb Steel Company	Marine Insurance	15,227,556	Marine Insurance	A preliminary decision was issued	A response was given by the Company
71	Mohammed Dakhil Allah Al-Aufi	Third-Party Liability Insurance	501	VAT	Settled	A response was given by the Company
72	Hind Othman Ahmedouh	Comprehensive Insurance	25,000	Vehicle Damage	In Progress	A response was given by the Company
73	Wesal Abdo Hadidi	Third-Party Liability Insurance	13,810	Vehicle Damage	Settled	A response was given by the Company
74	Abda Nasser Sanani	Third-Party Liability Insurance	747	Policy Amount	Settled	A response was given by the Company
75	Sarah Mohammed Al-Khatib	Third-Party Liability Insurance	4,000	Vehicle Damage	Settled	A rejoinder was filed by the Company
76	Abdullah Saleh Al-Daiden	Third-Party Liability Insurance	1,249	VAT	In Progress	A rejoinder was filed by the Company
77	Abdulaziz Mohammed Al-Saad	Third-Party Liability Insurance	1,076	VAT	In Progress	A rejoinder was filed by the Company
78	Mohammed Abdulrahman Al-Arfaj	Third-Party Liability Insurance	1,718	VAT	Settled	A rejoinder was filed by the Company
79	Khamis Hamdan Al Shamrani	Third-Party Liability Insurance	1,977	VAT	Settled	A rejoinder was filed by the Company
80	Muhammad Mufarreh Al-Qahtani	Third-Party Liability Insurance	33,480	Vehicle Damage	In Progress	A rejoinder was filed by the Company
81	Juma Ahmed Al-Malki	Third-Party Liability Insurance	11,000	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal

#	Claimant	Claim Type	Claim Amount	Compensation Type	Claim Status	Required Action
82	Saeed Mohammed Al-Qahtani	Comprehensive Insurance	300,000	Blood Money	In Progress	A memo was prepared by us and attached to the Portal
83	Abdul Latif Jameel United Finance Co.	Third-Party Liability Insurance	10,182	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
84	Zakaria Ibrahim Asiri	Third-Party Liability Insurance	36,000	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
85	Hassan Hussein Al-Harbi	Third-Party Liability Insurance	1,638	Vehicle Damage	Settled	A memo was prepared by us and attached to the Portal
86	Abdul Latif Jameel United Finance Co.	Third-Party Liability Insurance	8,053	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
87	Abdul Latif Jameel United Finance Co.	Third-Party Liability Insurance	9,891	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
88	Saleh Ali Al-Sharif	Third-Party Liability Insurance	4,000	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
89	Abdul Latif Jameel United Finance Co.	Third-Party Liability Insurance	13,500	Vehicle Damage	In Progress	A memo has been prepared by us and attached to the Portal
90	Aisha Yahya Maafa	Third-Party Liability Insurance	17,610	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
91	Ghalia Hassan Al-Samdani	Third-Party Liability Insurance	8,250	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
92	Fahad Ashraf Al-Hamad	Third-Party Liability Insurance	Unspecified	Compensation for Delay	In Progress	A memo was prepared by us and attached to the Portal
93	Turki Zibn Al-Salami	Third-Party Liability Insurance	20,285	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
94	Saad Yahya Al-Shamrani	Third-Party Liability Insurance	2,575	Compensation for payments made to the Company with right of recourse	In Progress	A memo was prepared by us and attached to the Portal
95	Malouh Ateeq Al-Shammari	Third-Party Liability Insurance	56,000	Injury	In Progress	A reconciliation report was issued because the parties failed to reach a reconciliation and the claim was referred to the committees

#	Claimant	Claim Type	Claim Amount	Compensation Type	Claim Status	Required Action
96	Majed Bader Al Asiri	Third-Party Liability Insurance	18,052	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
97	Mansour Hamed Al-Qahtani	Third-Party Liability Insurance	1,401	VAT	In Progress	A memo was prepared by us and attached to the Portal
98	Ahmed Ali Al Harbi	Comprehensive Insurance	147,864	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
99	Marwan Al-Hawas	Third-Party Liability Insurance	9,000	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
100	Malak Mahmoud Jamal Ibrahim	Comprehensive Insurance	150,000	Blood Money	In Progress	A memo was prepared by us and attached to the Portal
101	Saad Khaled Al-Ghamdi	Third-Party Liability Insurance	45,000	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
102	Zahraa Ali Fathi	Third-Party Liability Insurance	14,208	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
103	Fayez Safar Al-Husseini	Third-Party Liability Insurance	8,317	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
104	Mastour Abdulaziz Al-Harthy	Third-Party Liability Insurance	300,000	Blood Money	In Progress	A memo was prepared by us and attached to the Portal
105	Nayef Nayef Al-Mutairi	Third-Party Liability Insurance	25,000	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
106	Sultan Mohammed Al-Baqmi	Third-Party Liability Insurance	3,608	Vehicle Damage	Settled	A memo was prepared by us and attached to the Portal
107	Abdullah Ahmed Al-Otaibi	Third-Party Liability Insurance	37,000	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
108	Omar Mohammed Al-Ruwaili	Third-Party Liability Insurance	1,692	VAT	In Progress	A memo was prepared by us and attached to the Portal
109	Abdul Latif Jameel United Finance Co.	Third-Party Liability Insurance	32,500	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
110	Mansour Bakhit Ramadan	Third-Party Liability Insurance	15,000	Vehicle Damage	In Progress	A response was given by the Company
111	Fayez Sharad Al-Enazi	Third-Party Liability Insurance	8,237	Vehicle Damage	In Progress	A response was given by the Company
112	Gurnam Singh Singh	Third-Party Liability Insurance	37,500	Vehicle Damage	Settled	A response was given by the Company
113	Mohammed Saad Al-Rashidi	Third-Party Liability Insurance	10,108	Vehicle Damage	Settled	A response was given by the Company

#	Claimant	Claim Type	Claim Amount	Compensation Type	Claim Status	Required Action
114	Banaa Mubarak Al-Dosari	Comprehensive Insurance	20,000	Vehicle Damage	Settled	A response was given by the Company
115	Naif Khaled Al-Thunayan	Third-Party Liability Insurance	150,000	Vehicle Damage	In Progress	A response was given by the Company
116	Khaled Shahid Al-Enazi	Third-Party Liability Insurance	70,373	Vehicle Damage	In Progress	A response was given by the Company
117	Samia Saad Al-Qahtani	Third-Party Liability Insurance	94,000	Vehicle Damage	Settled	A response was given by the Company
118	Fahad Mohammed Al-Shammari	Third-Party Liability Insurance	5,000	Vehicle Damage	Settled	A response was given by the Company
119	Faisal Salman Al-Dosari	Comprehensive Insurance	9,608	Vehicle Damage	Settled	A response was given by the Company
120	Saad Zoman Al-Zoman	Comprehensive Insurance	3,635	VAT	Settled	A response was given by the Company
121	Hossam Abdul Karim Al-Harazi	Third-Party Liability Insurance	397	VAT	Settled	A response was given by the Company
122	Eyad Khaled Alhassan	Third-Party Liability Insurance	5,109	VAT	Settled	A response was given by the Company
123	Khaled Ahmed Mufarreh	Third-Party Liability Insurance	1,386	VAT	Settled	A response was given by the Company
124	Abdulaziz Hussein Al-Shahrani	Third-Party Liability Insurance	1,465	VAT	Settled	A response was given by the Company
125	Meshal Mohammed Al Lefan	Third-Party Liability Insurance	2,674	VAT	Settled	A response was given by the Company
126	Al-Baraa Abdulrahman Al-Sayed	Comprehensive Insurance	30,000	Blood Money for Injury	In Progress	A response was given by the Company
127	Fayhan Dakhil Allah Al-Otaibi	Third-Party Liability Insurance	1,654	VAT	Settled	A response was given by the Company
128	Abdulrahman Mohammed Al-Mutairi	Third-Party Liability Insurance	1,220	VAT	Settled	A response was given by the Company
129	Warda Falah Al-Enazi	Third-Party Liability Insurance	1,303	VAT + Delay Compensation	Settled	A response was given by the Company
130	Fahad Salem Al-Qarni	Third-Party Liability Insurance	368	VAT	Settled	A response was given by the Company
131	Faisal Naif Al-Otaibi	Third-Party Liability Insurance	11,759	Compensation for payments made to the Company with right of recourse	In Progress	A memo was prepared by us and attached to the Portal
132	Nawal Saad Al-Ghamdi	Third-Party Liability Insurance	1,644	VAT	Settled	A response was given by the Company
133	Hattan Ahmed BaJahmoom	Third-Party Liability Insurance	1,186	VAT	In Progress	A response was given by the Company
134	Ammar Talib Abdullah	Third-Party Liability Insurance	7,090	VAT	Settled	A response was given by the Company

#	Claimant	Claim Type	Claim Amount	Compensation Type	Claim Status	Required Action
135	Tahir Roshn Ghalib	Third-Party Liability Insurance	1,788	VAT	Settled	A response was given by the Company
136	Saud Awad Al-Thubaiti	Third-Party Liability Insurance	1,329	VAT	Settled	A response was given by the Company
137	Abdul Latif Jameel United Finance Co.	Third-Party Liability Insurance	18,000	Vehicle Damage	Settled	A response was given by the Company
138	Omar Ibrahim Abu Dhan	Third-Party Liability Insurance	3,741	VAT	Settled	A response was given by the Company
139	Khaled Mohsen Siddiq	Third-Party Liability Insurance	1,532	VAT	Settled	A response was given by the Company
140	Ali Berkout Al-Zubaidi	Third-Party Liability Insurance	12,000	Vehicle Damage	In Progress	A response was given by the Company
141	Shami Hussein Alzelaai	Third-Party Liability Insurance	12,000	VAT	Settled	A response was given by the Company
142	Nasser Salem Al-Balawi	Third-Party Liability Insurance	1,450	VAT	Settled	A response was given by the Company
143	Turki Abdullah Al-Ghamdi	Third-Party Liability Insurance	30,000	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
144	Mubarak Saleh Al-Nassi	Third-Party Liability Insurance	13,000	Vehicle Damage	Settled	A memo was prepared by us and attached to the Portal
145	Abdulrahman Mohammed Al-Humaidi	Third-Party Liability Insurance	2,500	Vehicle Damage	In Progress	A response was given by the Company
146	Attia Abdullah Al-Malki	Third-Party Liability Insurance	8,250	Vehicle Damage	In Progress	A response was given by the Company
147	Saad Mubarak Al-Rahila	Third-Party Liability Insurance	2,600	Vehicle Damage	In Progress	A response was given by the Company
148	Mahmoud Farouk Al-Hammoud	Third-Party Liability Insurance	15,000	Vehicle Damage	In Progress	A response was given by the Company
149	Hussein Saeed Al-Qahtani	Third-Party Liability Insurance	13,000	Vehicle Damage	In Progress	A response was given by the Company
150	Abdulrahman Saeed Al Obayah	Third-Party Liability Insurance	7,800	Vehicle Damage	In Progress	A response was given by the Company
151	Awatef Bakr Al-Bakr	Comprehensive Insurance	8,370	Vehicle Damage	In Progress	A response was given by the Company
152	Mohammed Ahmed Al-Bulayhi	Comprehensive Insurance	90,000	Vehicle Damage	In Progress	A response was given by the Company
153	Maryam Tarif Aanzeh	Comprehensive Insurance	10,459	Vehicle Damage	In Progress	A response was given by the Company
154	Bilal Ahmed Walayat Khan	Personal Accident Insurance	300,000	Vehicle Damage	In Progress	A response was given by the Company
155	Nouria Ahmed Al-Sharif	Third-Party Liability Insurance	4,762	VAT	In Progress	A response was given by the Company
156	Abdullah Sulaiman Al-Obthani	Comprehensive Insurance	15,000	Vehicle Damage	Settled	A response was given by the Company

#	Claimant	Claim Type	Claim Amount	Compensation Type	Claim Status	Required Action
157	Dakhil Eid Al-Otaibi	Third-Party Liability Insurance	700	VAT	In Progress	A response was given by the Company
158	Abdullah Nasser Ghalban	Third-Party Liability Insurance	1,900	VAT	Settled	A response was given by the Company
159	Hassan Mohammed bin Salman	Third-Party Liability Insurance	6,831	VAT	Settled	A response was given by the Company
160	Omar Eid Al-Juhani	Third-Party Liability Insurance	4,444	VAT	Settled	A response was given by the Company
161	Hamza Fayez Al-Jazairi	Third-Party Liability Insurance	10,788	VAT	Settled	A response was given by the Company
162	Musafir Muayyad Lasloom	Third-Party Liability Insurance	30,000	Vehicle Damage	In Progress	A response was given by the Company
163	Nawaf Nayef Al-Otaibi	Third-Party Liability Insurance	40,000	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
164	Abdul Latif Jameel Finance Co.	Third-Party Liability Insurance	8,586	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
165	Sabeel Mannaa Al-Haitei	Third-Party Liability Insurance	250,000	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
166	Mahmoud Masoud Al-Jabri	Third-Party Liability Insurance	3,395	VAT	In Progress	A response was given by the Company
167	Mubarak Mohammed Bafqir	Third-Party Liability Insurance	537	VAT	In Progress	A response was given by the Company
168	Khaled Awaidha Al-Salami	Third-Party Liability Insurance	1,250	VAT	In Progress	A response was given by the Company
169	Nayef Ahmed Al-Shehri	Third-Party Liability Insurance	428	VAT	In Progress	A response was given by the Company
170	Ziad Ayed Al-Shammari	Third-Party Liability Insurance	1,889	VAT	In Progress	A response was given by the Company
171	Abdullah Mohammed Majrashi	Third-Party Liability Insurance	1,251	VAT	In Progress	A response was given by the Company
172	Meshari Khalifa Al-Barrak	Third-Party Liability Insurance	1,860	VAT	In Progress	A response was given by the Company
173	Bassam Mohammed Al-Qahtani	Third-Party Liability Insurance	638	VAT	In Progress	A response was given by the Company
174	Mashhour Aali Al-Shaheeb	Third-Party Liability Insurance	1,212	VAT	In Progress	A response was given by the Company
175	Atef Bassem Mekhemer	Third-Party Liability Insurance	805	VAT	In Progress	A response was given by the Company
176	Hussein Salem Al-Rubaie	Third-Party Liability Insurance	26,309	Vehicle Damage	In Progress	A response was given by the Company
177	Abdullah Ward Al-Owaidi	Third-Party Liability Insurance	2,204	Vehicle Damage	In Progress	A response was given by the Company

#	Claimant	Claim Type	Claim Amount	Compensation Type	Claim Status	Required Action
178	Safia Jaber Shaddad	Third-Party Liability Insurance	22,500	Vehicle Damage	Settled	A response was given by the Company
179	Faisal Thabet Al-Qahtani	Third-Party Liability Insurance	13,884	Vehicle Damage	In Progress	A response was not given by the Company
180	Mohammed Saleh Al-Shehri	Third-Party Liability Insurance	13,885	Vehicle Damage	Settled	A response was given by the Company
181	Hanan Hassan Al-Malki	Comprehensive Insurance	7,100	Compensation for payments made to the Company	Settled	A response was given by the Company
182	Riyad Abdullah Al-Shehri	Third-Party Liability Insurance	270	VAT	In Progress	A response was given by the Company
183	Mohammed Abdo Maashi	Third-Party Liability Insurance	370	VAT	In Progress	A response was given by the Company
184	Meshal Abdullah Al-Zahrani	Third-Party Liability Insurance	783	VAT	Settled	A response was given by the Company
185	Quadah Car Rental Company	Comprehensive Insurance	15,000	Vehicle Damage	In Progress	A response was given by the Company
186	Jumaan Saeed Al-Zaharni	Third-Party Liability Insurance	18,000	Vehicle Damage	In Progress	A response was given by the Company
187	Khaled Atallah Al-Mutairi	Third-Party Liability Insurance	7,275	Counterclaim	In Progress	A response was not given by the Company
188	Wafa Ali Al-Shehri	Third-Party Liability Insurance	2,707	VAT	In Progress	A response was given by the Company
189	Saleh Abdullah Baqais	Third-Party Liability Insurance	506	VAT	In Progress	A response was not given by the Company
190	Faisal Saad Al-Qahtani	Third-Party Liability Insurance	2,077	VAT	In Progress	A response was not given by the Company
191	Khaled Shabab Al-Mutairi	Third-Party Liability Insurance	805	VAT	Settled	A response was given by the Company
192	Saif Al-Yazal Maarouf Mohammed	Third-Party Liability Insurance	900	VAT	Settled	A response was given by the Company
193	Ziad Mohammed Al-Juhani	Third-Party Liability Insurance	2,996	VAT	In Progress	A response was given by the Company
194	Ziad Mohammed Al-Juhani	Third-Party Liability Insurance	6,413	VAT	In Progress	A response was given by the Company
195	Barakat Baran Obaidullah	Third-Party Liability Insurance	270	VAT	In Progress	A response was not given by the Company
196	Abdulaziz Saad Al-Qahtani	Third-Party Liability Insurance	2,109	VAT	In Progress	A response was given by the Company
197	Ali Abdulrahman Al-Shehri	Third-Party Liability Insurance	2,427	VAT	Settled	A response was given by the Company
198	Haif Mohammed Al-Qahtani	Third-Party Liability Insurance	3,205	VAT	Settled	A response was given by the Company
199	Bassam Mohammed Al-Qahtani	Third-Party Liability Insurance	1,051	VAT	In Progress	A response was given by the Company
200	Hamza Zain Shaeri	Third-Party Liability Insurance	485	VAT	In Progress	A response was given by the Company

#	Claimant	Claim Type	Claim Amount	Compensation Type	Claim Status	Required Action
201	Nader Youssef Kheshaifaty	Third-Party Liability Insurance	1,094	VAT	Settled	A response was given by the Company
202	Ayman Saeed Asiri	Third-Party Liability Insurance	1,214	VAT	In Progress	A response was given by the Company
203	Anas Rashed Al-Shahrani	Third-Party Liability Insurance	3,731	VAT	In Progress	A response was given by the Company
204	Mohammed Eid Al-Masoudi	Third-Party Liability Insurance	3,732	VAT	In Progress	A response was given by the Company
205	Abdulrahman Saleh Al-Asiri	Third-Party Liability Insurance	763	VAT	In Progress	A response was given by the Company
206	Zahraa Yahya Mubarak	Third-Party Liability Insurance	3,112	VAT	Settled	A response was given by the Company
207	Mamdouh Hussein Al Hashimi Al Amir	Third-Party Liability Insurance	651	VAT	Settled	A response was given by the Company
208	Dana Abdullah Al-Malki	Third-Party Liability Insurance	2,230	VAT	Settled	A response was given by the Company
209	Saad Ahmed Al Mezher	Third-Party Liability Insurance	1,930	VAT	Settled	A response was given by the Company
210	Ismail Muhammad Hassan	Third-Party Liability Insurance	1,409	VAT	Settled	A response was given by the Company
211	Sanaa Yahya Asiri	Third-Party Liability Insurance	4,991	VAT	Settled	A response was given by the Company
212	Ahmed Abdullah Idris	Third-Party Liability Insurance	6,699	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
213	Abdullah Hussain Gillan	Third-Party Liability Insurance	17,700	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
214	Abdullah Abu Al-Ezz Mohammed Nammour	Third-Party Liability Insurance	225,000	Blood Money	In Progress	A memo was prepared by us and attached to the Portal
215	Najwan Fahad Abu Zanadah	Comprehensive Insurance	8,088	Vehicle Damage	In Progress	A response was given by the Company
216	Nusseibeh Abdulaziz Al-Ghamdi	Comprehensive Insurance	5,836	Vehicle Damage	In Progress	A response was not given by the Company
217	Raneem Ibrahim Modarres	Comprehensive Insurance	2,000	Deductible Premium	In Progress	A response was not given by the Company
218	Abdullah Mesfer Al-Ghamdi	Third-Party Liability Insurance	6,158	Vehicle Damage	In Progress	A response was given by the Company
219	Abdul Latif Jameel Finance Co.	Third-Party Liability Insurance	9,261	Vehicle Damage	In Progress	A response was given by the Company
220	Mahmoud Khalil Al-Sharqawi	Third-Party Liability Insurance	5,179	Vehicle Damage	In Progress	A response was given by the Company
221	Mazen Dasman Al Osaimi	Third-Party Liability Insurance	500	VAT	In Progress	A response was given by the Company

#	Claimant	Claim Type	Claim Amount	Compensation Type	Claim Status	Required Action
222	Hana Hadi Majrashi	Third-Party Liability Insurance	Unspecified	Vehicle Damage	In Progress	A response was given by the Company
223	Almasar Alhadith Car Rental	Third-Party Liability Insurance	5,314	Vehicle Damage	In Progress	A response was given by the Company
224	Ibrahim Hassan Jawhari Establishment	Third-Party Liability Insurance	360	VAT	In Progress	A response was given by the Company
225	Saleh Saad Al-Humaidi	Third-Party Liability Insurance	3,000	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
226	Abdul Latif Jameel Finance Co.	Third-Party Liability Insurance	4,585	Vehicle Damage	In Progress	A memo was prepared by us and attached to the Portal
227	Anfal Mohammed Al Swailem	Third-Party Liability Insurance	710	VAT	Settled	A response was not given by the Company
228	Bashayer Ali Al-Shehri	Third-Party Liability Insurance	3,422	VAT	In Progress	A response was given by the Company
229	Yasser Mohammed Al-Daoud	Third-Party Liability Insurance	1,436	VAT	In Progress	A response was given by the Company
230	Adnan Othman Al-Harbi	Third-Party Liability Insurance	405	VAT	In Progress	A response was given by the Company
231	Yousef Saad Al Harbi	Third-Party Liability Insurance	793	VAT	In Progress	A response was given by the Company
232	Abdullah Abdulaziz Al-Fuhaid	Third-Party Liability Insurance	614	VAT	In Progress	A response was given by the Company
233	Abdullah Ali Al-Luhaidan	Third-Party Liability Insurance	57,380	VAT	In Progress	A memo was prepared by us and attached to the Portal
234	Hassan Yahya Al Salah	Third-Party Liability Insurance	39,757	Vehicle Damage	In Progress	A response was given by the Company
235	Reem Ali Al-Qahtani	Comprehensive Insurance	2,893	Vehicle Damage	In Progress	A response was given by the Company
236	Fayza Jaber Al-Faifi	Third-Party Liability Insurance	11,565	Vehicle Damage	In Progress	A response was given by the Company
237	Abdulaziz Hamed Al-Omari	Third-Party Liability Insurance	750	VAT	In Progress	A response was given by the Company
238	Moaz Mohammed Suleiman	Third-Party Liability Insurance	10,430	Vehicle Damage	In Progress	A response was given by the Company
239	Ali Salem Al-Yami	Comprehensive Insurance	73,150	Vehicle Damage	In Progress	A response was given by the Company
240	Faisal Saeed Aljaghtami	Third-Party Liability Insurance	10,430	Vehicle Damage	In Progress	A response was given by the Company
241	Mohammed Shaikh Shaikh	Third-Party Liability Insurance	75,000	Blood Money	In Progress	A response was given by the Company
242	Fayez Hamoud Al-Mutairi	Third-Party Liability Insurance	146,000	Vehicle Damage	In Progress	A response was given by the Company

#	Claimant	Claim Type	Claim Amount	Compensation Type	Claim Status	Required Action
243	Essam Mohamed Tabassi	Third-Party Liability Insurance	337,500	Blood Money	In Progress	A response was given by the Company
244	Anwar Ateeq Al Luqmani	Third-Party Liability Insurance	3,750	Vehicle Damage	In Progress	A response was given by the Company
245	Ali Mohammed Abu Saleh	Third-Party Liability Insurance	6,000	Vehicle Damage	In Progress	A response was given by the Company
246	Samer Mohammed Halabiya	Third-Party Liability Insurance	5,943	Vehicle Damage	In Progress	A response was given by the Company
247	Abdullah Awad Al Murrah	Third-Party Liability Insurance	11,098	Vehicle Damage	In Progress	A response was given by the Company
248	Mohammed Sadhan Mutheeb Al-Subaie	Third-Party Liability Insurance	300,000	Blood Money	In Progress	A response was not given by the Company
249	Ibrahim Hassan Hazimi	Third-Party Liability Insurance	5,400	Vehicle Damage	In Progress	A response was given by the Company
250	Mohammed Abdullah Al-Barzan	Third-Party Liability Insurance	2,346	Cancellation of the right of recourse	In Progress	A response was given by the Company
251	Mohamed Ayed Al Muhaimzi	Third-Party Liability Insurance	24,700	Attorneys' Fees	In Progress	A response was given by the Company
252	Awad Huraibi Al Qaidi	Third-Party Liability Insurance	3,938	Vehicle Damage	In Progress	A response was given by the Company
253	Salman Farhan Al-Harbi	Third-Party Liability Insurance	730	Vehicle Damage	In Progress	A response was given by the Company
254	Rafifan Mutair Al-Enazi	Third-Party Liability Insurance	9,410	Vehicle Damage	In Progress	A response was given by the Company
255	Mohammed Salem Al-Yami	Third-Party Liability Insurance	35,000	Vehicle Damage	In Progress	A response was given by the Company
256	Ahmed Awad Al Harbi	Third-Party Liability Insurance	15,000	Vehicle Damage	In Progress	A response was given by the Company

Source: Management Information

Table 148 Lawsuits Issued by a Decision of the Insurance Dispute Resolution Committee

#	Claimant	Claim Type	Claim Amount	Compensation Type	Decision Type	Required Action
1	Makhdour Halil Al Mazmoumi	Third Party Liability Insurance	1,350	Compensation	A final decision was issued in the amount of (1279)	An appeal was prepared
2	Nabila bint Ahmed Al-Naami	Comprehensive Insurance	84,000	Vehicle Damage + Delay	A final decision was issued in the amount of (77300)	—
3	Mahmoud bin Mohsen Mohammed	Third Party Liability Insurance	1019	VAT	A preliminary decision was issued to dismiss the lawsuit	—
4	Amr Abdel Raouf	Medical Insurance	135,076	Treatment Costs	A preliminary decision was issued	—

#	Claimant	Claim Type	Claim Amount	Compensation Type	Decision Type	Required Action
					to dismiss the lawsuit	
5	Omar Abdullah Nasr	Third Party Liability Insurance	1,730	Vehicle Damage	A preliminary decision was issued to dismiss the lawsuit	–
6	Mahmoud Khairallah Hammad	Medical Insurance	143,140	Treatment Costs	A final decision was issued in the amount of (143,140)	–
7	Rami Mohammed Radwan	Medical Insurance	5,000,000	Compensation	A preliminary decision was issued to dismiss the lawsuit	–
8	Hamid Ali Al-Hamli	Comprehensive Insurance	35,000	Compensation	A preliminary decision was issued in the amount of (26500)	–
9	Muhammad Mufarreh Al-Qahtani	Third Party Liability Insurance	53,150	Vehicle Damage + Delay	A preliminary decision was issued in the amount of (53150)	An appeal was prepared
10	Ghulam Qadir Mansouri	Third-Party Liability Insurance	225,000	Blood Money	A preliminary decision was issued to dismiss the lawsuit	–
11	Bushra Mohammed Habiba	Third-Party Liability Insurance	50,000	Bodily Injury	A final decision was issued in the amount of (42,750)	–
12	Nasser Ali Bouhweih	Third-Party Liability Insurance	6,000.00	Vehicle Damage	A final decision was issued to drop the lawsuit	–
13	Rawan Mubarak Musaed	Third-Party Liability Insurance	150,000	Blood Money	A final decision was issued in the amount of (150,000)	–
14	Mahmoud bin Mohsen Mohammed	Third-Party Liability Insurance	1,200	VAT	A preliminary decision was issued to dismiss the lawsuit	–
15	Hamid Ali Al-Hamli	Comprehensive Insurance	26,500	Vehicle Damage	A final decision was issued in the amount of (26500)	–
16	Heirs of Ghulam Mansouri	Third-Party Liability Insurance	300,000	Blood Money	A preliminary decision was issued to deem the lawsuit null and void	–
17	Fatima Ali Asiri	Comprehensive Insurance	26,400	Vehicle Damage	A preliminary decision was issued in the amount of (26400)	An appeal was prepared

#	Claimant	Claim Type	Claim Amount	Compensation Type	Decision Type	Required Action
18	Abdullah Sultan Al Saud	Comprehensive Insurance	177,002	Vehicle Damage	A final decision was issued in the amount of (177002)	–
19	Nasser Saeed Al Saadallah	Third-Party Liability Insurance	300,000	Blood Money	A final decision was issued in the amount of (300000)	–
20	Khamis Al Shamrani	Third-Party Liability Insurance	1,400	VAT	A final decision was issued to dismiss the lawsuit	–
21	Khaled Rajeh Al-Qahtani	Comprehensive Insurance	45,000	Vehicle Damage	A preliminary decision was issued to dismiss the lawsuit	–
22	Fahad Abdullah Al-Sahli	Third-Party Liability Insurance	1,381	VAT	A preliminary decision was issued to dismiss the lawsuit	–
23	Fayza Shali Al-Mutairi	Third-Party Liability Insurance	1,036	VAT	A preliminary decision was issued to dismiss the lawsuit	–
24	Mohammed Ahmed Asiri	Third-Party Liability Insurance	13,513	Vehicle Damage	A preliminary decision was issued in the amount of (853)	An appeal was prepared
25	Mohammed Abdul Rahman Al-Arfaj	Third-Party Liability Insurance	1,718	VAT	A final decision was issued to dismiss the lawsuit	–
26	Abdullah Saleh Al-Diden	Third-Party Liability Insurance	1,249	VAT	A preliminary decision was issued to dismiss the lawsuit	–
27	Ali Marhoon Al-Saihati	Comprehensive Insurance	15,886	Vehicle Damage	A final decision was issued in the amount of (15885.63)	–
28	Rahman Maksim Karimov	Third-Party Liability Insurance	1,300	VAT	A preliminary decision was issued to deem the lawsuit null and void	–
29	Mohammed Abdullah Al-Tuwaim	Third-Party Liability Insurance	14,190	Vehicle Damage	A preliminary decision was issued to deem the lawsuit null and void	–
30	Walid Saleh Al-Zahrani	Third-Party Liability Insurance	14,979	Vehicle Damage	A final decision was issued in the amount of (5230)	–
31	Wesal Abdo Hadidi	Third-Party Liability Insurance	1,800	VAT	A final decision was issued to dismiss the lawsuit	–

#	Claimant	Claim Type	Claim Amount	Compensation Type	Decision Type	Required Action
32	Abda Nasser Sanani	Third-Party Liability Insurance	575	Vehicle Damage	A final decision was issued in the amount of (575)	–
33	Mohammed Ibrahim Al-Rajhi	Comprehensive Insurance	300,000	Vehicle Damage	A preliminary decision was issued to dismiss the lawsuit	–
34	Jawad Al-Fahmi	Third-Party Liability Insurance	90,000	Vehicle Damage	A final decision was issued in the amount of (90.000)	–
35	Hind Othman Ahmedouh	Comprehensive Insurance	25,000	Vehicle Damage	A preliminary decision was issued to dismiss the lawsuit	–
36	Manahi Abdullah Al-Enazi	Comprehensive Insurance	33,000	Vehicle Damage	A final decision was issued in the amount of (33.000)	–
37	Abdul Rahman Qasim Al Qasim	Third-Party Liability Insurance	1,534	VAT	A preliminary decision was issued to dismiss the lawsuit	–
38	Zakaria Ibrahim Asiri	Third-Party Liability Insurance	30,700	Vehicle Damage	A preliminary decision was issued in the amount of (30700)	An appeal was prepared
39	Musa Mohammed Mashaikhi	Third-Party Liability Insurance	1,220	VAT	A decision was issued to drop the lawsuit	–
40	Meshal Ibrahim Asiri	Third-Party Liability Insurance	1,645	VAT	A decision was issued to drop the lawsuit	–
41	Mohammed Omar Bawazir	Third-Party Liability Insurance	1,500	VAT	A decision was issued to drop the lawsuit	–
42	Ibrahim Zain Zain	Third-Party Liability Insurance	1,501	VAT	A decision was issued to drop the lawsuit	–
43	Ahmed Mahmoud Rashad	Third-Party Liability Insurance	1,502	VAT	A decision was issued to drop the lawsuit	–
44	Mubarak Saleh Al-Nassi	Third-Party Liability Insurance	10,550	Vehicle Damage	A reconciliation report was issued in the amount of (10500)	–
45	Omar Eid Al-Juhani	Third-Party Liability Insurance	–	VAT	A preliminary decision was issued to dismiss the lawsuit	–
46	Zainab Abu Omar Fadlul	Third-Party Liability Insurance	1,093	VAT	A preliminary decision was issued	–

#	Claimant	Claim Type	Claim Amount	Compensation Type	Decision Type	Required Action
	Haq Al-Ramadhani				to dismiss the lawsuit	
47	Ahmad Ali Al Harbi	Third-Party Liability Insurance	662	VAT	A preliminary decision was issued to dismiss the lawsuit	-
48	Abdulaziz Mansour Al-Mutairi	Third-Party Liability Insurance	1,700	VAT	An appeal decision was issued in the amount of (1700)	-
49	Nabegh Osama Maajini	Third-Party Liability Insurance	1,110	VAT	A preliminary decision was issued in the amount of (182.5)	-
50	Abdelaziz Mohammed Al Otaibi	Third-Party Liability Insurance	800	Remainder of Compensation	A reconciliation report was issued in the amount of (800)	-
51	Haya Hanash Al-Maliki	Comprehensive Insurance	10,000	Vehicle Damage	An appeal decision was issued in the amount of (10,000)	-
52	Abdullah Saad Al-Dosari	Third-Party Liability Insurance	8,058	Vehicle Damage	A preliminary decision was issued to deem the lawsuit null and void	-
53	Abdul Rahman Daifallah Al-Ghamdi	Third-Party Liability Insurance	85,500	Vehicle Damage	A preliminary decision was issued to deem the lawsuit null and void	-
54	Mohammed Mari Al-Ahmari	Third-Party Liability Insurance	750	VAT	A preliminary decision was issued to dismiss the lawsuit	-
55	Naif Khaled Al-Thunayan	Third-Party Liability Insurance	20,000	Remaining Vehicle Damage	A preliminary decision was issued in the amount of (39.200)	An appeal was prepared
56	Hattan Ahmed BaJahmoom	Third-Party Liability Insurance	1,186	VAT	A preliminary decision was issued to dismiss the lawsuit	-
57	Abdullah Ward Al-Owaidi	Third-Party Liability Insurance	2,200	Remaining Vehicle Damage	A preliminary decision was issued in the amount of (2100)	An appeal was prepared
58	Saud Awad Al-Thubaiti	Third-Party Liability Insurance	1,329	VAT	A final decision was issued to dismiss the lawsuit	-
59	Tahir Roshn Ghalib	Third-Party Liability Insurance	233	VAT	A final decision was issued to dismiss the lawsuit	-

#	Claimant	Claim Type	Claim Amount	Compensation Type	Decision Type	Required Action
60	Fayez Sharad Al-Enazi	Third-Party Liability Insurance	8,237	Vehicle Damage	A preliminary decision was issued in the amount of (16450)	An appeal was prepared
61	Gurnam Singh Singh	Third-Party Liability Insurance	37,500	Blood Money	A final decision was issued in the amount of (37500)	–
62	Khaled Shahid Al-Enazi	Third-Party Liability Insurance	70,373	Vehicle Damage	A preliminary decision was issued in the amount of (91500)	An appeal was prepared
63	Bilal Mohammed Mir	Third-Party Liability Insurance	300,000	Blood Money	A preliminary decision was issued to disregard the lawsuit	–
64	Mansour Abdulaziz Al-Dosari	Third-Party Liability Insurance	60,000	Vehicle Damage	A preliminary decision was issued to disregard the lawsuit	–
65	Saif Al-Yazal Maarouf Mohammed	Third-Party Liability Insurance	900	VAT	A final decision was issued to dismiss the lawsuit	–
66	Sanaa Yahya Asiri	Third-Party Liability Insurance	650	VAT	A final decision was issued to dismiss the lawsuit	–
67	Saad Ahmed Al Mezher	Third-Party Liability Insurance	1,930	Vehicle Damage	A final decision was issued to dismiss the lawsuit	–
68	Mana Mohammed Al-Najrani	Third-Party Liability Insurance	–	Vehicle Damage	A final decision was issued to dismiss the lawsuit	–
69	Omar Abdullah Nasr	Third-Party Liability Insurance	1,730	VAT	A decision was issued to deem the lawsuit null and void	–
70	Zahraa Yahya Mubarak	Third-Party Liability Insurance	3,113	VAT	A final decision was issued to dismiss the lawsuit	–
71	Musa Mohammed Mashaikhi	Third-Party Liability Insurance	5,206	VAT	A preliminary decision was issued to dismiss the lawsuit	–
72	Attia Abdullah Al-Malki	Third-Party Liability Insurance	–	Delay in settlement of claim	A preliminary decision was issued awarding a compensation of (1000) for the delay	An appeal was prepared
73	Hussein Saeed Al-Qahtani	Third-Party Liability Insurance	16,750	Compensation for Damages and Delays	A preliminary decision was issued awarding a compensation of	An appeal was prepared

#	Claimant	Claim Type	Claim Amount	Compensation Type	Decision Type	Required Action
					(10750) for damages and delays	
74	Mubarak Saleh Al-Nassi	Third-Party Liability Insurance	10,550	Vehicle Damage	A reconciliation report was issued in the amount of (10550)	-
75	Abdullah Sulaiman Al-Obthani	Comprehensive Insurance	35,000	Vehicle Damage	A preliminary decision was issued to waive the lawsuit	-
76	Dana Abdullah Al-Malki	Third-Party Liability Insurance	651	VAT	A final decision was issued to dismiss the lawsuit	-
77	Ismail Mohammed Hassan	Third-Party Liability Insurance	3,320	VAT	A final decision was issued to dismiss the lawsuit	-
78	Khaled Shabab Al-Mutairi	Third-Party Liability Insurance	850	VAT	A final decision was issued to dismiss the lawsuit	-
79	Nader Youssef Kheshaifaty	Third-Party Liability Insurance	1,094	VAT	A final decision was issued to dismiss the lawsuit	-
80	Mamdouh Hussein Al Hashimi Al Amir	Third-Party Liability Insurance	650	VAT	A final decision was issued to dismiss the lawsuit	-
81	Mohammed Saleh Al-Shehri	Third-Party Liability Insurance	7,000	Vehicle Damage	A final decision was issued to dismiss the lawsuit	-
82	Ali Mohammed Al-Nasser	Third-Party Liability Insurance	300	VAT	A preliminary decision was issued so as not to entertain the lawsuit	-
83	Hassan Ahmed Al-Gharib	Third-Party Liability Insurance	3,232	VAT	A preliminary decision was issued to dismiss the lawsuit	-
84	Turki Mohammed Al-Enazi	Third-Party Liability Insurance	18,000	Vehicle Damage	A reconciliation report was issued in the amount of (18000)	-
85	Mohammed Abdullah Al-Zahrani	Third-Party Liability Insurance	784	VAT	A final decision was issued to dismiss the lawsuit	-
86	Mohammed Abdo Maashi	Third-Party Liability Insurance	356	VAT	A preliminary decision was issued to dismiss the lawsuit	-
87	Saud Ahmed Al Awad	Third-Party Liability Insurance	1,437	VAT	A preliminary decision was issued	-

#	Claimant	Claim Type	Claim Amount	Compensation Type	Decision Type	Required Action
					to dismiss the lawsuit	
88	Abdulrahman Saeed Al Obayah	Third-Party Liability Insurance	5,000	Vehicle Damage	A preliminary decision was issued in the amount of (91500)	An appeal was prepared
89	Dakhil Eid Al-Otaibi	Third-Party Liability Insurance	5,000	VAT	A preliminary decision was issued in the amount of (111)	An appeal was prepared
90	Saad Zoman Al-Zoman	Third-Party Liability Insurance	3,635	VAT	A final decision was issued to dismiss the lawsuit	_
91	Hammoud Qaid Al-Enazi	Third-Party Liability Insurance	3,057	VAT	A preliminary decision was issued in the amount of (827.53)	An appeal was prepared
92	Mohammed Musaad Al-Juhani	Third-Party Liability Insurance	850	VAT	A preliminary decision was issued to dismiss the lawsuit	_
93	Meshal Mohammed Al Lefan	Third-Party Liability Insurance	2,150	VAT	A final decision was issued to dismiss the lawsuit	_
94	Fahad Salem Al-Qarni	Third-Party Liability Insurance	368	VAT	A final decision was issued to dismiss the lawsuit	_
95	Abdul Aziz Hussein Al-Shahrani	Third-Party Liability Insurance	1,465	VAT	A final decision was issued to dismiss the lawsuit	_
96	Warda Falah Al-Enazi	Third-Party Liability Insurance	1,530	VAT	A final decision was issued to dismiss the lawsuit	_
97	Abdul Rahman Mohammed Al-Mutairi	Third-Party Liability Insurance	1,220	VAT	A final decision was issued to dismiss the lawsuit	_
98	Khaled Ahmed Mufarreh	Third-Party Liability Insurance	1,386	VAT	A final decision was issued to dismiss the lawsuit	_
99	Eyad Khaled Alhassan	Third-Party Liability Insurance	5,190	VAT	A final decision was issued to dismiss the lawsuit	_
100	Hossam Abdul Karim Al-Harazi	Third-Party Liability Insurance	397	VAT	A final decision was issued to dismiss the lawsuit	_
101	Fayhan Dakhil Allah Al-Otaibi	Third-Party Liability Insurance	1,800	VAT	A final decision was issued to dismiss the lawsuit	_
102	Faisal Salman Al-Dosari	Third-Party Liability Insurance	9,607	Vehicle Damage	A reconciliation report was issued in	_

#	Claimant	Claim Type	Claim Amount	Compensation Type	Decision Type	Required Action
					the amount of (8354.75)	
103	Sultan Mohammed Al-Baqmi	Third-Party Liability Insurance	3,608	Vehicle Damage	A reconciliation report was issued in the amount of (3137.75)	–
104	Hassan Mohammed bin Salman	Third-Party Liability Insurance	6,831	Vehicle Damage	A final decision was issued to dismiss the lawsuit	–
105	Dana Hassan Al-Shehri	Third-Party Liability Insurance	200 + Compensation	Insurance Policy	A preliminary decision was issued in the amount of (420.52)	An appeal was prepared
106	Zekrayat Abdulaziz Al-Mudhish	Comprehensive Insurance	30,000	Vehicle Damage	A preliminary decision was issued to dismiss the lawsuit	–
107	Ali Mohammed Al-Samail	Third-Party Liability Insurance	15,623	Vehicle Damage + Unspecified Compensation	A preliminary decision was issued in the amount of (31,245)	An appeal was prepared
108	Moussa Mohamed Ayachi	Third-Party Liability Insurance	20,000	Vehicle Damage	A preliminary decision was issued consider the lawsuit settled by payment	–
109	Khaled Hamad Al Thiban	Third-Party Liability Insurance	9,747	Vehicle Damage	An appeal decision was issued in the amount of (9,747.17)	–
110	Omar Eid Al-Juhani	Third-Party Liability Insurance	4,444	VAT	A final decision was issued to dismiss the lawsuit	–
111	Hamza Fayez Al-Jazairi	Third-Party Liability Insurance	1,407.10	VAT	A final decision was issued to dismiss the lawsuit	–
112	Mohammed Dakhil Allah Al-Aufi	Third-Party Liability Insurance	501.43	VAT	Settled	–
113	Shaden Mohammed Al-Yami	Comprehensive Insurance	10,037.00	Vehicle Damage	A final decision was issued in the amount of (11801)	–
114	Fayez Habib Al-Habib	Third-Party Liability Insurance	516.84	VAT	A preliminary decision was issued to dismiss the lawsuit	–
115	Sarah Mohammed Al-Khatib	Third-Party Liability Insurance	4,000	Vehicle Damage	A final decision was issued to dismiss the lawsuit	–
116	Turki Zibn Al-Salami	Third-Party Liability Insurance	20,285	Vehicle Damage	A preliminary decision was issued in the lawsuit	An appeal was prepared

#	Claimant	Claim Type	Claim Amount	Compensation Type	Decision Type	Required Action
117	Mansour Bakhit Ramadan	Third-Party Liability Insurance	15,000	Vehicle Damage	A preliminary decision was issued in the lawsuit	A preliminary decision was issued; however, the appeal was not feasible due to a technical error. The General Secretariat of Tax Committees was notified of this via email.
118	Abdullah Nasser Ghalban	Third-Party Liability Insurance	1,900	VAT	A final decision was issued to dismiss the lawsuit	_
119	Safia Jaber Shaddad	Third-Party Liability Insurance	22,500	Vehicle Damage	A final decision was issued to dismiss the lawsuit	_
120	Hanan Hassan Al-Malki	Comprehensive Insurance	7,100	Compensation for payments made to the Company	A final decision was issued to dismiss the lawsuit	_
121	Anfal Mohammed Al Swailem	Third-Party Liability Insurance	710	VAT	A final decision was issued to dismiss the lawsuit	_
122	Haif Mohammed Al-Qahtani	Third-Party Liability Insurance	3,205	VAT	A final decision was issued to dismiss the lawsuit	_
123	Ali Abdulrahman Al-Shehri	Third-Party Liability Insurance	2,427	VAT	A final decision was issued to dismiss the lawsuit	_
124	Saeed Abdullah Habib	Third-Party Liability Insurance	75,000.00	Blood Money	A preliminary decision was issued in the amount of (75000)	An appeal will be prepared
125	Nada Hassan Marzouk	Third-Party Liability Insurance	36,460.10	Vehicle Damage	A preliminary decision was issued in the amount of (36640)	An appeal will be prepared
126	Ali Ahmed Khurais	Third-Party Liability Insurance	18,000.00	Vehicle Damage	A preliminary decision was issued in the amount of (18000)	An appeal will be prepared
127	Nawaf Mesfer Al-Qahtani	Third-Party Liability Insurance	36,460.10	Vehicle Damage	A preliminary decision was issued in the amount of (4382.65)	An appeal will be prepared

#	Claimant	Claim Type	Claim Amount	Compensation Type	Decision Type	Required Action
128	Zaki Humaid Al Badri	Third-Party Liability Insurance	2,706.00	Vehicle Damage	A decision was issued to drop the lawsuit	–
129	Zainab Abdulwahab Al-Khalifa	Comprehensive Insurance	8,176	Vehicle Damage	A decision was issued to dismiss the lawsuit	A decision was issued to dismiss the lawsuit
130	Khaled Omar Al-Enazi	Third-Party Liability Insurance	34,685	Vehicle Damage	A decision was issued to drop the lawsuit	–
131	Shahid Nasser Al-Khalifa	Third-Party Liability Insurance	4,750.00	Vehicle Damage	A preliminary decision was issued in the amount of (4700)	An appeal will be prepared
132	Abdulaziz Mohammed Al-Saad	Third-Party Liability Insurance	1,076	VAT	A decision was issued to drop the lawsuit	–
133	Yousef Abdulrahman Ali	Third-Party Liability Insurance	26,478	Vehicle Damage	A reconciliation report was issued in the amount of (26478)	–
134	Heirs of Muhammad Uddin	Third-Party Liability Insurance	75,000	Blood Money	A preliminary decision was issued in the amount of (75000)	An appeal will be prepared
135	Hasnaa Saud Al-Khalidi	Comprehensive Insurance	414,000	Vehicle Damage + Injury + Blood Money	A preliminary decision was issued to disregard the lawsuit	An appeal will be prepared

Source: Management Information

Table 149 Lawsuits Currently Being Considered before the Court

#	Claimant	Defendant	Subject Matter of the Lawsuit	Claim Amount	Court	Required Action	Notes
1	Hamdan Abdullah Mohammed Al-Ghamdi	Salama Cooperative Insurance Company	Compensation	Unspecified	General Court	N/A	A preliminary decision was issued so as not to entertain the lawsuit for lack of jurisdiction
2	Yasser Fahad Saeed Al Azeb	Salama Cooperative Insurance Company	Compensation	2,451	General Court	N/A	A final judgment was issued so as not to entertain the lawsuit
3	Ismail Mohamed Ahmed Tayeh	Salama Cooperative Insurance Company	Labor	435,594	Court of Appeal	N/A	A final judgment was issued to dismiss the lawsuit for prescription

4	Mansour Ibrahim Al-Jahili	Salama Cooperative Insurance Company	Labor	118,440	Labor Court	To file an appeal	A preliminary judgment was rendered awarding compensation to the Claimant
5	Marj Abbas Hazza Thabet	Salama Cooperative Insurance Company	Labor	64,007	Labor Court	N/A	A preliminary judgment was issued to dismiss the lawsuit
6	Abdulaziz Ibrahim Al-Maarek	Salama Cooperative Insurance Company	Labor	491,755	Labor Court	To attend the hearing	A preliminary judgment was issued to pay the amount of four halalas
7	Khaled Mohammed Al-Tuwaiqri	Salama Cooperative Insurance Company	Labor	Unspecified	Department of Amicable Settlement	To attend the hearing and respond to the Claimant's claim	Awaiting further information regarding the Claimant's claim
8	Ahmed Mirdad	Salama Cooperative Insurance Company	Labor	376,000	Labor Court	To attend the hearing	Awaiting the scheduling of the next hearing
9	Salama Cooperative Insurance Company	Ahmed Mirdad	Labor	29,725	Labor Court	To attend the hearing	Awaiting the scheduling of the next hearing
10	Salama Cooperative Insurance Company	Muhannad Munshi	Labor	51,000	Labor Court	To attend the hearing	-

Source: Management Information

Table 150 Execution Requests

#	Request Date	Claimant	Respondent	Request Type	Claimed Amount	Writ of Execution	Issuer of the Writ of Execution	Request Status
1	20/06/1445H (02/01/2024G)	Salama Cooperative Insurance Company	Saeed Mutlaq Sarhan Al-Salami	Financial	1,300,000	Promissory Note	Nafith	In process
2	20/06/1445H (02/01/2024G)	Salama Cooperative Insurance Company	Saeed Mutlaq Sarhan Al-Salami	Financial	850,000	Promissory Note	Nafith	In process

3	21/06/1445H (02/01/2024G)	Salama Cooperative Insurance Company	Ahmed Youssef Yamani Miftah	Financial	4,249,569	Judgment/ Decision	Riyadh Commercial Court	In process
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Source: Management Information

Table 151 Lawsuits of Insurance Premiums Filed by the Company before the Insurance Dispute Resolution Committee

#	Defendant	Claim Type	Claim Amount	Claim Status	Required Action
1	Shallasharak Hospital Co.	Insurance Premiums	54,588	In Progress	Held in abeyance until the hearing
2	Saudi Manpower Solutions Company (SMASCO)	Insurance Premiums	394,213	In Progress	Held in abeyance until the hearing
3	Rotana For Car Rental	Insurance Premiums	1,465,683	In Progress	Held in abeyance until the hearing
4	Abdullah Bakr Redwan & Partners Co.	Insurance Premiums	747,694	In Progress	Held in abeyance until the hearing
5	Karwa Trading Co.	Insurance Premiums	110,630	In Progress	Held in abeyance until the hearing
6	Khozama Rent a Car Co.	Insurance Premiums	85,258	In Progress	Held in abeyance until the hearing
7	Alkathther Co. Ltd.	Insurance Premiums	1,041,013	In Progress	Held in abeyance until the hearing
8	Samah Contracting Company	Insurance Premiums	100,000	In Progress	Held in abeyance until the hearing
9	Mohammed Al-Safi and Partners Trading Group Co.	Insurance Premiums	779,550	In Progress	Held in abeyance until the hearing
10	Bin Sammar Trading and Contracting Company	Insurance Premiums	438,450	In Progress	Under Review

Source: Management Information

Table 152 Recourse Right lawsuits Considered Before the Insurance Dispute Resolution Committee

#	Defendant	Claim Type	Claim Amount	Compensation Type	Claim Status
1	Ali Muhammad Pasha	Recourse against the insured, the driver, or the one who caused the accident	7216.7	Third-Party Liability Car Insurance	In Progress
2	Bakr Abdullatif Al-Zaidi	Recourse against the insured, the driver, or the one who caused the accident	8631	Third-Party Liability Car Insurance	In Progress
3	Maha Mohammed Al Rajhi	Recourse against the insured, the driver, or the one who caused the accident	10102	Third-Party Liability Car Insurance	In Progress
4	Khaled Saleh Al-Ghamdi	Recourse against the insured, the driver, or the one who caused the accident	8000	Third-Party Liability Car Insurance	In Progress
5	Hamda Al-Aklabi	Recourse against the insured, the driver, or the one who caused the accident	11000	Third-Party Liability Car Insurance	Procedures are Underway
6	Hamed Mohammed Al-Zahrani	Recourse against the insured, the driver, or the one who caused the accident	15709	Third-Party Liability Car Insurance	In Progress

#	Defendant	Claim Type	Claim Amount	Compensation Type	Claim Status
7	Bakhita Awad Al-Atwi	Recourse against the insured, the driver, or the one who caused the accident	15000	Third-Party Liability Car Insurance	In Progress
8	Amina Hassan Al-Ahous	Recourse against the insured, the driver, or the one who caused the accident	15000	Third-Party Liability Car Insurance	In Progress
9	Amani Mohamed Yacoub	Recourse against the insured, the driver, or the one who caused the accident	5000	Third-Party Liability Car Insurance	In Progress
10	Al-Hanouf Mohammed Al-Hadri	Recourse against the insured, the driver, or the one who caused the accident	32230	Third-Party Liability Car Insurance	In Progress
11	Abeer Omar Alwaal	Recourse against the insured, the driver, or the one who caused the accident	5587	Third-Party Liability Car Insurance	In Progress
12	Ajab Shami Asiri	Recourse against the insured, the driver, or the one who caused the accident	11489	Third-Party Liability Car Insurance	In Progress
13	Ghosoun Saad Al-Ghamdi	Recourse against the insured, the driver, or the one who caused the accident	14242	Third-Party Liability Car Insurance	In Progress
14	Sharaf Mahdi Abdullah	Recourse against the insured, the driver, or the one who caused the accident	9030	Third-Party Liability Car Insurance	In Progress
15	Munira Samhi Al-Mashabi	Recourse against the insured, the driver, or the one who caused the accident	12897	Third-Party Liability Car Insurance	In Progress
16	Noura Aqlaa Al-Shammari	Recourse against the insured, the driver, or the one who caused the accident	9768	Third-Party Liability Car Insurance	In Progress
17	Yasser Salem Al-Yazidi	Recourse against the insured, the driver, or the one who caused the accident	11480	Third-Party Liability Car Insurance	In Progress
18	Noor Hussein Al-Hassan	Recourse against the insured, the driver, or the one who caused the accident	8338	Third-Party Liability Car Insurance	In Progress
19	Mohammed Omar Badqeel	Recourse against the insured, the driver, or the one who caused the accident	9476	Third-Party Liability Car Insurance	In Progress
20	Fahad Mojil Al-Mutairi	Recourse against the insured, the driver, or the one who caused the accident	7500	Third-Party Liability Car Insurance	In Progress
21	Eidah Eidah Al-Zahrani	Recourse against the insured, the driver, or the one who caused the accident	10100	Third-Party Liability Car Insurance	In Progress
22	Fahad Khalif Al-Shammari	Recourse against the insured, the driver, or the one who caused the accident	8150	Third-Party Liability Car Insurance	In Progress
23	Essam Abdullah Kaaki	Recourse against the insured, the driver, or the one who caused the accident	13405	Third-Party Liability Car Insurance	In Progress
24	Amer Mahfouz Ali	Recourse against the insured, the driver, or the one who caused the accident	17232	Third-Party Liability Car Insurance	In Progress
25	Sara Saqr Al-Otaibi	Recourse against the insured, the driver, or the one who caused the accident	14000	Third-Party Liability Car Insurance	In Progress
26	Raja Abdullah Abdullah	Recourse against the insured, the driver, or the one who caused the accident	18247	Third-Party Liability Car Insurance	In Progress
27	Khawla Salem Al-Subhi	Recourse against the insured, the driver, or the one who caused the accident	10527	Third-Party Liability Car Insurance	In Progress
28	Khamisa Salem Al-Jahdali	Recourse against the insured, the driver, or the one who caused the accident	46030	Third-Party Liability Car Insurance	In Progress
29	Kholoud Youssef	Recourse against the insured, the driver, or the one who caused the accident	27050	Third-Party Liability Car Insurance	In Progress
30	Mansour Ali Al-Harthy	Recourse against the insured, the driver, or the one who caused the accident	4397	Third-Party Liability Car Insurance	In Progress
31	Abdul Razzaq Gharib Al-Saedi	Recourse against the insured, the driver, or the one who caused the accident	11553	Third-Party Liability Car Insurance	In Progress

#	Defendant	Claim Type	Claim Amount	Compensation Type	Claim Status
32	Abdul Hamid Abdul Shakour	Recourse against the insured, the driver, or the one who caused the accident	1200	Third-Party Liability Car Insurance	In Progress
33	Mojaba Ali Al- Qahtani	Recourse against the insured, the driver, or the one who caused the accident	15000	Third-Party Liability Car Insurance	In Progress
34	Mohammed Abdullah Bajili	Recourse against the insured, the driver, or the one who caused the accident	10000	Third-Party Liability Car Insurance	In Progress
35	Fatima Attia Al- Ruzaiqi	Recourse against the insured, the driver, or the one who caused the accident	7000	Third-Party Liability Car Insurance	In Progress
36	Thuraya Al- Qurashi Al- Qurashi	Recourse against the insured, the driver, or the one who caused the accident	10000	Third-Party Liability Car Insurance	In Progress
37	Moqbel Saeed Abdullah	Recourse against the insured, the driver, or the one who caused the accident	12753	Third-Party Liability Car Insurance	In Progress
38	Saad Khafir Al- Qarni	Recourse against the insured, the driver, or the one who caused the accident	18058	Third-Party Liability Car Insurance	In Progress
39	Sahar Asiri	Recourse against the insured, the driver, or the one who caused the accident	30000	Third-Party Liability Car Insurance	In Progress
40	Hadi Muslim Al Dweis	Recourse against the insured, the driver, or the one who caused the accident	24659	Third-Party Liability Car Insurance	In Progress
41	Musa Rashid Nakhifi	Recourse against the insured, the driver, or the one who caused the accident	15000	Third-Party Liability Car Insurance	In Progress
42	Mohammed Saeed Al-Omari	Recourse against the insured, the driver, or the one who caused the accident	8384	Third-Party Liability Car Insurance	In Progress
43	Abdullah Al Tamimi	Recourse against the insured, the driver, or the one who caused the accident	11418	Third-Party Liability Car Insurance	In Progress
44	Saeeda Al-Malki	Recourse against the insured, the driver, or the one who caused the accident	7165	Third-Party Liability Car Insurance	In Progress
45	Majed Ali Wadani	Recourse against the insured, the driver, or the one who caused the accident	18000	Third-Party Liability Car Insurance	In Progress
46	Majed Mastour Al Osaimi	Recourse against the insured, the driver, or the one who caused the accident	22437	Third-Party Liability Car Insurance	In Progress
47	Suhaib Yusri Al- Amin	Recourse against the insured, the driver, or the one who caused the accident	8321	Third-Party Liability Car Insurance	In Progress
48	Owaid Abdullah Al-Enazi	Recourse against the insured, the driver, or the one who caused the accident	43995	Third-Party Liability Car Insurance	In Progress
49	Sulaiman Abdulrahman Alsarhani	Recourse against the insured, the driver, or the one who caused the accident	8150	Third-Party Liability Car Insurance	In Progress
50	Nasser Masri Al- Harbi	Recourse against the insured, the driver, or the one who caused the accident	10701	Third-Party Liability Car Insurance	In Progress
51	Mana Saud Al Abbas	Recourse against the insured, the driver, or the one who caused the accident	14671	Third-Party Liability Car Insurance	In Progress
52	Mohamad Mansi	Recourse against the insured, the driver, or the one who caused the accident	8478	Third-Party Liability Car Insurance	In Progress
53	Hussein Aqab Al- Subaie	Recourse against the insured, the driver, or the one who caused the accident	9006	Third-Party Liability Car Insurance	In Progress
54	Fatima Matar Al- Mutairi	Recourse against the insured, the driver, or the one who caused the accident	15113	Third-Party Liability Car Insurance	In Progress
55	Fatima Al-Mutairi	Recourse against the insured, the driver, or the one who caused the accident	9453	Third-Party Liability Car Insurance	In Progress

#	Defendant	Claim Type	Claim Amount	Compensation Type	Claim Status
56	Saadi Moghfouri Moghfouri	Recourse against the insured, the driver, or the one who caused the accident	6212	Third-Party Liability Car Insurance	In Progress
57	Fatima Hamoud Al-Mutairi	Recourse against the insured, the driver, or the one who caused the accident	15000	Third-Party Liability Car Insurance	In Progress
58	Shirah Al-Rubaie	Recourse against the insured, the driver, or the one who caused the accident	15873	Third-Party Liability Car Insurance	In Progress
59	Faika Mangahi	Recourse against the insured, the driver, or the one who caused the accident	17772	Third-Party Liability Car Insurance	In Progress
60	Naif Mohammed Al-Ruwaili	Recourse against the insured, the driver, or the one who caused the accident	22363	Third-Party Liability Car Insurance	In Progress
61	Saleh Osama Atallah	Recourse against the insured, the driver, or the one who caused the accident	31188	Third-Party Liability Car Insurance	In Progress
62	Obaid Al Juhani	Recourse against the insured, the driver, or the one who caused the accident	11225.78	Third-Party Liability Car Insurance	In Progress
63	Khairallah Al-Ali	Recourse against the insured, the driver, or the one who caused the accident	36330	Third-Party Liability Car Insurance	In Progress
64	Mona Al-Ruwaili	Recourse against the insured, the driver, or the one who caused the accident	16150	Third-Party Liability Car Insurance	In Progress
65	Samira Attia Rasheed	Recourse against the insured, the driver, or the one who caused the accident	10545	Third-Party Liability Car Insurance	In Progress
66	Ahmed Al- Qahtani	Recourse against the insured, the driver, or the one who caused the accident	10,800	Third-Party Liability Car Insurance	In Progress
67	Sultan Al-Qahtani	Recourse against the insured, the driver, or the one who caused the accident	9,410	Third-Party Liability Car Insurance	In Progress
68	Matira Al Juhani	Recourse against the insured, the driver, or the one who caused the accident	5,225	Third-Party Liability Car Insurance	In Progress
69	Munifah Al- Mutairi	Recourse against the insured, the driver, or the one who caused the accident	16,000	Third-Party Liability Car Insurance	In Progress
70	Raya Al-Hathli	Recourse against the insured, the driver, or the one who caused the accident	28,800	Third-Party Liability Car Insurance	In Progress
71	Hamda Qalil Al- Thabiti	Recourse against the insured, the driver, or the one who caused the accident	8,600	Third-Party Liability Car Insurance	In Progress
72	Fatima Al-Wadai	Recourse against the insured, the driver, or the one who caused the accident	9,782	Third-Party Liability Car Insurance	In Progress
73	Saleh Shahwan Al-Masrahi	Recourse against the insured, the driver, or the one who caused the accident	12,000	Third-Party Liability Car Insurance	In Progress
74	Sultan Mubarak Al- Shalawi - Binaa Ayed Al-Shalawi	Recourse against the insured, the driver, or the one who caused the accident	7,200	Third-Party Liability Car Insurance	In Progress
75	Khairiya Reda	Recourse against the insured, the driver, or the one who caused the accident	6,562	Third-Party Liability Car Insurance	In Progress
76	Laheq Mohammed Al- Qahtani	Recourse against the insured, the driver, or the one who caused the accident	16,819	Third-Party Liability Car Insurance	In Progress
77	Ali Ali Hakami	Recourse against the insured, the driver, or the one who caused the accident	10,622	Third-Party Liability Car Insurance	In Progress
78	Kamila Al-Dalawi	Recourse against the insured, the driver, or the one who caused the accident	5,682	Third-Party Liability Car Insurance	In Progress
79	Yousef Abu Alyan	Recourse against the insured, the driver, or the one who caused the accident	7,057	Third-Party Liability Car Insurance	In Progress

#	Defendant	Claim Type	Claim Amount	Compensation Type	Claim Status
80	Ahmad Jumaan Al-Tehani	Recourse against the insured, the driver, or the one who caused the accident	12,543	Third-Party Liability Car Insurance	In Progress
81	Faisal Abdullah Al-Nefaie	Recourse against the insured, the driver, or the one who caused the accident	4,500	Third-Party Liability Car Insurance	In Progress
82	Turki Ahmed Al-Malki	Recourse against the insured, the driver, or the one who caused the accident	19,000	Third-Party Liability Car Insurance	In Progress
83	Abdulaziz Rafdan Al-Shahrani	Recourse against the insured, the driver, or the one who caused the accident	12,397	Third-Party Liability Car Insurance	In Progress
84	Huda Mohammed Al Rumaih	Recourse against the insured, the driver, or the one who caused the accident	19,002	Third-Party Liability Car Insurance	In Progress
85	Haider Ali	Recourse against the insured, the driver, or the one who caused the accident	25,096	Third-Party Liability Car Insurance	In Progress
86	Bifari Abulqasem	Recourse against the insured, the driver, or the one who caused the accident	5,636	Third-Party Liability Car Insurance	In Progress
87	Aaid Al Hesna	Recourse against the insured, the driver, or the one who caused the accident	9,538	Third-Party Liability Car Insurance	In Progress
88	Rana Masheli	Recourse against the insured, the driver, or the one who caused the accident	20,000	Third-Party Liability Car Insurance	In Progress
89	Zafer Al-Bishi	Recourse against the insured, the driver, or the one who caused the accident	40,100	Third-Party Liability Car Insurance	In Progress
90	Yaslam Balobaid	Recourse against the insured, the driver, or the one who caused the accident	10,314	Third-Party Liability Car Insurance	In Progress
91	Aisha Al-Khobrani	Recourse against the insured, the driver, or the one who caused the accident	6,770	Third-Party Liability Car Insurance	In Progress
92	Faisal Siddiq	Recourse against the insured, the driver, or the one who caused the accident	54,000	Third-Party Liability Car Insurance	In Progress
93	Muti 'Ahmed	Recourse against the insured, the driver, or the one who caused the accident	17,956	Third-Party Liability Car Insurance	In Progress
94	Abdulaziz Abdullah Al-Ghamdi	Recourse against the insured, the driver, or the one who caused the accident	24,953	Third-Party Liability Car Insurance	In Progress
95	Hanaa Al-Balawi	Recourse against the insured, the driver, or the one who caused the accident	12,000	Third-Party Liability Car Insurance	In Progress
96	Huda Al-Buqami	Recourse against the insured, the driver, or the one who caused the accident	7,452	Third-Party Liability Car Insurance	In Progress
98	Fahad Alghamdi	Recourse against the insured, the driver, or the one who caused the accident	16,860	Third-Party Liability Car Insurance	In Progress
99	Mohammed Al-Ayouzer	Recourse against the insured, the driver, or the one who caused the accident	16,000	Third-Party Liability Car Insurance	In Progress
100	Abdulaziz Al-Sharabi	Recourse against the insured, the driver, or the one who caused the accident	5,487	Third-Party Liability Car Insurance	In Progress
101	Jamaheer Kamshi	Recourse against the insured, the driver, or the one who caused the accident	7,700	Third-Party Liability Car Insurance	In Progress
102	Awaji Hakami	Recourse against the insured, the driver, or the one who caused the accident	12,230	Third-Party Liability Car Insurance	In Progress
103	Suad Al-Harbi	Recourse against the insured, the driver, or the one who caused the accident	35,000	Third-Party Liability Car Insurance	In Progress
104	Sabri Al-Sabri	Recourse against the insured, the driver, or the one who caused the accident	14,000	Third-Party Liability Car Insurance	In Progress

#	Defendant	Claim Type	Claim Amount	Compensation Type	Claim Status
105	Yazeed Ahmed Al-Azouri	Recourse against the insured, the driver, or the one who caused the accident	13,933	Third-Party Liability Car Insurance	In Progress
106	Turki Manawer Al Marashi	Recourse against the insured, the driver, or the one who caused the accident	11,593	Third-Party Liability Car Insurance	In Progress
107	Ibrahim Ali Al-Masrahi	Recourse against the insured, the driver, or the one who caused the accident	17,488	Third-Party Liability Car Insurance	In Progress
108	Salem Al Shahrani	Recourse against the insured, the driver, or the one who caused the accident	9,172	Third-Party Liability Car Insurance	In Progress
109	Saad Al-Enazi	Recourse against the insured, the driver, or the one who caused the accident	9,788	Third-Party Liability Car Insurance	In Progress
110	Munira Madi Al-Subaie	Recourse against the insured, the driver, or the one who caused the accident	80,707	Third-Party Liability Car Insurance	In Progress
111	Youssef Al-Ghamdi	Recourse against the insured, the driver, or the one who caused the accident	16,360	Third-Party Liability Car Insurance	In Progress
112	Salma Al-Taldi	Recourse against the insured, the driver, or the one who caused the accident	8,000	Third-Party Liability Car Insurance	In Progress
113	Kholoud Abdullah	Recourse against the insured, the driver, or the one who caused the accident	18,044	Third-Party Liability Car Insurance	In Progress
114	Nora Salem	Recourse against the insured, the driver, or the one who caused the accident	7,057	Third-Party Liability Car Insurance	In Progress
115	Turki Saleh Al-Otaibi	Recourse against the insured, the driver, or the one who caused the accident	5,000	Third-Party Liability Car Insurance	In Progress
116	Ibrahim Nasser Al-Shafi'i	Recourse against the insured, the driver, or the one who caused the accident	7,000	Third-Party Liability Car Insurance	In Progress
117	Ismail Abdullah Faqiri	Recourse against the insured, the driver, or the one who caused the accident	52,000	Third-Party Liability Car Insurance	In Progress
118	Abdullah Maalith Al-Hujaili	Recourse against the insured, the driver, or the one who caused the accident	25,330	Third-Party Liability Car Insurance	In Progress
119	Maha Ahmed Al-Zahrani	Recourse against the insured, the driver, or the one who caused the accident	23,200	Third-Party Liability Car Insurance	In Progress
120	Najla Abdullah Bazid	Recourse against the insured, the driver, or the one who caused the accident	15,568	Third-Party Liability Car Insurance	In Progress
121	Al-Hasan Ali Al-Hazmi	Recourse against the insured, the driver, or the one who caused the accident	25,000	Third-Party Liability Car Insurance	In Progress
122	Ali Abdullah Al-Zahrani	Recourse against the insured, the driver, or the one who caused the accident	14,021	Third-Party Liability Car Insurance	In Progress
123	Saud Mutlaq Al-Omrani	Recourse against the insured, the driver, or the one who caused the accident	20,394	Third-Party Liability Car Insurance	In Progress
124	Mohammed Awad Al-Madani	Recourse against the insured, the driver, or the one who caused the accident	23,408	Third-Party Liability Car Insurance	In Progress
125	Bader Taher Al-Azhari	Recourse against the insured, the driver, or the one who caused the accident	10,000	Third-Party Liability Car Insurance	In Progress
126	Mohammed Abu Al-Hussein Abdul Raouf	Recourse against the insured, the driver, or the one who caused the accident	13,314	Third-Party Liability Car Insurance	In Progress
127	Sharifa Mesfer Al-Qahtani	Recourse against the insured, the driver, or the one who caused the accident	20,000	Third-Party Liability Car Insurance	In Progress
128	Mohammed Safar Al-Harthy	Recourse against the insured, the driver, or the one who caused the accident	17,000	Third-Party Liability Car Insurance	In Progress
129	Aisha Moams Asiri	Recourse against the insured, the driver, or the one who caused the accident	15,000	Third-Party Liability Car Insurance	In Progress

#	Defendant	Claim Type	Claim Amount	Compensation Type	Claim Status
130	Hamad Ali Al Qarad	Recourse against the insured, the driver, or the one who caused the accident	13,869	Third-Party Liability Car Insurance	In Progress
131	Hamda Saad Al-Harthy	Recourse against the insured, the driver, or the one who caused the accident	11,168	Third-Party Liability Car Insurance	In Progress
132	Salha Jaber Al-Qahtani	Recourse against the insured, the driver, or the one who caused the accident	8,692	Third-Party Liability Car Insurance	In Progress
133	Mohammed Sweileh Al-Jadaani	Recourse against the insured, the driver, or the one who caused the accident	7,661	Third-Party Liability Car Insurance	In Progress
134	Naseem Yahya Al-Amwad	Recourse against the insured, the driver, or the one who caused the accident	7,221	Third-Party Liability Car Insurance	In Progress
135	Hamad Butti Al Marri	Recourse against the insured, the driver, or the one who caused the accident	6,046	Third-Party Liability Car Insurance	In Progress
136	Saad Mahdi Al-Subaie	Recourse against the insured, the driver, or the one who caused the accident	18,000	Third-Party Liability Car Insurance	In Progress
137	Fahad Yahya Al Ali	Recourse against the insured, the driver, or the one who caused the accident	4,411	Third-Party Liability Car Insurance	In Progress
138	Noura Masoud Al-Qahtani	Recourse against the insured, the driver, or the one who caused the accident	4,377	Third-Party Liability Car Insurance	In Progress
139	Tafla Al-Asmar Al-Sharari	Recourse against the insured, the driver, or the one who caused the accident	4,100	Third-Party Liability Car Insurance	In Progress
140	Faisal Saeed Al-Qahtani	Recourse against the insured, the driver, or the one who caused the accident	3,706	Third-Party Liability Car Insurance	In Progress
141	Hamed Musleh Al-Omari	Recourse against the insured, the driver, or the one who caused the accident	3,655	Third-Party Liability Car Insurance	In Progress
142	Aisha Bakhit Al-Dhiabi	Recourse against the insured, the driver, or the one who caused the accident	3,160	Third-Party Liability Car Insurance	In Progress
143	Zaina Abdulaziz Al-Shahrani	Recourse against the insured, the driver, or the one who caused the accident	3,050	Third-Party Liability Car Insurance	In Progress
144	Hamdia Ahmed Hamli	Recourse against the insured, the driver, or the one who caused the accident	3000	Third-Party Liability Car Insurance	In Progress
145	Noir Kamikh Al-Otaibi	Recourse against the insured, the driver, or the one who caused the accident	3000	Third-Party Liability Car Insurance	In Progress
146	Amrah Hassan Alhajjaji	Recourse against the insured, the driver, or the one who caused the accident	2940	Third-Party Liability Car Insurance	In Progress
147	Wadha Gharbi Al-Shammari	Recourse against the insured, the driver, or the one who caused the accident	2625	Third-Party Liability Car Insurance	In Progress
148	Ahmed Khan Khan	Recourse against the insured, the driver, or the one who caused the accident	2,500	Third-Party Liability Car Insurance	In Progress
149	Zeyad Dakhilullah Al-Safri	Recourse against the insured, the driver, or the one who caused the accident	2,492	Third-Party Liability Car Insurance	In Progress
150	Huda Jamil Al-Nakhli	Recourse against the insured, the driver, or the one who caused the accident	1,875	Third-Party Liability Car Insurance	In Progress
151	Rabab Maatan Gharawi	Recourse against the insured, the driver, or the one who caused the accident	1,703	Third-Party Liability Car Insurance	In Progress
152	Hawazin Fahad Al-Otaibi	Recourse against the insured, the driver, or the one who caused the accident	1,600	Third-Party Liability Car Insurance	In Progress
153	Islam Ibrahim Ibrahim	Recourse against the insured, the driver, or the one who caused the accident	1,500	Third-Party Liability Car Insurance	In Progress

#	Defendant	Claim Type	Claim Amount	Compensation Type	Claim Status
154	Abdullah Mastour Al-Otaibi	Recourse against the insured, the driver, or the one who caused the accident	1,480	Third-Party Liability Car Insurance	In Progress
155	Fatim Attia Mhanshi	Recourse against the insured, the driver, or the one who caused the accident	1,455	Third-Party Liability Car Insurance	In Progress
156	Saleh Mohammed Al-Ghamdi	Recourse against the insured, the driver, or the one who caused the accident	1,300	Third-Party Liability Car Insurance	In Progress
157	Fatima Mohammed Al-Ghamdi	Recourse against the insured, the driver, or the one who caused the accident	1,000	Third-Party Liability Car Insurance	In Progress
158	Wadhha Mufarreh Al-Qahtani	Recourse against the insured, the driver, or the one who caused the accident	1,037	Third-Party Liability Car Insurance	In Progress
159	Mohammed Abdullah Al-Suwaihan	Recourse against the insured, the driver, or the one who caused the accident	800	Third-Party Liability Car Insurance	In Progress
160	Fahad Salim Al-Rouqi	Recourse against the insured, the driver, or the one who caused the accident	739	Third-Party Liability Car Insurance	In Progress
161	Ali Mohammed Al-Rafidi	Recourse against the insured, the driver, or the one who caused the accident	1,000	Third-Party Liability Car Insurance	In Progress
162	Khalaf Mohammed Al-Otaibi	Recourse against the insured, the driver, or the one who caused the accident	13,997	Third-Party Liability Car Insurance	In Progress
163	Abdullah Mohammed Salem	Recourse against the insured, the driver, or the one who caused the accident	4,300	Third-Party Liability Car Insurance	In Progress
164	Noura Farea Al-Mutairi	Recourse against the insured, the driver, or the one who caused the accident	3,568	Third-Party Liability Car Insurance	In Progress
165	Najwa Radd Al-Jadaani	Recourse against the insured, the driver, or the one who caused the accident	2,200	Third-Party Liability Car Insurance	In Progress
166	Abdulaziz Abdullah Al-Thaqafi	Recourse against the insured, the driver, or the one who caused the accident	1,726	Third-Party Liability Car Insurance	In Progress
167	Radad Ayza Qureshi	Recourse against the insured, the driver, or the one who caused the accident	4,411	Third-Party Liability Car Insurance	In Progress
168	Wajdan Abdul Rahman Rashid	Recourse against the insured, the driver, or the one who caused the accident	500	Third-Party Liability Car Insurance	In Progress
169	Abed Abdulrahman Al-Jabri	Recourse against the insured, the driver, or the one who caused the accident	500	Third-Party Liability Car Insurance	In Progress
170	Rawan Hassan Nasreddin	Recourse against the insured, the driver, or the one who caused the accident	9,000	Third-Party Liability Car Insurance	In Progress
171	Khadija Ahmed Kaabi	Recourse against the insured, the driver, or the one who caused the accident	10,285	Third-Party Liability Car Insurance	In Progress
172	Hussein Ali Al-Shami	Recourse against the insured, the driver, or the one who caused the accident	4,621	Third-Party Liability Car Insurance	In Progress
173	Munir Awad Al-Thubaiti	Recourse against the insured, the driver, or the one who caused the accident	5,140	Third-Party Liability Car Insurance	In Progress

Source: Management Information

As of the date of this Prospectus, and except as otherwise disclosed in this Section and in Section 2 “**Risk Factors**” of this Prospectus, the Company hereby confirms that it is not, either jointly or individually, a party in any lawsuit, claim, arbitration, or administrative procedures that would materially affect its business or financial position. However, and as is customary in the insurance sector, there are lawsuits filed against the Company before the committees on the adjudication of insurance disputes and violations. These lawsuits are related to claims for insurance policies for various insurance product types.

8.14 Material Information that Changed Since the Authority’s Approval of the Latest Share Issue Prospectus

No material changes occurred since the Authority approved the latest share issue prospectus (rights issue prospectus) issued in 2023G.

8.15 Declarations of the Members of the Board of Directors related to Legal Information

In addition to the other declarations mentioned in this Prospectus, the members of the Board of Directors acknowledge the following:

- The issuance does not constitute a breach of the relevant laws and regulations applicable in Saudi Arabia.
- The issuance does not constitute a breach of any contract or agreement entered into by the Company.
- All material legal information concerning the Company were disclosed in the Prospectus.
- Other than what is mentioned in Sub-Section (2.1.14) “**Litigation Risks**” on page(22) of Section (2) “**Risk Factors**” and Sub-Section (8.13) “**Disputes and Litigation**” on page (219) of this Section “**Legal Information**”, the Company is not subject to any lawsuits or legal actions that may, individually or collectively, materially affect its business or financial position.
- The members of the Board of Directors are not subject to any lawsuits or legal actions that may, individually or collectively, materially affect the Company’s business or financial position.
- Except for what is mentioned in Sub-Section (2.1.1) “**Risks Related to Insufficient Capital and Minimum Capital Requirements**” on page (8), Sub-Section (2.1.2) “**Risks Related to Penalties, Fines, and Suspension of Business by the Competent Regulatory Authorities**” on page (11), Sub-Section (2.1.10) “**Risks Related to Potential Zakat Entitlements and Additional Tax Claims**” on page (19), Sub-Section (2.1.11) “**Risks of Not Obtaining or Renewing the Necessary Licenses, Permits, and Certificates**” on page (20), Sub-Section (2.1.33) “**Risks Related to Corporate Governance**” on page (29), Sub-Section (2.2.1) “**Risks of Non-Compliance with Laws and Regulations**” on page (33), Sub-Section (2.2.5) “**Risks Related to the Withdrawal of the License to Practice Insurance Activities**” on page (36), Sub-Section (2.2.6) “**Risks Related to Government Fees Applicable to Employment of Non-Saudi Employees**” on page (36), Sub-Section (2.2.12) “**Risks Related to Obtaining the Necessary Approvals For Offering New Products or the Renewal of Existing Products**” on page (39), Sub-Section (2.2.13) “**Risks Related to Non-Compliance with the Regulations of the Insurance Authority related to Health Insurance**” on page (39), Sub-Section (2.2.18) “**Risks of Failure to**

Comply with the Requirements of Saudization and the Requirements of the General Organization for Social Insurance " on page (40), Sub-Section (2.2.19) **"Risks Related to VAT"** on page (41), and Sub-Section (2.2.22) **"Risks Of Non-Compliance with Official Regulations and Instructions"** on page (41) of Section (2) **"Risk Factors"** and Sub-Section (8.10.3) **"Continuing Obligations Imposed by Government Entities on the Company in its capacity as 'License Holder'"** on page (200) of this Section (8) **"Legal Information,"** the Company has complied with the requirements of SAMA and continues to comply with the requirements of the Insurance Authority up to the date of this Prospectus, and pledges to continue to do so.

- Other than what is mentioned in Sub-Section (2.1.11) **"Risks of Not Obtaining or Renewing the Necessary Licenses, Permits and Certificates"** in page (20) of Section (2) **"Risk Factors"** and Sub-Section (8.10.3) **"Continuing Obligations Imposed by Government Entities on the Company in its capacity as a 'License Holder'"** in page (200) of this Section **"Legal Information"**, the Company continues to comply with the requirements of the Ministry of Commerce until the date of this Prospectus and pledges to continue to do so.
- Other than what is mentioned in Sub-Section (2.1.10) **"Risks Related to Potential Zakat Entitlements and Additional Tax Claims"** in page (19) and Sub-Section (2.2.18) **"Risks Related to Dependence on non-Saudi Employees"** in page (40) and Sub-Section (2.2.19) **"Risks Related to VAT"** in page (41) of Section (2) **"Risk Factors"** and Sub-Section (8.10.3) **"Continuing Obligations Imposed by Government Entities on the Company in its Capacity as a 'License Holder'"** on page (200) of this Section **"Legal Information"**, the Company continues to comply with ZATCA requirements until the date of this prospectus and pledges to continue to do so.
- Other than what is mentioned in Sub-Section (2.2.6) **"Risks Related to Government Fees Applicable to Employment of Non-Saudi Employees"** on page (36) and Sub-Section (2.2.18) **"Risks of Failure to Comply with the Requirements of Saudization and the Requirements of the General Organization for Social Insurance "** on page (40) of Section (2) **"Risk Factors"** and Sub-Section (8.10.3) **"Continuing obligations imposed by government entities on the Company in its Capacity as a 'License Holder'"** in page (200) of this Section **"Legal Information"**, the Company continues to comply with HRSD requirements until the date of this prospectus and pledges to continue to do so.
- The Company continued to comply with Tadawul requirements until the date of this Prospectus and pledges to continue to do so.
- The Company has no subsidiaries as of the date of this Prospectus.

9. Underwriting Agreement

The company and the underwriter "Alawwal Capital" have entered into an underwriting agreement for ten million (10,000,000) ordinary shares at a price of ten (10) Saudi Riyals per share, with a total value of one hundred million (100,000,000) Saudi Riyals, representing (100%) of the rights issue shares offered for subscription ("Underwriting Agreement").

9.1 Underwriter

Underwriter
Alawwal Capital
Jeddah, Rusd Towers, Ninth Floor, Corniche Road
P.O. Box 51536, Postal Code 21553
Kingdom of Saudi Arabia
Phone number: +966 12 2842321
Fax number: +966 12 2840335
Email: info@alawwalcapital.com
Website: www.alawwalcapital.com



9.2 Main Terms of the Underwriting Agreement

According to the terms and conditions of the underwriting agreement:

- The Company undertakes to the Underwriter that, on the date of the allotment, it will issue and allocate to the Underwriter all the right issue shares pledged to be underwritten in this offering, which the eligible shareholders have not subscribed to, at the offering price.
- The Underwriter undertakes to the Company that on the date of the allotment, it will purchase all the shares it pledged to underwrite in this offering, which the eligible shareholders did not subscribe to, at the offering price.
- The Underwriter shall receive a specific financial consideration in return for its undertaking to underwrite, which will be paid from the offering proceeds.
- The Underwriter is obligated to purchase all remaining unsubscribed Shares unless the underwriting agreement is terminated due to occurrence of any force majeure event, or the failure of the Company to fulfill its obligations as defined in the Underwriting Agreement.
- The Company will provide several guarantees, declarations and undertakings to the Underwriter.

10. Waivers

The Company did not obtain any waivers from CMA in relation to the offering.

11. Details on Shares and Subscription Terms and Conditions

The Company applied to CMA to register and offer the New Shares, and to Tadawul to list them. All requirements were fulfilled as per the Rules on the Offer of Securities and Continuing Obligations, and Listing Rules.

All eligible persons (i.e., registered shareholders and the persons who purchased rights issue during the Trading Period) and bidders from investment institutions shall carefully read the information related to the shares and the offering terms and conditions before subscribing online, submitting a subscription application through a broker, or filling out the rump offering form. Submitting a subscription application or signing and submitting the rump offering form shall constitute approval and acceptance of the aforementioned terms and conditions.

11.1 The Offering

Under this prospectus, ten million (10,000,000) ordinary shares will be offered from the Company's capital, by issuing rights issue shares representing 50% of the Company's capital before the capital increase, at an offer price of ten (10) Saudi Riyals per share, a nominal value of ten (10) Saudi Riyals, and a total offering value of one hundred million (100,000,000) Saudi Riyals. The New Shares will be issued to the holders of traded rights at a ratio of (0.5) new share for every one (1) existing share. Subscription to the New Shares will be available to all holders of traded rights, in order to increase the capital from two hundred million (200,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals. The company has decided to increase its capital to meet the minimum capital requirements as per the Insurance Authority's requirements in accordance with paragraph five (5) of Article Three (3) of the Cooperative Insurance Companies Control Law amended by Royal Decree No. (M/12) dated 23/01/1443H (corresponding to 01/09/2021G), requiring the minimum paid-up capital of an insurance company or reinsurance company to be at least three hundred million (300,000,000) Saudi Riyals.

11.2 How to Submit a Subscription Application for Rights Issue Shares (New Shares)

Registered shareholders wishing to subscribe to rights issue shares shall submit a subscription application during the Subscription Period through an investment portfolio on Tadawul platforms through which sale and purchase orders are entered. Subscription applications may also be made through any other means provided by the broker and the shares custodian in the Kingdom during the Subscription Period, provided that the eligible person shall have an investment account with a broker providing such services. In addition, the information of the eligible person shall be updated, and no changes may have occurred to the data or information of the eligible person (either by adding or deleting any of his/her family members) since underwriting in a recent offering, unless such changes were informed to and approved by the brokers. If there is a rump offering period, subscription applications may also be submitted for any Rump Shares by institutional investors only.

By participating in the subscription, the subscriber:

- Agrees to subscribe for the number of shares stated in the subscription application.
- Acknowledges that he/she carefully has read this prospectus and understood all its contents.

- Accepts the Company's Articles of Association and the terms and conditions mentioned in this prospectus.
- Declares that he/she has not previously subscribed for the same shares of this offering through a broker, and the Company may reject all application in case of duplicate subscription applications.
- Accepts the number of shares allocated to him/her under the subscription application, as well as all subscription instructions and terms mentioned in the application and this prospectus.
- Guarantees not to cancel or amend the subscription application after its submission.

11.3 Subscription Application

Eligible persons wishing to exercise and subscribe for all the rights to which they are entitled, shall subscribe through the investment portfolio on the trading platforms through which purchase and sale orders are entered or through any other means provided by the broker and the custodian of the shares.

The number of shares that an eligible person is entitled to subscribe for is calculated based on the number of rights issue he/she owns. As for the subscription amount that the subscriber is required to pay, it is calculated by multiplying the number of existing rights issue he/she owns before the end of the Subscription Period by ten (10) Saudi Riyals.

11.4 Trading and Subscription Stage and Rump Offering Period

Shareholders who are eligible and wish to subscribe to the Rights Issue have to submit a subscription application during the Subscription Period, which starts three (3) working days after the Extraordinary General Meeting approves the Company's directive to proceed with the capital increase procedures, on [●]/[●]/1446H (corresponding to [●]/[●]/2024G) and ends on [●] [●]/[●]/1446H (corresponding to [●]/[●]/2024G) from (10:00) AM to (02:00) PM.

Shareholders who are eligible and wish to trade the Rights Issue have to submit a trading application during the Trading Period, which starts on [●] [●]/[●]/1446H (corresponding to [●]/[●]/2024G) and continues till the end of [●] [●]/[●]/1446H (corresponding to [●]/[●]/2024G) from (10:00) AM to (03:00) PM.

On [●]/[●]/1446H (corresponding to [●]/[●]/2024G), the Extraordinary General Meeting approved the increase of the Company's capital by issuing rights shares. The offering will consist of ten million (10,000,000) new ordinary shares, representing 50% of the current Company's capital, at an offer price of ten (10) Saudi Riyals per share and a nominal value of ten (10) Saudi Riyals per share with a total offering value of one hundred million (100,000,000) Saudi Riyals. Thus, the company's capital will increase after the completion of subscription process from two hundred million (200,000,000) Saudi Riyals divided into twenty million (20,000,000) ordinary shares to three hundred million (300,000,000) Saudi Riyals divided into thirty million (30,000,000) ordinary shares. The New Shares will be issued at the rate of one share for each right. Subscription to the rights issue will be open to the shareholders registered in the Company's register of shareholders, at the end of the second trading day following the Extraordinary General Meeting that involved the approval to increase the capital on [●] [●]/[●]/1446H (corresponding to [●]/[●]/2024G), and to the eligible persons who purchased rights issue during their Trading Period, including registered shareholders who purchased additional rights on top of the rights they already own.

If the eligible persons do not subscribe the rights by the end of the Subscription Period, then the unsubscribed rights (as a result of not subscribing or selling such rights by the eligible persons) will be offered to investment institutions during the rump offering period.

Registered shareholders will be able to trade the Rights Issue that have been deposited in their portfolios through Saudi Exchange. These rights are considered as an acquired right for all shareholders registered in the Company's register at the end of the second trading day following the Extraordinary General Meeting for the capital increase. Each right entitles its holder to subscribe to one new share at the offering price. Rights will be deposited within two working days at most after the extraordinary general assembly on capital increase convenes. The rights will appear in the portfolios of the registered shareholders under a new symbol for rights issue, and the registered shareholders will then be notified about the rights being deposited into their portfolios.

The Rights Issue shares will be offered according to the following dates and details:

- Eligibility date: End of the trading session on the day of the Extraordinary General Meeting for the capital increase on [●] [●]/[●]/1446H (corresponding to [●]/[●]/2024G).
- Trading Period and Subscription Period: The Trading Period and Subscription Period start three working days after obtaining the approval of extraordinary general assembly on capital increase on [●] [●]/[●]/1446H (corresponding to [●]/[●]/2024G) and Trading Period ends on [●] [●]/[●]/1446H (corresponding to [●]/[●]/2024G), while the Subscription Period continues till the end of [●] [●]/[●]/1446H (corresponding to [●]/[●]/2024G). It should be noted that the trading hours for rights issue start from ten (10:00) AM until three (3:00) PM, while the subscription hours for rights issue start from ten (10:00) AM until two (2:00) PM.
- Rump offering period: Rump offering Subscription Period starts on [●] [●]/[●]/1446H (corresponding to [●]/[●]/2024G) from (10:00) AM until (05:00) PM of the following day on [●] [●]/[●]/1446H (corresponding to [●]/[●]/2024G). During this period, Rump Shares will be offered to a number of investment institutions, provided that these investment institutions submit their offers to purchase the Rump Shares during the Rump Offering period, provided that their bids are not below the offering price. Rump Shares will be allocated to investment institutions from the highest to the lowest bids. Rump Shares will be allocated on a pro rata basis to the investment institutions offering the same price. As for fractional shares, they will be added to the Rump Shares and treated similarly. The subscription price for the new unsubscribed shares during this period will be at the minimum offering price. If the price of the unsubscribed shares is higher than the offering price, the difference (if any) will be distributed as compensation to the holders of the rights who did not subscribe to their rights and the owners of fractional shares proportionally to the rights they owned. If there are shares that are not purchased by the investment institutions, these shares will be allocated to the underwriter who will purchase these at the offering price. Eligible persons who do not participate in the subscription will not receive any compensation for the rights in the New Shares that they did not exercise.
- Final allocation of shares: Shares will be allocated to each investor based on the number of rights that he fully and properly subscribed. As for fractional shares, such shares will be collected and offered to investment institutions during the Rump Offering Period. The total offering amount, including the amount resulting from the Rump Offering, will be paid to the Company, provided that

the Company distributes the excess amount of the proceeds of the Rump Offering and the fractional shares (that exceed the offering price) among the eligible persons, who did not subscribe, wholly or partially, their right to subscribe, as per eligibility percentage, without any fees or deductions, no later than [●] [●]/[●]/1446H (corresponding to [●]/[●]/2024G).

- Trading of New Shares in the market: New Shares trading will start on Tadawul after completing all procedures related to registration and allocation of the New Shares, and the period between the end of the subscription in Issue Rights and deposit of shares in the shareholders' portfolios will be (9) working days.

11.5 Eligible Persons not Participating in the New Shares Subscription

Registered shareholders who do not participate, fully or partially, in the subscription of the New Shares will subject to decrease in their shareholding ownership percentage in the Company, in addition to a decrease in the value of their current shares. Registered shareholders who do not exercise their subscription right will retain the same number of shares they owned before the capital increase.

Eligible persons who do not subscribe to the New Shares will not receive any advantages or benefits in exchange for the Rights Issue shares they are entitled to, except for receiving cash compensation from the proceeds of selling shares in the Rump Offering, proportional to their rights. It shall be noted that if investment institutions purchased the Rump Shares at the offering price, or if such investment institutions did not subscribe to the Rump Offering and the Underwriter consequently purchased the Rump Shares at the offering price, the eligible persons who did not participate in the subscription may not receive any compensation for their Rights New Shares that they did not subscribe. If the Rump Shares are sold to investment institutions at a price higher than the offering price, the amount of compensation for the eligible persons who did not participate, wholly or partially, in the subscription of the New Shares will be determined based on the following equation:

Compensation amount for each unsubscribed Right = (Total Rump Offering Proceeds - Total Rump Offering Price) / Number of unsubscribed shares.

11.6 Allocation and Surplus Refund

The Company and the Lead Manager will open an escrow account into which the offering proceeds will be deposited.

Shares will be allocated to each investor based on the number of rights they subscribed fully and correctly. As for fractional shares and the shares of eligible persons who have not exercised their right to subscribe wholly or partially, such shares will be collected and offered to investment institutions during the Rump Offering Period. The total offering amount, including the amount resulting from the Rump Offering, will be paid to the Company, provided that the Company distributes the remaining amount of the proceeds of the Rump Offering and the fractional shares (that exceed the offering price) among the eligible shareholders, who did not subscribe, wholly or partially, their right to subscribe, as per eligibility percentage, without any fees or deductions, no later than [●] [●]/[●]/1446H (corresponding to [●]/[●]/2024G). If there are still unsubscribed shares after that, the Underwriter will purchase these unsubscribed shares that will be

allocated thereto at an offering price of ten (10) Saudi Riyals per share. The total offering price shall be paid for such shares to the Company.

The final number of shares allocated to each eligible person without any commissions or deductions by the Lead Manager and the Additional - Lead Manager will be announced by recording them in the subscribers' accounts. Eligible persons shall contact the broker through which the subscription application was submitted, to obtain any further information. Allocation results will be announced no later than [●] [●]/[●]/1446H (corresponding to [●]/[●]/2024G).

The Company will pay the compensation amount and return the surplus (the remaining proceeds of the offering process that exceed the offering price) (if any) to eligible persons who did not participate fully or partially in subscribing to the rights issue shares without any deductions, no later than [●] [●]/[●]/1446H (corresponding to [●]/[●]/2024G). The amounts will be deposited into the bank accounts linked to the portfolios of eligible persons who did not exercise their right to subscribe to the New Shares and those entitled to fractional shares.

11.7 Supplementary Prospectus

The Company shall submit a supplementary prospectus to the CMA, as required by Article (49) of the Rules on the Offering of Securities and Continuing Obligations, if at any time after the publication of this prospectus and before the completion of the offering, the Company becomes aware of any of the following:

- The existence of a significant change in material matters mentioned in this Prospectus.
- The emergence of any important matters that should have been included in this Prospectus.

An investor who subscribed for New Shares before the publication of the Supplementary Prospectus may cancel or amend their subscription for these shares before the end of the offering period.

11.8 Suspension or Cancellation of the Offering

The CMA may, at any time, issue a decision to suspend or cancel an offering if it deems that the offering may result in a breach of the Capital Market Law, its Executive Regulations, or the market rules. The offering may also be canceled if the Extraordinary General Meeting does not approve any of its details.

11.9 FAQs about the New Mechanism for the Rights Issue

What is a Rights Issue?

Rights are tradable securities that give their holders the right to subscribe to the New Shares offered upon approval of the capital increase by the Extraordinary General Meeting through issuance of New Shares. They are acquired rights for all Registered Shareholders who own shares on the day of the Extraordinary General Meeting for the capital increase and who are registered in the Company's Shareholders Register at the Depository Center at the end of the second trading day following the Extraordinary General Meeting. Each Right grants its holder eligibility to subscribe to one new share at the Offer Price.

To whom Rights are granted?

Rights are granted to all registered shareholders in the Company's shareholders register at the Depository Center as of the close of the second trading day following the Extraordinary General Meeting for the capital increase.

When are the Rights deposited?

Following the Extraordinary General Meeting and its approval to increase the capital through a Rights Issue, the Rights shall be deposited as securities in the portfolios of the Company's Shareholders Register at the Depository Center by the end of the second trading day after the Ordinary General Meeting. The New Rights shall appear in their portfolios under a new code for the Rights. Such Rights will be allowed to be traded or subscribed only during the Trading and Subscription Period.

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

Registered investors are notified through an announcement on Tadawul's website, the (Tadawulati) service provided by the Securities Depository Center, and text messages sent through intermediaries/brokers.

How many Rights can be acquired by a Registered Shareholder?

The number of rights that can be acquired by a Registered Shareholder depends on the subscription Eligibility Factor and the number of shares held by the Registered Shareholder in the Company's Shareholders Register at the Depository Center at the close of the second trading day following the Extraordinary General Meeting for the capital increase.

What is the Rights Issue Eligibility Factor?

It is the ratio that permits the Registered Shareholder to know how many Rights he/she is entitled to in consideration for the Shares that he/she already owns at the date of the Extraordinary General Meeting. This factor is calculated by dividing the number of New Shares by the number of the current issued shares of the Company. Accordingly, the eligibility factor is (1) right issue per two (2) shares owned by a registered shareholder on the date of eligibility. For example, if a shareholder has (1,000) shares on the date of eligibility, (500) rights issue shall be allocated thereto in consideration for all the shares owned thereby.

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

Yes, the rights issue will be deposited into the investors' portfolios under the name of the original share, with the addition of the words "Rights Issue" and a new symbol for these rights.

What is the Right value upon commencement of trading?

The Right opening price is the difference between the share closing price on the day preceding the Right listing, and the Offer Price (indicative right value). For example, (using hypothetical prices), if the closing price of a share on the preceding day is twenty-five (25) Saudi Riyals and the offering price is ten (10) Saudi Riyals, then the opening price of the rights issue at the beginning of the trading will be fifteen (15) Saudi Riyals.

Who is the Registered Shareholder?

Any shareholder who is registered in the Company's Shareholders Register at the end of the second trading day following the Extraordinary General Meeting.

Can Registered Shareholders subscribe for additional shares?

Yes, Registered Shareholders can subscribe for additional shares by purchasing new Rights during the Trading Period.

Is it possible for a Registered Shareholder to lose his/her eligibility to subscribe even if he has the right to attend the Extraordinary General Meeting and vote on increasing the capital through a Rights Issue?

Yes, the Shareholder loses his/her eligibility to subscribe if he/she sells his/her shares on the day or before one working day of the Extraordinary General Meeting.

How does the subscription take place?

During the Subscription Period, subscription applications are submitted through the investment portfolio in the trading platforms through which the buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the intermediaries and custodian.

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

An eligible person cannot subscribe to more shares than the rights they own.

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

The Rights Issue will be deposited in the same portfolio where the Company's shares connected to the Rights are deposited. For example, if a shareholder owns one thousand (1,000) shares in the Company with eight hundred (800) shares in portfolio (A) and two hundred (200) shares in portfolio (B), then the total rights to be deposited is five hundred (500) rights assuming that each two shares are entitled to one share, and four hundred (400) rights will be deposited in portfolio (A) and one hundred (100) rights in portfolio (B).

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe, but they cannot trade unless the share certificates are deposited in e-portfolios through the receiving agents or Depository Center Company ("Edaa") and submitting the necessary documents before the end of the Subscription Period.

If New Shares are subscribed to and the Rights are sold after that, what happens in this case?

In the event that a registered shareholder subscribed and then sold the Rights, and the number of Rights equal to the number of Rights he/she subscribed for before the end of the Trading Period was not purchased, the subscription application will be rejected entirely in the event that all rights are sold or partially equal to the sold rights. The registered shareholder will be notified accordingly, and the rejected subscription amount will be returned to him/her.

Are additional Rights purchasers entitled to trade them once again?

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

Is it possible to sell a part of these Rights?

Yes, an investor may sell a part of these rights and subscribe to the remaining part.

When can a shareholder subscribe to the rights issue they purchased during the Trading Period?

After the settlement of the rights purchase (i.e., two working days), provided that the subscription for the rights issue takes place during the Subscription Period.

Can the holder of the rights issue sell or assign them after the end of the Trading Period?

No, they cannot do that. After the end of the Trading Period, the holders of the rights may only exercise their right to subscribe to the rights issue shares or abstain from exercising this right. If this right is not exercised, the investor may incur a loss or a decrease in the value of their investment portfolio.

What are the Trading and Subscription Periods?

The Trading Period and the Subscription Period start on the same day three (3) days after the Extraordinary General Meeting approves the capital increase and continues for six days until the end of the trading. The Subscription Period continues for nine days, as mentioned in this prospectus and in the Company's announcements.

What will happen to Rights that are unsold or unsubscribed for during the Trading Period and the Offering Periods?

If the New Shares are not fully subscribed for during the Offering Period, the rump New Shares will be offered for subscription through an offering to be organized by the Lead Manager and the Additional - Lead Manager. The amount of compensation (if any) for the Rights holder will be calculated after deducting the subscription price. However, the investor may receive no compensation if the sale occurs in the Rump Offering Period at the Offering Price.

Who has the right to attend the Extraordinary General Meeting and vote on increasing the Share Capital through a rights issue?

A registered shareholder in the Company's shareholders' register at the Depository Center, at the close of the trading session on the day of the Extraordinary General Meeting for the capital increase, can attend the meeting and vote on the issuer's capital increase by offering rights issue shares.

When is the share price adjusted as a result of increasing the issuer's capital through a rights issue?

The share price is adjusted through the market before the start of trading on the day following the Extraordinary General Meeting.

If an investor buys securities on the Extraordinary General Meeting day, will they be eligible for the rights issue resulting from the issuer's capital increase?

Yes, as the investor will be registered in the Company's shareholders register two working days after buying the shares (i.e., at the close of the second trading day following the Extraordinary General Meeting day), bearing in mind that the rights issue will be granted to all shareholders registered in the Company's shareholders register at the close of the trading session on the second trading day following the Extraordinary General Meeting day. However, the investor may not attend or vote in the Extraordinary General Meeting for the capital increase.

Will any other fees be added for the rights issue trading?

The same commissions applicable to shares apply to purchase and sale transactions, but without a minimum commission amount, provided that the maximum amount does not exceed fifteen and a half basis points (0.155%) of the total transaction amount.

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

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

Is it possible to subscribe during the weekend?

No, that is not possible.

If New Shares are subscribed to and the Rights are sold after that, what happens in this case?

In the event that a registered shareholder subscribed and then sold the Rights, and the number of Rights equal to the number of Rights he/she subscribed for before the end of the Trading Period was not purchased, the subscription application will be rejected entirely in the event that all rights are sold or partially equal to the sold rights. The registered shareholder will be notified accordingly, and the rejected subscription amount will be returned to him/her through the receiving agent.

Can public investors other than registered shareholders subscribe to rights issue shares?

Yes, after completing the purchase of the Right issue during the Trading Period.

Additional Help:

In the event of any inquiries, please contact the Company at (customer.care@salama.com.sa). For legal reasons, the Company will only be able to provide the information contained in this Prospectus and will not be able to advise on the merits of issuing rights or even provide financial advice or Tax, legal, or investment.

11.10 Decisions and Approvals According to Which Shares Will be Offered

The decisions and approvals according to which the shares will be offered are as follows:

1. Recommendation by the Company's Board of Directors on 08/09/1445H (corresponding to 18/03/2024G), to increase the Company's capital by offering Rights Issue shares amounting to one hundred million Saudi Riyals (SAR 100,000,000) after obtaining all the necessary regulatory approvals and the approval of the Extraordinary General Meeting.
2. The Company obtained approval from the Insurance Authority No. (24-290) dated 25/11/1446H (corresponding to 02/06/2024G)
3. Approval by Tadawul on the application to list the Rights Issue shares on 19/01/1446H (corresponding to 15/07/2024G).

4. Approval to publish this Prospectus and all the supporting documents requested by CMA, on the date of its announcement on CMA's website on 22/03/1446H (corresponding to 25/09/2024G).
5. Approval by the Extraordinary General Meeting of the Company's shareholders on [●]/[●]/1446H (corresponding to [●]/[●]/2024G) to increase the Company's capital through Rights Issue. The subscription consists of offering ten million (10,000,000) ordinary shares at an offering price of ten (10) Saudi Riyals per share as a nominal value, to increase the Company's capital from two hundred million (200,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals and increase the number of its shares from twenty million (20,000,000) to thirty million (30,000,000) ordinary shares.

11.11 Miscellaneous

The subscription application forms and all related terms, conditions, and undertakings are binding and for the benefit of all involved parties, including successors, assignees, executors of wills, estate managers, and heirs, provided that, except as specifically stipulated in this Prospectus, neither the application nor any of the rights, interests, or obligations arising pursuant thereto can be assigned or delegated by any of the parties referred to in this Prospectus without the prior written consent of the other party.

These instructions and terms and any receipt of the subscription application or the contracts resulting therefrom are governed by the laws of the Kingdom of Saudi Arabia and interpreted in accordance with them. This Prospectus can be distributed in both Arabic and English. In the event of any conflict between the Arabic and English versions of this Prospectus, the Arabic version shall prevail.

11.12 Statement of Any Arrangements in Place to Prevent the Disposal of Certain Shares

There are no arrangements in place to prevent disposal of any shares.

11.13 Restrictions on the Trading of Rights Issue

There are no restrictions on the trading of Rights.

12. Change in Share Prices after a Capital Increase

12.1 Change in the Share Price as a result of an Increase in Capital

The closing price of the Company's share on the day of the Extraordinary General Meeting for the capital increase is SAR [●], and it is expected to reach SAR [●] at the opening of the following day, marking a [●]% decrease. If any of the shareholders registered in the Company's shareholders register at the Depository Center does not subscribe before end of the second trading day following the Extraordinary General Assembly approving the capital increase, this will lead to a decreasing their ownership percentage in the Company.

12.2 Method for Calculating the Share Price as a result of the Capital Increase

12.2.1 Calculating the Market Value of the Company upon Closing on the Day of the Extraordinary General Meeting Approving the Capital Increase:

The number of shares at the end of the day of the Extraordinary General Meeting approving the capital increase X the Closing Price of the Company's share on the day of the Extraordinary General Meeting approving the capital increase = The market value of the Company upon closing on the day of the Extraordinary General Meeting approving the capital increase.

12.2.2 Calculating the Share Price upon Opening on the Day Following the Extraordinary General Meeting Approving the Capital Increase:

(The market value of the Company upon closing on the day of the Extraordinary General Meeting approving the capital increase + the value of the offered shares) / (the number of shares at the end of the day of the Extraordinary General Meeting approving the capital increase + the number of shares offered for subscription) = The expected share price upon opening on the day following the Extraordinary General Meeting approving the capital increase.

13. Subscription-related Undertakings

13.1 Overview of the Subscription Application and Undertakings

It is possible to subscribe using trading platforms or any other means provided by a broker to the investors. Subscription for the New Shares will be done in one stage, according to the following:

- During this period, all registered shareholders and new investors will be able to subscribe to the New Shares.
- A Registered Shareholder will be allowed to subscribe directly to the number of his shares during the Subscription Period, and if he buys new Rights, he will be able to subscribe to them after the end of their settlement period (two working days).
- The new investors will be entitled to subscribe to the New Shares immediately after settlement of the rights purchase process (two working days).
- E-subscription will be available through the investment portfolio on the trading platforms and applications through which buying and selling orders are entered, in addition to any other means provided by the broker, provided that only approval is made to subscribe to a number of new eligible shares according to the rights in the investment portfolio.

Each Rights Issue entitles its holder to subscribe to one new share at the Offering Price. A subscriber to New Shares declares the following:

- Accepting all the subscription terms and conditions stated in this Prospectus.
- Reading and understanding this Prospectus and all its contents.
- Accepting the Company's Articles of Association.
- Undertaking not to cancel or amend the subscription application after implementation thereof.

13.2 Allocation

Rights Issue shares will be allocated to Eligible Persons based on the number of rights they fully and correctly exercised. As for fractional shares, they will be combined and offered to investment institutions during the Rump Offering period (if any). The total price of the Rump Offering will be paid to the Company, provided that the company will distribute the excess proceeds from the sale of the Rump Shares and fractions of shares (i.e., exceeding the Offering Price) to the entitled persons, according to what they were entitled to, no later than [●]/[●]/1446H (corresponding to [●]/[●]/2024G). If unsubscribed shares remain after that, then the Underwriter will purchase the unsubscribed New Shares at the offering price and they will be allocated to him. Eligible persons who do not participate in the subscription will not receive any compensation for the rights in the New Shares that they did not exercise.

Eligible Persons shall contact the agent through which the subscription application was submitted, to obtain any further information. Allocation results will be announced no later than [●] [●]/[●]/1446H (corresponding to [●]/[●]/2024G).

13.3 Saudi Tadawul Group

On 25/08/1442H (corresponding to 04/07/2021G), the Saudi Stock Exchange Company announced its transformation into a holding company under the name Saudi Tadawul Group with a new structure that supports the future development of the Saudi financial market and ensures its continued progress. The Saudi Tadawul Group includes four (4) subsidiaries: Saudi Exchange as a securities market, Securities Clearing Center Company (Muqassa), Securities Depository Center Company (Edaa), and Wamid Company specializing in innovation-based technology services and solutions. Consequently, the group benefits from the integration of services of its subsidiaries and joint operations, noting that the independence of the subsidiaries will provide a flexible and innovative work environment to keep pace with rapid developments in global markets.

13.4 Saudi Stock Exchange (Tadawul)

Tadawul was established in 2001G as an alternative to the securities online information system. Online share trading started in the Kingdom in 1990G.

Shares are traded on Tadawul through an integrated electronic system that covers trading from the execution of the deal until settlement. Trading is conducted every working day (from Sunday to Thursday) at one shift, from (10:00) AM until (03:00) PM, during which orders are executed. Beyond these times, orders can be entered, amended, and canceled from (09:30) AM until (10:00) AM.

Tadawul matches orders by price. Orders are received and prioritized based on the price. In general, market orders are executed first (i.e., orders that have the best prices) followed by fixed-price orders. If several submitted orders have the same price, they are executed based on their submission time.

Tadawul distributes a comprehensive range of information through different channels, most notably Tadawul's website which provides up-to-date market information instantly for substantial information providers such as Reuters. Transactions are electronically settled within two working days from the date of execution of the deal (T+2).

The Company shall disclose all important decisions and information to investors through Tadawul, which is responsible for monitoring the market to ensure fair and smooth share trading.

13.4 Trading the Company's Shares in the Saudi Stock Market

An application was submitted to the CMA to register and list a Rights Issue in the Saudi Stock Market, and another was submitted to Tadawul to list them. This Prospectus was approved, and all requirements were met.

The registration is expected to be approved and the Rights Issue trading in the Saudi Stock Market shall commence after the completion of the final allocation of the Rights Issue, which will be announced in due course on Tadawul's website. The dates mentioned in this Prospectus are tentative and may be changed with CMA's approval.

Although existing shares of the Company are registered and listed in the Saudi Stock Market, the New Shares can only be traded after the final allocation of the shares is approved and they are deposited in the subscribers' portfolios. Trading the New Shares is strictly prohibited before the allocation is approved.

Subscribers and bidders in the Rump Offering who engage in prohibited trading activities shall bear full liability for them and the Company shall not be liable in such a case.

14. Documents Available for Inspection

The following documents will be available for inspection at the Company's headquarters located in Jeddah, Kingdom of Saudi Arabia, Salama Tower - Madinah Road, P. O. Box 4020, Jeddah 21491, from Sunday to Thursday, during official working hours from (08:00) AM until (04:00) PM, as of the first working day after the date of the call for the Extraordinary General Meeting, provided that this period is not less than fourteen (14) days before the date of the Extraordinary General Meeting. These documents will remain available for inspection until the end of the offering:

14.1 The bylaws and Other Constitutional Documents of the Issuer

- Commercial registration.
- Memorandum of Association
- Articles of association.

14.2 Approvals Related to the Offering

- Board of Directors' decision recommending the capital increase.
- Approval of Insurance Authority to increase the Company's capital.
- Conditional approval by Tadawul Group to list the New Shares.
- CMA's approval to offer the Rights Issue shares.
- Resolution of the Extraordinary General Meeting approving the capital increase dated [●] [●]/[●]/1446H (corresponding to [●]/[●]/2024G). This document will be available for review in the first working day after the date of the call for the Extraordinary General Meeting approving the capital increase.

14.3 Reports, Letters, and Documents

- Underwriter's agreement and the Lead Manager's agreement.
- Written consents by the Financial Advisor, Lead Manager, Additional Lead Manager, Underwriters, Legal Advisor and Auditors, to use their names, logos, and statements in the Prospectus.