

Supplementary Prospectus

This Supplementary Prospectus should be read in conjunction with the Rights Issue Prospectus issued by the Salama Cooperative Insurance Company (hereinafter referred to as the “Company” or “Salama”) on 05/01/1445H (corresponding to 23/07/2023G), which was published on the website of the Capital Market Authority on 13/01/1445H (corresponding to 31/07/2023G) (hereinafter referred to as the “Prospectus”) regarding the offering of ten million (10,000,000) ordinary shares, at an offer price of (10) Saudi Riyals per share, through a rights issue with a total value of one hundred million (100,000,000) Saudi Riyals, which represents an increase of (100%) in the Company’s current capital. After the rights issue, the Company’s capital will become two hundred million (200,000,000) Saudi Riyals, divided into twenty million (20,000,000) ordinary shares.

Financial Advisor, Lead Manager and Underwriter



Additional-Lead Manager



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

1 Company

Salama Cooperative Insurance Company (The “Company” or “Salama”) is a Saudi joint stock company incorporated pursuant to Ministry of Investment license No. (870/1) dated 13/09/1426H (corresponding to 15/10/2005G), the Council of Ministers Resolution 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 Ministry of Commerce Resolution No. (112/Q) dated 29/04/1428H (corresponding to 16/05/2007G). The Company operates under Commercial Registration No. (4030169661) issued and registered in Jeddah on 06/05/1428H (corresponding to 23/05/2007G) and the license of the Saudi Central Bank (“SAMA”) No. (TMN/4/20079) dated 29/08/1428H (corresponding to 11/09/2007G), to conduct cooperative insurance in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations.

2 Acknowledgments of Members of the Board of Directors

The members of the Board of Directors whose names appear on page (F) of the initial Prospectus acknowledge and confirm the following:

- a. There is no significant change in material matters or any additional important matters other than those disclosed in this Supplementary Prospectus.
- b. This Supplementary Prospectus was submitted to the Capital Market Authority and issued on 23/03/1445H (corresponding to 08/10/2023G), and it is a supplement to the Prospectus issued by the Company on 05/01/1445H (corresponding to 23/07/2023G), which was published on the website of the Saudi Capital Market Authority on 13/01/1445H (corresponding to 31/07/2023G).

3 Notes

- a. This Supplementary Prospectus shall be read in conjunction with the Prospectus, and each recipient of this Prospectus should be aware of all the risks associated with investment in accordance with the details of the risks set out in the Prospectus, and those who wish to invest in the offering may obtain independent professional advice from an authorized person by the Authority; to verify that the investment in the offered shares and the risks associated with does not conflict with his investment objectives and financial position.
- b. Other than what has been modified in this Supplementary Prospectus; terms and definitions used in this Supplementary Prospectus shall have the meanings assigned to them in the Prospectus (please see pages (1) to page (6) of the Prospectus).

4 Reason for Issuing the Supplementary Prospectus

In accordance with Article (49) of the Rules on the Offer of Securities and Continuing Obligations, the issuer must submit a Supplementary prospectus to the CMA if at any time after the prospectus has been published, and prior to the completion of the Offering, an issuer becomes aware that:

- a. There has been a significant change in material matters contained in the prospectus; or
- b. Additional significant matters have become known which would have been required to be included in the prospectus.

Where there have been some events that are considered as a significant change or an update in material matters mentioned in the Prospectus that shall be disclosed under the Supplementary Prospectus, mainly represented in the appointment of an Additional-Lead Manager in accordance with the amendments set out below -; Therefore, the Company has issued this Supplementary Prospectus, and modifications are described in Section (5) “Modifications to Certain Information in the Prospectus” of this Supplementary Prospectus

5 Modifications to Certain Information in the Prospectus

- 1) The logo of the Additional-Lead Manager on the cover page has been added:



- 2) The following paragraphs in the “Important Notice” on page (C) in the Prospectus have been modified to become as follows (after modification):

- a) This Prospectus (the “Prospectus”) provides full details related to Salama Insurance Cooperative Company and the Rights Issue offered for subscription. When submitting the application to subscribe for the New Shares, investors will be treated as applying on the basis of the information contained in this Prospectus, a copy of which can be obtained from the Company’s and the Lead Managers headquarters or by visiting the websites of the Company (www.salama.com.sa), the Financial Adviser and the Lead Manager (www.alawwalcapital.com), the Additional-Lead Manager (www.nefaie.com) and the Capital Market Authority (www.cma.org.sa).
- b) The Company has appointed (Alawwal Capital) as a financial advisor (“Financial Advisor”), lead manager (“Lead Manager”) and underwriter (“Underwriter”) and (“Alnefaie Investment Group”) as an additional lead manager for the New Shares to be offered pursuant to this Prospectus.

- 3) The advisors whose names appear in the Prospectus on pages (H) and (I) have been updated, to become as follows (after modification):

Advisors

Additional-Lead Manager	
<p>Alnefaie investment group Jeddah, Bin Hamran Commercial Center, 7th Floor, Prince Mohammed Bin Abdulaziz Street P.O. Box 17381 Postal Code 21484 Kingdom of Saudi Arabia Tel number: +966 12 6655071 Fax number: +966 12 6655723 Email: csu@nefaie.com Website: www.nefaie.com</p>	

- 4) The Additional- Lead Manager has been added in the Subsections (“Method of Allocation and Excess Refund for each Category of Targeted Investors”), (“Offering Expenses”) and (“Date of the Excess Refund from the Subscription”) in the Section (“Summary of the Offering”) on pages (M), (N) and (O), to become as follows(after modification):

Method of Allocation and Excess Refund for each category of targeted investors	<p>New Shares will be allocated to the Eligible Persons based on the number of Rights they have fully and correctly exercised. The Rump Shares will be allocated to Institutional Investors based on the price per Share offered (provided that it shall not be less than the Offer Price) with Shares being allocated on a pro rata basis among those being the Institutional Investors that provided offers at the same price. Fractional Shares will be accumulated and be subject to the same treatment.</p> <p>The Company shall receive the proceeds of the sale of the Rump Shares and Fractional Shares up to the Offer Price. The proceeds in excess of the Offer Price (if any) shall be distributed to Eligible Persons who did not take action during the Trading and Subscription Periods (to subscribe for New Shares or sell the Rights), as well as to the holders of the Fractional Shares (please refer to the Section (12) “Information concerning the shares and terms and conditions of the offer” in this Prospectus.</p> <p>The surplus will be refunded (If any) to the subscribers without any commissions or deductions from the Lead Manager and the Additional-Lead Manager.</p>
Offering Expenses	<p>The Company shall bear all the Offering related expenses, which are expected to be eleven million three hundred thousand (11,300,000) Saudi Riyals. Such costs will be deducted from the total Offering proceeds which amount to one hundred million (100,000,000) Saudi Riyals. The Offering Expenses include the fees of: Financial Advisor, Lead Manager, Additional- Lead Manager Legal Advisor, Underwriter, advertising and printing, and other related expenses. Please note that all these expenses are estimated and not final. For further information please refer to Section (6) “Using the Offering Proceeds”.</p>
Date of the excess refund from the subscription	<p>Excess monies from the subscription (if any) will be refunded to the subscribers without any commissions or deductions from the Lead Manager and the Additional- Lead Manager no later than ----- **/**/1444H (corresponding to **/**/2023G).</p>
Allocation of the New Shares	<p>New Shares will be allocated to the Eligible Persons based on the number of Rights they have fully and correctly exercised. Fractional shares (if any) will be added to the Rump Shares then offered to Institutional</p>

Investors during the Rump offering period. The Rump Shares (if any) will be allocated to the institutional investors with the highest offer then the lowest.

The Company will receive the total amount of the offering resulting from the sale of the Rump Shares, while the remaining proceeds of the offering (if any) will be distributed without any charges or deductions (i.e., exceeding the Offer Price) to the Eligible Persons who did not take action during the Trading and Subscription Periods (to subscribe for New Shares or sell the Rights), as well as to the holders of the Fractional Shares (please refer to Section (12) "Information concerning the shares and terms and conditions of the offer").

The surplus will be refunded (If any) to the subscribers without any commissions or deductions by the Lead manager and the Additional- Lead Manager.

5) Including the Additional- Lead Manager in the obligatory mentioning list in the event that an announcement related to the offering is published in a local newspaper after the publication of the Prospectus in the Subsection ("Key announcement dates") in the Section ("Key dates and subscription procedures") of the Prospectus on page (Q), to become as follows (after modification):

It should be noted also that in the event that an announcement related to the offering is published in a local newspaper after the publication of the Prospectus, such an announcement must include the following:

- Name of the Issuer and its commercial registration number.
- The securities, value, type, and class covered by the securities registration and offering application.
- The addresses and places where the public can obtain the Prospectus.
- The date of publishing the Prospectus.
- A statement that the announcement is for information only and does not constitute an invitation or offer to acquire securities by purchasing or subscribing to them.
- Names of the Lead Manager, Additional- Lead Manager, Underwriter, Financial Advisor, and Legal Advisor.
- A disclaimer in the following form: "CMA and Tadawul do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus".

6) Including the Additional- Lead Manager in the process of the Rump Offering mentioned in the question ("What will happen to Rights that are not sold or exercised during the Trading Period and the Subscription Period?") in the Section ("FAQ about the Rights Issue") on page (T) of the Prospectus, to become as follows (after modification):

What will happen to Rights that are not sold or exercised during the Trading Period and the Subscription Period?

If the new shares are not fully subscribed for during the Subscription Period, the remaining new shares will be offered for subscription to a number of Institutional Investors through the Lead Manager and the Additional- Lead Manager. The compensation amounts (if any) shall be paid to the Rights owner, after the deduction of the Offer Price. The investor may not receive compensation if the Rump Shares are sold during the Rump Offering Period at the Offering Price.

- 7) **The name and definition of the Additional- Lead Manager have been added in the Prospectus in the Section (“Terms and Definitions”) on pages (3) and (4) of the Prospectus, to become as follows (after modification):**

Defined Term	Definition
Additional-Lead Manager	Alnefaie Investment Group.
Alnefaie investment group	a financial institution licensed by the Capital Market Authority to carry out management, advise, arrange, deal and custody in securities.

- 8) **The Additional- Lead Manager has been added to the offering expenses in the Subsection (6.1) (“Net Offering Proceeds”) in Section (6) (“Using the offering Proceeds”) on page (117) of the Prospectus, to become as follows (after modification). Noting that Salama Cooperating Insurance Company will not bear any additional expenses after assigning the Additional- Lead Manager:**

It is expected that the total proceeds from the offering of the rights issue will amount to one hundred million (100,000,000) Saudi Riyals. It is also expected that about eleven million three hundred thousand (11,300,000) Saudi Riyals will be deducted from the total proceeds of the offering to cover the offering expenses and fees of the Financial Advisor, Legal Advisor, Lead Manager, Additional- Lead Manager, Underwriter, advertising and printing expenses and other expenses related to the subscription. Accordingly: The net proceeds of the offering will amount to about eighty-eight million seven hundred thousand (88,700,000) Saudi Riyals, which will be used to support the Company’s future plans and enhance the solvency margin.

The Company will also, prior to the opening of the trading session, disclose to the public on Tadawul website when there is a difference of (5%) or more between the actual use of the proceeds of the Rights Issue Shares against what was disclosed in this Prospectus as soon as it becomes aware of that. This disclosure is in line with the requirements of Article (72) Paragraph (f) of the Rules on Offering Securities and Continuing Obligations, which states that “The issuer must, in the event of any discrepancy of (5%) or more between the actual use of the proceeds from a rights issue or a share issuance with the suspension of rights issue and the planned use of proceeds that was disclosed in the relevant Prospectus, disclose such discrepancy to the public as it becomes aware of such discrepancy.”

- 9) **Modifying Section (7) (“Experts Statement”) on page (121) of the Prospectus, to become as follows (after modification):**

The advisors whose names appear on pages (H) and (I) have given their written consents to the publication of their names, logos, and statements in the form included in the Prospectus, taking into account the amendments contained in this Supplementary Prospectus. With the exception of what has been modified in this Supplementary Prospectus, any such consent has not been withdrawn up to the date of publication of this Supplementary Prospectus. Other than what is mentioned in Subsection 2.1.8 “Risks related to Transactions of Related Parties” of Section 2 “Risk Factors” with respect to the Financial

Advisor, Legal Advisor, Lead Manager and Underwriter, Alawwal Capital, none of the above advisers or their employees or any of their relatives has any shareholding or interest of any kind in the Company.

There's no statement prepared by an expert included in this Prospectus.

10) Modifying Subsection (12.6) (“Allocation”) in Section (12) (“Information related to shares and offering terms and conditions”) on page (168) of the Prospectus, to become as follows (after modification):

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 availed 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 persons, who did not avail, wholly or partially, their right to subscribe, each as per eligibility percentage, without any fees or deductions, no later than ----- **/**/1444H (corresponding to **/**/2023G). If unsubscribed shares remain after that, the Underwriter will purchase these remaining new shares that will be allocated thereto.

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 should contact the broker through which the subscription application was submitted, to obtain any further information. Allocation results will be announced no later than ----- **/**/1444H (corresponding to **/**/2023G).

11) Including the Additional- Lead Manager, in the process of the Rump Offering in the Subsection (12.10) (“FAQs about the new mechanism for the Rights Issue”) in Section (12) (“Information related to shares and offering terms and conditions”), in the question related to rights that are unsold or unsubscribed for during the Trading Period and the Offering Period, on page (171) of the Prospectus, to become as follows (after modification):

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 remaining 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. The investor may receive no compensation if the sale occurs in the Rump Offering Period at the Offering Price.

12) Modifying Subsection (15.3) (“Reports, letters, and documents”) , in Section (15) (“Documents available for inspection”) on page (178) of the Prospectus, to become as follows (after modification):

- Underwriter’s agreement and the Lead Manager’s agreement.
- Written consents by the Financial Advisor, Lead Manager, Additional Lead Manger, Underwriters, Legal Advisor and Auditors, to use their names, logos, and statements in the Prospectus.
- Written approval by the Actuary, Lux Actuaries for Actuarial Services, to use its name, logo and statement in the Prospectus.

The resolution of the Company’s Extraordinary General Assembly to approve the capital increase will be available for inspection at the Company’s headquarters located in Jeddah on the day following the date of the resolution.

Company's Address and Representatives

Company Address	
<p> Salama Cooperative Insurance Company Jeddah, Salama Tower, Madinah Road, Al Salama District P.O. Box 7864 Postal Code 23525 Kingdom of Saudi Arabia Phone: +966126845889 Fax: +966126970470 Email: info@salama.com.sa Website: www.salama.com.sa </p>	
	
Company Authorized Representative (1)	Company Authorized Representative (2)
<p> Mountasar Mohammed Foudah Board Member Jeddah, Al Murjan District Phone: +966126845653 Fax: +966126970470 Email: m.foudah@yahoo.com Website: www.salama.com.sa </p>	<p> Bader Khalid Alanzi Executive Director Jeddah, Salama Tower, Madinah Road, Al Salama District Phone: +966126845777 Fax: +966126970470 Email: Bader.Alanzi@Salama.com.sa Website: www.salama.com.sa </p>
Stock Market	
<p> Saudi Tadawul Group (Tadawul) Unit No. 15, King Fahad Road, Al Olaya, Riyadh P.O. Box 6897 Riyadh 12211 - 3388 Saudi Arabia Phone: +96611920001919 Fax: +966112189133 Website: www.saudiexchange.sa Email: info@tadawul.com </p>	
	