

Rights Issue Prospectus

Saudi Enaya Cooperative Insurance Co.



Saudi Enaya Cooperative Insurance Co., a Saudi Joint-Stock Company incorporated under Royal Decree No. (M/49), dated 27/07/1432H (corresponding to 29/06/2011G), and Council of Ministers Resolution No. (224), dated 25/07/1432H (corresponding to 27/06/2011G) under CR No. (4030223528), issued from Jeddah on 27/03/1433H (corresponding to 19/02/2012G).

Offering of (13,000,000) ordinary shares at an offer price of 10 Saudi Riyals per share through issuing Pre-emptive Rights Shares with a total value of (130,000,000) Saudi Riyals, which represents an increase by (130%) in the Company's capital. The Company's capital reached (230,000,000) Saudi Riyals.



Trading Period: Starts Thursday 16/04/1444H (corresponding to 11/11/2022G) until Thursday 23/04/1444H (corresponding to 17/11/2022G).

Offering Period: Starts Thursday 16/04/1444H (corresponding to 11/11/2022G) until Tuesday 28/04/1444H (corresponding to 11/11/2022G).

Saudi Enaya Cooperative Insurance Co. (hereinafter referred to as the "Company" or "Enaya") as a Saudi Joint-Stock Company established pursuant to Royal Decree No. (M/49), dated 27/07/1432H (corresponding to 29/06/2011G) and Council of Ministers Resolution No. (224), dated 25/07/1432H (corresponding to 29/06/2011G) under CR No. (4030223528) dated 27/03/1433H (corresponding to 19/02/2012G). It was registered in the Jeddah City Registry, where the Company's head office is located. The Company started practicing insurance business in the health insurance sector after obtaining the approval of the Saudi Central Bank (formerly the "Saudi Arabian Monetary Agency") under permit No. (TMN/32/20128), dated 19/09/1433H (corresponding to 07/08/2012G).

The Company's capital upon incorporation amounted to four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,000) ordinary shares in a nominal value of ten (10) Saudi Riyals per one share, fully paid. The founding shareholders underwrote twenty-four million (24,000,000) shares, representing (60%) of the total shares of the Company and paid their value in full. The remaining sixteen million (16,000,000) shares, representing (40%), were offered for the public underwriting that took place in the period as of 24/01/1433H (corresponding to 19/12/2011G) to 30/01/1433H (corresponding to 25/12/2011G) at an underwriting price of ten (10) Saudi Riyals per share. The shares were listed on the Saudi Stock Exchange (Saudi Tadawul) on 05/04/1433H (corresponding to 27/02/2012G).

The Company's current capital is one hundred million (100,000,000) Saudi Riyals divided into ten million (10,000,000) ordinary shares of equal value, the value of each is ten (10) Saudi Riyals, all of which are cash ordinary shares. The substantial shareholders in the Company (who own 5% or more of its capital) are National Health Insurance Company (Daman) (with an ownership percentage of 10%), KHALID JUFFALI CO LTD (with a percentage of 5.76%), Munich Re Company (with an ownership percentage of 5%), and Al Murjan Group Holding Company (with an ownership percentage of 5%).

The Company's Board of Directors recommended under its resolution dated 20/01/1444H (corresponding to 18/08/2022G) to increase the Company's capital through a Pre-emptive Rights Issue of one hundred thirty million (130,000,000) Saudi Riyals, after obtaining all necessary regulatory approvals. The Company has obtained the approval of the Saudi Central Bank to increase its capital under letter No. (44020304), dated 11/03/1444H (corresponding to 10/07/2022G). On the day of Sunday 12/04/1444H (corresponding to 06/11/2022G), the Company's Extraordinary General Assembly agreed to increase the Company's capital through the issuance of Pre-emptive Rights Issue shares ("Underwriting"), and the underwriting consists of offering thirteen million (13,000,000) new ordinary shares ("Pre-emptive Rights Shares" or "New Shares") at an offer price of (10) ten Saudi Riyals per share (the "Offer Price") with a nominal value of (10) ten Saudi Riyals to increase the Company's capital from one hundred million (100,000,000) Saudi Riyals, divided into ten million (10,000,000) ordinary shares, to two hundred thirty million (230,000,000) Saudi Riyals, divided into twenty-three million (23,000,000) ordinary shares, after the approval of the Extraordinary General Assembly.

The Pre-emptive Rights will be issued in the form of tradable securities (referred to collectively as "Pre-emptive Rights" and individually as "Pre-emptive Right") to shareholders owners of shares as at the close of trading on the date of convening the Extraordinary General Assembly, which resolved to increase the share capital (referred to as "Maturity Date"), who are recorded in the Company's Shareholders Register held with the Depository Center as of the close of the second trading day following the date of the Extraordinary General Assembly regarding the capital increase on 12/04/1444H (corresponding to 06/11/2022G) (referred to collectively as "Registered Shareholders" and individually as "Registered Shareholder") on condition that such Pre-emptive Rights will be deposited into the Registered Shareholders' portfolios after the Extraordinary General Assembly, considering settlement procedures of roughly (1.3) rights for each (1) share and each Pre-emptive Right grants its holder the right to underwrite to one New Share at the Offer Price.

All the Registered Shareholders and other investors ("New Investors"), who may trade the Pre-emptive Rights and underwrite to the New Shares, will be able to trade and underwrite to the Rights in the Saudi Stock Exchange ("Saudi Tadawul" or "SSE"). The trading period and the Underwriting Period begin after (3) three working days as of the approval of the Extraordinary General Assembly, including the approval of the capital increase on Thursday 16/04/1444H (corresponding to 10/11/2022G), provided the trading period ends on Thursday 23/04/1444H (corresponding to 17/11/2022G) (the "Trading Period"), while the Underwriting Period continues until the end of Tuesday 28/04/1444H (corresponding to 11/11/2022G) (the "Underwriting Period"). It is important to note that the Trading Period and the Underwriting Period will start on the same day while the Trading

Period continues until the end of the sixth day of the period, and the Underwriting Period continues until the end of the ninth day of the same period. During the Trading Period, the Registered Shareholders will be able to trade the Rights by selling the acquired Rights or part thereof, or buying additional Rights through SSE. They will also be entitled to take no action in respect of the Rights they hold. In addition, New Investors will be able to buy and sell the Rights during trading period through SSE.

The underwriting to New Shares during the Underwriting Period would be through one phase according to the following:

1. During this Period, all Registered Shareholders and New Investors will be allowed to underwrite for the New Shares.
2. The Registered Shareholder will be entitled to underwrite directly to the number of his/her shares or less during the Underwriting Period. If the Registered Shareholder buys new Rights, the Registered Shareholder will be able to underwrite to them after the end of the settlement period (two working days).
3. New Investors will be allowed to underwrite to the New Shares after the settlement of the Rights purchase process (two working days).
4. The underwriting will be available electronically through investment portfolios in the trading platforms and applications, through which the sale and purchase of orders are entered, as well as through other channels and means provided by the broker.

If any shares remain non-underwritten after the end of the Underwriting Period ("Rump Shares"), they will be offered to a number of institutional investors ("Institutional Investors") (referred to as "Rump Offering"). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on Monday 04/05/1444H (corresponding to 28/11/2022G) and continue until 5:00 PM on Tuesday 05/05/1444H (corresponding to 29/11/2022G) ("Rump Offering Period"). The Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer up to the lowest offer (provided that the price shall not be less than the Offer Price). The Rump Shares shall be allocated on a pro rata basis among Institutional Investors that provided offers at the same price. The fractional shares shall be added to the Rump Shares and treated in the same manner. The total Offer Price shall be paid from the Company's remaining offering. All remaining proceeds resulting from the Offering shall be distributed without calculating any fees or deductions (exceeding the Offer Price) to the eligible persons as per their entitlement on a pro rata basis no later than Sunday 08/06/1444H (corresponding to 01/01/2023G).

In the event that the Institutional Investors do not underwrite to all Rump Shares and fractional shares, such shares shall be allocated to the Underwriter, which will underwrite to the same at the Offer price (Please see Section (12) "Underwriting Terms, Conditions and Instructions"). The final allocation will be announced no later than Sunday 10/05/1444H (corresponding to 04/12/2022G) (the "Allocation Date") (Please see Section (12) "Underwriting Terms, Conditions and Instructions"). Upon completion of the Offering, the Company's capital shall reach two hundred thirty million (230,000,000) Saudi Riyals, divided into twenty-three million (23,000,000) ordinary shares. The net proceeds of the Offering will be used to support the Company's future plans and enhance the solvency margin (please see Section (6) "Use of Offering Proceeds"). The Company has one class of shares. No Shareholder shall have any preferential rights. The new shares will be fully paid and will be exactly equal to outstanding shares. Each Share entitles its holder to one vote and each shareholder (referred to as "Shareholder") has the right to attend and vote at the Shareholders' (Ordinary or Extraordinary) General Assembly meetings ("General Assembly"). Holders of new shares shall be entitled to any dividends announced by the Company after issuance of such shares (if any).

The Company's capital upon incorporation amounted to four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,000) ordinary shares in a nominal value of ten (10) Saudi Riyals per one share, fully paid. The founding shareholders underwrote twenty-four million (24,000,000) shares, representing (60%) of the total shares of the Company and paid their value in full. The remaining sixteen million (16,000,000) shares, representing (40%), were offered for the public underwriting that took place in the period as of 24/01/1433H (corresponding to 19/12/2011G) to 30/01/1433H (corresponding to 25/12/2011G) at an underwriting price of ten (10) Saudi Riyals per share. The shares were listed on the Saudi Stock Exchange (Saudi Tadawul) on 05/04/1433H (corresponding to 27/02/2012G).

On 17/01/1438H (corresponding to 18/10/2016G), the Company reduced its capital to amortize most of the accumulated losses, which then amounted 52.70%, from four hundred million (400,000,000) Saudi Riyals to two hundred million (200,000,000) Saudi Riyals, thus reducing the number

of the Company's shares from forty million (40,000,000) shares to twenty million (20,000,000) shares by canceling twenty million (20,000,000) shares at a reduction rate in the capital of (50%) and at a reduction rate of one share per (2) shares. On 26/09/1439H (corresponding to 10/06/2018G), the Company reduced its capital to restructure the Company's capital to amortize the accumulated losses that exceeded 50% of the Company's capital, from two hundred million (200,000,000) Saudi Riyals to one hundred million (100,000,000) Saudi Riyals, thus reducing the number of the Company's shares from twenty million (20,000,000) shares to ten million (10,000,000) shares by canceling ten million (10,000,000) shares at a reduction rate in the capital of (50%) and at a reduction rate of one share per (2) shares. On 05/04/1440H (corresponding to 12/12/2018G), the Company increased its capital by 200%, from one hundred million (100,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals, thus increasing the number of the Company's shares from ten million (10,000,000) shares to thirty million (30,000,000) shares by issuing Pre-emptive Rights Shares amounting twenty million (20,000,000) shares at (2) Pre-emptive Rights per (1) share of the Company's shares, at an Offer Price of ten (10) Saudi Riyals per share with a total value of two hundred million (200,000,000) Saudi Riyals. On 29/08/1441H (corresponding to 22/04/2020G), the Company reduced its capital to restructure the Company's capital to amortize the accumulated losses from three hundred million (300,000,000) Saudi Riyals to one hundred fifty million (150,000,000) Saudi Riyals, thus reducing the Company's shares from thirty million (30,000,000) shares to fifteen million (15,000,000) shares by canceling fifteen million (15,000,000) shares at a reduction rate in the capital of (50%) and at a reduction rate of one share per (2) shares. On 22/03/1444H (corresponding to 18/10/2022G), the Company also reduced its capital to restructure the Company's capital to amortize part of the accumulated losses from one hundred fifty million (150,000,000) Saudi Riyals to one hundred million (100,000,000) Saudi Riyals, thus reducing the Company's shares from fifteen million (15,000,000) shares to ten million (10,000,000) shares by canceling five million (5,000,000) shares at a capital reduction rate of (33.33%) and at a reduction rate of one share per (3) shares.

The Company's outstanding shares are currently traded on Saudi Stock Exchange ("Saudi Tadawul" or "SSE"). The Company has applied to the Capital Market Authority of the Kingdom of Saudi Arabia (Hereinafter referred to as "CMA") for listing, offering and admission of the new shares. A request was also submitted to Saudi Tadawul to be admitted for listing. All required documents were provided, all requirements of related entities were met and this Prospectus has been approved. Trading of new shares is expected to commence on SSE soon after the final allocation of the new shares and refund of extra underwriting (please see page (xiii) "Key Dates and Underwriting Procedures"). Upon registration and admission of the new shares, Saudi nationals, legal residents, nationals of Gulf Cooperation Council countries, Saudi and GCC companies and investment funds, and eligible foreign investors will be permitted to underwrite to the same under the Rules for Qualified Foreign Financial Institutions Investment 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 authorized by CMA (the "Licensee Person"), noting that the Licensee Person shall in such case be the registered legal owner of shares.

This Prospectus must be read in full and the "Important Notice" section, in Page (i), and Section 2 "Risk Factors" of this Prospectus must be considered prior to making any investment decision with regard to Pre-emptive Rights or New Shares.

The offering of Rights Shares under this Prospectus is contingent on the shareholders' approval to increase the share capital in accordance with the Board of Directors' recommendation and the Company's obtaining regulatory approvals. An invitation was sent to hold the Company's Extraordinary General Assembly to issue Rights on 12/04/1444H (corresponding to 06/11/2022G). The shareholders should note that if the shareholders' approval is not obtained to offer Rights, the Rights issue will automatically stop. In such case, this Prospectus shall be considered void and the shareholders will be notified accordingly.

Financial Advisor

wasatah capital
وساطة كابيتال



Lead Manager



Underwriter

wasatah capital
وساطة كابيتال



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

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

This Prospectus was issued on 07/04/1444H (corresponding to 01/11/2022G).



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Important Notice

This Prospectus (the “**Prospectus**”) provides full details of information relating to Saudi Enaya Cooperative Insurance Co. and the Pre-emptive Rights Shares offered for underwriting. In underwriting new shares, investors shall be treated as applying on the basis of the information contained in this Prospectus, copies of which are available at the Company's headquarters, the Lead Manager, or by visiting the website of the Company (www.saudienaya.com) and the financial advisor (www.wasatah.com.sa) or the website of CMA (www.cma.org.sa).

The Prospectus will be published and assured to be available to the public within a period not less than (14) days prior to the date of the Extraordinary General Meeting for the capital increase. In the event that the Extraordinary General Meeting does not approve the capital increase within six months from the date of CMA's approval on registering and Offering the Right Issue, such an approval given by CMA shall be deemed to be canceled.

The Company has appointed Al Wasatah Al Maliah (“**Wasatah Capital**”) as a financial advisor (“**Financial Advisor**”) and Al-Nefaie Investment Group (“**Al-Nefaie**”) as Lead Manager (“**Lead Manager**”). The Company also appointed Al Wasatah Al Maliah (“**Wasatah Capital**”) as Underwriter (“**Underwriter**”) regarding the offering of Pre-emptive Rights Shares to increase the Company's capital under this Prospectus.

This Prospectus includes information given in compliance with the Rules of Offering Securities and Continuing Obligations issued by CMA pursuant to its Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) as amended by Resolution of the Board of the Capital Market Authority No. 5-5-2022 dated 02/06/1443H (corresponding to 05/01/2022G). The Directors, whose names appear on page (iv) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts that omission of which would make any statement herein misleading. CMA and Tadawul Group (Saudi 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.

While the Company has made all reasonable studies and inquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, substantial portions of the information herein are derived from external sources. While neither the Company nor any of directors, Financial Advisor, or Company's advisors, whose names appear on page (vi and vii) (“**Advisors**”), have any reason to believe that such information is materially inaccurate, and such information was not independently verified. Accordingly, no representations or assurances are made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus, as of the date of its publication, is subject to change. In particular, the Company's financial condition and value of Offer Shares may be adversely affected by future developments such as inflation, interest rates, taxation or other economic, political and other factors, over which the Company has no control (Please see Section (2) “**Risk Factors**”). Neither this Prospectus nor any oral or written communication in relation to the Rights Shares is intended to be, nor should be construed as or relied upon in any way as a promise or representation as to future earnings, results or events.

This Prospectus should not be regarded as a recommendation by the Company or any of its directors or its Advisers, to participate in the underwriting of Pre-emptive Rights Shares. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without considering individual investment objectives, financial condition, or particular investment needs. Prior to making an investment decision, each recipient of this Prospectus shall obtain independent professional advice from a financial adviser licensed by CMA in relation to subscribing for the New Shares in order to assess the appropriateness of investment opportunity and information herein, with regard to the recipient's respective objectives, financial positions and needs.

All the Registered Shareholders and other investors (“**New Investors**”), who may trade the Rights and underwrite to the New Shares, will be able to trade and underwrite to the Pre-emptive Rights in the Saudi Stock Exchange (“**Saudi Tadawul**” or “**SSE**”). The trading period and the Underwriting Period begin after (3) three working days as of the approval of the Extraordinary General Assembly, including the approval of the capital increase on Thursday 16/04/1444H (corresponding to 11/11/2022G), provided the trading period ends on Thursday 23/04/1444H (corresponding to 17/11/2022G) (the “**Trading Period**”), while the Underwriting Period continues until the end of Tuesday 28/04/1444H (corresponding to 11/11/2022G) (the “**Underwriting Period**”). It is important to note that the Trading Period and the Underwriting Period will start on the same day while the Trading Period continues until the end of the sixth day of the period, and the Underwriting Period continues until the end of the ninth day of the same period.

The Registered Shareholders will be allowed to trade the Rights during the Trading Period, by selling the acquired Rights or part thereof or buying additional Rights through Tadawul. During trading period, the New Investors would also be allowed to buy and sell Rights through Tadawul.

The underwriting to New Shares during the Underwriting Period would be through one phase according to the following:

1. During this Period, all Registered Shareholders and New Investors will be allowed to underwrite for the New Shares.
2. The Registered Shareholder will be entitled to underwrite directly to the number of his/her shares during the Underwriting Period. If the Registered Shareholder buys new Rights, the Registered Shareholder will be able to underwrite to them after the end of the settlement period (two working days).
3. New Investors will be allowed to underwrite to the New Shares after the settlement of the Rights purchase process (two working days).
4. The underwriting will be available electronically through investment portfolios in the trading platforms and applications, through which the sale and purchase of orders are entered, as well as through other channels and means provided by the broker.

If any shares remain non-underwritten after the end of the Underwriting Period ("**Rump Shares**"), they will be offered to a number of Institutional Investors ("**Institutional Investors**") (referred to as "**Rump Offering**"). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on Monday 04/05/1444H (corresponding to 28/11/2022G) and continue until 5:00 PM on Tuesday 05/05/1444H (corresponding to 29/11/2022G) ("**Rump Offering Period**"). The Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer up to the lowest offer (provided that the price shall not be less than the Offer Price). The Rump Shares shall be allocated on a pro rata basis among Institutional Investors that provided offers at the same price. The fractional shares shall be added to the Rump Shares and treated in the same manner. The total Offer Price shall be paid from the Company's remaining offering. All remaining proceeds (if any) resulting from the Offering shall be distributed (exceeding the Offer Price) to the eligible persons as per their entitlement on a pro rata basis no later than 08/06/1444H (corresponding to 01/01/2023G). To be noted that the investor and owners of fractional shares, who did not underwrite or sell the rights, may not receive any consideration if the sale occurs during the Rump Offering Period at the Offer Price.

In the event that the Institutional Investors do not underwrite to all Rump Shares and fractional shares, such shares shall be allocated to the Underwriter, which will underwrite to the same at the Offer price (Please see Section (12) "**Underwriting Terms, Conditions and Instructions**"). The final allocation will be announced no later than 07/05/1444H (corresponding to 01/12/2022G) (the "**Allocation Date**") (Please see Section (12) "**Underwriting Terms, Conditions and Instructions**" of this Prospectus).

Financial Information

These audited financial statements were prepared for the Company for the financial years ended on December 31, 2019G, December 31, 2020G and December 31, 2021G and the attached notes, and the unaudited financial statements for the six-month period ended on June 30, 2022G and the attached notes in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia as well as other standards and publications approved by the Saudi Organization for Auditors and Accountants (SOCPA). The Company's financial statements for the financial year ended on December 31, 2019G were audited by Al Bassam & Co. CPA's and Consultants, and Sindi & Batterjee - Audit & Consultancy. The Company's financial statements for the financial year ended on December 31, 2020G were audited by Al Bassam & Co. CPA's and Consultants, and Al Azem, Al Sudairy, Al Shaikh & Partners Accountants and Legal Auditors. The Company's financial statements for the financial year ended on December 31, 2021G were audited by Mr. Alsayed El-Ayouti & Co. - Certified Public Accountants and Auditors, and Al Azem, Al Sudairy, Al Shaikh & Partners Accountants and Legal Auditors. The Company's financial statements were examined for the six-month period ended on June 30, 2022G by Mr. Alsayed El-Ayouti & Co. - Certified Public Accountants and Auditors, and Al Azem, Al Sudairy, Al Shaikh & Partners Accountants and Legal Auditors. The Company issues its financial statements in Saudi Riyals. It should be noted that some of the financial and statistical information contained in this Prospectus have been rounded up to the nearest whole number. Accordingly, in case of adding up the numbers in the tables, the total number may not correspond to what was mentioned in this Prospectus.

Forecasts and Forward-Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain stated assumptions, which were stated in relevant topics. Future operating conditions may differ from the assumptions used and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that the statements set in this Prospectus were made based on the necessary professional due diligence.

Certain statements in this Prospectus constitute "forward-looking-statements". Such statements can generally be identified by their use of forward-looking words such as "decides" or "plans", "estimates", "believes", "expects", "it is possible", "will", "intends", "should", "it is expected", "may", "holds" or the negative or other variation of such terms or comparable terminology. These statements reflect the current views of the Company with respect to future events, and are not a guarantee of 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. Some of the most important risks and factors are described in more detail in other sections of this Prospectus (please see Section (2) "**Risk Factors**"). Should any one or more of the risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those expectations, beliefs, estimations or plans described herein.

Pursuant to the requirements of Rules of Offering Securities and Continuing Obligations, the Company shall provide CMA with a supplementary Prospectus if at any time, after the Prospectus has been published and before the offering is completed, it becomes aware that:

1. there has been a significant change in material matters contained in the Prospectus; or
2. additional significant matters have become known that would have been required to be included in the Prospectus.

With the exception of these two events, the Company does not intend to update or otherwise revise any information in this Prospectus, whether as a result of new information, future events or otherwise in relation to the Company, sector or risk factors. Due to such risks and other risks and assumptions, the forecast-related events and circumstances in this Prospectus might not occur in the manner expected by the Company or might not occur at all. Hence, the prospective investors must study all forecast data in light of these interpretations without unnecessary reliance on the forecast data.

Corporate Directory

Board of Directors Members and Secretary

Name	Position*	Representation	Nationality	Age	Capacity	Owned shares				Date of Membership
						Direct		Indirect**		
						Number	Percentage	Number	Percentage	
Amr Mohamed Khashoggi	Chairman	For himself	Saudi	72	Independent	0	0.00%	0	0.00%	08/03/2021G
Faisal Farouk Tamer	Vice-Chairman	For himself	Saudi	55	Non-Executive	83	0.00083%	0	0.00%	08/03/2021G
Khalid Abid Gama	Member	For himself	Saudi	53	Independent	0	0.00%	0	0.00%	08/03/2021G
Al Dana Khaled Al Juffali ***	Member	For himself	Saudi	34	Non-Executive	66,666	0.66667%	5,766	0.0577%	08/03/2021G
Hamad Abdulla Almeyhas ****	Member	For National Health Insurance Company	Emirati	42	Non-Executive	0	0.00%	0	0.00%	08/03/2021G
Mohammed Abdullah Al-Dar	Member	For himself	Saudi	48	Independent	0	0.00%	0	0.00%	08/03/2021G
Abdullah Mohsen Al-Nimri	Member	For himself	Saudi	43	Independent	0	0.00%	0	0.00%	08/03/2021G
Vacant ****										

Source: Company's Management

^{*} In its meeting held on 20/07/1442H (corresponding to 04/03/2021G), the (Ordinary) General Assembly approved the appointment of the Board of Directors Members, provided the appointment takes effect on 08/03/2021G and ends on 07/01/2024G.

^{**} Means that the shares are owned by the Board of Directors Members in the Company indirectly through their ownerships in companies that own shares in the Company.

^{***} The shares owned in a personal capacity represent the indirect ownership resulting from her direct ownership in KHALID JUFFALI CO LTD at 1%, which owns 576,700 ordinary shares of Saudi Enaya Cooperative Insurance Co.

^{****} The National Health Insurance Company owns 1,000,000 ordinary shares at 10% of the shares of Saudi Enaya Cooperative Insurance Co.

^{*****} On 11/08/2022G, the Company announced that the Board of Directors had accepted the resignation of the member Mr. Cornelius Alexander from the directorship and its affiliate committees (Chairman of Risk Committee).

Note:

On 20/01/1444G (corresponding to 18/08/2022G), it was recommended by the above-mentioned members to reduce the Company's capital from (150,000,000) Saudi Riyals to (100,000,000) Saudi Riyals by canceling (5,000,000) shares of the issued shares, then increasing the Company's capital after the reduction through the offering of Pre-emptive Rights Shares in the value of (130,000,000) Saudi Riyals, so the capital after the increase becomes (230,000,000) Saudi Riyals.

Address of Company

Saudi Enaya Cooperative Insurance Co.
Jeddah, Prince Sultan Street , Al Khalidiya District
Building No. 7521, Ext. 3732
Postal Code: 23423
KSA
Tel: +966 (12) 5923500
Fax: +966 (12) 5923741
Email: info@saudienaya.com
Website: www.saudienaya.com



First Authorized Representative of Company	Second Authorized Representative of Company
Name: Amr Mohamed Khashoggi Position: Chairman Saudi Enaya Cooperative Insurance Co. Jeddah, Ibrahim Juffali St. Tel: +966 12 2119443 Direct Fax: +966 12 5923740 Email: ak@amkest.com Website: www.saudienaya.com	Sultan Mohammed AbdulRaouf Position: CEO Saudi Enaya Cooperative Insurance Co. Jeddah, Prince Sultan St. Tel: +966 12 5923653 Direct Fax: +966 12 5923740 Email: sultan.abdulrauf@saudienaya.com Website: www.saudienaya.com

Tadawul
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Advisors

Financial Advisor

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wasatah capital
وساطة كابيتال



Lead Manager

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wasatah capital
وساطة كابيتال



Legal Advisor

Suhail Partners Lawyers and Legal Consultants

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Company's Auditors for the Financial Years ended on December 31, 2019G and 2020G

Al Bassam & Co. - CPA's and Consultants

PKF

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Company's Auditors for the Financial Years ended on December 31, 2019G

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Email: info@s-b.co



Company's Auditor for the Financial Years ended on December 31, 2020G and 2021G, and the Six-Month Period ended on June 30, 2022G

Al Azem, Al Sudairy, Al Shaikh & Partners Accountants and Legal Auditors (Crew International Member)

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Company's Auditor for the Financial Years ended on December 31, 2021G, and the Six-Month Period ended on June 30, 2022G

Mr. Alsayed El-Ayouti & Co. - Certified Public Accountants and Auditors (MOORE)

58 Al Watan Al Arabi St., Al-Hamra'a

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Note: The above Advisors and auditors have provided their written consent to the publication of their names, addresses and logos in the Prospectus, and none of them withdrawn such consent to the date of publishing this Prospectus. None of the Advisors, auditors, their employees or any of their relatives have any shareholding or interest of any kind in the Company as of the date of this Prospectus

Summary of the Offer

Prospective Investors should read the entire Prospectus before making an investment decision as to whether to underwrite to the Rights Issue. Whereas the summary of offering stated below is insufficient to make an investment decision. Below is the summary of the Offering:

Issuer's Name, Description and Information on its Incorporation	Saudi Enaya Cooperative Insurance Co. (hereinafter referred to as the "Company" or "Enaya") as a Saudi Joint-Stock Company established pursuant to Royal Decree No. (M/49), dated 27/07/1432H (corresponding to 29/06/2011G) and Council of Ministers Resolution No. (224), dated 25/07/1432H (corresponding to 29/06/2011G) under CR No. (4030223528) dated 27/03/1433H (corresponding to 19/02/2012G). It was registered in the Jeddah City Registry, where the Company's head office is located.						
	The Company started practicing insurance business in the health insurance sector after obtaining the approval of the Saudi Central Bank (formerly the "Saudi Arabian Monetary Agency") under permit No. (TMN/32/20128), dated 19/09/1433H (corresponding to 07/08/2012G) .						
	The Company's capital upon incorporation amounted to four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,000) ordinary shares in a nominal value of ten (10) Saudi Riyals per one share, fully paid. The founding shareholders underwrote twenty-four million (24,000,000) shares, representing (60%) of the total shares of the Company and paid their value in full. The remaining sixteen million (16,000,000) shares, representing (40%), were offered for the public underwriting that took place in the period as of 24/01/1433H (corresponding to 19/12/2011G) to 30/01/1433H (corresponding to 25/12/2011G) at an underwriting price of ten (10) Saudi Riyals per share. The shares were listed on the Saudi Stock Exchange (Saudi Tadawul) on 05/04/1433H (corresponding to 27/02/2012G).						
Company's Activities	The Company's current capital is one hundred million (100,000,000) Saudi Riyals divided into ten million (10,000,000) ordinary shares of equal value, the value of each is ten (10) Saudi Riyals, all of which are cash ordinary shares.						
	The Company practices its business under CR No. (4030223528), dated 27/03/1433H (corresponding to 19/02/2012G)						
	The Company's activity, as in its commercial register, is health insurance.						
Substantial Shareholders	As in its articles of association, the Company's objectives are to engage in cooperative insurance business in the health insurance sector. The Company may undertake all works that are required to be carried out to achieve its purposes. The Company practices its business according to the Cooperative Insurance Companies Control Law and its Executive Regulations issued by CMA as well as the laws and rules applicable to the KSA, and after obtaining the necessary licenses from the competent authorities, if any.						
	The Substantial Shareholders of the Company, who own 5% or more of the Company's shares, as of the date of this Prospectus:						
	No.	Name	Nationality	before the offering		After the offering*	
				Equity	Number of Shares	Equity	Number of Shares
	1	National Health Insurance Company (Daman)	Emirati	10%	1,000,000	10%	2,300,000
	2	Khalid Juffali Co LTD	Saudi	5.767%	576,700	5.767%	1,326,410
The public	3	Munich Re Company	German	5%	500,000	5%	1,150,000
	4	Al Murjan Group Holding Company	Saudi	5%	500,000	5%	1,150,000
	* The number of shares and the percentage of ownership after the offering, assuming that the Substantial Shareholders underwrite their full entitlement to the New Shares. It may differ in the case of underwriting a number less or more numbers than what was allocated to the same by selling or purchasing their Pre-emptive Rights during the trading period.						
	Means in the Rules on the Offer of Securities and Continuing Obligations the unmentioned persons below:						
Nature of offering	1. employees of issuer;						
	2. Substantial shareholders in the issuer;						
Purpose of issuing proposed Pre-emptive Rights Issue	3. Directors and Senior Executives of the issuer;						
	4. Directors and Senior Executives of the issuer's employees;						
Total number of the Company's pre-offering outstanding and issued shares	5. Directors and Senior Executives of the issuer's substantial shareholders;						
	6. any relatives to the persons referred to in Clauses (1, 2, 3, 4 or 5) above;						
Nominal value per share	7. any company controlled by any person referred to in Clauses (1, 2, 3, 4, 5 or 6) above; or						
	8. Persons acting in concert together and jointly owning (5%) or more of the category of shares to be listed.						
Company's Capital Prior to the Offering	Increasing the Company's capital by issuing Rights Issue.						
	By increasing its capital through the offering of Pre-emptive Rights Shares, the Company aims to support the Company's future plans and enhance the solvency margin.						
	Ten million (10,000,000) ordinary shares.						
	Ten (10) Saudi Riyals per share.						
	One hundred million (100,000,000) Saudi Riyals						

Total number of new shares offered for Underwriting	Thirteen million (13,000,000) ordinary shares.														
Offering price	Ten (10) Saudi Riyals per share.														
Total value of offering	One hundred thirty million (130,000,000) Saudi Riyals.														
Adjusted price	The Company's share price in SEE has been modified to (15.90) Saudi Riyals per one share prior to the trading day following the day, on which the Extraordinary General Assembly on the capital increase was convened. This represents a decrease in the Share Price by (7.66) Saudi Riyals per one share.														
Categories of targeted investors	Registered Shareholders and New Investors.														
Registered Shareholders	Shareholders holding shares at the close of the date of the Extraordinary General Assembly meeting on capital increase as recorded in the Company's Shareholders Register at Edaa at the close of the second trading day following the Extraordinary General Assembly meeting on capital increase.														
New Investors	General Individual and institutional investors - with the exception of the Registered Shareholders - who have purchased the Rights Issue during the trading period.														
Rights	Are tradable securities giving their holders the priority to underwrite to the new shares offered, upon approval of the capital increase. An acquired right by all registered shareholders. Rights may be traded in trading period. Each Right grants its holder the right to underwrite to one New Share at the Offer Price. Rights will be deposited in the registered investors' portfolios after the Extraordinary General Assembly for Capital Increase. The Rights will appear in the portfolios of the Registered Shareholders under a new symbol specifying the Rights Issue.														
New Shares Trading	Thirteen million (13,000,000) ordinary shares, which shall be issued due to the capital increase.														
Underwriting Eligibility Factor	Each registered shareholder shall be entitled to roughly (1.3) rights per each (1) existing share; this Factor is the result of a fraction whose numerator is the number of new shares and whose denominator is the number of existing shares of the Company.														
Number of Pre-emptive Rights Issued	Thirteen million (13,000,000) Pre-emptive Rights.														
Number of underwritten new shares	Thirteen million (13,000,000) ordinary shares.														
Total value of the underwriting new shares	One hundred thirty million (130,000,000) Saudi Riyals.														
Number of issued shares after capital increase	Twenty-three million (23,000,000) ordinary shares.														
Company's capital after capital increase	Two hundred thirty million (230,000,000) Saudi Riyals.														
Percentage of shares offered from Company's issued capital	(130%) of capital prior to the increase.														
Total expected proceeds along with independent analysis of the proposed usage	<p>It is expected that the total proceeds from the Underwriting of the Pre-emptive Rights Issue will reach one hundred thirty million (130,000,000) Saudi Riyals, divided into thirteen million (13,000,000) ordinary shares to support the Company's future plans and enhance the margin of solvency.</p> <p>The following table explains the expected usage of the offering proceeds:</p> <table> <tr> <th>Item</th><th>Suggested Usage Value (in SAR)</th></tr> <tr> <td>Bank deposits</td><td>53,800,000</td></tr> <tr> <td>Investment funds</td><td>26,900,000</td></tr> <tr> <td>Bonds and Sukuk</td><td>26,900,000</td></tr> <tr> <td>Statutory deposit (15% of the paid-in capital increase)</td><td>12,000,000</td></tr> <tr> <td>Estimated offering expenses</td><td>10,400,000</td></tr> <tr> <td>Total offering proceeds</td><td>130,000,000</td></tr> </table> <p>(For more information, please see Section (6) "Use of Offering Proceeds")</p>	Item	Suggested Usage Value (in SAR)	Bank deposits	53,800,000	Investment funds	26,900,000	Bonds and Sukuk	26,900,000	Statutory deposit (15% of the paid-in capital increase)	12,000,000	Estimated offering expenses	10,400,000	Total offering proceeds	130,000,000
Item	Suggested Usage Value (in SAR)														
Bank deposits	53,800,000														
Investment funds	26,900,000														
Bonds and Sukuk	26,900,000														
Statutory deposit (15% of the paid-in capital increase)	12,000,000														
Estimated offering expenses	10,400,000														
Total offering proceeds	130,000,000														
Offering Costs	The value of the offering costs is about ten million four hundred thousand (10,400,000) Saudi Riyals. This includes the costs of the Financial Advisor, Lead Manager, Underwriter, Legal Advisor, Auditor, Marketing, Printing, Distribution and other expenses related to the Underwriting. To be noted that this amount is an estimate (Please see Section (6) "Use of Offering Proceeds").														
Use of Offering Proceeds	The net proceeds of the Offering will be used to support the Company's future plans and enhance the solvency margin (Please see Section (6) "Use of Offering Proceeds").														

Total proceeds that were previously obtained in the last issuance of Pre-emptive Rights Shares	The total proceeds generated by the Company in the last issuance of Pre-emptive Rights Shares were two hundred million (200,000,000) Saudi riyals.	
	On 05/04/1440H (corresponding to 12/12/2018G), the Company's Extraordinary General Assembly of shareholders approved increasing its capital from one hundred million (100,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals by issuing twenty million (20,000,000) Pre-emptive Rights Shares at a nominal value of ten (10) Saudi Riyals per share to maintain the required solvency margin and support the Company's growth.	
	The following table shows the use of the offering proceeds as disclosed in the relevant Prospectus:	
	Item	Suggested Usage Value (in SAR)
	Total offering proceeds	200,000,000
	Estimated offering expenses	8,000,000
	Net Proceeds of the Offering	192,000,000
	Statutory deposit (15% of the paid-in capital increase)	30,000,000
	Murabaha deposits	162,000,000
	(The Company has complied with the proposed use contained in the Prospectus)	
Maturity Date	Shareholders own shares at the end of trading on the day on which the Extraordinary General Assembly on capital increase is held, and who are registered in the Company's shareholders register at the end of the second trading day following the day on which the Extraordinary General Assembly on capital increase is held, on 12/04/1444H (corresponding to 06/11/2022G).	
Trading Period	The trading period begins three (3) working days after the approval of the Extraordinary General Assembly, including the approval of the capital increase, on Thursday 16/04/1444H (corresponding to 11/11/2022G) and continues until the end of Thursday 23/04/1444H (corresponding to 17/11/2022G). During this period, all Pre-emptive Rights holders, whether they are registered investors or new investors, may trade in Pre-emptive Rights.	
Subscription Period	The underwriting period begins three (3) working days after the approval of the Extraordinary General Assembly, including the approval of the capital increase, on Thursday 16/04/1444H (corresponding to 11/11/2022G) and continues until the end of Tuesday 28/04/1444H (corresponding to 11/11/22 2022G). During this period, all Pre-emptive Rights holders, whether they are registered investors or new investors, may exercise their right in underwriting the New Shares.	
Rump Shares	Rump Shares non-underwritten during the Underwriting Period.	
Rump Offering	If any shares remain non-underwritten after the end of the Underwriting Period (Rump Shares), they will be offered to a number of institutional investors (Institutional Investors). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on Monday 04/05/1444H (corresponding to 28/11/2022G) and continue until 5:00 PM on Tuesday 05/05/1444H (corresponding to 29/11/2022G) (Rump Offering Period). The Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer up to the lowest offer (provided that the price shall not be less than the Offer Price). The Rump Shares shall be allocated on a pro rata basis among Institutional Investors that provided offers at the same price. Fractional shares shall be added to the rump shares and treated in the same way.	
Payment of Compensation Amounts (if any)	Cash compensation amounts will be paid to eligible persons who did not underwrite, wholly or partially, for new shares, as well as to the holders of fractional shares no later than 08/06/1444H (corresponding to 01/01/2023G). The compensation amounts represent the remaining proceeds from sale of Rump Shares and fractional shares.	
Listing and trading of the Rights	Rights shall be listed in Tadawul during the Trading Period. A separate symbol will be given to the Company's Rights, independent from the symbol of the Company's Shares on the Tadawul screen.	
	During the Trading Period, the Registered Shareholders shall have several options including selling the Rights, or a part thereof, on SSE, purchasing additional Rights through SSE or refraining from taking any action in respect of the Rights whether by selling or purchasing additional Rights. During the Trading Period, New Investors will be entitled to purchase Rights through SSE, sell them or a part thereof or take no action in respect of the Rights purchased.	
	The "Tadawul" system will cancel the Company's Rights Issue symbol on the Tadawul screen following the end of the Trading Period. Accordingly, Rights trading will end with the end of the Trading Period.	
How to apply	The Underwriting Application Forms shall be submitted online via brokers' websites and platforms, which provide such service for underwriters or by any other means provided by brokers.	
Exercise of the Rights Issue	Eligible persons subscribing for the New Rights Issue through electronic underwriting via financial brokers websites and platforms that provide such services for underwriters or by any other means provided by the brokers. Eligible persons may exercise their Rights as follows:	
	During the Underwriting Period, Registered Shareholders may exercise the Rights granted to them and any additional Rights purchased thereby during the Trading Period. They will also be entitled to take no action in respect of the Rights they hold.	
	During the Underwriting Period, New Investors may exercise the Rights purchased thereby during the Trading Period. They will also be entitled to take no action in respect of the Rights they hold.	
	If the rights to underwrite to the new shares during the Underwriting Period have not been exercised by Registered Shareholders or New Investors during the Underwriting Period, the Rump Shares resulting from these Rights will be offered in the Rump Offering Period.	
Indicative Value of the Right	The indicative value of a Right reflects the difference between the market value of the Company's share during the Trading Period and the Offer Price.	
	"Tadawul" will continuously calculate and publish the indicative value of a Right during the Trading Period on its website with a 5-minute delay. The market information providers will also publish this information, which will allow investors to be informed of the indicative value of a Right when entering orders.	
Right Trading Price	The price at which the Right is traded, noting that such price is set through the Tadawul offer and demand mechanism. Hence, it may be different from the indicative value of the Right.	
Allocation Date	The date when final allocation will be announced no later than 07/05/1444H (corresponding to 01/12/2022G).	

Allocation of shares and refund	<p>Shares will be allocated to each investor based on the number of Rights properly and fully exercised. As for fractional shares, they will be collected and offered to Institutional Investors during the Rump Offering Period.</p> <p>The Total Offer Price of the rump shares shall be paid to the Company, and all remaining proceeds, without calculating any fees or deductions (in excess of the Offer Price) to their eligible persons who have not, wholly or partially, underwrote the new shares and the eligible persons of the fractional shares (Please see Section (12) "Underwriting Terms, Conditions and Instructions").</p>
New Shares Trading	<p>After completing all the necessary procedures, the start date of trading in the new shares will be announced on the Tadawul website. The time period between the end of underwriting in Pre-emptive Rights and share deposit in shareholders' portfolio will be 9 working days.</p>
Eligibility of dividends	<p>The holders of the new shares will be entitled to any dividends that the Company declares to be distributed after the date of its issuance</p>
Voting Rights	<p>The Company has one class of shares. No Shareholder shall have any preferential rights. The new shares will be fully paid and will be exactly equal to outstanding shares. Each Share entitles its holder to one vote and each shareholder has the right to attend and vote at the Shareholders' (Ordinary or Extraordinary) General Assembly meetings.</p>
Restrictions Imposed on New Shares Due to Capital Increase	<p>There are restrictions imposed on the trading of new shares due to capital increase as referred to in detail in sub-paragraph (3.8) "Ban Period" of Section (3) "Background on the company and the nature of its business".</p>
Restrictions on Rights trading	<p>There are no restrictions on Rights Trading.</p>
Previously Listed Shares	<ul style="list-style-type: none"> The Company's capital upon incorporation amounted to four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,000) ordinary shares in a nominal value of ten (10) Saudi Riyals per one share, fully paid. The founding shareholders underwrote twenty-four million (24,000,000) shares, representing (60%) of the total shares of the Company and paid their value in full. The remaining sixteen million (16,000,000) shares, representing (40%), were offered for the public underwriting that took place in the period as of 24/01/1433H (corresponding to 19/12/2011G) to 30/01/1433H (corresponding to 25/12/2011G) at an underwriting price of ten (10) Saudi Riyals per share. The shares were listed on the Saudi Stock Exchange (Saudi Tadawul) on 05/04/1433H (corresponding to 27/02/2012G). On 17/01/1438H (corresponding to 18/10/2016G), the Company reduced its capital to amortize most of the accumulated losses, which then amounted 52.70%, from four hundred million (400,000,000) Saudi Riyals to two hundred million (200,000,000) Saudi Riyals, thus reducing the number of the Company's shares from forty million (40,000,000) shares to twenty million (20,000,000) shares by canceling twenty million (20,000,000) shares at a reduction rate in the capital of (50%) and at a reduction rate of one share per (2) shares. On 26/09/1439H (corresponding to 10/06/2018G), the Company reduced its capital to restructure the Company's capital to amortize the accumulated losses that exceeded 50% of the Company's capital, from two hundred million (200,000,000) Saudi Riyals to one hundred million (100,000,000) Saudi Riyals, thus reducing the number of the Company's shares from twenty million (20,000,000) shares to ten million (10,000,000) shares by canceling ten million (10,000,000) shares at a reduction rate in the capital of (50%) and at a reduction rate of one share per (2) shares. On 05/04/1440H (corresponding to 12/12/2018G), the Company increased its capital by 200%, from one hundred million (100,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals, thus increasing the number of the Company's shares from ten million (10,000,000) shares to thirty million (30,000,000) shares by issuing Pre-emptive Rights Shares amounting twenty million (20,000,000) shares at (2) Pre-emptive Rights per (1) share of the Company's shares, at an Offer Price of ten (10) Saudi Riyals per share with a total value of two hundred million (200,000,000) Saudi Riyals. On 29/08/1441H (corresponding to 22/04/2020G), the Company reduced its capital to restructure the Company's capital to amortize the accumulated losses from three hundred million (300,000,000) Saudi Riyals to one hundred fifty million (150,000,000) Saudi Riyals, thus reducing the Company's shares from thirty million (30,000,000) shares to fifteen million (15,000,000) shares by canceling fifteen million (15,000,000) shares at a reduction rate in the capital of (50%) and at a reduction rate of one share per (2) shares. On 22/03/1444H (corresponding to 18/10/2022G), the Company also reduced its capital to restructure the Company's capital to amortize part of the accumulated losses from one hundred fifty million (150,000,000) Saudi Riyals to one hundred million (100,000,000) Saudi Riyals, thus reducing the Company's shares from fifteen million (15,000,000) shares to ten million (10,000,000) shares by canceling five million (5,000,000) shares at a capital reduction rate of (33.33%) and at a reduction rate of one share per (3) shares.
Risk Factors	<p>There are certain risks associated with investing in this Offering, which can be generally categorized into: (1) risks related to the Company; (2) risks related to the market and sector; and (3) risks related to the New Shares Trading These risks have been discussed in Section (2) "Risk Factors" of this Prospectus, which must be carefully reviewed before making any investment decision on the Pre-emptive Rights or New Shares.</p>
Terms of underwriting for the Rights Issue	<p>Eligible persons desire to underwrite to the new shares must fulfill the relevant underwriting conditions. To review the Underwriting terms, conditions and instructions, please see Section (12) "Underwriting Terms, Conditions and Instructions".</p>
Material amendments that occurred to the information disclosed in the last Prospectus issuance	<p>CMA's approval was obtained for the publication of the Company's last Prospectus on corresponding to 13/12/2018G. Please see subsection (9.7) "Material Information that changed since the CMA's approval for the last Share Issuance Prospectus" of section (10) "Legal Information" regarding the material information, which the Company believes to have changed as of such date.</p>

Note: The Section **"Important Notice"** of Page "i" as well as Section **"2" (Risk Factors)** of this Prospectus should be read carefully prior to deciding to invest in the Rights Issue under this Prospectus.

Important dates and underwriting procedures

Timetable	Date
Convening the extraordinary general assembly that includes approving the capital increase and determining the Maturity Date and eligible shareholders. Noting that the eligible shareholders are the shareholders registered in the Company's register, and they are registered only two days after the date of the meeting.	12/04/1444H (corresponding to 06/11/2022G)
Trading Period	The trading period begins three (3) working days after the approval of the Extraordinary General Assembly, including the approval of the capital increase, on Thursday 16/04/1444H (corresponding to 11/11/2022G) and continues until the end of Thursday 23/04/1444H (corresponding to 17/11/2022G). During this period, all Pre-emptive Rights holders, whether they are registered investors or new investors, may trade in Pre-emptive Rights.
Underwriting Period	The underwriting period begins three (3) working days after the approval of the Extraordinary General Assembly, including the approval of the capital increase, on Starts Thursday 16/04/1444H (corresponding to 11/11/2022G) and continues until the end of Tuesday 28/04/1444H (corresponding to 11/11/22 2022G). During this period, all Pre-emptive Rights holders, whether they are registered investors or new investors, may exercise their right in underwriting the New Shares.
Expiry of Underwriting period	The underwriting period shall end and the receipt of underwriting applications shall cease on Tuesday 28/04/1444H (corresponding to 22/11/2022G)
Rump Offering Period	The Rump Offering Period shall start from 10:00 AM on Monday 04/05/1444H (corresponding to 28/11/2022G) until 05:00 PM of the next day on Tuesday 05/05/1444H (corresponding to 29/11/2022G).
Notice of Final Allocation	On Sunday 10/05/1444H (corresponding to 04/12/2022G)
The compensation amounts (if any) shall be paid to the eligible persons who have not participated, in whole or in part, and the beneficiaries of the fractional shares.	On Sunday 08/06/1444H (corresponding to 01/01/2023G)
Expected date to start trading in the new shares	After completing all the necessary procedures, the start date of trading in the new shares will be announced on the Tadawul website. The time period between the end of underwriting in Pre-emptive Rights and share deposit in shareholders' portfolio will be 9 working days.

Note: All dates mentioned in the above table are approximate. The actual dates will be announced on the website of Tadawul (www.saudiexchange.com.sa)

Important Announcement Dates

Announcement	Announcer	Date of Announcement
Announcement regarding the Extraordinary General Assembly meeting on capital increase	Company	On 08/04/1444H (corresponding to 02/11/2022G)
Announcement regarding the results of the Extraordinary General Assembly results on capital increase	Company	On 13/04/1444H (corresponding to 17/11/2022G)
Announcement of the amendment to the Company's share price, the deposit of rights, and the indicative value of the right	Tadawul	On 13/04/1444H (corresponding to 17/11/2022G)
Announcement of the addition of Pre-emptive Rights to Saudi Enaya Cooperative Insurance Co.	Depository Center	On 15/04/1444H (corresponding to 09/11/2022G)
Announcement of the determination of Trading Period and Underwriting Period	Company	On 14/04/1444H (corresponding to 08/11/2022G)
Announcement on the start of the Underwriting Period and Trading Period	Company	On 15/04/1444H (corresponding to 09/11/2022G)
Reminder announcement regarding the commencement of Trading Period and Underwriting Period	Company	On 16/04/1444H (corresponding to 10/11/2022G)
Reminder announcement regarding the last day of Pre-emptive Rights trading	Company	On 22/04/1444H (corresponding to 16/11/2022G)
Announcement: Underwriting results Details of the Sale of shares that have not yet been underwrote (if any) and the start date of the Rump offering period	Company	On 30/04/1444H (corresponding to 24/11/2022G)
Announcement of the results of the Rump Offering and notice of final allotment	Company	On 10/05/1444H (corresponding to 04/12/2022G)
Announcement of the deposit of new shares in the investors' portfolios	Depository Center	On 14/05/1444H (corresponding to 08/12/2022G)
Announcement of the distribution of compensation amounts (if any)	Company	08/06/1444H (corresponding to 01/01/2023G)

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

It should also be noted that in the event that an announcement related to the offering is published in a local newspaper after the Prospectus has been published, the announcement will include:

1. The issuer's name and its commercial registration number
2. The securities, their value, type, and class covered by the securities registration and offering application
3. Addresses and places where the public can obtain the Prospectus
4. The date of publication of the Prospectus
5. A statement that the announcement is for information purposes only and does not constitute an invitation or an offer to own the securities by purchasing or subscribing thereto
6. Name of the Lead Manager, Underwriter (if any), Financial Advisors and Legal Advisor
7. A disclaimer as follows: "CMA and the Saudi Stock Exchange (Saudi Tadawul) do not take any responsibility for the contents of this announcement, 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 announcement"

How to apply

Subscribing for the new shares is limited to Eligible persons, whether Registered Shareholders or New Investors. In the event that Eligible persons do not underwrite to the Rights, the non-underwritten Shares shall be offered to Institutional Investors during the Rump Offering Period. Eligible persons wishing to underwrite to the new shares should submit the underwriting application forms via the means and services provided by the broker to investors, provided the eligible person shall have one investor account at any broker providing such services.

Underwriting Applications are submitted through portfolios in trading platforms and applications, through which sale and purchase orders are entered. In addition, it is possible to underwrite through any other means provided by the broker and the custodian of shares. The Company reserves the right to reject, in full or in part, any application for new shares that does not comply with any of the underwriting terms or conditions. Upon submission, the Underwriting Application Form may not be amended or withdrawn. Instead, it shall represent a legally binding contract between the Company and eligible Subscriber.

Q&A related to the Rights

What is a Pre-emptive Rights Issue?

A Pre-emptive Rights Issue is an offering of tradable securities that give their holders the right to underwrite for New Shares upon approval of capital increase. They are acquired rights for all Shareholders who own shares at the date of the Extraordinary General Assembly meeting for capital increase, and who are registered in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the Extraordinary General Assembly meeting. Each Pre-emptive Right grants its holder the right to underwrite for one New Share at the Offer Price.

Who is granted the Rights?

The Rights shall be granted to Shareholders registered in the Company's Register as of the close of the second trading day of the Extraordinary General Assembly meeting on capital increase.

When are the Rights deposited?

Following the Extraordinary General Assembly meeting approving capital increase through a Rights Issue, the Rights shall be deposited as securities in the portfolios of shareholders recorded in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the Extraordinary General Assembly meeting. The Shares will appear in the portfolios of the shareholders under a new symbol that designates these Rights. These Rights cannot be traded or exercised by the Registered Shareholders until the beginning of the Trading Period and Offering Period.

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

The Registered Shareholders are notified through an announcement on the Tadawul website as well as by the (Tadawulaty) service provided by the Securities Depository Center Company and SMS messages sent through brokerage companies.

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the number of Shares ratio held by the Registered Shareholder in the Company's Shareholders Register at the Depository as at the close of the second trading day after the Extraordinary General Assembly meeting.

What is the Rights Issue eligibility factor?

It is the means by which the Registered Shareholder can determine the Rights it is entitled to in relation to its shareholding under the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the Extraordinary General Assembly meeting. It is calculated by dividing the number of New Shares by the number of the Company's existing Shares. Hence, the eligibility factor is roughly (1.3) Rights per (1) share owned by the Registered Shareholder on the eligibility date. Accordingly, if a Registered Shareholder owns one thousand (1,000) shares on the eligibility date, (1,300) Rights will be allocated for him/her against the shares owned by him/her.

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

Yes, as 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 symbol for these rights.

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

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

Who is the Registered Shareholder?

A shareholder who appears in the Company's shareholder register at the end of the second trading day after the Extraordinary General Assembly meeting.

Can Registered Shareholders underwrite additional shares?

Yes. Registered Shareholders can underwrite additional shares by purchasing new Rights through SSE during the Trading Period.

Is it possible for a registered shareholder to lose his/her eligibility to underwrite even if he has the right to attend the Extraordinary General Assembly and vote on raising the capital through rights issue?

Yes, the Shareholder loses his/her eligibility to underwrite if he sells his/her shares on the day of the Extraordinary General Meeting or one working day before it.

How does the Underwriting take place?

Underwriting Applications are submitted through portfolios in trading platforms and applications, through which sale and purchase orders are entered. In addition, it is possible to underwrite through any other means provided by the broker and the custodian of shares.

Can an eligible person underwrite more shares than the Rights owned by him/her?

An eligible person cannot underwrite more shares than the Rights owned by him/her.

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

The rights will be deposited in the same portfolio in which the shares of the Company connected to the rights are deposited. For example, if a shareholder holds one thousand (1000) shares in the Company as follows: eight hundred (800) shares in portfolio (a) and two hundred (200) shares in portfolio (b), then the total Rights amounting one thousand three hundred (1,300) Rights, as each share is eligible for a Right, will be deposited. Therefore, one thousand forty (1,040) Rights will be deposited in portfolio (a) and two hundred sixty (260) Rights will be deposited in portfolio (b).

Are share certificate holders allowed to underwrite and trade?

Yes, they are allowed to underwrite, but they cannot trade until after depositing the certificates in investment portfolios through the receiving agents or Depository Center Company ("Edaa") and introducing the necessary documents.

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, the investor may sell a part of these Rights and underwrite the remaining part.

When can a Shareholder underwrite the Pre-emptive Rights it purchased during the Trading Period?

During the Underwriting Period after settlement of the purchase of Pre-emptive Rights (two business days).

Can the Eligible Person sell the Right after expiry of the Trading Period?

No. After the expiry of the Trading Period, the eligible person may only exercise the right to underwrite the Pre-emptive Rights Shares. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

What happens to the Pre-emptive Rights that are unsold or non-underwritten for during the Underwriting Period?

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

Who has the right to attend the Extraordinary General Assembly and vote on increasing the Issuer's share capital through a Rights Issue?

A shareholder registered in the Company's Shareholders Register at the Depository Center after the end of the trading session, on the date of the Extraordinary General Assembly, shall have the right to attend the Extraordinary General Assembly and vote on increasing the Issuer's share capital through a Rights Issue.

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

The share price is adjusted by SSE before the start of trading on the day, following the Extraordinary General Assembly.

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

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

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

The investor's shares will be distributed to their portfolios according to the percentage of shareholding 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.

What are the Trading and Offering Periods?

Trading in and underwriting the Rights shall commence at the same time (3) three working days after the approval of the Extraordinary General Assembly, including the approval for the capital increase, until the end of trading on the sixth day. However, underwriting shall continue until the ninth day as stated in the Prospectus and the Company's issued announcements.

Is it possible to underwrite during the weekend?

No.

Can investors, who are not Registered Shareholders, underwrite the Pre-emptive Rights Shares?

Yes, but after full purchase of Rights during the Trading Period.

Additional assistance:

In case of any inquiries, please contact the Company at the e-mail info@saudienaya.com. For legal reasons, the Company will only be able to provide the information contained herein and will not be able to advise on the merits of issuing rights or even provide financial, tax, legal or investment advice.



Background Summary

This summary provides a brief overview of the background contained in this Prospectus. Since it is a summary, it does not include all information that may be interested to shareholders and other general institutional and individual investors. Recipients of this Prospectus should read the entire Prospectus before making an investment decision in relation to Rights or new shares.

Overview of the Company

The Company has been established as a Saudi Joint-Stock Company under Royal Decree No. M/49), dated 27/07/1432H (corresponding to 29/06/2011G) and Council of Ministers Resolution No. (224), dated 25/07/1432H (corresponding to 29/06/2011G) under CR No. (4030223528), dated 27/03/1433H (corresponding to 19/02/2012G). It was registered in the Jeddah City Registry, where the Company's head office is located.

The Company started practicing insurance business in the health insurance sector after obtaining the approval of the Saudi Central Bank (formerly the "Saudi Arabian Monetary Agency") under permit No. (TMN/32/20128), dated 19/09/1433H (corresponding to 07/08/2012G).

The Company's capital upon incorporation amounted to four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,000) ordinary shares in a nominal value of ten (10) Saudi Riyals per one share, fully paid. The founding shareholders underwrote twenty-four million (24,000,000) shares, representing (60%) of the total shares of the Company and paid their value in full. The remaining sixteen million (16,000,000) shares, representing (40%), were offered for the public underwriting that took place in the period as of 24/01/1433H (corresponding to 19/12/2011G) to 30/01/1433H (corresponding to 25/12/2011G) at an underwriting price of ten (10) Saudi Riyals per share. The shares were listed on the Saudi Stock Exchange (Saudi Tadawul) on 05/04/1433H (corresponding to 27/02/2012G).

The Company's current capital is one hundred million (100,000,000) Saudi Riyals divided into ten million (10,000,000) ordinary shares of equal value, the value of each is ten (10) Saudi Riyals, all of which are cash ordinary shares.

The substantial shareholders in the Company (who own 5% or more of its capital) are National Health Insurance Company (Daman) (with an ownership percentage of 10%), KHALID JUFFALI CO LTD (with a percentage of 5.767%), Munich Re Company (with an ownership percentage of 5%), and Al Murjan Group Holding Company (with an ownership percentage of 5%).

Company's history, most important developments and structure of Company's capital

- The Company's capital upon incorporation amounted to four hundred million (400,000,000) Saudi Riyals, divided into forty million (40,000,000) ordinary shares in a nominal value of ten (10) Saudi Riyals per one share, fully paid. The founding shareholders underwrote twenty-four million (24,000,000) shares, representing (60%) of the total shares of the Company and paid their value in full. The remaining sixteen million (16,000,000) shares, representing (40%), were offered for the public underwriting that took place in the period as of 24/01/1433H (corresponding to 19/12/2011G) to 30/01/1433H (corresponding to 25/12/2011G) at an underwriting price of ten (10) Saudi Riyals per share. The shares were listed on the Saudi Stock Exchange (Saudi Tadawul) on 05/04/1433H (corresponding to 27/02/2012G).
- On 17/01/1438H (corresponding to 18/10/2016G), the Company reduced its capital to amortize most of the accumulated losses, which then amounted 52.70%, from four hundred million (400,000,000) Saudi Riyals to two hundred million (200,000,000) Saudi Riyals, thus reducing the number of the Company's shares from forty million (40,000,000) shares to twenty million (20,000,000) shares by canceling twenty million (20,000,000) shares at a reduction rate in the capital of (50%) and at a reduction rate of one share per (2) shares.
- On 26/09/1439H (corresponding to 10/06/2018G), the Company reduced its capital to restructure the Company's capital to amortize the accumulated losses that exceeded 50% of the Company's capital, from two hundred million (200,000,000) Saudi Riyals to one hundred million (100,000,000) Saudi Riyals, thus reducing the number of the Company's shares from twenty million (20,000,000) shares to ten million (10,000,000) shares by canceling ten million (10,000,000) shares at a reduction rate in the capital of (50%) and at a reduction rate of one share per (2) shares.
- On 05/04/1440H (corresponding to 12/12/2018G), the Company increased its capital by 200%, from one hundred million (100,000,000) Saudi Riyals to three hundred million (300,000,000) Saudi Riyals, thus increasing the number of the Company's shares from ten million (10,000,000) shares to thirty million (30,000,000) shares by issuing Pre-emptive Rights Shares amounting twenty million (20,000,000) shares at (2) Pre-emptive Rights

per (1) share of the Company's shares, at an Offer Price of ten (10) Saudi Riyals per share with a total value of two hundred million (200,000,000) Saudi Riyals.

- On 29/08/1441H (corresponding to 22/04/2020G), the Company reduced its capital to restructure the Company's capital to amortize the accumulated losses from three hundred million (300,000,000) Saudi Riyals to one hundred fifty million (150,000,000) Saudi Riyals, thus reducing the Company's shares from thirty million (30,000,000) shares to fifteen million (15,000,000) shares by canceling fifteen million (15,000,000) shares at a reduction rate in the capital of (50%) and at a reduction rate of one share per (2) shares.
- On 29/03/1442H (corresponding to 15/11/2020G), Saudi Enaya Cooperative Insurance Co. signed a non-binding merger agreement with Amana Cooperative Insurance Co. Saudi Enaya Cooperative Insurance Co. and Amana Cooperative Insurance Co. agreed that if the merger project succeeds, the merger will be completed by exchange of shares so that, upon completion of the merger, Amana Cooperative Insurance Co. will issue new shares to the shareholders of Saudi Enaya Cooperative Insurance Co. in exchange for all shares issued in Enaya.
- On 17/09/1442H (corresponding to 29/04/2021G), both companies signed a binding merger agreement whereby the Board of Directors of Enaya and Amana reached an agreement regarding the terms, under which Enaya will be merged into Amana and transfer all of Enaya's assets and liabilities to Amanah in accordance with the Companies Law issued by the Ministry of Commerce and the regulations of the Capital Market Authority in the Kingdom of Saudi Arabia, including the Merger and Acquisition Regulations and Rules on the Offer of Securities and Continuing Obligations issued by CMA, and the relevant regulations of the Saudi Central Bank.
- On 04/12/1442H (corresponding to 14/07/2021G), the Company obtained a no-objection letter from the General Authority for Competition to complete the agreement according to the issued General Authority for Competition certificate No. (5).
- On 18/04/1443H (corresponding to 23/11/2021G), the Company obtained the approval of the Central Bank for the proposed merger.
- On 06/06/1443H (corresponding to 09/01/2022G), the Extraordinary General Assembly voted to disapprove the offer submitted by Amana Cooperative Insurance Co. for the purpose of merging Saudi Enaya Cooperative Insurance Co. into Amana Cooperative Insurance Co.
- On 21/10/1443H (corresponding to 22/05/2022G), the Company announced the Board of Directors' recommendation to increase its capital by offering Pre-emptive Rights Shares at a value of three hundred million (300,000,000) Saudi Riyals to support future plans and enhance the solvency margin.
- On 19/01/1444H (corresponding to 17/08/2022G), the Company announced that the accumulated losses had reached one hundred five million seven hundred forty-three thousand (105,743,000) Saudi Riyals at (70.5%) of the capital, which then amounted one hundred fifty million (150,000,000) Saudi Riyals.
- On 20/01/1444H (corresponding to 18/08/2022G), the Company amended the Board's recommendation related to increasing the Company's capital to the Extraordinary General Assembly, so that it would be to reduce the Company's capital to amortize part of the accumulated losses in the amount of fifty million (50,000,000) Saudi Riyals, so that the Company's capital after the reduction becomes one hundred million (100,000,000) Saudi Riyals, then increase the Company's capital after the reduction through the offering of Pre-emptive Rights Shares in the value of one hundred thirty million (130,000,000) Saudi Riyals, so that the Company's capital after the increase becomes two hundred thirty million (230,000,000) Saudi Riyals.
- On 23/01/1444H (corresponding to 21/08/2022G), the Extraordinary General Assembly voted to approve directing the Company to proceed with the capital increase procedures, to obtain the approval of the competent authorities and to disagree to direct the Company to proceed with the procedures for dissolving the Company and obtaining the approval of the competent authorities.
- On 04/02/1444H (corresponding to 18/08/2022G), the Company obtained the approval of the Central Bank No. (44009075), which includes the approval to reduce the capital. On 22/03/1444H (corresponding to 18/10/2022G), the Company reduced its capital to restructure the Company's capital to amortize part of the accumulated losses from one hundred fifty million (150,000,000) Saudi Riyals to one hundred million (100,000,000) Saudi Riyals, thus reducing the Company's shares from fifteen million (15,000,000) shares to ten million (10,000,000) shares by canceling five million (5,000,000) shares at a capital reduction rate of (33.33%) and at a reduction rate of one share per (3) share.

Summary of the Company's Activities

The Company practices its business under CR No. (4030223528), dated 27/03/1433H (corresponding to 19/02/2012G)

The Company's activity, as in its commercial register, is health insurance.

As in its articles of association, the Company's objectives are to engage in cooperative insurance business in the health insurance sector. The Company may undertake all works that are required to be carried out to achieve its purposes. The Company practices its business according to the Cooperative Insurance Companies Control Law and its Executive Regulations issued by CMA as well as the laws and rules applicable to the KSA, and after obtaining the necessary licenses from the competent authorities, if any.

Vision of the Company

To become a leading and specialized health insurance company and one of the best companies in the market

Message of the Company

To sustainably deliver high quality, customer-centric health insurance products for the benefit of members, investors and community.

Company Strategy

The Company's strategy is based on the following objectives:

1. Financial stability
2. Commercial excellence
3. Operational efficiency
4. Organizational transformation

In order to achieve the strategic objectives, the Company:

- increases capital and explores opportunities for integration;
- increases gross written premiums and excellence in customer service;
- controls medical expenses and improves efficiency through automation; and
- develops organizational culture, governance and risk management

Strengths and Competitive Advantages of the Company

- Focusing on the medical insurance product and acquiring a professional team with experience in the sector.
- An electronic link between clients and the Company, and the provision of direct evaluation of medical documents.
- The possibility of making modifications and additions to the document directly.

Sector overview

The most prominent developments in the Saudi insurance sector

- The insurance sector witnessed an estimated growth of 8.4% during the year 2021G, as the total written premiums amounted 42.0 billion Saudi Riyals. The protection, saving and property insurance sector also witnessed a remarkable increase in the total written premiums.
- The percentage of sales through insurance companies' websites and electronic insurance brokerage platforms increased from 6.9% in 2020G to 7.5% in 2021G.
- The insurance sector's depth of non-oil GDP decreased slightly during 2021G to 1.91%, compared to 1.92% during 2020G.
- The sector's total loss rate increased, reaching 83.4% during 2021G, compared to a loss rate of 76.7% during 2020G. This is due to the return of the level of claims to the levels before the Corona pandemic.
- The sector achieved a net loss (after Zakat and tax) of approximately 47 million Saudi Riyals in 2021G, while the increase in investment income contributed to offsetting the rise in insurance operations losses.
- The percentage of Saudization in insurance companies continued to rise from 75% in 2020G to 77% in 2021G.
- The Central Bank encourages insurance companies to merge and acquire to achieve the goals of Saudi Vision 2030 through the financial sector development program, strengthen the financial position of the insurance sector in order to preserve the rights of the insured, improve the quality of services provided to customers, reduce costs, improve efficiency, diversify the provided products, and be able to obtain and retaining human competencies.

The most prominent regulatory developments in the insurance sector for 2021G

- Amending some articles of the Insurance Companies Control Law in order to support the sustainability and stability of the financial sector, as these amendments enhance the role of the Central Bank in preserving the rights of the insured, beneficiaries and investors.
- The Central Bank issued a number of rules and regulations to keep pace with changes in the sector in particular and the economy in general, the most prominent of which are:
 - Controls for establishing and managing health insurance risk pools through intermediaries, which aim to support small and medium enterprises to facilitate their access to insurance products with appropriate coverages and prices.
 - The standard form of the professional medical malpractice insurance policy, which sets the minimum coverage that must be available in the insurance policy that medical practitioners must obtain to cover professional medical malpractice.
- The development of a number of insurance products by the sector in continuation of the role of the Central Bank in developing the insurance industry in the KSA, most notably the following: Coverage of self-driving vehicles, professional liability insurance for crafters towards third party, an insurance product for private sports facilities to cover property risks and injuries to players and participants in these facilities, and parcel post insurance.
- Remarkable progress has been made in implementing the Central Bank's plan for the transition to (IFRS 17). The sector has successfully completed the third phase of the transformation project to implement the IFRS 17 and moved to the fourth and final phase. Among the achievements during this stage are the insurance companies' completion of the first trial run for 2021G, and the second and third trial run is scheduled to be completed during 2022G. The standard is intended to provide more accurate, transparent and quality information for users of insurance companies' financial statements.
- Approval of the initial licensing of the two electronic insurance brokerage platforms for a trial launch in addition to the two electronic insurance brokerage platforms that were previously licensed, as well as the addition of health insurance within the sales channels of the electronic brokerage platforms, which will contribute to facilitating access to insurance products, particularly for small and medium enterprises.

Source: Source: Official reports, Saudi Central Bank, Saudi Insurance Market Report for 2021G.

Financial Information Summary

The Financial Information Summary is based on the Company's audited financial statements for the financial years ended on December 31, 2019, 2020G and 2021G and the attached notes, and the examined preliminary financial statements in the six-month period ending on 30/06/2022G and the attached notes.

1. Financial Status

One thousand Saudi Riyals	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	June 30, 2022G (Un-audited)
Total assets	345,159	315,981	345,925	314,291
Total Liabilities	195,795	194,246	286,237	269,101
Total equity	149,364	121,735	59,688	45,190
Total liabilities and equity	345,159	315,981	345,925	314,291

2. Operational Performance

One thousand Saudi Riyals	Financial Year 2019G (Audited)	Financial Year 2020G (Audited)	Financial Year 2021G (Audited)	Six-month period ended on June 30, 2021G (Un-audited)	Six-month period ended on June 30, 2022G (Un-audited)
Total Revenues	98,446	174,290	177,279	77,968	112,704
Total underwriting costs and expenses	(143,422)	(157,429)	(199,025)	(88,283)	(110,622)
Net (loss)/underwriting income	(44,976)	16,861	(21,746)	(10,315)	2,082
Total other operating expenses	(56,376)	(48,772)	(36,239)	(19,383)	(16,080)
Net pre-Zakat loss for the year	(101,352)	(31,911)	(57,985)	(29,698)	(13,998)
Net post-Zakat loss for the year	(106,152)	(28,413)	(61,972)	(31,198)	(14,498)

3. Cash Flows

One thousand Saudi Riyals	Financial Year 2019G (Audited)	Financial Year 2020G (Audited)	Financial Year 2021G (Audited)	Six-month period ended on June 30, 2022G (Un-audited)
Net cash generated from/(used in) operating activities	(110,081)	(22,772)	10,097	(24,521)
Net cash generated from investment activities	(69,265)	62,238	35,532	8,831
Net cash used in financing activities	200,000	(1,615)	(1,703)	(400)

4. Key Indicators

One thousand Saudi Riyals	Financial Year 2019G (Audited)	Financial Year 2020G (Audited)	Financial Year 2021G (Audited)	Six-month period ended on June 30, 2021G (Un-audited)	Six-month period ended on June 30, 2022G (Un-audited)
Net loss rate	(121.0%)	(87.3%)	(91.6%)	(93.6%)	(90.5%)
Commission rate	(4.5%)	(3.4%)	(4.3%)	(4.8%)	(6.2%)
Expenses rate	64.9%	32.1%	25.6%	34.6%	18.6%
Unified rate	(60.7%)	(58.5%)	(70.3%)	(63.9%)	(78.1%)
Net underwriting results as a percentage of total written premiums	(45.7%)	9.7%	(12.3%)	(13.2%)	1.8%



Summary of Risk Factors

There are a number of risks related to the issue of Pre-emptive Rights Shares, which are summarized as follows:

- Risks related to the Company's business
- Risks Related to Market and Industry
- Risks related to the New Shares



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Figure

Figure 1 Organizational Chart

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1. Definitions and Terms

1. Definitions and Terms

Table No. (1): Definitions and Terms

Term	Definition
"Company", "Enaya" or "Issuer"	Saudi Enaya Cooperative Insurance Co., a Saudi Public Joint-Stock Company.
Advisors	The Company's Advisors, whose names are mentioned in pages (vi and vii).
Management	Management of Saudi Enaya Cooperative Insurance Co.
Board or Board of Directors	The Board of Directors of the Company, whose names appear on pages (iv).
Articles of Association	Company's Articles of Association.
Companies Law	The Companies Law in the KSA issued under Royal Decree No. (M/3), dated 28/01/1437H (corresponding to 10/11/2015G), which entered into force on 25/07/1437H (corresponding to 02/05/2016G), as amended.
Health Insurance Law	Cooperative Health Insurance Law No. (71), dated 27/04/1420H (corresponding to 11/08/1999G) issued by Royal Decree No. (M/10) on 01/05/1420H (corresponding to 13/08/1999G).
Cooperative Insurance Companies Control Law	Cooperative Insurance Companies Control Law in the KSA issued by Royal Decree No. (M/32), dated 02/06/1424H (corresponding to 31/07/2003G), amended by Royal Decree No. (M/30), dated 27/05/1434 AH (corresponding to 08/04/2013G), and amended by Royal Decree No. (M/12), dated 23/01/1443H (corresponding to 01/09/2021G)
KSA	Kingdom of Saudi Arabia.
Government	The Government of the Kingdom of Saudi Arabia.
Ministry of Commerce	Ministry of Commerce in the KSA (the name of the "Ministry of Commerce and Investment" has been modified to become the "Ministry of Commerce").
Ministry of Human Resources and Social Development	Ministry of Human Resources and Social Development in the KSA (the name of the "Ministry of Labor and Social Development" has been modified to become the "Ministry of Human Resources and Social Development").
Central Bank or SAMA	The Saudi Central Bank (the name "Saudi Arabian Monetary Agency" has been modified to become "Saudi Central Bank"), which is the authority responsible for the financial sectors authorized to operate in the KSA, such as banks, insurance companies, finance companies, exchange institutions and credit information companies.
Saudi Central Bank License	The license granted to the Company by the Saudi Central Bank under permit certificate No. (TMN/32/20128), dated 19/09/1433H (corresponding to 07/08/2012G) to allow the Company to engage in health insurance business. The Company renewed the license on 06/10/1442H (corresponding to 18/05/2021G) for a period of three years commencing on 25/10/1442H (corresponding to 06/06/2021G) and ending on 24/10/1445H (corresponding to 24/05/2024G)
Council of Health Insurance	A government body to oversee the implementation of the Cooperative health Insurance Law
Capital Market Authority or CMA	The Capital Market Authority in the KSA.
Saudi Stock Exchange	Saudi Stock Exchange (Saudi Tadawul).
Capital Market Law	The Capital Market Law promulgated by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 01/08/2003G).
Insurance Policy	A legal document or contract issued by the Company to the insured stating the terms of the contract to compensate the insured for the loss and damage covered by the policy in return for a premium paid by the insured.
Insurance Policy Holders	The person, who concluded the insurance contract and is entitled to financial compensation against certain damage.
Insured	The natural or legal person, who concludes the insurance contract.
Insurer	The insurance company that accepts insurance contracts from the insured and undertakes compensation for the risks, to which the insured is directly exposed.
Insurance Depth	The ratio of total insurance premiums written to the gross domestic product.
Insurance Density	Per capita spending on insurance.
Actuarial Expert	A consultant, who prepares statistical theories and various possibilities on the basis of which services are priced, obligations are evaluated, and provisions are calculated.
Actuarial Report	A memo prepared by the Actuarial Expert, which contains statistical theories and various possibilities on the basis of which services are priced, obligations are evaluated, and provisions are calculated.
Technical Provisions	These are the amounts allocated by the Company to cover expected losses resulting from the documents related to a type of insurance and the resulting financial obligations. Such Technical Provisions are calculated in accordance with the requirements of the Saudi Central Bank based on accepted accounting standards.

Term	Definition
Insurance Premium Deficiency Reserve	It is an estimated provision determined by the Actuarial Expert and based on the expected loss ratio for the remaining part of the risks. It usually arises when the Actuarial Expert believes that the prices of the documents are not sufficient to cover future claims related to them.
Solvency Margin	The extent to which the Company's assets can be converted into cash (beyond its obligations).
Insurance Brokers	A legal person who, in return for a certain fee, represents existing or potential Insureds in attracting and negotiating insurance contracts.
Insurance Agents	A legal person who, in return for a commission, represents the Insurer to attract, negotiate and conclude insurance contracts.
Reinsurance	The process by which an insurance company or reinsurer Insures or Reinsures another Insurer or Reinsurer against all or part of the risks of insurance or Reinsurance.
Reinsurer	A reinsurance company that accepts insurance contracts from another insurance company for all or some of the risks it bears.
Shareholder	Owner or holder of shares as of any specified time.
Founding Shareholders	Founding Shareholders of the Company
Substantial Shareholders	Shareholders who own 5% or more of the Company's shares, and they are: 1. National Health Insurance Company (Daman) with an ownership percentage of (10%); 2. KHALID JUFFALI CO LTD with an ownership percentage of (5.767%); 3. Munich Re Company with an ownership percentage of (5%); and 4. Al Murjan Group Holding Company with an ownership percentage of (5%).
General Assembly	The Shareholders' General Assembly of the Company.
Ordinary General Assembly	The Ordinary General Assembly of the Company's Shareholders, which is held according to the Company's Articles of Association.
Extraordinary General Assembly	The Extraordinary General Assembly of the Company's Shareholders, which is held according to the Company's Articles of Association.
Related Parties	They mean: 1. Company's employees; 2. substantial shareholders in the Company; 3. Directors and Senior Executives of the Company; 4. Directors and Senior Executives of the Company's employees; 5. Directors and Senior Executives of the Company's substantial shareholders; 6. any relatives to the persons referred to in Clauses (1, 2, 3, 4 or 5) above; and 7. any company controlled by any person referred to in Clauses (1, 2, 3, 4, 5 or 6) above. 8. Persons acting in concert together and jointly owning (5%) or more of the category of shares to be listed.
Corporate Governance Regulations	Corporate Governance Regulations issued by the CMA's Board pursuant to Resolution No. (8-16-2017), dated 16/05/1438H (corresponding to 13/02/2017G), in accordance with the Companies Law promulgated by Royal Decree No. M/3, dated 28/01/1437H, as amended by the CMA Board Resolution No. (1-94-2022), dated 24/01/1444H (corresponding to 22/08/2021G).
Insurance Corporate Governance Regulation	Insurance Corporate Governance Regulations issued by the Saudi Central Bank on 08/01/1437H (corresponding to 21/10/2015G)
Executive Regulations of the Cooperative Insurance Companies Control Law	Executive Regulations of the Cooperative Insurance Companies Control Law issued by the Minister of Finance Resolution No. (1/569), dated 01/03/1425H (corresponding to 20/04/2004G)
Listing	Listing securities on the primary stock exchange or - where the context allows - submitting a listing application to Saudi Tadawul (Tadawul).
Listing Rules	Listing Rules issued by the Saudi Stock Exchange ("Tadawul") and approved by virtue of CMA Board Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), as amended by its Resolution No. 1-19-2022, dated 12/07/1443H (corresponding to 13/02/2022G), as amended by its Resolution No. (1-52-2022G), dated 12/09/1443H (corresponding to 13/04/2022G) and as amended by its Resolution No. (3-96-2022G), dated 10/02/1444H (corresponding to 06/09/2022G).
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by CMA Board Pursuant to its Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) based on the Capital Market Law promulgated by Royal Decree No. M/30 dated 02/06/1424H, as amended by CMA Board Resolution No. 1-94-2022, dated 24/01/1444H (corresponding to 22/08/2022G).
Rules of Qualified Foreign Financial Institutions Investment in Listed Securities	These are rules for regulating the investment of securities by non-Saudi persons residing outside the KSA. issued by the CMA's Board pursuant to its Resolution No. (1-42-2015), dated 15/07/1436H (corresponding to 04/05/2015G) as amended by Resolution of the Board of the Capital Market Authority No. 3-65-2019, dated 14/10/1440H (corresponding to 17/6/2019G).

Term	Definition
Procedures and instructions for companies, whose shares are listed in the market with accumulated losses of (20%) or more of their capital	Rules for companies with accumulated losses issued by the CMA's Board pursuant to Resolution (4-48-2013), dated 15/01/1435H (corresponding to 18/11/2013G) based on the Capital Market Law issued by Royal Decree No. M/30, dated 02/06/1424H, as amended by the CMA's Board Resolution No. 1-77-2018, dated 05/11/1439H (corresponding to 18/07/2018G).
Capital	The balance shown as a separate item within shareholders' equity in the statement of financial position.
The Rights or Pre-emptive Rights	Are tradable securities giving their holders the priority to underwrite the New Shares offered, upon approval of the capital increase. An acquired right by registered shareholders. Each Right grants its holder the right to underwrite one New Share at the Offer Price. Rights Issue will be deposited after the Extraordinary General Assembly for Capital Increase. The Rights will appear in the accounts of the Registered Shareholders under a new symbol specifying the Rights Issue. The Registered Shareholders will be informed of the deposit of the Rights in their portfolios.
Subscriber	Any Person underwrites shares offering for underwriting
Lead Manager	Al-Nefae Investment Group
Underwriter	Al Wasatah Al Maliah
Al Wasatah Al Maliah or Wasatah Capital	A Saudi Closed Joint-Stock Company licensed by CMA under No. (37-08125) permitting it to act as a principal, underwrite, manage, arrange and maintain securities.
Underwriting Agreement	The underwriting agreement concluded between the Company and the Underwriter.
Net Proceeds of the Offering	Net Proceeds of the Offering after deducting the Offering expenses.
Offer/Underwriting Price	10 Saudi Riyals per share.
Shares Offered for Underwriting	Thirteen million (13,000,000) ordinary shares.
Outstanding Shares	The Company's ordinary shares of ten million (10,000,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share.
Indicative Value of the Right	The difference between the market value of the Company's share during the Trading Period and the Offer Price.
Trading Period	The period commencing three (3) working days after the approval of the Extraordinary General Assembly, including the approval of the capital increase, on Thursday 16/04/1444H (corresponding to 11/11/2022G) until Thursday 23/04/1444H (corresponding to 17/11/2022G).
Rump Offering	Rump shares non-underwritten by eligible persons shall be offered to institutional investors by offering them during Rump Offering Period.
Rump Offering Period	If any shares remain non-underwritten after the end of the Underwriting Period ("Rump Shares"), they will be offered to a number of Institutional Investors ("Institutional Investors") (referred to as "Rump Offering"). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on Monday 04/05/1444H (corresponding to 28/11/2022G) and continue until 5:00 PM on Tuesday 05/05/1444H (corresponding to 29/11/2022G) ("Rump Offering Period"). The Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer up to the lowest offer (provided that the price shall not be less than the Offer Price). The Rump Shares shall be allocated on a pro rata basis among Institutional Investors that provided offers at the same price. Fractional shares shall be added to the rump shares and treated in the same way.
Eligible persons	All Rights holders, whether Registered Shareholders or those who have purchased the Rights during the Trading Period.
Registered Shareholders	Shareholders holding shares on the date of the Extraordinary General Assembly meeting on capital increase as recorded in the Company's Shareholders Register at the close of the second trading day following the Extraordinary General Assembly.
Prospectus	This document prepared by the Company in relation to the underwriting of Rights Issue.
Functional Currency	The Saudi Riyal, in which the consolidated financial statements are presented.
Riyal	Saudi Riyal - Official currency of the KSA.

Term	Definition
Institutional Investors	<p>Include a number of institutions, as follows:</p> <ol style="list-style-type: none"> 1. Government entities and Government owned companies, whether investing directly or through a portfolio manager, or any international entity recognized by CMA, the Exchange or any other stock exchange recognized by CMA or the Depository Center; 2. Mutual funds established in the KSA and publicly offered besides private funds which invest on the securities listed in the Saudi Stock Exchange, if such is permitted by the fund's terms and conditions and subject to the provisions and restrictions provided in the Investment Fund Regulations; 3. Persons authorized to deal in securities as principals, provided that the financial adequacy requirements are observed; 4. Customers of a person authorized to perform the works of the management, provided that such authorized person has been appointed on terms upon which it may make decisions regarding the acceptance of the Offering underwriting and investment in Saudi Stock Exchange on behalf of the customer without obtaining prior approval; 5. Any other legal persons may open an investment account in the KSA and an account with the Depository Center, considering the controls on investment companies listed in financial markets, provided that the participation of the Company shall not cause any conflict of interests; 6. GCC Investors with Legal Personality, including companies and funds established in the GCC countries; 7. Qualified foreign investors; and 8. A final beneficiary of a legal capacity in a mutual agreement concluded with an authorized person in accordance with the terms and conditions of the mutual agreements.
Brokers	The market institutions licensed by the Capital Market Authority to engage in the activity of dealing in securities in the capacity of an agent.
IFRS	A set of accounting standards and interpretations thereof issued by the IASB.
SOCPA	The Saudi Organization for Auditors and Accountants in the KSA, formerly the Saudi Organization for Certified Public Accountants.
VAT	On 02/05/1438H, the Cabinet decided to approve the unified VAT agreement for Gulf Cooperation Council (GCC) countries, which came into force on January 01, 2018G, as a new tax added to the system of taxes and other fees to be implemented by Specific industries in the KSA, and in the GCC countries. The amount of this tax is (5%), where a number of products have been excluded from it (such as basic foods, services related to health care and education). The KSA's government decided to increase the value-added tax rate from (5%) to (15%) starting as of July 2020G.



2. Risk Factors

2. Risk Factors

In addition to the other information contained in this Prospectus, all prospective investors should carefully consider all risk factors described below before deciding whether to invest in the Offer 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, which may preclude its operations. 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 declare that, to the best of their knowledge and belief, there are no significant risks that can affect decisions taken by investors as at the date of this Prospectus, except as disclosed in this Section. An investment in the Offered Shares is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss, which might result from such an investment. Prospective investors who have doubts about which actions to take should refer to a Financial Adviser licensed by the CMA for advice about investing in the shares of this Offering.

In the event that any of the risks that the Company currently believes to be material do occur, or if any other risks that the Company does not currently consider to be material do occur, the value of the Offer Shares could decrease and prospective investors could lose all or part of their investment in the Offer Shares.

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

2.1 Risk Factors

2.1.1 Risks Related to the Company's Activity and Operations: Risks Related to the Decrease in the Solvency Margin

The Company is subject to many of the regulations and instructions stipulated in the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by the Saudi Central Bank. The Article No. (66) of the Implementing regulations stipulates that the Company that carries out general and health insurance shall maintain the required solvency margin by adopting the highest for any of the following three methods: (A) the minimum capital (B) the total written premiums (C) the claims. Paragraph No. (2) of Article No. (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law stipulates in subparagraph (A) that if the actual solvency margin becomes between 75% to 100% of the required solvency margin, the company shall work to adjust this percentage to become at least 100% during the next financial quarter. Subparagraph (B) stipulates that if the actual solvency margin becomes between 50% to 75% of the required solvency margin, or if what was mentioned in Paragraph (A) above has not been adhered to for two consecutive financial quarters, the Company shall present to the Saudi Central Bank a corrective plan clarifies the steps that the Company will take to improve its solvency and the time period required for that. Subparagraph (C) stipulates that if the actual solvency margin becomes between 25% to 50% of the required solvency margin, or if what was mentioned in Paragraph (B) above has not been adhered to for two consecutive financial quarters, the Authority shall have the right to compel the Company to take all or any of the following actions: (1) Increase of the Company's capital (2) Adjustment of prices (3) Reduction of costs (4) Stop accepting any new subscriptions (5) Liquidation of some assets (6) Any other procedure that the Company deems appropriate and approved by the Saudi Central Bank. Subparagraph (D) stipulates that if the actual solvency margin drops below 25% or the Company fails to correct its financial conditions, the Saudi Central Bank shall have the right to appoint an advisor to advise the Company or to request the withdrawal of the Company's license.

It should be noted that the financial solvency of the Company has deteriorated over the past years, as the surplus financial solvency margin amounted to (24.9) million Saudi Riyals, then it decreased to (7.7) million Saudi Riyals as on December 31, 2019G and 2020G, respectively. It continued to decrease and turned into a deficit of (57.0) million Saudi Riyals, and (80.3) million Saudi Riyals as on December 31, 2021G and June 30, 2022G, respectively. The solvency margin of the company reached (125%), (107.7%), (43%) and (19.7%) for the financial years ending on December 31, 2019G, 2020G, 2021G, and the six-month period ending on June 30, 2022G. The decrease in the solvency margin of the company from 2020G to 2021G is due to the increase in total claims amounting to (132.6) million Saudi Riyals, where the total claims balance amounted to (427) million Saudi Riyals as on December 31, 2021G, despite the increase in the accepted assets of insurance policyholders by an amount (67.9) million Saudi Riyals and the solvency margin continued to decrease on June 30, 2022G due to the decrease in the accepted assets of insurance policyholders by an amount of (24.5) million Saudi Riyals, while the total liabilities were relatively stable, reaching an amount of (425.8) million Saudi Riyals. As part of the regular inspections carried out by the Saudi Central Bank ("SAMA"), the Company received a letter from the Saudi Central Bank on 12/09/1439H (corresponding to 27/05/2018G) No. (40734/1) regarding the Company's failure to meet the requirements of the solvency

margin required by law based on Article No. (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, where the solvency margin of the company at that time was 14.5% and required the following:

1. Preventing the Company from accepting new subscribers and thus preventing it from issuing or renewing any insurance policies as of Sunday 12/09/1439H (corresponding to 27/05/2018G)
2. Obligating the company to appoint an independent advisor approved by the Saudi Central Bank, at Company expense, to advise on the decrease in the solvency margin and submit a weekly report to the Saudi Central Bank.
3. The chairman of the Company's board of directors shall inform all board members of the aforementioned Authority letter and take the necessary measures in this regard.

On 18/05/1440H (corresponding to 24/01/2019G), the Company received a letter from the Saudi Central Bank No. (89/31506) containing the lifting of the ban on the Company from issuing or renewing any insurance policy, as of Thursday, 18/05/1440H corresponding to 24/01/2019G, provided that the Company is committed to completing the corrective procedures related to the functions of the Internal Audit Department and the Compliance Department.

Therefore, if the company does not comply with the statutory requirements imposed by the Saudi Central Bank and due to the decrease in the current solvency margin of the company to less than 25%, the Company shall be subject to the application of the above in subparagraph (D), which in turn will negatively and fundamentally affect the reputation of the Company and the results of operations and financial position and will limit the possibility of its continuity in the future.

2.1.2 Risks Related to the Company's Main Activity

The insurance sector plays a large and very important role in economic and financial life, whether for individuals, companies, and countries, where insurance contributes to reducing risks and compensating those affected. Insurance companies face the risk of an increase in the rate of loss resulting from the insurance business, which may occur for many reasons, including the wrong pricing of insurance policies, underwriting of high-risk insurance policies, the spread of infectious diseases and viruses, for example (Covid-19, AIDS, plague). The Company is exposed to many risks that affect insurance companies, including the high intensity of competition in the market, as the Company is exposed to higher risks than its competitors due to the concentration of its activity in the field of health insurance compared to competitors who own more than one insurance branch (such as general insurance, health insurance, protection and savings insurance).

Health insurance is the largest insurance branch in the Kingdom of Saudi Arabia, where it constituted (59.3%), (58.9%) and (59.7%) of the total insurance premiums as on December 31, 2019G, December 31, 2020G, and December 31, 2021G, respectively. Although health insurance is the main activity of the Company, the Company's share represents only (0.69%), (0.73%) and (0.87%) of the total health insurance premiums in the sector as on December 31, 2019G, December 31, 2020G and December 31, 2021G, respectively.

It is worth noting that the Company's net loss rate amounted to (121.0%), (87.3%), (91.6%) and (90.5%) as on December 31, 2019G, December 31, 2020G and December 31, 2021G, and the six-months period ended on 30 June 2022G respectively. The combined ratio, which is concerned with measuring the profitability of insurance companies by examining their earned premiums from their policyholders, payments of claims, and expenses that they may incur in general, is generally high during previous years, which consistently exceeds 100%. The Company has also faced a relatively high rate of expenses during the past periods, and with the increase in the initiatives the Company made to improve spending, and improve the Company combined ratio, expenses decreased from 64.9% in the financial year 2019G to 25.6% in the financial year 2021G, and then to 18.6% in the first half of the financial year 2022G, the combined ratio decreased from 190.4% in the financial year 2019G to 121.5% in the financial year 2021G and then to 115.3% in the first half of the financial year 2022G, driven by the decrease in the net loss rate and the continued decrease in the expenses ratio. Despite the decrease in the combined ratio, it is still high. In the event that the Company cannot correctly estimate the potential risks before issuing insurance policies to its clients, this may lead to the Company incurring more losses, which in turn will materially and adversely affect the Company's business, financial position, results of operations, and future prospects.

2.1.3 Risks of Cancellation or Non-renewal of Insurance Policies

The Company is in a competitive insurance market, considering that the duration of insurance policies is short in nature, the Company may not be able to renew the issued insurance policies or the policies it will issue in the future continuously and as expected. If the policyholders do not renew or cancel their policies, the level of premiums earned for the company in the coming years will be materially and adversely affected, which will affect the Company's business results.

2.1.4 Risks related to Non-issuance or Non-renewal of Licenses, Permits and Certificates

The Company is required to obtain and maintain the various regulatory permits, licenses and approvals regarding its activities. These licenses include, but not limited to, Saudi Central Bank (SAMA) license, Cooperative Health Insurance Board license, product licenses obtained by the Company from the Saudi Central Bank (SAMA) for each product, Licenses for

opening branches issued by the Ministry of Municipal and Rural Affairs and Housing, Company registration certificates issued by the Ministry of Commerce and the Ministry of Investment, Chamber of Commerce membership certificates, Trademark registration certificate, Saudization certificates, Zakat certificates, and GOSI certificate (for more information, please see subsection no. (9.2) **"Licenses and Permits under which the Company Operates"** of Section no. (9) **"Legal Information"** of this Prospectus). In addition, most licenses, testimonies, and permits are subject to conditions under which they may be suspended, if the Company fails to meet and adhere to those conditions.

All Companies licensed by the Ministry of Investment shall apply for amendment of their licenses according to any amendments in their data, including, as example, the capital increase or modification of the commercial name or open branches.

It should be noted that as of the date of this Prospectus, the Company has the number of licenses under renewal (please refer to sub-section no. (9.3) of section no. (9) **"Legal Information"** of this Prospectus). The inability of the Company to renew its current licenses, permits, and certificates, or to obtain any licenses necessary for its business, or if any of its licenses are suspended or expired, or if any of those licenses were renewed on conditions that are not appropriate for the Company, or in the event that the Company is unable to obtain the additional licenses that may be required of it in the future, this may expose the Company to stoppage and inability to carry out its work such as closing some of branches and outlets, which will result in disruption of the Company's operations and incurring additional costs, and consequently, will materially and adversely affect the Company's business, financial position, and future prospects.

2.1.5 Risks related to Credit Rating

If the Company obtained a good credit rating, which will contribute to better the terms of its reinsurance agreements, gaining greater client confidence and encouraging prospective insurance applicants to do their insurance with it rather than other competing insurers. It should be noted that until the date of this Prospectus, the Company has no credit rating from credit rating agencies. In the event that it applies for a credit rating in the future, then there is no guarantee that the Company will obtain a good credit rating. Due to the fact that the company has no credit rating, it will face difficulty in the process of attracting new clients, as many clients prefer dealing with the insurance company that is rated, through which they can know the extent of the insurance company's ability to commit to paying compensation to clients. In addition, and in accordance with the provisions of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the Company shall select reinsurers who have a minimum rating of BBB from the credit rating agency (S&P) or an equivalent rating from one of the recognized international rating agencies. The Company shall deal with reinsurers who have the required rating according to the requirements of the Central Bank. In the event that the Company wants to deal with reinsurers who are not approved by the Central Bank or have a lower rating, or if the rating of the reinsurers has been lowered during their dealings with the Company, it shall obtain written approval from the Central Bank. If the Company is unable to obtain this approval, it shall stop reinsurance arrangements with those companies, which will increase the Company's burdens and expose it to more risks, including the inability of low-rated reinsurers to meet their obligations, which may adversely and materially affect the Company's business, financial position, the results of operations, and future prospects.

2.1.6 Risks of relying on Agents and Brokers

The Company relies on agents and brokers as major distributors for marketing its products in the Kingdom of Saudi Arabia. In addition to the Company's reliance mainly on its direct sales for subscription operations in 2019G and 2020G, where the value of subscriptions amounted to (123.7) million Saudi Riyals and (124) million Saudi Riyals, respectively. The total written insurance premiums through agents increased from (6.3) million Saudi Riyals as of 2019 to (23.3) million Saudi Riyals as of 2020G, respectively, due to the lifting of the ban on the company from issuing or renewing any insurance policies.

The total written insurance premiums by brokers and agents increased from (18.5) million Saudi Riyals to (81.0) million Saudi Riyals in as in 2020G and 2021G, as a result of the strategy adopted by the Company related to targeting medium and small companies, where the Company was able to obtain new policies for small and medium companies by its brokers, which lasted until June 30, 2022G. Accordingly, the Company's commission percentage increased from 3.4% in the financial year 2020G to 4.3% in the financial year 2021G and to 6.2% on June 30, 2022G. It should also be noted that the increase in dealing with brokers will lead to an increase in the costs of acquiring these policies, especially in light of the Company's performance and its losses, and that any interruption or termination of arrangements with brokers or agents results from the company's inability to provide contracts with brokers and agents on terms that suit the company or if the Saudi Central Bank imposes a suspension penalty on one of the brokerage companies or agents contracting with the Company, it may lead to the Company incurring losses, which may adversely and materially affect the Company's business, financial position, the results of operations, and future prospects.

2.1.7 Risks related to Credit

Credit risk arises when one party is unable to fulfill a specific financial obligation to the other party. The Company may face credit risk in several temporary or permanent cases, including the existence of debit balances from clients, failure of other debtors to fulfill their obligations towards the Company, and other cases in which the Company is exposed to risks.

Therefore, the Company established a provision for credit losses amounting to (26.3) million Saudi Riyals, (26.5) million Saudi Riyals, (17.3) million Saudi Riyals and (20.9) million Saudi Riyals as on December 31, 2019G, December 31, 2020G and December 31, 2021G and the six-month period ending on June 30, 2022G, respectively. The Company's net receivable balance amounted to (47.8) million Saudi Riyals, (49.3) million Saudi Riyals, (58.5) million Saudi Riyals, (53.2) million Saudi Riyals as of December 31, 2019G and 31 December 2020G, December 31, 2021G and the six-month period ending on June 30, 2022G, respectively, representing (13.86%), (15.60%), (16.91%) and (16.92%) of the company's total assets as on December 31, 2019G and 31 December 2020G and December 31, 2021G and for the six-month period ending on June 30, 2022G, respectively. The receivables' ages ranged as follows: 21.7% of the total insurance premiums receivable between 3 to 6 months, 5.5% between 6 to 12 months, and 31.6% over one year as on June 30, 2022G. If the Company is unable to collect its receivables and continues to make additional provisions, this may adversely and materially affect the Company's business, financial position, the results of operations, and future prospects.

2.1.8 Risks Related to Claims Management Process

The claims management process is one of the most important processes in the insurance activity, as its role revolves around determining the amount of claims owed to clients and settling them within a period not exceeding (45) days in accordance with the Implementing Regulations of the Cooperative Insurance Companies Control Law. Pricing of the Company's insurance products, as well as reserves for claims, is dependent on the period between notification of claims, processing of claims, and compensation of policyholders. The insurance claims under settlement with the Company amounted to (21.4) million Saudi Riyals, (39.3) million Saudi Riyals, (46.8) million Saudi Riyals and (39.2) million Saudi Riyals as on December 31, 2019G and December 31, 2020G and December 31, 2021G and the six-month period ending on June 30, 2022G, respectively. Claims management requires highly qualified persons with the ability to make the right decisions about claims management and payment. It should be noted that the letter of the Saudi Central Bank dated 12/09/1439H (corresponding to 27/05/2018G), which was referred to in Risk No. (2.1.1) "Risks Related to the Decrease in the Solvency Margin" included a note regarding the existence of many reported claims that were not recorded in the company's system, which in turn reinforced the Central Bank's decision to stop the company from issuing or renewing any insurance policies in addition to the decrease in solvency margin. There is no guarantee that the company will not commit any violations in the future. On 11/12/1441H (corresponding to 01/08/2020G) the Company signed an agreement to provide insurance claims management services with GlobeMed Saudi. If the Company fails to manage claims properly, it will cause delays in client payment and may result in wrong compensation to clients. Due to the regular inspection rounds carried out by the Saudi Central Bank ("SAMA") on insurance companies, any fine or penalty imposed by the Central Bank may adversely and materially affect the Company's business, financial position, the results of operations, and future prospects.

2.1.9 Risks Related to Reinsurance

Based on its activities, the Company must reinsure its insurance portfolio with reinsurance companies in order to reduce insurance risks. According to Article No. (40) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by the Central Bank, the Company must keep at least thirty percent (30%) of the total premiums inside the Kingdom. (The Company is currently not complying with this condition, as the reinsurance rate is within 0% of the total premiums).

The total re-insurance balances receivable related to previous periods amounted to 6.0 million Saudi Riyals as on December 31, 2019G, and 7.0 million Saudi Riyals as on December 31, 2020G, and there are no balances as on June 30, 2022G. The Company incurred provisions of 3.0 million Saudi Riyals in the financial year 2019G and 3.8 million Saudi Riyals in the financial year 2020G. Note that the Company has collected an amount of (421) thousand Saudi Riyals during the financial year 2021G, and the rest of the balance was completely written off by the end of the year.

Whereas the Company did not adhere to the condition of reinsurance of at least (30%) of the total premiums within the Kingdom, it may be subject to any fines in accordance with the provisions of Article No. (21) of the Cooperative Insurance Companies Control Law, which gives the Saudi Central Bank (SAMA) the power to impose a fine of up to two million (2,000,000) Saudi Riyals on companies that do not adhere to the aforementioned percentages. Therefore, if the company does not adhere to these percentages, it may be subject to such fine, which may adversely and materially affect the Company's business, financial position, the results of operations, and future prospects.

On the other hand, the market conditions, which are beyond the Company's control, determine the availability of the appropriate reinsurance operations with regard to cost and time, as well as the financial strength of reinsurance companies, and also the receipt of amounts due from future reinsurers. Like the insurance sector, the reinsurance sector is a periodic sector and subject to significant losses in the market, which will adversely affect reinsurance, terms and availability of insurance and the capacity of reinsurers to pay the claims submitted by the Company. Similarly, the desire for risk between the reinsurers may change, which could lead to changes in prices or the desire for reinsurance of some future risks. The additional regular reinsurance changes may lead to incompatibility between the regular requirements for insurance companies and coverage available with the reinsurers. If any of these incidents or any substantial changes in reinsurance prices occur, the Company may have to bear additional reinsurance expenses or to obtain re insurance, or may not be able to obtain appropriate re-insurance coverage, and therefore, will become vulnerable to increase of retained risks and

the possibility of increasing losses. In the event that the reinsurers do not offer to the Company renewal of their products and services, for any reason, there is a risk that the Company may not be able to find an alternative coverage for previous reinsurance agreements at acceptable prices, and the Company may be exposed to reinsurance losses during any period between termination of the existing agreements and the start of any alternative coverage. If there is any shortcoming of the Company's insurance, the Company will also be exposed to major losses, which will have a negative and substantial impact on its financial positions and business results.

2.1.10 Risks related to the Inability to Implement the Strategy

The Company's ability to increase its revenues and improve its profitability depends on the effective implementation of its business plans and successful implementation of its strategy. The Company's strategy included shifting away from insurance policyholders of large companies and targeting small and medium-sized companies ("SMEs") in order to improve the quality of the Company's portfolio. The financial year 2021G witnessed a significant increase in the number of clients from small and medium companies, where the contribution of small and medium-sized companies to the total portfolio increased from 7.2% in the financial year 2020G to 47.6% in the financial 2021G, and then to 59.1% on June 30, 2022G. Through the above-mentioned strategy, we find that the Company has succeeded in increasing its total written premiums in accordance with its new policies. The management intends to continue its focus on underwriting for small and medium-sized companies in the future, which may lead to the decrease in the number of insured policyholders but may lead to the increase in the average gross written premiums. It should be noted that there is no guarantee that the Company will continue to follow the above-mentioned strategy or the extent of its success. If the strategy prepared by the Company fails, this may adversely and materially affect the Company's business, financial position, the results of operations, and future prospects.

2.1.11 Risks Related to Risk Management in the Company

According to Article No. (119) of the Insurance Companies Governance Regulations, insurance companies must at least appoint a risk manager who is responsible for managing health insurance risks, but the Company has not appointed any risk manager, the thing which falls under the control functions. Therefore, the Company's failure to appoint a risk manager may expose it to penalties and fines imposed by regulatory authorities, which may adversely and materially affect the Company's business, financial position, the results of operations, and future prospects.

2.1.12 Risks Related to Poor Assessment of Risks

The Company studies potential risks before issuing insurance policies to the applicants based on the actuary's report. This study is conducted by actuary expert who examines the patterns of risk development and future prospects based on historical performance. The potential risks may not be estimated accurately and therefore the Company may incur losses that adversely and materially affect its financial position, results of operations and future prospects.

2.1.13 Risks related to the Increase in the Company's Liabilities

The increase in the Company's liabilities may pose a risk to the general financial position of the Company and its financial solvency. It should be noted that the percentage of total liabilities amounted to 56.73%, 61.47%, 82.75% and 85.62% of the total assets for the financial years ending on December 31, 2019G, December 31, 2020G, December 31, 2021G and the six-month period ending on June 30, 2022G, respectively. Increasing the company's liabilities will negatively affect its financial position, and therefore it will be difficult for the Company to meet its obligations, and this will have a negative impact on the Company's business, financial position, results of operations and future prospects.

2.1.14 Risks Related to Inadequacy of Provisions and Reserves

As per the Article No. (69) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by the Saudi Central Bank, the Company shall maintain adequate provisions to meet and cover financial obligations as below:

1. Unearned Premium Reserves
2. Unpaid Claims Reserves
3. Claim Expense Reserves
4. Incurred but not Reported ("IBNR") Claims Reserves
5. Unexpired Risk Reserves
6. Disasters Risk Reserves
7. General Expenses Reserves

The size of the reserves is estimated based on expected trends in the volume and frequency of claims according to data available in a timely manner. The determining of an appropriate level of claim reserve is inherently uncertain as the difficulty

and complexity of making the necessary assumptions. The following table shows the amounts of the Amounts of Reserves formed by the Company as at December 31, 2019G, 2020G and 2021G and the six-month period ending on June 30, 2022G, respectively:

Table No. (2): Amounts of Reserves

Provision	2019G	2020G	2021G	30/06/2022
Unearned Premium Reserves	75,920	67,504	108,727	92,593
Unpaid Claims Reserves	21,431	39,307	46,806	39,189
Incurred but not Reported Claims Reserves	18,493	12,974	15,745	19,977
Unexpired Risk Reserves	17,335	14,545	34,527	30,745
General Expenses Reserves	1,460	326	391	396
Reinsurers' Share of Unpaid Claims	(1,034)	(119)	0	0
Reinsurers' Share of Incurred but not Reported Claims	(94)	0	0	0

The increase in technical reserves, which was SAR 57.6 million on December 31, 2019 to SAR 67.0 million as on December 31, 2020G, was mainly driven by an increase in the outstanding claims provision by SAR 17.9 million. This increase was primarily due to the time delay between the reported claims and their settlement, which increased during the COVID-19 pandemic in the financial year 2020 across the insurance sector in Saudi Arabia, whereas there are several reported claims related to insurance policies up to the end of the financial year 2020. Despite the increase in net claims incurred from SAR 119.2 million in financial year 2019 to SAR 152.1 million in the financial year 2020, the net loss rate decreased by 33.8 points due to the increase in net premium earned.

Then, the outstanding claims provision rate increased again to SAR 46.8 million as on December 31, 2021G in line with the growth in underwriting, partially offset by an increase in the total claims paid (SAR +12.3 million). Then the provision for outstanding claims decreased to 39.2 million Saudi Riyals on June 30, 2022G.

The provision for the incurred but not reported risks decreased from SAR 18.5 million on December 31, 2019G to SAR 13.0 million on December 31, 2020G (due to the increase in the outstanding claims provision). Then, the provision for the incurred but not subsequently reported increased to SAR 15.7 million on December 31, 2021G and SAR 20.0 million on June 30, 2022G. These increases were in line with the growth in underwriting.

With regard to the un-forfeited provision for risks, it decreased from 17.3 million Saudi Riyals on December 31, 2019G to 14.5 million Saudi Riyals as on December 31, 2020G due to the improvement in the claims record. Then, the un-forfeited provision for risks significantly increased to 34.5 million Saudi Riyals on December 31, 2021G, mainly driven by the increase in underwriting in the financial year 2021G, which led to a decrease in the balance of the provision for unearned premiums from 75.9 million Saudi Riyals as on December 31, 2019G to 67.5 million Saudi Riyals as on December 31, 2020G, with a decrease of 8.4 million Saudi Riyals, then, the balance of the provision for unearned premiums increased from 67.5 million Saudi Riyals as on December 31, 2020G which became 108.7 million Saudi Riyals as on December 31, 2021G, with an increase of 41.2 million Saudi Riyals as on December 31, 2021G.

The share of the reinsurer from the outstanding claims decreased from SAR 1.0 million as on December 31, 2019G to SAR 119 thousand as on December 31, 2020G, and the share of the reinsurer from the risks that occurred and not yet claimed amounted to SAR 94,000 as of 2019G.

The provision for unearned premiums for the Company remained stable during the period from December 31, 2019G to December 31, 2020G, then its average increased from SAR 36.1 million to 54.2 million Saudi riyals as on December 31, 2021G, in line with the increase in subscriptions, before rising again to 61.0 million Saudi riyals as on June 30, 2022G.

Based on the report issued by the external actuarial expert for the financial year ending on December 31, 2021G, which recommended that the Company make improvements on some issues related to the quality of reports that would help the Company to calculate the required technical reserves more accurately and enable it to price the insurance products it offers as there are some insignificant differences between the claims under settlement and the paid claims. The size of reserves depends on future estimates by the actuary and it might prove to be inadequate in any period. In case the actual claims exceeded the claims reserve, the Company would have to increase its reserves. Reserves established for future insurance policy claims may prove to be insufficient and the Company will then need to increase reserves, which will adversely and substantially affect its financial position, cash flows and results of operations.

2.1.15 Risks Related to the Increase in the Accrued Expenses and Other Liabilities Balances

The accrued expenses of the company and other liabilities stabilized at an average of 36.1 million Saudi Riyals during the period from December 31, 2019G to December 31, 2020G, before increasing significantly to 54.2 million Saudi Riyals and 60.1 million Saudi Riyals as on December 31, 2021G and June 30, 2022G, respectively. The increase in accrued expenses and other liabilities as on December 31, 2021G was driven by the increase in payables to medical service providers from 15.9 million Saudi Riyals as on December 31, 2020G to 36.5 million Saudi Riyals as on December 31, 2021G and thereafter to 41.9 million Saudi Riyals on June 30 2022G.

The reason for the increase in the accounts payable to medical service providers is due to the following:

- The increase in reported and incurred claims.
- The appointment of third parties to manage the company's claims, which helped to enhance operations in the financial year 2021G, led to further examinations and verification of reported claims before settlements.
- The timing of settlements for medical service providers.

In addition, payables to suppliers increased from an average of 1.6 million Saudi Riyals during the period from December 31, 2020G to December 31, 2021G and then to 4.5 million Saudi Riyals on June 30, 2022G. This is due to timing differences, as the balance relates to non-medical suppliers for normal operations including stationery items, materials, etc.

The accrued expenses increased from 11.9 million Saudi riyals on December 31, 2019G to 16.3 million Saudi riyals as on December 31, 2020G, before declining to 10.5 million Saudi riyals on December 31, 2021G and then to 9.6 million Saudi riyals on June 30, 2022G.

The accrued expenses mainly consist of sales commissions for the Company's sales staff and brokers and decreased during the period from December 31, 2021G to June 30, 2022G due to the difference between submitting a claim and compensation. The increase in accrued expenses and payables would affect the Company's liquidity level, which have a negative impact on the Company's business, financial position, results of operations and future prospects.

2.1.16 Risks Related to Penalties by the Competent Regulatory Authorities

The Company's business is subject to many regulations and instructions issued by the Saudi Central Bank, the Capital Market Authority (CMA), and a number of other regulators. Accordingly, the Company is subject to inspection and observation tours, which may result in penalties in case of non-compliance with laws, regulations and instructions or delay in fulfilling any of them. The Company may be exposed to a number of penalties and fines imposed by the Saudi Central Bank (SAMA) and the 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 by the Saudi Central Bank (SAMA) and the Authority:

1. A fine of (23,97) Saudi Riyals, imposed by the Saudi Central Bank (SAMA) in 2019G, in return for the delay in paying supervision and inspection costs for the fourth quarter of the financial year 2018G.
2. A fine of (20,000) Saudi Riyals, imposed by the Authority in 2019G, in return for the company's failure to immediately and without delay disclose the award of a contract to Dr. Soliman Fakeeh Hospital.
3. A fine of (90,000) Saudi Riyals, imposed by the Saudi Central Bank (SAMA) in 2020G, in return for the continuation of the Chief Financial Officer to carry out its duties despite the expiry of its appointment period, in addition to the failure to appoint a qualified Saudi person to this position within the specified period.
4. A fine of (200,000) Saudi riyals, imposed by the Saudi Central Bank (SAMA) in 2020G, in return for the Company's failure to assess and limit the strategic risks to which the Company is exposed, and the Company's failure to update the risk tolerance statement and the lack of comprehensiveness of the Company's corporate governance regulation on the structure of the top management.
5. A fine of (15,000) Saudi riyals, imposed by the Saudi Central Bank (SAMA) in 2020G, in return for not observing sufficient spaces for social distancing between employees, and the lack of checkpoints.
6. A fine of (20,000) Saudi Riyals, imposed by the Saudi Central Bank (SAMA) in 2021G, in return for continuing to deal with an insurance broker after the expiry of its license issued by the Saudi Central Bank (SAMA).
7. A fine of (16,900) Saudi riyals, imposed by the Saudi Central Bank (SAMA) in 2021G, in return for the delay in paying supervision and inspection costs to the Saudi Central Bank (SAMA).
8. A fine of (20,000) Saudi Riyals, imposed by the Saudi Central Bank (SAMA) in 2021G, in return for the company's failure to comply with the minimum meeting of the Executive Committee in the company's board of directors.

9. A fine of (100,000) Saudi Riyals, imposed by the Saudi Central Bank (SAMA) in 2022G, in return for the company's failure to comply with some articles of cybersecurity controls issued by the Saudi Central Bank (SAMA).
10. A fine of (20,000) Saudi Riyals, imposed by the Saudi Central Bank (SAMA) in 2022G, in return for the company not including the commissions paid to the insurance broker in the schedule of the contract document.

The company has paid all the fines imposed on it and mentioned above.

In the event that the Company continues to commit violations, or if the Company fails to comply in the future with all the regulations and instructions issued by the Saudi Central Bank (SAMA) and the regulations, rules and requirements of the Capital Market Authority and any other regulatory authority, it shall be subject to fines and penalties that will be imposed on it by the Saudi Central Bank (SAMA) or the Capital Market Authority or any other regulatory authority, which will increase its operational costs and will have a material impact on its operations and profits.

2.1.17 Risks Related to Litigation

The Company in the course of its work may be subject to issues and suits related to its general operations, insurance operations, conflicts and claims related to insurance coverage. The Company does not guarantee that no dispute may occur with other parties dealing with it and with policyholders, which may lead to filing lawsuits with relevant jurisdictions, either by the Company or against the Company. As a result, the Company may be vulnerable to judicial claims from government agencies, departments and investigations, including the context of new controls on the insurance sector in the Kingdom. Of course, the Company cannot expect the results of those claims if they occur, and the Company does not guarantee that these claims will not have significant impact on its business, financial position and results of operations. The Company cannot exactly expect the cost of lawsuits or judicial proceedings that it may file or be filed against it or the final results of these suits or the issued rulings and what compensation and penalties they include, and thus any negative results for such suits will adversely affect Company.

There are claims filed by and against the Company in front of the conflict settlement and insurance violations committees relating to claims for medical insurance policies for various types of products such as group medical insurance.

Other than what is disclosed in this Section and Subsection (9.6) of Section No. (9) "**Legal Information**" of this Prospectus, the Company is not a party to any lawsuit, claim, arbitration or administrative procedures, collectively or individually, beyond its usual framework or will substantially affect its business or financial position.

2.1.18 Risks Related to Investment

The Company's investments are subject to many articles of the Implementing Regulations of the Insurance Companies Control Law, where Article No. (59) states that the Company shall develop a written investment policy approved by the Company's board of directors and approved by the Central Bank regulating investment operations and methods of managing investment portfolios, and that the investment shall be in Saudi riyals with a percentage of (50%) of the total assets available for investment, and if the Company wishes to reduce this percentage, a prior written approval must be obtained from the Central Bank. Article No. (60) stipulates that the Company must have a written investment policy approved by the Board of Directors for the distribution of investment assets, taking into account the risks surrounding the company and the region in which it operates. The Company must also take appropriate measures to manage these risks and that there shall be, as a minimum, an analysis of the following risks: (market risk - credit risk - interest rate risk - currency exchange risk - liquidity risk - operational risk - country risk - legal risk - reinsurance risk - technology risk). Article No. (61) also stipulates that the Company, when setting its investment policy, shall take into account that the maturity period for the invested assets is parallel to the company's obligations, according to the issued documents, and that it submits to the Central Bank the investment program, including the distribution of assets. If the Bank does not agree to the program, the Company shall abide by the percentages mentioned in Table No. (1) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, provided that the investment outside the Kingdom does not exceed (20%) of the total investments, while adhering to what is stated in Paragraph No. (2) of Article fifty-nine, the Company must take into consideration the risks of investment concentration so that the concentration percentage does not exceed (50%) of each investment pool as stated in Table No. (1) of the Implementing Regulations of the Cooperative Insurance Companies Control Law.

Until the date of this Prospectus, the Company had not obtained the approval of the Central Bank for its investment policy, as it is in the process of obtaining it from the Central Bank.

The management's investment strategy focused on short-term investments that are low risk. The investments mainly included short-term Murabaha deposits.

The investments also included investments in held-to-maturity assets related to the deposit of sukuk amounting to 60.0 million Saudi Riyals in financial year 2019G. The sukuk was subsequently liquidated in financial year 2021G to achieve actual gains of 5.2 million Saudi Riyals. Held-to-maturity investments amounted to zero as of December 31, 2021G and June 30, 2022G.

The Company also held investments at fair value through profit or loss, in respect of:

- Investing 4.9 million Saudi Riyals in the Saudi Aramco IPO in financial year 2019G, which was subsequently liquidated in financial year 2020G.
- Al Badr Murabaha Fund, which averaged 7.2 million Saudi riyals during the period December 31, 2019G and December 31, 2020G, before liquidating 6.7 million Saudi Riyals in the financial year 2021G, resulting in a balance of 664 thousand Saudi Riyals as on December 31, 2021G. The remaining balance was liquidated Later, the investment in the Al Badr Murabaha Fund was zero as on June 30, 2022G.
- The size of the Saudi Fransi Fund for IPOs for the Gulf Cooperation Council countries amounted to 702 thousand Saudi riyals as on December 31, 2019G, and it increased during the historical period mainly through unrealized gains as a result of increases in fair value. As such, the investment in the IPO fund increased from 702,000 Saudi riyals as on December 31, 2019G to 1.1 million Saudi riyals on June 30, 2022G.

Article No. (62) stipulates that the Company shall not use financial instruments such as financial derivatives and off-balance sheet items without obtaining a prior written approval from the Saudi Central Bank, and the Company shall not use these tools for purposes other than managing the investment portfolio. The following must be taken into consideration: They are listed in a major financial market, and are able to be liquidated in a short time, and are based on assets listed in the assets valuation table, and have a clear and known pricing method, and that the Company has sufficient provisions and assets to meet any obligations arising or potential from investing in these instruments, and the other party in the deal has an acceptable solvency and reputation.

Due to the distressed solvency position of the company, management remains limited in its investment strategy and unable to generate sufficient returns to offset underwriting losses and fixed costs. We note that the investment options available to the company are limited. It is subject to many of the statutory requirements that the Company must apply, and if it does not comply with them, it will be subject to penalties that would adversely and substantially affect its financial position, cash flows and results of operations and future prospects.

2.1.19 Risks of Depreciation and Impairment of Assets:

The value of the Company's net tangible property and equipment gradually decreased from 2.4 million Saudi Riyals to 1.5 million Saudi Riyals as on December 31, 2019G and 2021G, respectively. This is mainly due to the decrease in the level of fixed assets additions during the above-mentioned period and on June 30, 2022G, the value of net property and equipment increased to 1.6 million Saudi Riyals, as a result of improvements to leased properties amounting to 512 thousand Saudi Riyals that have not yet been depreciated until June 30, 2022G.

As of June 30, 2022G, the ratio of the total remaining useful life to the average assets of the Company was 8.1% as follows:

- Computers are depreciated by 91.8%.
- Furniture, fixtures and office equipment are depreciated by 95.3%.
- Rental property improvements are depreciated by 90.2%.
- Cars are fully depreciated.

The intangible assets of the Company are also mainly consisting of computer software and licenses, where the intangible assets decreased from 753 thousand Saudi Riyals to 455 thousand Saudi Riyals, then to 308 thousand Saudi Riyals as in 2019G, 2020G and 2021G, respectively. The Company's intangible assets were also depreciated by 97.0% as on 30 June, 2022G with no additions during the first half of 2022G. The net book value of intangible assets gradually decreased from 1.1 million Saudi Riyals to 707 thousand Saudi Riyals as in 2019G and 30 June 2022G, respectively. The thing which led to a decrease in the remaining useful life of intangible assets from 4.8% to 30% during the year December 31, 2019G until June 30, 2022G.

Thus, the Company may need to bear some capital expenditures in the future in order to further improve its operations, especially as the management seeks to grow in the future or replace and update the current programs in order to mitigate the specific problems. In the event that the Company is unable to bear these expenses, it would adversely and substantially affect its financial position, cash flows and results of operations and future prospects.

2.1.20 Risks related to Transactions with Related Parties

The Companies Law stipulates in its Article No. (71) that members of the Board of Directors shall not have a direct or indirect interest in the business and contracts that are made for the Company's account without a license from the Ordinary General Assembly on these transactions. The Company do not guarantee to obtain the license of the Ordinary General Assembly on all transactions with related parties for the year 2022G, which may put the Company in violation of the provisions of Article No. (71) of the Companies Law. As a result, the Company may be exposed to risks if it does not obtain the license of the Ordinary General Assembly on all transactions, which may be the invalidation of these transactions, which may affect the company's performance.

2.1.21 Risks associated with Foreign Capital in the Company

The ownership of foreign investors in Saudi companies is subject to the Foreign Investment System issued under Royal Decree No. (M/1) dated 15/01/1421H and its implementing regulations issued under No. (1/20) dated 13/04/1423H, which stated number of practices and violations to the provisions of the Foreign Investment System and its Implementing Regulations. If foreign investors commit them, they will be subject to a number of sanctions in accordance with the Foreign Investment System, which may reach the cancellation of the foreign investment license. The foreign investors' ownership percentage of the Company's capital is (7.21%) as on 10/10/2022G. Practicing or committing any violated provided for in the implementing regulations of the Foreign Investment System, may expose the foreign investor to sanctions reaching cancellation of license and thus cancelling his ownership in the Company. Since the institutional investors owns more than 5% of the total foreign investors, the loss of one of the founding investors in the Company will adversely and substantially affect the Company's business, financial position and future prospects.

2.1.22 Risks related to Occurrence of Natural Disasters and Work Interruption

All insurance companies are exposed to losses resulting from unpredictable events that may affect many risks covered by the Company, in particular large-scale weather events with regard to vehicle insurance or epidemics in the case of health insurance. Other events that can affect the Company and insurance policies include natural and unnatural events, including, but no limited to, snow or and storms, floods, winds, fires, explosives, earthquakes, industrial accidents and terrorist actions. The size of the Company's losses as a result of these disaster events depends on their frequency and severity of each event and reinsurance arrangements developed by the Company. Despite the Company's efforts to reduce its exposure to these events, determine appropriate price for them, or establish appropriate conditions for risk insurance, these efforts may not succeed. In addition, any disaster may affect the company's offices or any other sites, and thus will negatively affect the Company's business, financial condition and future prospects.

2.1.23 Risk related to Operating Systems and Information Technology

The company uses several IT systems and computer programs during its operations, which are necessary to provide the Company's services to its customers. The insurance sector depends significantly on electronic systems, which include communications and sales programs, issuing policy, financial and technical programs, in addition to saving information and data, storing electronic files and others. These programs and technical systems help in addressing a huge number of operations continuously and without interruption, and provide protection from problems, technical malfunctions and viruses that may appear suddenly. This does not mean that the Company is not exposed to these problems, as Company's IT systems are also subject to external and internal risks, such as harmful programs, code defects and attempts of penetrating the Company's networks and lack of updates, required modifications, data leaks and human errors. All that pose a direct risk to the Company's services and data. Other threats include equipment, physical attacks, stealing customer information, fire, explosion, floods, severe weather conditions, power outages and other problems that may occur during network upgrades or making other major changes. If a partial or total collapse occurs in any of IT or communications systems, the Company's business activities may stop or severely get affected, and any discrepancies or accident or penetration can cause an interruption of the Company's operations or affect its capacity to provide services to the customers. In addition, increasing the use of cloud services for data storage may lead to the increase the vulnerability of the Company to the risk of IT failure. For example, an electronic attack on the insurance network may lead to the Company's disability to provide services to its customers, which may damage its reputation and cause loss in revenues or financial penalties. In the event that the Company's systems, programs and backup plans fail during the operations, the Company does not guarantee that there will be no temporary, partial or total halt in its operations, which hinders its ability to conduct its business normally, which will adversely affect its financial performance, results of operations and reputation.

2.1.24 Risks related to the Company's Reputation

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

2.1.25 Risks related to Non-compliance with the Quality Standards and Specifications required by Customers

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

2.1.26 Risks Associated with Anti-Money Laundering

The Company is currently complying with the Anti-Money Laundering and Combating the Financing of Terrorism Regulations issued by the Central Bank of Saudi Arabia. the rules for combating money laundering and terrorist financing for insurance companies, the anti-money laundering system and its implementing regulations, the counter-terrorism crime and its financing system and its implementing rules. These regulations clarify the procedures that must be taken upon accepting any client, (Whether an individual or a company), and clarify the due diligence procedures that must be followed as well as the procedures for reporting suspicious transactions and other procedures.

In the event that the Company does not comply with the anti-money laundering and combating terrorist financing regulations, this will make the Company subject to legal accountability by the regulatory authorities and this will result in imposing sanctions and fines if the Company incurred it, consequently, will have a negative material impact on the Company's business, financial position, results of operations, profitability of shares and future prospects.

2.1.27 Risks related to the Protection of Trademarks

The Company has a trademark registered with the Ministry of Commerce under (143413032). This registration enables the Company to use the trademark and grant it the legal protection required in accordance with the trademark system.

The Company's ability to market its insurance products and develop its business depends on the use of its trademark and logo. Therefore, the inability of the Company to prevent violation of its rights in this regard will negatively affect its right in using its brand and will make its work more expensive, which will affect the Company's operational results. The Company's work will be affected more if it has to compete with similar trademarks.

2.1.28 Risks related to Cheating in Insurance Usage and Claims and other Fraudulent Activities

The Company is vulnerable to cheating and fraudulent dealings from various sources, such as its suppliers, brokers, customers and other parties. This includes customers who provide incorrect statements or fail to fully disclose the covered risks before purchasing insurance coverage, and policyholders who make fraudulent claims or exaggerate those claims. It should be noted that the technical methods applied to cheating and fraud practices are constantly evolving, so they are difficult to detect.

In the event of the occurrence of any cases of cheating or fraud in any aspect of the Company's business, will have a negative and material impact on the Company's performance, operations and future plans.

2.1.29 Risk of Employee Misconduct or Errors

The Company's employees may make errors or misconduct while performing their duties in violation of the laws and regulations to which the Company is subject, which may harm the Company and its reputation and expose it to violations, sanctions or fines that may be imposed by regulatory authorities. The Company does not guarantee that no error or misconduct has been committed by its employees, which may negatively affect the Company's performance.

2.1.30 Risks related to Dependence on Key Personnel and attraction of competencies

The Company depends on the experiences and capacities of key personnel. Therefore, the Company's success may depend on its ability to ensure continuity of these competencies and find alternatives if they leave the Company. Recently mergers of listed insurance companies have been active. This merger creates larger, more complex, and more competitive entities. There is no assurance that the Company can retain the services of its employees. The Company may also need to increase the salaries to ensure the continuity of its employees or attract new staff with appropriate qualifications which may have negative impact on the Company's financial position. All this may lead to the difficulty of maintaining some employees and the loss of one or more members of its senior management, sections or departments may obstruct the implementation of its work strategy. This will have a negative impact on its business, financial position and results of operations.

2.1.31 Risks related to Saudization Requirements

The Ministry of Human Resources and Social Development implements Nitaqat Program that is designed to encourage companies to employ Saudi citizens and increase their percentage of the company's total employees. According to this (Nitaqat) program, the Company's compliance with Saudization requirements is measured by the proportion of the Saudi citizens working for the Company compared to the average Saudization in companies operating in the same sector.

The company achieved a Saudization rate of (61.90%), which is classified within the platinum range of the Nitaqat program, but there is no guarantee that the company will continue to maintain the required Saudization percentage within the levels prescribed by law. As the Ministry of Human Resources and Social Development has recently adopted the developer Nitaqat program, which fundamentally affects the mechanism for calculating the Saudization rates in the subspecialties of

companies operating locally, and its impact on the company's operations has not yet appeared. Any fundamental change in these percentages will expose the Company to sanctions for non-compliance with the decisions issued in this regard, which reach the suspension of employment visas for the Company or the transfer of non-Saudi employees or excluding the Company from participating in government tenders, which may adversely affect the Company's business and results of operations.

2.1.32 Risks related to Non-obtaining Regulatory Approvals or Non-Objection from Regulatory Authorities

The Company is subject to several statutory requirements for its practice of insurance activity under the relevant laws and regulations, which require obtaining approvals or non-objection from the legislative and supervisory authorities to which it is subject when carrying out its business, which is - for example, but not limited to - the requirement to obtain the Central Bank's no-objection (SAMA) to nominate members of the Company's board of directors and committee members, or the approval of the Central Bank on some policies in the company. Consequently, the Company may not adhere to obtain the necessary regulatory approvals or the no objection from regulatory authorities to some work that may require this, which may expose the Company to violations, sanctions or fines imposed by the regulatory and supervisory authorities, which would negatively and materially affect the company's business, financial position and future prospects.

2.1.33 Risks related to Resignation of a Member of the Board of Directors

According to the Insurance Companies Governance Regulation, the Company must have a board of directors whose members are not less than five (5) and not more than eleven (11) members. The Company's bylaws stipulate that the Company shall have a board of directors to manage the Company, consisting of eight (8) members. On 20/07/1442H (corresponding to 04/03/2021G), the Company obtained the approval of the Ordinary General Assembly to elect members nominated for membership in the Board of Directors, for the fourth session of the Company's Board of Directors, which begins on 08/03/2021G and ends on 07/01/2024G. The Company obtained the Central Bank's no objection to the nomination of the members of the Company's Board of Directors on 02/01/2021G.

The member of the Company's Board of Directors and head of the risk committee Cornelius Alexander Ankel submitted his resignation from the membership of the Board of Directors and its affiliated committees on 29/11/1443H (corresponding to 28/06/2022G) for personal reasons, and his resignation was accepted on 13/01/1444H (corresponding to 11/08/2022G). The Company has not appointed a replacement for the resigned member until the date of this prospectus. In the event that the Company does not appoint a replacement member in the vacant position, it may make it vulnerable to violating the provisions of its articles of association. Also, the Company must obtain the Saudi Central Bank (SAMA) no objection to the members nominated to fill the vacant position in the Company's Board of Directors, so this may result in the Company delaying the appointment of a replacement member.

2.1.34 Risks related to Non-activating the Role of the Committees of the Board of Directors

The Company has the obligation to form a number of committees of the Company's Board of Directors under the Companies Law, the Corporate Governance Regulations and the Insurance Companies Governance Regulations. The committees play many different roles of importance in the company's decision-making.

The Corporate Governance Regulations and the Insurance Companies Governance Regulations set provisions for all relevant companies to abide by the statutory minimum number of meetings for each committee of the Board of Directors separately. Based on the foregoing, the Company may not comply with the relevant statutory provisions and the Company's committees may not hold the necessary meetings, which may put the Company in violation of the relevant statutory provisions, and accordingly it may be subject to violations and fines imposed by regulatory authorities.

The company did not activate the role of the risk management committee (or at least a risk management employee), the investment committee and the executive committee, due to the failure to hold the sufficient meetings required of these committees, which exposed them to sanctions and fines; which will weaken the governance of the company's decisions by not activating the role of the committees of the Board of Directors and involving them in making the fundamental decisions in the Company.

2.1.35 Risks related to Non-compliance with the Mandatory Clauses in the Employment Contract

In accordance with Article No. (52) of the Labor Law issued by Royal Decree No. (M/51) dated 23/08/1426 AH, the Company must comply with the mandatory clauses contained in the unified form of employment contracts issued by the Ministry of Human Resources and Social Development. The Company may not adhere to include all the mandatory clauses stipulated in the unified form in the contracts of its employees or to register all of its employees on the Qiwa platform, which may put the Company in violation to the relevant regulatory authority that may impose sanctions, violations or fines, which may adversely affect the company's business, financial position and future prospects.

2.1.36 Risks of Changes in Significant Accounting Standards and New Standards

Changing the generally accepted International Financial Reporting Standards (IFRS) to new or revised international accounting standards may result in the Company's previous financial statements not being easily compared. In particular, the Company's financial statements for financial years and periods beginning after June 30, 2022G that may be prepared and presented under revised or new international accounting standards may not be easily comparable with those of previous financial periods contained in this prospectus that were prepared and presented in accordance with the provisions of this Prospectus. International Financial Reporting Standards (IFRS) currently recognized, and the following table shows the standards issued and not in force until the date of issuing the financial statements for the six-month period ending on June 30, 2022G

Table No. (3): Issued and Not Valid Standards

Standard, Interpretation and Amendments	Description	Start Date
Amendments to IAS 1, Presentation of Financial Statements, regarding classification of obligations	These narrowly defined amendments to IAS 1, Presentation of Financial Statements, clarify that liabilities are classified as current or non-current, depending on the rights in place at the end of the reporting period. The rating is not affected by the entity's expectations or events after the reporting date (for example, receipt of a waiver or breach of undertaking). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of an obligation.	Deferred until accounting periods not beginning before January 1, 2024G
Narrow Amendments to IAS 1 and Practice Statement of IFRS 2 and IAS 8	The amendments aim to improve accounting policy disclosures and help users of financial statements distinguish between changes in accounting estimates and changes in accounting policies.	Accounting periods beginning on or after January 1, 2023G
Amendment to 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, result in equal amounts of taxable and deductible temporary differences.	Accounting periods beginning on or after January 1, 2023G
IFRS 17	The standard sets out the principles for recognition, measurement, presentation and disclosure of insurance contracts, and it replaces IFRS 4 "Insurance Contracts".	The Company intends to apply the standard on its effective date, January 1, 2023G
IFRS 9	This standard was published on July 24, 2014 to replace IAS 39. IFRS 9 uses a single approach to determine the measurement of a financial asset at amortized cost, fair value through other comprehensive income, or fair value through profit or loss.	Annual financial reporting periods beginning on or after January 1, 2023G
IFRS 37	The amendments specify that the cost of executing the contract includes costs directly related to the contract. These amendments apply to contracts in which the company has not fulfilled all its obligations, starting from the first period in which the company applies that amendment.	Annual financial reporting periods beginning on or after January 1, 2022G.
IFRS 16	The amendments prohibit deducting from the cost of any item of property, machinery and equipment, any proceeds from the sale of items produced before an asset becomes available for use. In addition, the modifications shall also clarify the outcome of testing whether an asset is operating properly or not.	Annual financial reporting periods beginning on or after January 1, 2022G.

The application of the new accounting standards referred to above may result in a decrease in the value of assets or the recognition of losses resulting from the process of re-measurement of financial assets, which negatively and fundamentally affects the level of results of the company's operations and its financial position. (For more information, please see Section (5) "Financial Information and Management Discussion and Analysis" sub-paragraph (5.4.2) "Issued and Not Effective Standards").

2.1.37 Risks related to the Coronavirus (COVID-19) Pandemic

The outbreak of the new Coronavirus (COVID-19) began in December 2019G, and the World Health Organization declared the Coronavirus as a global pandemic in March 2020G, and the Coronavirus subsequently spread widely and quickly to affect most countries of the world, and caused an unprecedented health and economic crisis. In the second half of February 2020G, countries began imposing public health containment measures to delay its spread and enhance the capacity of the health sector. The development of the situation in this way led to a sudden halt in economic activities and a sharp decline in economic prospects for individuals, companies and governments.

The government of the Kingdom of Saudi Arabia has imposed health and economic measures to contain the consequences of the increasing outbreak of the Coronavirus, like other countries of the world. The health measures included the imposition of a partial or complete curfew in some cities and governorates of the Kingdom, the complete and partial closure of economic and governmental activities, the closure of shopping centers, commercial

complexes and all activities within them, with the exception of food stores and pharmacies, and reducing the number of working hours for some sectors or obligating some of them to work remotely and otherwise, and suspending all domestic flights, taxis, buses, and trains, suspension of entry for the purposes of Umrah and visiting the Prophet's Mosque from

outside the Kingdom, and quarantine. While the economy included financial support for citizens and those affected by the Coronavirus pandemic, vacations and sick leaves paid by the state, expansion of unemployment compensation, delaying tax payments and other measures to support companies.

The government's decision to bear the costs of medical treatment for all Saudi citizens and residents helped reduce any material impact on the company's activity during the closure period, as the company witnessed a decrease in medical claims, and after lifting the closure since June 21, 2020G, the Company witnessed a rise in claims in line with management expectations. The Company recorded an amount of 319 thousand Saudi Riyals as a reserve for the decrease in insurance premiums as on December 31, 2020G (zero as on December 31, 2021G).

Since there is no expected date to the end of this pandemic until the date of this Prospectus, the Company cannot estimate the size of losses caused by the spread of this pandemic. It cannot guarantee that there will be no future consequences that will adversely and significantly affect the Company's business, financial position and results of future operations.

2.1.38 Risks Related to Zakat

The Company has submitted its zakat and tax returns since its establishment until December 31, 2021G, and obtained a zakat certificate from the Zakat, Tax and Customs Authority with the number (1110040847) on 19/10/1443H (corresponding to 20/05/2022G), valid until 10/10/1444H (corresponding to 30/04/2023G).

Zakat assessments were completed until 2014G and settled. The Zakat, Tax and Customs Authority has also issued assessments for the years 2015G, 2016G, 2017G and 2018G, which resulted in additional zakat differences with a total value of (9.5) million Saudi Riyals. The Company has established a provision for the full amount of (9.5) million Saudi Riyals, and the Company has submitted an appeal against these assessments, all of which are being considered by the Court of Appeal until the date of this prospectus.

With regard to the years 2019G, 2020G and 2021G, the Company did not receive any Zakat assessment for these years and it is still under review by the Zakat, Tax and Customs Authority as on the date of this prospectus.

The Company is subject to income tax of 19% which applies to foreign shareholders and zakat rate of 81% which applies to local shareholders.

The Company cannot predict whether the Zakat, Tax and Customs Authority will accept appeals against additional claims, or accept its zakat estimates for the above-mentioned financial years, for which the Zakat, Tax and Customs Authority has not yet issued zakat assessments for it, or will require it to pay any zakat differences in the future for these years, which may oblige the Company to pay more than what has been allocated for those years, which will negatively affect the Company's profitability and performance.

2.1.39 Risks related to Underwritten Insurance Premiums in the years 2019G and 2021G

The company's net underwriting loss amounted to (45) million Saudi Riyals in the financial year 2019G. The results improved to a net income of (16.9) million Saudi Riyals in the financial year 2020G, and this increase was a result of the curfew period applied during the Coronavirus pandemic period, which resulted in the closure of hospitals and major health centers. Hospitals focused during that period on providing health care to those infected with Coronavirus. This contributed to a decrease in claims incurred.

The net underwriting income decreased to a loss of 21.7 million Saudi Riyals in financial year 2021G due to the increase in the value of claims incurred after recovering from the COVID-19 pandemic and due to the settlement of certain claims reported in financial year 2020G in financial year 2021G due to delays caused by the pandemic.

The increase in the insurance premiums deficit reserve by 20.0 million Saudi Riyals contributed to the decrease in net underwritten premiums, in addition to the increase in policy acquisition costs (+ 1.7 million Saudi Riyals) and other underwriting expenses (+ 5.6 million Saudi Riyals), which are mainly due to other independent parties fees on which the management depends on.

The Company also recorded a net underwriting income in the first half of 2022G at a value of 2.1 million Saudi Riyals.

2.1.40 Risks Related to Accumulated Losses

The Company's accumulated losses amounted to (44.7) million Saudi Riyals as on December 31, 2018G, equivalent to (44.7%) of its capital of (100) million Saudi Riyals. Accordingly, the Extraordinary General Assembly held on 05/04/1440H (corresponding to 12/ 12/2018G) to increase the Company's capital from (100) million Saudi Riyals to (300) million Saudi Riyals by issuing rights shares in anticipation of accumulated losses in the future, and the accumulated losses continued to rise until it became (150) million Saudi Riyals as on 31 December 2019G, equivalent to (50.29%) of its capital of (300) million Saudi Riyals, and as a result of this, the Extraordinary General Assembly, held on 30/08/1441H (corresponding to 23/04/2020G), agreed to reduce the Company's capital by an amount of (150) one million Saudi Riyals from (300) million

Saudi Riyals to (150) million Saudi riyals in order to restructure the Company's capital by amortizing (150) million Saudi Riyals from the accumulated losses, and accordingly the Company's accumulated losses became (860) thousand Saudi riyals.

The accumulated losses amounted to (91.3) million Saudi Riyals as on December 31, 2021G, equivalent to (60.8%) of its capital, which amounted to (150) million Saudi riyals and continued to rise until it reached (105.74) million Saudi Riyals as on June 30, 2022G, equivalent to (70.5%) of the capital amounting to (150) million Saudi Riyals, due to the realization of a net loss of (62) million Saudi Riyals as on December 31, 2021G and the amount of (14.5) million Saudi Riyals as on June 30, 2022G. As the accumulated losses exceeded 50% of the Company's capital of (150) million Saudi riyals, and in compliance with the procedures and instructions of the companies whose shares are listed in the market, and whose accumulated losses amounted to (20%) or more of their capital, in addition to Article No. 150 of the Companies Law, which obligates any official in the Company or auditor, as soon as it becomes aware of the Company's accumulated losses reaching 50% or more of its capital, shall inform the Chairman of the Board of Directors of this, and the Board of Directors shall, within (15) days of becoming aware of this, invite the Extraordinary General Assembly for meeting and the Chairman of the Board of Directors shall inform the members of the Board immediately for a meeting within (45) (A day from the date on which the Board became aware of the losses in order to decide either to increase the Company's capital or reduce it to the extent that the percentage of losses decreases to less than half of the paid-up capital, or to dissolve the Company before the term specified in the Company's articles of association, and the Company will be considered terminated by the force of the Law if the Extraordinary General Assembly does not meet within the period specified above, or if it met and was unable to issue a decision in the matter, or if it decided to increase the capital in accordance with the conditions prescribed in Article No. 150 of the Companies Law, and the subscription for each capital increase was not completed within (90) days from the issuance of the Assembly's decision to increase, knowing that according to Article No. 6 of the procedures and instructions of the companies whose shares are listed in the companies whose accumulated losses amounted to (20%) or more of their capital, the Company's shares shall be canceled upon the expiry of the Company by the force of the law or if the Extraordinary General Assembly decides not to dissolution of the Company before the specified term.

The Company's board of directors recommended reducing the Company's capital from (150) million Saudi Riyals to (100) million Saudi Riyals in order to restructure the Company's capital by amortizing (50) million Saudi Riyals from the accumulated losses. It also recommended to increase the Company's capital after completion of the reduction process in the amount of (130) million Saudi Riyals, the Company's capital became 230 million Saudi Riyals, and on 23/01/1444H (corresponding to 21/08/2022G) the Extraordinary General Assembly agreed to direct the Company to proceed with the capital increase procedures and obtain the approval of the competent authorities as the Extraordinary General Assembly approved on 22/03/1444H (corresponding to 18/10/2022G) the recommendation of the Board of Directors related to reducing the Company's capital to 100 million Saudi riyals and in the event that the Company does not obtain the approval of the Extraordinary General Assembly to increase the Company's capital by offering rights shares subject of this Prospectus, or in the event that each increase is not subscribed for the capital within (90) days from the approval of the Extraordinary General Assembly on the increase, which will negatively and materially affect the Company's business, as the Company will be solved by the force of the Law.

2.2 Risks Related to Market and Industry

2.2.1 Risks related to Political and Economic Instability in the Region

The head office and factory of the Company in which it conducts its operating activities is located in the Kingdom of Saudi Arabia. The Company sells its products in several different countries and regions, including North America, Europe, Africa, Asia and the Gulf countries. Any unexpected changes in the political, social or economic conditions in the Kingdom and in the countries in which the Company's products are sold may have a direct and negative impact on the Company's ability to produce economically and effectively, its profitability, and its costs, and may reduce profit margins and demand for the Company's products. These changes include - but not limited to - changes in governments and administrations, changes in public policies and economic conditions, changes in laws and incentives (which include restricting and discouraging foreign products) and others. This makes the Company vulnerable to the risks of these countries and other countries in which the Company hopes to expand, and any factors that affect the economy of these countries and existing investments in them will affect the Company's business, financial position, cash flows and future expectations.

2.2.2 Risks related to Application of the Companies Law

The Company has complied with the Companies Regulations issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 11/11/2015G) and published in the Official Gazette (Umm al-Qura, dated 22/01/1437H corresponding to 04/12/2015G, which came into force on 27/01/1437H (corresponding to 04/05/2016G) and as amended by Royal Decree No. (M/79) and dated 25/07/1439H (corresponding to 11/04/2018G), as it complied with Article No. (224) of Companies' Law in terms of amending its Articles of Association, and the latest version of its articles of association was issued based on the decision of the Extraordinary General Assembly on 20/01/1440H corresponding to 30/09/2018G.

The companies' law imposes some statutory requirements that the Company must abide by. This will require the Company to take measures to comply with such requirements, which could affect its business plan or take a long time. The current

Corporate Law also imposed more stringent penalties for violating its mandatory provisions and rules, where the fine amounts to 500,000 Saudi Riyals, according to Article No. (213) of the Companies' Law.

Article No. (214) of the Companies Law stipulates that penalties shall be doubled in the event of repeated violations, and therefore the Company will be subject to such penalties in the event that the company does not comply with its regulations and rules, which would adversely and materially affect the company's business, its financial position and the results of its operations.

The Company did not comply with Article No. (81) of the Law, which obliges the Company to determine the special remuneration for the chairman of the board and the managing director in the Company's articles of association, bearing in mind that a special remuneration was given to the chairman of the board exceeding 500,000 riyals for the previous three years, and a special remuneration for the managing member exceeding 500,000 riyals in the year 2020G.

2.2.3 Risks related to the Economic Performance of the Kingdom

The Company's future performance depends on a number of factors related to the economic conditions in the Kingdom in general, including, but not limited to, inflation factors, GDP growth, average per capita income, and so on. The Kingdom's macro and partial economy depends mainly on oil and oil industries, which still control a large share of the GDP. Accordingly, any unfavorable fluctuations that occur in oil prices will have a direct and substantial impact on the plans and growth of the Kingdom's economy in general and on the government, spending rates, which in turn would adversely affect the Company's financial performance.

2.2.4 Risks related to Insurance Market Growth

The influence on the insurance market in the Kingdom as a result of increased growth rate in the number of insured in conjunction with economic and population growth in the Kingdom, as well as continued development in the area of social welfare, population changes, opening insurance market in the Kingdom for foreign companies and the continued integration and acquisition of existing insurance companies to form larger partnerships with a broader presence is for the time being an unclear future in general. Therefore, the growth and development in the insurance market in the Kingdom is subject to several uncertain expectations and beyond the Company's control, and may negatively affect the Company's work.

2.2.5 Risks and Instability of the Insurance Sector

Although the majority of insurance companies incurred heavy losses in the recent period. It is worth noting that there are a number of companies that have resorted to merging or acquiring other insurance companies, which has led to the emergence of large conglomerates and larger companies with new market shares. This may affect the stability of the insurance sector, the continuity of the current companies in the market, and the change in the prices offered in the market. Therefore, in the event that the insurance sector is destabilized, this may negatively affect the Company's revenues, returns and business results.

2.2.6 Risks related to Withdrawing the License to Conduct Insurance Activities

The Company obtained a license from the Saudi Central Bank (SAMA) No. (TMN/32/20128) on 19/09/1433H corresponding to (07/08/2012G) to practice health insurance activity, and the Company renewed this license on 27/09/1442H (corresponding to 09/05/2021G) and for a period of three years starting on 25/10/1442H (corresponding to 06/06/2021G) and ending on 24/10/1445H (corresponding to 03/05/2024G).

As per Article No. (76) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, that the Central Bank has the right to withdraw the license of the Company in the following cases:

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

In the event that the license is withdrawn, the Company will not be able to continue carrying out its activities in a regular manner in the Kingdom of Saudi Arabia. This will have a negative impact on its business and thus adversely affect its business, results of operations, financial position, future prospects, and its share price in the market. Accordingly, the shareholders may lose part or all of their investment in the Company.

2.2.7 Risks related to non-Compliance with the Regulations of the Council of Cooperative Health Insurance (CCHI)

The Company's products are subject to the supervision of the Council of Cooperative Health Insurance (CCHI) after their approval and acceptance by the Saudi Central Bank (SAMA). CCHI imposes many regulations and procedures on insurance companies, including the obligation to provide medical approvals within a maximum period of (60) minutes from the time the application is received, and the obligation to pay the dues of hospitals, clinics and other medical service providers within a period of time not exceeding (45) days. Failure to abide by the regulations of the Cooperative Health Insurance Council may lead to imposition of penalties or fines on the Company or the withdrawal of the license of the health insurance products, which may adversely and materially affect the Company's financial position and future prospects.

2.2.8 Risks of Restrictions on Ownership of Insurance Companies

Ownership of shares in insurance companies is subject to certain restrictions imposed by the Cooperative Insurance Companies Control Law and its implementing regulations. In accordance with Article No. (9) of the Cooperative Insurance Companies Control Law and Article No. (39) of its Implementing Regulations, insurance and reinsurance companies may not merge with, own, control, or purchase shares with other insurance and reinsurance companies without obtaining the prior written approval of the Saudi Central Bank (SAMA). In compliance with Article No. (38) of the Implementing Regulations, the Company must inform the Saudi Central Bank (SAMA) of the ownership percentage of any person who owns (5%) or more of the Company's shares, through a quarterly report prepared by the Company in this regard. The person itself must notify the Saudi Central Bank (SAMA) in writing of its ownership percentage or any change in it within five (5) days from the date of such change.

These restrictions may reduce the Company's chances of attracting financial or strategic investors in the event the Saudi Central Bank (SAMA) refuses or delays in issuing the required approval or imposes conditions that the Company cannot meet, resulting in a material negative impact on the Company's operations and future prospects.

2.2.9 Risks of Fluctuations in Exchange Rates

The Company deals in all its international imports and exports with currencies closely related to the Saudi Riyal, such as the Dollar and the Euro. Any fluctuation between the Saudi Riyal and any of those currencies may have a negative impact on the Company's revenues and profits. The Saudi riyal is pegged to the Dollar at a fixed exchange rate of 3.75 Saudi Riyals per US dollar, and there is no guarantee that the Riyal will continue to be pegged to the Dollar in the future. As the Company continues to expand, its exposure to fluctuations in exchange rates may increase. Accordingly, the Company may be exposed to a significant increase in the costs of its operations. This rise may have a negative and material impact on the Company's business, results of operations, financial position and future prospects.

2.2.10 Risks related to Interest Rate Volatility

The loans under the Company's bank facilities are primarily at floating rates of interest. An increase in floating interest rates that are not protected under hedging agreements may increase the cost of the Company's loans, increase interest expenses and reduce cash flow. Interest rates are also affected by many factors, including factors related to government, monetary and tax policies, international and local economic conditions, and other factors outside the Company's control. The Company does not currently hedge its exposure to any fluctuations in interest rates and this could lead to losses in the event of an increase in interest rates, which would have a negative and material impact on the Company's business, results of operations, financial position and future prospects.

2.2.11 Risks related to the Regulatory Environment

The Company's work is subject to applicable Laws in the Kingdom. The regulatory environment in which the Company operates is subject to change. Regulatory changes resulting from political, economic, technical and environmental factors may have a significant impact on the Company's operations by restricting the development of the Company and the increase of its customers, reducing the Company operations and sales of its services or increasing additional competition. The Company may deem a need for or appropriate to modify its operations in accordance with these Laws and may bear additional costs in this regard, and thus will have a substantial negative impact on the Company's operations, financial position and future prospects. In addition, the non-compliance with these Laws and regulations will lead to administrative, criminal sanctions or suspension or termination of its operations.

2.2.12 Risks of Non-obtaining the Necessary Approvals to Launch New Products or Renew Existing Products

Based on the Cooperative Insurance Companies Control Law and its Implementing Regulations regarding the introduction of new insurance products, the Company must obtain the approval of the Saudi Central Bank (SAMA) (final or temporary) before marketing or offering any new product. The approval process for the Company's insurance products is carried out in three stages, namely: 1- Submitting a request for approval of the product. 2- Reviewing the form. 3- Granting or the final or temporary approval of the product or rejecting it.

The company does not guarantee obtaining the approval of the Central Bank for any insurance products that it wishes to market or offer in the future. Any delay related to obtaining approvals for new products or renewing approvals for existing products will negatively affect the Company's business and profitability in the future.

2.2.13 Risks Related to Changes in Relevant Laws and Regulations

Like other companies operating in the Kingdom of Saudi Arabia, the Company is subject to a number of regulations and laws, such as the Companies Regulations, the Labor Law, the Municipalities' Regulations, the Civil Defense, and laws and regulations issued by the Capital Market Authority and others. Also, new laws and regulations may be issued by the relevant official bodies from time to time. Accordingly, the Company's business may be negatively affected in the event of any fundamental change to any of the relevant laws or the introduction of additional laws that have a direct impact on the Company's performance and profitability.

Also, the Company, as a Public Joint Stock Company, may be subject to penalties and fines if it does not meet the requirements of the Capital Market Authority, the rules for offering securities, the continuing obligations issued by the Capital Market Authority, and the listing rules issued by the Saudi Stock Exchange (Tadawul) in terms of non-disclosure of some events considered material in accordance with Article No. (62) of the rules for offering securities and continuing obligations. In addition to the required financial reports at the time specified for them in accordance with Articles No. (63) and (64) of the rules for offering securities and continuing obligations or the delay in the timing of disclosure, which will have a negative and material impact on the Company's business, results of its operations, financial position and future prospects.

Subparagraph (b) of Article (54) of the rules on the offering of securities and continuing obligations requires public joint stock companies to disclose to the public when there is a difference of (5%) or more between the actual use of the proceeds of the rights issue, against what was disclosed in the relevant prospectuses, as soon as it becomes aware of that. For more information on the use of the offering proceeds and future projects, please see subsection (6.2) (Using the Offering Proceeds from Section (6) "Using the Offering Proceeds and Future Projects" of this prospectus).

In the event that the Company's management do not adhere to do so or the occurrence of any deviation, the Company shall be forced to disclose this in Tadawul website without delaying, as well as it shall also present that event at the first meeting of the General Assembly of shareholders following the occurrence of this event in order to approve the amendment or deviation that occurred in the of using the proceeds disclosed in this prospectus. In the event of non-compliance with the procedures, this will entail legal risks for the Company in the event that one of the shareholders protests against obtaining the approval of the General Assembly. If this happens, it will reflect negatively on the Company's operations and financial position.

2.2.14 Risks related to Imposing New Taxes

The Company is not currently subject to any kind of taxes other than Sharia zakat and value-added tax, which currently amounts to 15% of the fees for the products provided by the Company, it is possible that other fees or corporate taxes will be imposed by the government in the future, and accordingly, if new taxes or fees other than those currently applied, have been imposed, this will negatively affect the Company's net profits.

2.2.15 Risks related to Value-added Tax (VAT)

The Council of Ministers decided on 02/05/1438H (corresponding to 30/01/2017G) to approve the unified agreement for value added tax for the Arab States of the Gulf, which began to work as of January 1, 2018G. This law imposes an added value of (5%) on a number of products and services as a new tax to be added to the rest of the taxes and other fees on specific sectors in the Kingdom, including the insurance sector in which the Company operates. On 25/09/1441H (corresponding to 18/05/2020G) the VAT rate was modified from (5%) to (15%) and has been approved and has been implemented from the date of 10/11/1441H (corresponding to 01/07/2020G).

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

2.2.16 Risks related to Reporting Requirements

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

The Company could also be subject to penalties and fines if it fails to meet the requirements of the Capital Market Authority, rules for offering securities, ongoing obligations and disclosures applied in the Saudi Stock Exchange (Tadawul). This may adversely and substantially affect the Company's business, financial performance and future prospect.

2.3 Risks related to the Offer Securities

2.3.1 Risks related to Shareholders' Poor Awareness of the Trading Mechanism and the Exercise of their Rights

In 2013, the Capital Market Authority, in cooperation with the Saudi Tadawul, developed a mechanism for offering, registering and trading rights as securities that allow registered shareholders to subscribe, sell their rights in whole or in part, or buy or trade in rights during the rights trading period. This mechanism allows investors (non-shareholders) to purchase rights from eligible shareholders during the rights trading period. Although the Authority has published awareness materials and special workshops to introduce investors to priority rights and the method of raising capital through the issuance of priority rights shares and how to participate and trade and others, it may be difficult for some shareholders and investors to understand the mechanism of priority rights trading, especially the method of calculating the final price, which may miss the opportunity for the shareholders to take an appropriate decision at the right time. It should be noted that an investor who buys a right and then does not subscribe to the shares may lose the entire investment he paid for the right if the institutional investors subscribe to the new shares during the remaining offering period at the offering price.

2.3.2 Risks related to Potential Fluctuation and Speculation in the Price of the Rights

The market price of the priority rights may be subject to heavy fluctuations due to the change in the factors affecting the market trends related to the Company's Share. This fluctuation may be large due to the difference between the permissible daily fluctuation rate for rights trading prices (which is represented by 10% up and down from the closing price of the previous day), compared to the permissible daily fluctuation rate for the Company's shares. The rights trading price depends on the trading price of the Company's shares and the market's view of the fair price of the rights. These factors may adversely affect the rights trading price.

2.3.3 Risks related to Potential Fluctuations in the Share Price

The market price of the Rights during the trading period may not be an accurate indication 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 greatly affected to fluctuations due to changes in the market conditions related to the current rights or shares of the Company. In addition, such fluctuations may be caused by many factors, including but not limited to, market conditions related to the index, sector or shares, or by any regulatory changes in the conditions and changes in the circumstances and trends of this sector, the degradation of the Company's performance and failure to implement future plans, entry of new competitive companies being licensed or advertisements by the company or its competitors on mergers, acquisitions, strategic alliances.

Sale of large quantities of shares by shareholders after the offering or expecting that can negatively affect the share price in the market. In addition, the investors face the risk of not being able to sell their shares in the market without adversely affecting the share price. There is no guarantee that the market price of the Company's shares would not be lower than the Offering Price, and if this happens after investors' subscription to the new shares, their subscription cannot be canceled or modified. Accordingly, investors may incur losses as a result of that. In addition to the foregoing, there is no guarantee that a shareholder will be able to sell his shares at a price equal to or higher than the Offering Price after subscribing to the new shares.

2.3.4 Risks related to non-Profitability or Selling of Right Issues

There is no guarantee of profitability of the share by trading it at a higher price, or even a guarantee at all to be able to sell the share. It should be noted that there is no assurance of having sufficient demand in the market to exercise right or receive compensation from the Company. Also, the investor who did not subscribe or sell his rights, and the holders of fractional shares, may not obtain any consideration if the sale was made in the Rump Offering Period at the Offering Price.

2.3.5 Risks related to Future Data

The future results and performance data of the Company are not actually predictable and may differ from what is contained in this Prospectus. As the achievements and ability of the Company to develop are what determine the actual results, which can not be expected or determined. The inaccuracy of data and results is considered one of the risks that the shareholder must know so as not to affect his investment decision. Whereas, in the event that the future results and performance data are fundamentally different from what is mentioned in this Prospectus, this will lead to the shareholders losing part or all of their investment in the Company's shares.

2.3.6 Risks related to the Possibility of Issuing New Shares

If the Company decides to issue new shares (other than the priority rights shares mentioned in this Prospectus) by the company, it depends on the approval of the Extraordinary General Assembly of the shareholders. If the Company decides to issue new shares as priority rights to increase its capital, and the Extraordinary General Assembly of shareholders approves this decision, and the shareholders have not exercised their rights by subscribing to the new shares, the ownership of shares will decrease proportionally. In addition to its supplemental of the right to vote and obtain profits, which will affect the market price of the share.

2.3.7 Risks of Lack of Demand for the Company's Right Issues and Shares

There is no guarantee that there will be sufficient demand for subscription in the Company's Rights during the Trading Period. Also, there is no guarantee that there will be sufficient demand for the Company's shares by the Institutional Investors during the Rump Offering. In case the Institutional Investors do not subscribe for the Rump Shares at a high price, the compensation amount may not be sufficient in order to be distributed to the unexercised Rights holders. Moreover, there can be no assurance that there will be sufficient market demand for the New Shares purchased by an investor either through exercise of the Rights, or during the Rump Offering or in the market.

2.3.8 Risks related to Potential Dilution of Ownership

If the rights holders do not subscribe fully to the new shares, their ownership and voting rights will be reduced. There is also no guarantee that in case the rights holder is restricted to sell his rights during the trading period, the proceeds he receives will be sufficient to compensate him in full for the decrease in his ownership in the capital of the Company as a result of increasing its capital. There is also no guarantee that there will be a compensation amount distributed to the eligible shareholders who did not exercise their right to subscribe, or to the owners of fractional shares in the event that the investment institutions during the remaining offering period did not submit offers for the remaining shares at a high price, or that the amount of compensation (if any) is sufficient to compensate for decreased ownership percentage in the Company's capital.

2.3.9 Risks related to Not Exercising the Rights in a Timely Manner

The subscription period starts on Thursday 16/04/1444H (corresponding to 11/11/2022G) and ends on Thursday 23/04/1444H (corresponding to 17/11/ 2022G). The Right holders and the financial brokers/agents representing them must take appropriate measure to follow all necessary instructions before the subscription period expires. If the eligible shareholders are not able to properly exercise the subscription rights by the end of the subscription period, based on their rights, there is no guarantee that there will be a compensation amount distributed to the deserving shareholders who have not subscribed or who have not properly performed the procedures for practicing the subscription, or holders of fractional shares.

2.3.10 Risks related to Dividends

Future dividends will depend on, amongst other things, the Company's future profit, financial position, capital requirements, distributable reserves, available credit for the Company, general economic conditions. Increasing the Company's capital may lead to a decrease in the earnings per share in the future on the grounds that the Company's profits will be distributed to a larger number of shares as a result of the increase in its capital.

The Company does not guarantee that any dividends on the shares will be actually distributed, nor does it guarantee the amount that will be distributed in any particular year. Dividend distribution is subject to certain restrictions and conditions stipulated in the Company's articles of association.

2.3.11 Risks related to Speculation in Priority Rights

Speculation in rights is subject to risks that may cause material losses. The permissible daily fluctuation range of the trading price of the rights priority is greater than the permissible daily fluctuation range of the market price (which is 10% up and down from the closing price of the previous day). There is also a positive relationship between the Company's share price and the indicative value of the right. Accordingly, the daily price limits (i.e. the daily volatility range) for rights trading will be affected by the daily price limits for shares trading. In the event that the speculator does not sell the rights before the end of the trading period, and does not exercise these rights to subscribe to the new shares, he may incur some losses. Therefore, investors should review the full details of the mechanism for listing and trading new rights and shares and their method of operation, and be familiar with all the factors affecting them, in order to ensure that any investment decision is based on full awareness and awareness. (Please refer to Section (12) **"Information Related to Shares and Offering Terms and Conditions"** in this Prospectus).

2.3.12 Risks related to Suspension of Trading or Cancellation of the Company's shares as a Result of not Announcing its Financial Statements during the Regular Period

If the Company is unable to publish its financial information within the statutory period (thirty days from the end of the financial period for the initial financial statements and three months from the end of the financial period for the annual financial statements), the procedures for suspending the listed securities will be applied in accordance with the rules of listing - Capital Market Authority Board No. (2017-123-3) dated 09/04/1439H (corresponding to 27/12/2017G) as amended by CMA Board Resolution No. (1-94-2022) dated 24/01/1444H (corresponding to 22/08/2022G), which states that Tadawul will suspend securities for one trading session following the end of regular period. If financial information is not published in twenty trading sessions following the first suspended trading session, Tadawul will announce the resuspension of securities of the company until it announces its financial results. If the Company's shares continue to be suspended for six months without taking appropriate measures to correct this suspension, the CMA may cancel the listing of the company's securities. Tadawul will raise the suspension after one trading session following the announcement of the financial results of the company. However, if the company delayed the announcement of its financial results, or if it could not announce them during the regular period referenced above, this will cause the suspension of company's shares or cancelling their listing, which will negatively affect the interest of the shareholders and the Company's reputation and results of operations. In addition, the Capital Market Authority may cancel the Company's right issue offering in case it deems that the offering is not for interest of the shareholders.

3. Company Background and Nature of Business

3. Company Background and Nature of Business

3.1 Company Overview

The Company was established as a Saudi joint stock company established by Royal Decree No. (M/49) dated 27/07/1432H (corresponding to 29/06/2011G) and Cabinet Resolution No. (224) dated 25/07/1432H (corresponding to 27/06/2011G) and Commercial Registration No. (4030223528) dated 27/03/1433H (corresponding to 19/02/2012G). It was registered in the Jeddah registry, where the Company's head office is located.

The Company began practicing insurance activity in the health insurance branch after obtaining the approval of the Saudi Central Bank (formerly the "Saudi Arabian Monetary Agency") under permit No. (TMN/32/20128) dated 19/09/1433H (corresponding to 07/08/2012G).

The Company's capital upon incorporation amounted to four hundred million (400,000,000) Saudi riyals divided into forty million (40,000,000) ordinary shares with a nominal value of ten (10) riyals per share, fully paid in value. The founding shareholders subscribed to twenty-four million (24,000,000) shares, representing (60%) of the total shares of the Company and paid their value in full. The remaining sixteen million (16,000,000) shares, representing (40%) were offered for the public subscription that took place in the period from 24/01/1433H (corresponding to 19/12/2011G) to 30/01/1433H (corresponding to 25/12/2011G) at a subscription price of ten (10) Saudi riyals per share, and the shares were listed on the Saudi Stock Exchange (Saudi Tadawul) on 05/04/1433H (corresponding to 27/02/2012G).

The Company's current capital is one hundred million (100,000,000) Saudi riyals divided into ten million (10,000,000) ordinary shares of equal value, the value of each of which is ten (10) Saudi riyals, all of which are ordinary cash shares.

The major shareholders in the Company (who own 5% or more of its capital) are the National Health Insurance Company - Daman (with an ownership percentage of 10%), Khaled Ahmed Al-Juffali Limited (with an ownership percentage of 5.767%), and Munich Re Company (with an ownership percentage of 5.767%), and Al-Murjan Group Holding Company (with a 5% ownership percentage).

3.2 Company's History and Significant Changes in its Capital

- The Company's capital upon incorporation amounted to four hundred million (400,000,000) Saudi riyals divided into forty million (40,000,000) ordinary shares with a nominal value of ten (10) riyals per share, fully paid in value. The founding shareholders subscribed to twenty-four million (24,000,000) shares, representing (60%) of the total shares of the company and paid their value in full. The remaining sixteen million (16,000,000) shares, representing (40%) were offered for the public subscription that took place in the period from 24/01/1433H (corresponding to 19/12/2011G) to 30/01/1433H (corresponding to 25/12/2011G) at a subscription price of ten (10) Saudi riyals per share, and the shares were listed on the Saudi Stock Exchange (Saudi Tadawul) on 05/04/1433H (corresponding to 27/02/2012G).
- On 17/01/1438H (corresponding to 18/10/2016G), the Company reduced its capital, to extinguish most of the accumulated losses, which amounted to 52.70% at that time, from four hundred million (400,000,000) Saudi riyals to two hundred million (200,000,000) Saudi riyals, and thus reducing the number of the Company's shares range from forty million (40,000,000) shares to twenty million (20,000,000) shares by canceling twenty million (20,000,000) shares at a percentage reduction in the capital of (50%) and at a rate of reduction of one share for every (2) share.
- On 26/09/1439H (corresponding to 10/06/2018G) the Company reduced its capital, in order to restructure the Company's capital to extinguish the accumulated losses that exceeded 50% of the company's capital, from two hundred million (200,000,000) Saudi riyals to one hundred million (100,000,000) Saudi riyals, and thus reducing the number of the company's shares from twenty million (20,000,000) shares to ten million (10,000,000) shares by canceling ten million (10,000,000) shares and at a percentage reduction in the capital of (50%) and at a rate of reducing one share for each (2) share.
- On 05/04/1440H (corresponding to 12/12/2018G), the Company increased its capital by 200% from one hundred million (100,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals, thus increasing the number of the company's shares from ten million (10,000,000) share to thirty million (30,000,000) shares by issuing rights-of-priority shares amounting to twenty million (20,000,000) shares with two (2) rights for each (1) share of the company's shares, at an offer price of ten (10) riyals per share, with a total value of two hundred One million (200,000,000) Saudi riyals.
- On 29/08/1441H (corresponding to 22/04/2020G), the Company reduced its capital, in order to restructure the Company's capital to extinguish the accumulated losses, from three hundred million (300,000,000)

Saudi riyals to one hundred and fifty million (150,000,000) Saudi riyals, and thus reducing the number of the Company's shares from thirty million (30,000,000) shares to fifteen million (15,000,000) shares by canceling fifteen million (15,000,000) shares and at a percentage reduction in the capital of (50%) and at a rate of reduction of one share for every (2) share.

- On 29/03/1442H (corresponding to 15/11/2020G), Saudi Enaya Cooperative Insurance Company signed a non-binding merger agreement with Amana Cooperative Insurance Company, and Saudi Enaya Cooperative Insurance Company and Amana Cooperative Insurance Company agreed that if the merger project succeeds, the merger will be completed by exchanging shares so that, upon completion of the merger, Amana Cooperative Insurance Company will issue new shares to the shareholders of the Saudi Enaya Cooperative Insurance Company in exchange for all the issued shares in Enaya.
- On 17/09/1442H (corresponding to 29/04/2021G), the two companies signed a binding merger agreement whereby the Board of Directors of Enaya and Amana Company reached an agreement regarding the terms under which Enaya will be merged into an Amana Company and the transfer of all the assets and liabilities of Enaya Company to Amanah Company, in accordance with the Companies Law issued by the Ministry of Commerce and the regulations of the Capital Market Authority in the Kingdom of Saudi Arabia, including the merger and acquisition regulation, the rules for offering securities and continuing obligations, the listing rules issued by the Saudi Stock Exchange Company, and the relevant Saudi Central Bank regulations.
- On 04/12/1442H (corresponding to 14/07/2021G), the Company obtained a no-objection by the General Authority for Competition to complete the agreement, according to the certificate of the General Authority for Competition issued No. (5).
- On 18/04/1443H (corresponding to 23/11/2021G), the Company obtained the approval of the Central Bank for the proposed merger.
- On 06/06/1443H (corresponding to 09/01/2022G), the Extraordinary General Assembly voted not to approve the offer submitted by Amana Cooperative Insurance Company for the purpose of merging Saudi Enaya Cooperative Insurance Company with Amana Cooperative Insurance Company.
- On 21/10/1443H (corresponding to 22/05/2022G), the Company announced the Board of Directors' recommendation to increase its capital by offering rights issue shares at a value of three hundred million (300,000,000) Saudi riyals to support future plans and enhance the solvency margin.
- On 19/01/1444H (corresponding to 17/08/2022G), the Company announced that the accumulated losses had reached one hundred and five million seven hundred and forty three thousand (105,743,000) Saudi riyals, at a rate of (70.5%) of the capital, which amounted at that time, one hundred and fifty million Saudi Riyals (150,000,000).
- On 20/01/1444H (corresponding to 18/08/2022G), the Company amended the Board's recommendation related to increasing the company's capital to the Extraordinary General Assembly, to become the recommendation to reduce the company's capital to extinguish part of the accumulated losses in the amount of fifty million (50,000,000) Saudi riyals to become the company's capital after the reduction is one hundred million (100,000,000) Saudi riyals, and then the company's capital will be increased after the reduction by offering rights shares with a value of one hundred and thirty million (130,000,000) Saudi riyals, so that the company's capital after the increase becomes two hundred and thirty million (230,000,000) Saudi riyals.
- On 23/01/1444H (corresponding to 21/08/2022G) the Extraordinary General Assembly voted to approve directing the Company to proceed with the capital increase procedures and obtain the approval of the competent authorities and not to agree to direct the Company to proceed with the procedures for dissolving the Company and obtaining the approval of the authorities competent.
- The Company obtained on 04/02/1444H (corresponding to 18/08/2022G) the approval of the Central Bank No. (44009075), which includes the approval to reduce the capital, and the Company established on 22/03/1444H (corresponding to 18/10/2022G) to reduce its capital, in order to restructure the Company's capital to extinguish part of the accumulated losses, from one hundred and fifty million (150,000,000) Saudi riyals to one hundred million (100,000,000) Saudi riyals, and thus reducing the number of the Company's shares from fifteen million (15,000,000) shares to ten million (10,000,000) shares by canceling five million (5,000,000) shares at a capital reduction rate of (33.33%) and at a reduction rate of one share for every (3) share.

3.3 Main Activities of the Company

The Company operates under Commercial Registration No. (4030223528) issued on 27/03/1433H (corresponding to 19/02/2012G).

The Company's activity, as in its commercial register, is health insurance.

As in its articles of association, the Company's objectives are to engage in cooperative insurance business in the health insurance branch. The Company may undertake all the work that is required to be carried out to achieve its purposes. The Company exercises its activities in accordance with the Cooperative Insurance Companies Control Law, its executive regulations, the provisions issued by the institution 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.

3.4 Company Products

The Company's business specializes in cooperative health insurance. The Company has obtained the final approval of the Central Bank of Saudi Arabia to provide the products listed in the table below:

Table No. (4): Company Products

No.	Product	Approval Number	Approval Date
1	Group medical insurance	IS/1348	29/05/1433H
2	Medical insurance for visitors	371000104687	24/09/1437H
3	Medical insurance for individuals and families	41828/IS/1855	04/08/1433H

This entails the Company's commitment to the insured parties to provide insurance coverage and protection, and its commitment to the requirements of the Saudi Central Bank with regard to providing the necessary documents to update or amend any of these products and their documents.

3.5 Vision, Mission and Strategy

Vision

To become a leading and specialized health insurance company and one of the best companies in the market

Mission

To sustainably deliver high quality, customer-centric health insurance products for the benefit of members, investors and the community.

Strategy

The Company's strategy is based on the following objectives:

1. Financial stability
2. Commercial Excellence
3. Operational Efficiency
4. Organizational Transformation

In order to achieve the strategic objectives, the Company does the following:

- Increasing capital and exploring opportunities for integration
- Increasing the total written premiums and excellence in customer service
- Controlling medical expenses and improving efficiency through automation
- Developing organizational culture, governance and risk management

3.6 Competitive Advantages

- Focusing on the medical insurance product and acquiring a professional team with experience in the sector.
- Electronic linking between clients and the Company and the provision of direct evaluation of medical policies.
- The possibility of making modifications and additions to the policy directly.

3.7 Major Shareholders of the Company

The following table shows the Company's major shareholders (shareholders who own 5% or more of the Company's shares) as on the date of this Prospectus:

Table No. (5): Major Shareholders of the Company

No.	Name	Nationality	Ownership Percentage	Number of Shares
1	National Health Insurance Company (Daman)	Emirati	10%	1,000,000
2	Khaled Juffali Co. Ltd.	Saudi	5.767%	576,700
3	Munich Re Company	German	5%	500,000
4	Al-Murjan Group Holding Company	Saudi	5%	500,000

3.8 Ban Period

- The Company's shares were listed on Tadawul on 05/04/1433H (corresponding to 27/02/2012G). Accordingly, the ban period, which reached three full financial years each of which is not less than twelve months for the founding shareholders has elapsed. Thus, all shares are tradable in accordance with the rules, regulations and instructions issued by the CMA. However, the founding shareholders shall obtain the approval of the Saudi Central Bank and, then, the approval of the CMA before disposing of their shares.

The following table shows the shareholders subject to the ban period as on the date of this Prospectus:

No.	Name	Ownership Percentage
1	Tawad Commercial Investment Company	0.33%
2	National Health Insurance Company (Daman)	10.00%
3	Ramy Khaled Ali Al Turki	0.33%
4	Mona Mohamed Abdel Aziz Al Wazzan	0.66%
5	Khaled Fahad Mazyad Al-Rajan	0.25%
6	Munich Rig Company	5.00%
7	Mohamed Walid Ahmed Mohamed Naghi Joint Venture Company	1.66%
8	Khaled Ahmed Al Juffali Co. Ltd.	5.76%
9	Al-Murjan Group Holding Company*	5.00%

*The ban period applies to the shareholder Al-Murjan Group Holding Company to purchase shares from the founding shareholder Munich Re Company at 5%.

3.9 Company Branches

The company has one branch located in Riyadh (for more details see Section (9) "Legal Information", Sub-paragraph (9.3) Company Branches).

3.10 Companies in which the Company owns shares

The Company does not own shares or shares in the Kingdom, and the Company does not own any assets outside the Kingdom.

3.11 Business Interruption

The Company received a letter from the Saudi Central Bank on 12/09/1439H (corresponding to 27/05/2018G) No. (40734/1) regarding the Company's failure to meet the requirements of the solvency margin required by law and based on Article (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the Saudi Central Bank has decided the following:

First: Preventing the Company from accepting new subscribers and thus preventing it from issuing or renewing any insurance policies as of Sunday 12/09/1439H (corresponding to 27/05/2018G).

Second: Obliging the Company to appoint an independent advisor at its own expense, approved by the Central Bank, to provide advice regarding the decrease in the solvency margin and submitting a weekly report to the Saudi Central Bank.

Third: The chairman of the Company's board of directors must inform all members of the board of the aforementioned Central Bank letter and take the necessary action regarding what is stated in it.

On 18/05/1440H (corresponding to 24/01/2019G), the Company received a letter from the Saudi Central Bank No. (89/31506) containing the lifting of the ban on the company, provided that it commits to completing the corrective measures related to the functions of the Internal Audit Department and the Compliance Department.

With the exception of the above, the members of the Company's board of directors acknowledge that there has been no interruption in the Company's business that could affect or have had a noticeable impact on the Company's financial position during the last (12) months.

3.12 Employees and Saudization

On 14/03/1444H (corresponding to 10/10/2022G), the number of the company's employees reached (105), including (65) Saudi employees, (40) non-Saudi employees, with a Saudization rate of about (61.90%). The company is currently under the (Platinum) range from the Nitaqat Saudization Program implemented by the Ministry of Labor and Social Development.

As at the date of this Prospectus, the Company does not have:

- Stock program for employees to list before submitting the application for registration and offering the securities subject to this Prospectus.

Other arrangements involving employees in the capital of the company.

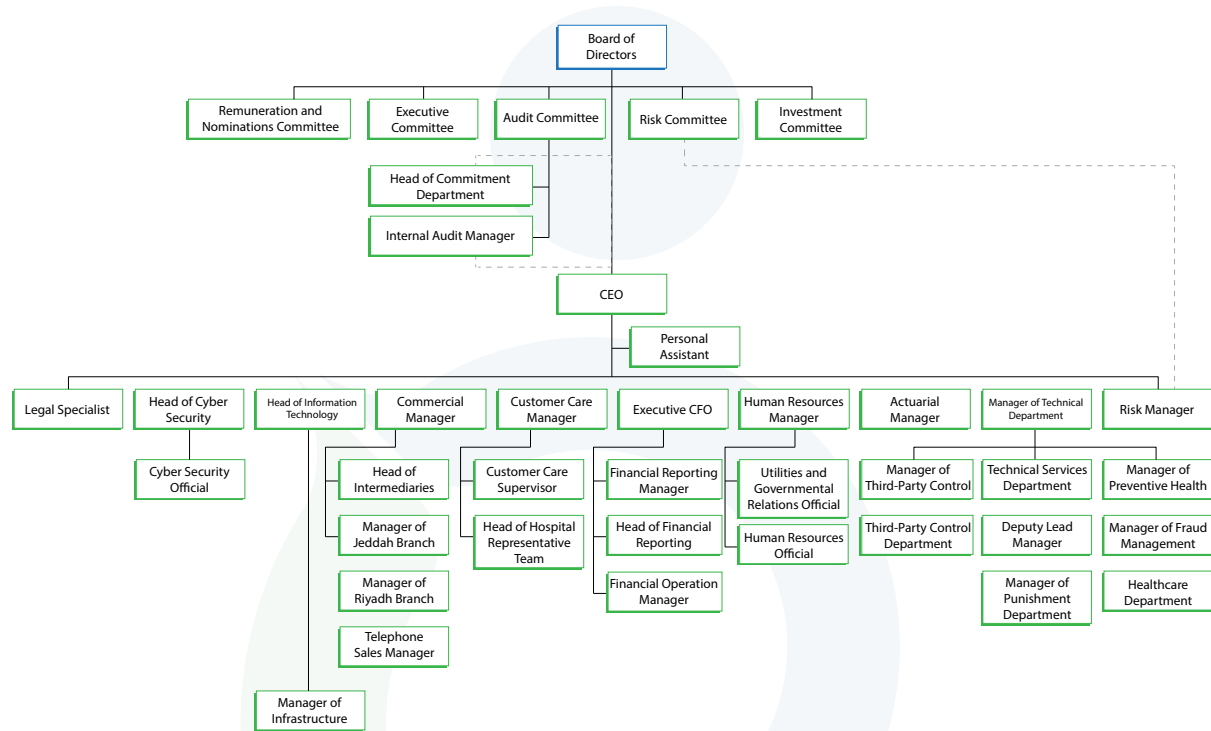
4. Company's Organizational Chart

4. Company's Organizational Chart

4.1 1.4 Organizational Chart

The following figure shows the Company's Organizational Chart:

Figure 1 Organizational Chart



4.2 Board of Directors and Secretary:

The following table shows the Board of Directors Members as of the date of this Prospectus:

Table No. (6): The Board of Directors Members

Name	Position [*]	Representation	Nationality	Age	Capacity	Owned shares				Date of Membership
						Direct		Indirect ^{**}		
						Number	Percentage	Number	Percentage	
Amr Mohamed Khashoggi	Chairman	For himself	Saudi	72	Independent	0	0.00%	0	0.00%	08/03/2021G
Faisal Farouk Tamer	Vice-Chairman	For himself	Saudi	55	Non-Executive	83	0.00083%	0	0.00%	08/03/2021G
Khalid Abid Gama	Member	For himself	Saudi	53	Independent	0	0.00%	0	0.00%	08/03/2021G
Al Dana Khaled Al Juffali ^{***}	Member	For himself	Saudi	34	Non-Executive	66,666	0.66667%	5,766	0.0577%	08/03/2021G
Hamad Abdulla Almeyhas ^{****}	Member	For National Health Insurance Company	Emirati	42	Non-Executive	0	0.00%	0	0.00%	08/03/2021G
Mohammed Abdullah Al-Dar	Member	For himself	Saudi	48	Independent	0	0.00%	0	0.00%	08/03/2021G
Abdullah Mohsen Al-Nimri	Member	For himself	Saudi	43	Independent	0	0.00%	0	0.00%	08/03/2021G
Vacant ^{****}										

Source: Company's Management

^{*} In its meeting held on 20/07/1442H (corresponding to 04/03/2021G), the (Ordinary) General Assembly approved the appointment of the Board of Directors Members, provided the appointment takes effect on 08/03/2021G and ends on 07/01/2024G.

^{**} Means that the shares are owned by the Board of Directors Members in the Company indirectly through their ownerships in companies that own shares in the Company.

^{***} The shares owned in a personal capacity represent the indirect ownership resulting from her direct ownership in KHALID JUFFALI CO LTD at 1%, which owns 576,700 ordinary shares of Saudi Enaya Cooperative Insurance Co.

^{****} The National Health Insurance Company owns 1,000,000 ordinary shares at 10% of the shares of Saudi Enaya Cooperative Insurance Co.

^{*****} On 11/08/2022G, the Company announced that the Board of Directors had accepted the resignation of the member Mr. Cornelius Alexander from the directorship and its affiliate committees (Chairman of Risk Committee).

Note:

On 20/01/1444G (corresponding to 18/08/2022G), it was recommended by the above-mentioned members to reduce the Company's capital from (150,000,000) Saudi Riyals to (100,000,000) Saudi Riyals by canceling (5,000,000) shares of the issued shares, then increasing the Company's capital after the reduction through the offering of Pre-emptive Rights Shares in the value of (130,000,000) Saudi Riyals, so the capital after the increase becomes (230,000,000) Saudi Riyals.

Table No. (7): Number of Board Meetings

Administrative Body	2019G	2020	2021	June 30, 2022G to date
Board of Directors Members	4	6	8	4

4.3 Board Committees

The Board has formed a number of specialized committees, whether in accordance with the requirements of the Companies Law, Capital Market Authority Law and its Implementing Regulations, or in light of the Company's business need, to assist the Board in managing its tasks more effectively, which are as follows:

4.3.1 Audit Committee

Functions and tasks of the Committee

- Recommend to the Board of Directors to approve the appointment and reappointment of the external auditors and to ensure the independence of the external auditors from the Company, Board of Directors Members and its senior management;
- Review and discuss the annual and quarterly financial statements, initial drafts, and recommend them to the Board of Directors before their issuance;
- Review the important accounting policies, their procedures and the changes that may occur in the same, and prepare recommendations to the Board of Directors regarding the suitability of the applied accounting policies to the nature of the Company;
- Evaluate the reports issued by the Company;
- Review and approve the plan of the internal audit department and its work team;
- Study and approve the compliance management plan and follow up on its implementation;
- Assess the level of efficiency, effectiveness and objectivity of the work of external auditors, internal audit department or internal auditor, compliance department or compliance officer;
- Review and study the reports of the actuary and make recommendations to the Board of Directors regarding the same;
- Study the observations of the Saudi Central Bank and the relevant supervisory and control authorities regarding any legal violations or request corrective measures and make recommendations in this regard to the Board of Directors; and
- Review the final annual financial statements, submit a recommendation to the Board of Directors for their review and approval to take the necessary procedures, issue the necessary decisions in their regard, follow up on the management's response to the observations made by the internal and external auditors, and conduct an annual review of the performance of the auditor.

Table No. (8): Members the Audit Committee

Name	Position	Date of Membership
Khalid Abid Gama	Chairman	30/05/2021G
Kenana Muzahim Al Sharif	Member	30/05/2021G
Ali Hamed Al Azhari	Member	30/05/2021G

Source: Management of the Company

Table No. (9): Number of Audit Committee Meetings

Administrative Body	2019G	2020G	2021G	June 30, 2022G to date
Audit Committee	8	8	6	5

4.3.2 Remuneration and Nominations Committee

Functions and tasks of the Committee

- Annually review the required needs of the appropriate skills for membership of the Board of Directors and prepare a description of the capabilities and qualifications required for membership of the Board of Directors;
- Determine the time that a member must devote to the work of the Board, review the structure of the Board of Directors, make recommendations regarding changes that can be made, identify weaknesses and strengths in the Board of Directors and propose them to be addressed in accordance with the interest of the Company;

- Establish criteria to determine the independence of a member of the board of directors and to ensure that there is no conflict of interest if the member is a member of the board of directors of another company;
- Develop a policy for remunerations and incentives for the Board of Directors Members and senior executives of the Company;
- Organize the efforts of each Board of Directors Member and senior executives in implementing the Company's strategy; and
- Evaluate the personal performance of each member and manager against the goals set by management.

Table No. (10): Members of the Remuneration and Nominations Committee

Name	Position	Date of Membership
Abdullah Mohsen Al-Nimri	Chairman	12/04/2021G
Khalid Abid Gama	Member	12/04/2021G
Al Dana Khaled Al Juffali	Member	12/04/2021G
Hamad Abdulla Almehyas	Member	12/04/2021G

Source: Management of the Company

Table No. (11): Number of the Remuneration and Nominations Committee Meetings

Administrative Body	2019G	2020G	2021G	June 30, 2022G to date
Remuneration and Nominations Committee	2	2	3	4

4.3.3 Executive Committee

Functions and tasks of the Committee

- Study the financial performance of the Company, approve budgets, estimated financial statements, and the subsequent capital and investment expenses, and the annual and quarterly work plan;
- Provide recommendations and assistance to the Council and carry out work based on the Council's mandate;
- Study projects related to participation in companies, establish new companies and projects, and acquire other companies;
- Make decisions related to urgent issues that need to be taken urgently;
- Ensure the development and preparation of the strategic plan that achieves the Company's goals; and
- Prepare and review annual and long-term financial goals and strategies.

Table No. (12): Members the Executive Committee

Name	Position	Date of Membership
Faisal Farouk Tamer	Chairman	12/04/2021G
Hamad Abdulla Almehyas	Member	12/04/2021G
Sultan Mohammed AbdulRaouf	Member	12/04/2021G
Amr Mohamed Khashoggi	Member	12/04/2021G

Source: Management of the Company

Table No. (13): Number of Executive Committee Meetings

Administrative Body	2019G	2020G	2021G	June 30, 2022G to date
Executive Committee	6	2	6	3

4.3.4 Investment Committee

Functions and tasks of the Committee

- Supervise investment activities and implement investment policies;
- Ensure that the management is professional and appropriate to the needs, requirements and obligations of the Company and its full compliance with the prevailing regulations;
- Assist in controlling and rationalizing the degree of risks and define the Company's investment policies; and
- Make recommendations to the Board of Directors.

Table No. (14): Members the Investment Committee

Name	Position	Date of Membership
Mohammed Abdullah Al-Dar	Chairman	12/04/2021G
Sultan Mohammed AbdulRaouf	Member	12/04/2021G
Abdullah Mohsen Al-Nimri	Member	12/04/2021G

Source: Management of the Company

Table No. (15): Number of Committee Meetings

Administrative Body	2019G	2020G	2021G	June 30, 2022G to date
Investment Committee	2	1	3	1

4.3.5 Risk Committee

Functions and tasks of the Committee

- Assist the Board of Directors in identifying risks that may put the Company at risk;
- Maintain acceptable risks for the Company;
- Supervise the risk management system and evaluate its effectiveness;
- Define a comprehensive corporate risk management strategy; and
- Review risk management policies.

Table No. (16): Members the Risk Committee

Name	Position	Date of Membership
Vacant*	Chairman	-
Kenana Muzahim Al Sharif	Member	12/04/2021G
Mohammed Abdullah Al-Dar	Member	12/04/2021G

Source: Management of the Company

* On 11/08/2022G, the Company announced that the Board of Directors had accepted the resignation of the member Mr. Cornelius Alexander from the directorship and its affiliate committees (Chairman of Risk Committee).

Table No. (17): Number of Committee Meetings

Administrative Body	2019G	2020G	2021G	June 30, 2022G to date
Risk Committee	2	3	2	0

4.4 Executive Management

The following table shows the details of the Company's Executive Management:

Table No. (18): Executive Management of the Company

Name	Position	Qualification	Nationality	Date of Appointment
Sultan Mohammed AbdulRaouf	CEO	Master's Degree in Accounting and Financial Information Systems	Saudi	05/08/2020G
Abdullah Bouri	Acting CFO	Bachelor of Accounting	Pakistani	14/10/2021G
Mazen Shahawy	Supervisory Department Support Officer	Mini Master of Business Administration, Financial Accounting and Accounting Management / Bachelor of Business Administration	Saudi	01/09/2022G
Wejdan Bakhrahiya	Human Resources Manager	Bachelor's Degree in Psychology	Saudi	27/07/2022G
Ryan El Nozha	Cyber Security Manager	PhD in Business Administration	Saudi	27/07/2022G
Abdul Jabar Al Murabaie	Customer Care Manager	Bachelor of Marketing	Saudi	04/05/2017G
Sami Al Maliki	Commercial Manager	Bachelor of Communications	Saudi	05/05/2020G
Thomas Rain	Acting Lead Manager	Master of Business Administration	German	05/07/2020G

Source: Management of the Company

4.5 Compensations and Rewards of Board of Directors Members and Senior Executives

The responsibility for proposing compensation and remuneration to the Board of Directors Members and senior executives falls within the framework of the Remuneration and Nomination Committee.

The following table shows the value of salaries, bonuses and allowances received by the Board of Directors Members) during the past three years:

Table No. (19): Compensation and Remuneration of Board of Directors Members and Senior Executives

Saudi Riyals	2019G	2020G	2021G
Board of Directors Members	893,828	902,993	1,240,740
Senior Executives	4,038,877	4,337,577	5,185,337
Total	4,128,705	5,240,570	6,426,077

Source: Management of the Company

5. Financial Information and Management Discussion and Analysis

5. Financial Information and Management Discussion and Analysis

5.1 Introduction

The “**Management Discussion and Analysis of the Financial Status and Results of Operations**” Section includes an analytical review of the operational performance and financial position of Saudi Enaya Cooperative Insurance Co. (a Saudi Joint-Stock Company) during the financial years ending on December 31, 2019G, 2020G and 2021G, and the six-month period ending on June 30, 2021G and 2022G.

The Company's financial statements for the financial period ending on December 31, 2019G were audited by the Audit Bureau Al Bassam & Co. - CPA's and Consultants (PKF) and Sindi & Batterjee - Audit & Consultancy (Kreston). The financial statements for the period ending on December 31, 2020G were audited by Al Bassam & Co. - CPA's and Consultants (PKF) and Al Azem, Al Sudairy, Al Shaikh & Partners Accountants and Legal Auditors (Crew International Member). The financial statements ending on December 31, 2021G were audited by Al Azem, Al Sudairy, Al Shaikh & Partners Accountants and Legal Auditors (Crew International Member) and Mr. Alsayed El-Ayouti & Co. - Certified Public Accountants and Auditors (MOORE). The financial statements ending on December 30, 2022G were audited by Al Azem, Al Sudairy, Al Shaikh & Partners Accountants and Legal Auditors (Crew International Member) and Mr. Alsayed El-Ayouti & Co. - Certified Public Accountants and Auditors (MOORE).

The Audit Bureau of Al Bassam & Co. - CPA's and Consultants (PKF), Sindi & Batterjee - Audit & Consultancy (Kreston), Al Azem, Al Sudairy, Al Shaikh & Partners Accountants and Legal Auditors (Crew International Member) and Mr. Alsayed El-Ayouti & Co. - Certified Public Accountants and Auditors (MOORE) (“Auditors”), their affiliates or any of their sister companies, do not own any shares or interest of any kind in the Company that may affect their independence. The auditors provided their written consent to the use of their names, logos and list, which has not been withdrawn as of the date of the report.

All amounts listed below are presented in Saudi Riyals, and all percentages are rounded to the nearest decimal point. Therefore, calculating the percentage increase/(decrease) based on the amounts presented in the tables in the report (appear in millions of Saudi Riyals and rounded to the nearest whole number) it may not be completely equivalent to the corresponding percentages as mentioned in the tables.

This report may include forward-looking statements about the Company's future plans based on management's plans and current expectations for the Company's growth, results of operations and financial condition. Therefore, it may involve risks and uncertainties. The Company's actual results may differ materially from those expressed or implied in such forward-looking statements due to various factors and future events, including those discussed in the report.

5.2 Acknowledgment by the Board of Directors Members on the financial statements

The Board of Directors Members acknowledge that the financial information contained in this section has been extracted without material changes and presented on a consolidated basis consistent with the audited financial statements for the financial years ended on December 31, 2019G and 2021G and the unaudited condensed interim financial statements for the six-month period ending on June 30, 2022G, which were prepared in accordance with IFRS as approved in the Kingdom of Saudi Arabia by SOCPA, and other standards and statements issued by the Saudi Organization for Auditors and Accountants and the Companies Law.

- The Board of Directors Members acknowledge that the Company has sufficient working capital for a period of twelve (12) months as of the date of publishing this report.
- The Directors acknowledge that the Company is unaware of any seasonal factors or economic cycles associated with the business activities, which may have an impact on the business and financial position of the Company.
- The Board of Directors Members declare that the Company is unaware of any information about any governmental, economic, financial, monetary or political policies or any other factors that have affected or could materially affect (directly or indirectly) the operations; excluding any factors disclosed in Section (2) “**Risk Factors**”.
- The Directors acknowledge that the Company has no shares under option rights as of the date of this report.
- The Directors acknowledge, to the best of their knowledge and belief, that there are no encumbrances, rights, obligations, or costs on the Company's property as of the date of this report.
- Except as disclosed in the subsection “**Shareholders' Equity**” of Section (5) “**Management Discussion and Analysis of the Financial Status and Results of Operations**” in relation to the accumulated losses, the Board

of Directors Members declare there was no material negative change in the financial or commercial position of the Company during the three financial years preceding the date of the Pre-emptive Rights Issue and up to the date of this report.

- The Board of Directors Members acknowledge that the Company reduced the capital in the financial year 2020G by 150 million Saudi Riyals, in comparison to the accumulated losses of 151 million Saudi Riyals in the financial year of 2019G. It was also approved in October 2022G to reduce the Company's capital by an amount of 50 million Saudi Riyals in return for the accumulated losses, and then increase the capital by offering rights shares by an amount of 130 million Saudi Riyals.
- The Board of Directors Members declare that the Company does not have any property, including contractual securities or other assets, the value of which is subject to fluctuations or is difficult to ascertain so as to significantly affect the assessment of the financial position.
- The Board of Directors Members acknowledge that no commissions, discounts, brokerage fees or any non-cash compensation were granted by the issuer during the three-year period immediately preceding the date of submitting the application for registration and offering of securities in connection with the issuance or offering of any securities as of the issuance of the right shares until the date of this report.
- The Board of Directors Members acknowledge that all material facts related to the Company and its financial performance have been disclosed in this report.
- The Company has no commitments, potential guarantees or other fixed assets planned to be purchased or leased except as disclosed in Sub-Paragraph "Covenants and Contingent Obligations" of Section No. (5) "Financial Information, Management Discussion and Analysis"
- The Board of Directors Members acknowledge that the Company does not have any loans or other indebtedness, including bank overdrafts, security obligations (covered or uncovered by a personal guarantee or mortgage), obligations under acceptance, acceptance credit, or Lease-purchase commitments, any issued and outstanding debt instruments, approved and unissued debt instruments, or term loans except as disclosed in Sub-Paragraph "Accrued Expenses and Other Liabilities" of Section No. (5) "Financial Information, Management Discussion and Analysis."
- The Board of Directors Members acknowledge that the Company has not issued any debt instruments, long-term loans or mortgages (secured or unsecured). The Company does not have any debt instruments, long-term loans or mortgages (secured or unsecured) that have been approved but not issued.
- The Board of Directors Members acknowledge that the Company has no subsidiaries whether inside or outside the KSA.

5.3 Overview of the Company

Saudi Enaya Cooperative Insurance Co. (a Saudi Joint-Stock Company) is established in the KSA in accordance with Ministry of Commerce and Industry Decision No. 98/S, dated Rabi' I 16, 1433H (corresponding to February 8, 2012G), and under CR No. 4030223528, dated Rabi' I 27, 1433H (corresponding to February 19, 2012G).

The Company's business is to engage in cooperative health insurance business and everything related to this business, such as reinsurance, agencies, representation, correspondence, or mediation. Saudi Enaya shall carry out all the work that needs to be done to achieve its purposes, whether in the field of cooperative insurance or investing its money.

The Company's head office is located in the city of Jeddah under the title of the Company's registered head office:

Saudi Enaya Cooperative Insurance Co.

Prince Sultan St., Al Khalidiya District

Building No. 7521, Ext. 3732

Postal Code: 23423

KSA

The company operates through its branch in Riyadh under CR No. 1010421871.

On Rabi' I 29, 1442H (corresponding to November 15, 2020G), the Company signed a non-binding Memorandum of Understanding ("MOU") with Amana Cooperative Insurance Co. ("Amana") to evaluate a potential merger between the two companies. On Ramadan 18, 1442H (corresponding to April 30, 2021G), the Company announced that it had signed a binding merger agreement with Amana. The Board of Directors of both companies has reached agreement on the terms, under which Enaya will be merged into Amana.

On July 15, 2021G, the Company announced to its shareholders that the General Authority for Competition had issued a No-Objection Certificate to complete the merger in accordance with the (Authority) Certificate No. 5, issued on Thul-Hijjah 06, 1442H.

The Company also announced the issuance of the approval of the Saudi Central Bank on Rabi' II 18, 1443H (corresponding to November 23, 2021G) for the potential merger.

On Jumada II 06 (corresponding to January 09, 2022G), a resolution was issued at the Extraordinary General Assembly meeting to reject the terms of the merger agreement concluded between the Company and Amana on Ramadan 17, 1442H (corresponding to April 29, 2021G).

5.4 Significant Accounting Policies

The significant accounting policies adopted by the Company for the preparation of these financial statements are in line with the IFRS as approved in the KSA and are consistent with those used in preparing the annual financial statements for the year ended on December 31, 2021G and for the period ending on June 30, 2022G and the new amendments to the IFRS and IFRIC as noted in Note 3 (a) had no impact on the financial position or financial performance of the Company. Certain comparative figures have been reclassified/re-assorted to conform to the current period's presentation. This had no impact on the interim condensed statement of changes in equity for the period. In addition, the Company has reviewed the primary sources of assumptions and estimates uncertain, disclosed in last year's financial reports, against the effects of the COVID-19 pandemic (see Note 2.6). The management will assess the situation and impose changes in future periods if needed.

5.5 IFRS and IFRIC and their amendments as approved by the Company

The Company has adopted the following new standards and amendments to existing standards, which were issued by the IASB:

Amending the conceptual framework references in IFRS, updating definitions and recognition criteria for assets and liabilities, and clarifying some important concepts.

The revised conceptual framework contains some new concepts, updated definitions, and recognition criteria for assets and liabilities, and clarifies some important concepts.

Amendments to IFRS 3 - Definition of Business which became effective as of 01 January, 2022G

The amendments clarify that in order to be considered as a commercial activity, an integrated set of activities and assets must include, at the very least, an entry and an objective process, which together clearly affect the ability to create an exit. In addition, the amendments clarify that the business can exist even without including all inputs and exit-creating processes.

Amendments to IAS 1 and IAS 8 regarding the definition of materiality

The amendments provide a new definition of materiality, and clarify that materiality depends on the nature and extent of information, whether singly or combined with other information, in the context of financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Measurement Correction

A major revision and correction of the largest interest rate measures around the world is underway. IAS go through a two-stage process of amending the guidelines to assist in the conversion process from interbank rates (EIBOR).

IFRS 16 - Lease Concessions Related to (COVID-19)

The amendments provide concessions to leases by applying the guidance on rent adjustments in IFRS 16, the amendment that addresses concessions directly related to the effects of the COVID-19 pandemic.

The adoption of the aforementioned amendment does not have any material effects on the financial statements for this year.

5.5.1 Issued but Ineffective Standards

The Issued but Ineffective Standards to the date of issuance of the financial statements are listed below. The list below is representative of the standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

Table No. (20): Table 17 Issued but Ineffective Standards

Standard, Interpretation and Amendments	Description	Enforcement Date
Amendments to IAS 1, Presentation of Financial Statements, regarding classification of obligations	These narrowly defined amendments to IAS 1, Presentation of Financial Statements, clarify that liabilities are classified as current or non-current, depending on the rights in place at the end of the reporting period. The rating is not affected by the entity's expectations or events after the reporting date (for example: receipt of a waiver or breach of undertaking). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of an obligation.	Deferred until accounting periods not beginning before January 01, 2024G
Narrow Amendments to IAS 1, IFRS 2 Practice Statement and IAS 8	The amendments aim to improve accounting policy disclosures and help users of financial statements distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after January 01, 2023G
Amendment to IAS 12 Deferred tax relating to assets and liabilities arising from a single transaction	These amendments require companies to recognize deferred tax on transactions that, on initial recognition, result in equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after January 01, 2023G
IFRS 17	Insurance contracts	See the note below
IFRS 9	Financial instruments	See the note below

IFRS (17) - Insurance Contracts

Overview

This standard was issued on May 18, 2017G. The standard sets out the principles for recognition, measurement, presentation and disclosure of insurance contracts, and it replaces IFRS (4) "Insurance Contracts".

The new standard applies to insurance contracts issued and to all reinsurance contracts and investment contracts with voluntary participation benefits provided that the entity also issues insurance contracts. The standard requires the following elements to be separated from insurance contracts:

- 1) Implied derivatives, if certain specified criteria are met;
- 2) Distinctive investment elements, and
- 3) Any promise to transfer specific goods or services not related to insurance.

These elements must be accounted for separately in accordance with relevant standards (IFRS (9) and IFRS (15)).

Measurement

In contrast to the requirements of IFRS (4), which allows the insured to continue to use accounting policies for measurement purposes existing prior to January 2015G, IFRS (17) presents the following different measurement models:

The measurement model for the year is based on the following "foundational categories":

- a. The cash flows to be realized, which consist of:
 - weighted estimates of possible future cash flows;
 - adjustment that reflects the time value of money (i.e. the discount) and the financial risks associated with these future cash flows, and
 - adjustment of risks related to non-financial risks.
- b. Contractual service margin: The contractual service margin represents the unrealized profit for a group of insurance contracts, and is included as soon as the entity provides services in the future. The contractual services margin cannot be negative at the beginning of the contract. Any shortfall in cash flows, which must be met at the beginning of the contract, is recorded in the income statement. At the end of each subsequent financial reporting period, the carrying amount of the group of insurance contracts is re-measured to include:

- The remaining coverage obligation consisting of meeting the cash flows relating to future services and contractual service margin for the group of insurance contracts on that date.
- An incurred claims liability that is measured as realized cash flows relating to prior services allocated to a group of insurance contracts at that date, which includes the fulfillment of cash flows relating to future services and contractual services margin for a group of insurance contracts on that date.

The contractual service margin is subsequently adjusted for changes in cash flows that relate to future services but cannot be negative, so changes in cash flows in excess of the remaining contractual service margin are recognized in profit or loss. The interest rate also accumulates in the contractual service margin at closed rates since the initial recognition of the contract (discount rates are used initially to determine the present value of the expected cash flows). In addition, the contractual service margin will be recognized in profit or loss based on units of coverage that represent the amount of benefits provided and coverage expected during the remaining period of the group.

The variable fee method is a mandatory method of measuring contracts with direct participation benefits (also referred to as "Direct Participation Contracts"). This evaluation is done to see if the contract meets these criteria at the beginning of the contract and is not re-evaluated later. For these contracts, the contractual services margin is modified in addition to the modification within the year model to include:

1. changes in the entity's share of the fair value of the underlying items; and
2. changes in the effect of the time value of money and financial risks that are not related to the underlying items.

In addition, a simplified premium allocation method is allowed in order to measure the remaining coverage obligation if the method provides a measurement that is not materially different from the year model or the coverage period for each contract in the group of insurance contracts is one year or less. In this way, the remaining coverage obligation is aligned with the premium received at initial recognition less cash flows earned from the insurance. The model remains applicable for the year in order to measure the claims incurred. However, the entity does not have to adjust future cash flows for the time value of money and the impact of financial risks if the expected cash flows will be paid/received within one year or less as of the date of the claims incurred.

Effective Date

The Company intends to apply the standard on its effective date of January 01, 2023G. In May 2017G, the IASB published the final version of IFRS (17) Insurance Contracts. On March 17, 2021G, the IASB decided in principle to postpone the effective date of IFRS (17) for a period of one year to reporting periods beginning on or after January 01, 2023G. The IASB also decided initially to allow qualified insurance companies to defer IFRS (9) for an additional year of deferment, which means that they can be applied to both standards for the first time in reporting periods beginning on or after January 01, 2023G. In June 2021G, the IASB amended IFRS 17 Insurance Contracts. The amendments aim to help companies implement IFRS 17 and facilitate the explanation of their financial performance. IFRS 17 incorporating the amendments is effective from annual reporting periods beginning on or after January 01, 2023G. The Saudi Central Bank issues instructions for the design phase. Early application is permitted if both IFRS 15 – "Revenue from Contracts with Customers" and IFRS 9 – "Financial Instruments" have been applied. They have been applied.

Transformation

The standard must be applied retrospectively, but if retrospective application to a group of insurance contracts is not feasible, then the entity must choose the modified retrospective method or the fair value method. The Company has initially decided to apply the standard retrospectively, but this decision is not final and is subject to change.

Presentation and Disclosure

The Company expects that this new standard will result in a change in the accounting policies for insurance contracts, with amendments to presentation and disclosure.

Impact

The Company is currently working in the implementation and pilot phase of IFRS 17, which requires the installation of systems and implementation of design and policy options. The Company has completed two trial cycles to compare results between IFRS 4 and IFRS 17. The third cycle will be completed on October 30, 2022G.

Although the pilot cycles to compare results have not been completed, the initial impact results expected from the Company's evaluation of the application of IFRS No. (17) - Insurance Contracts are summarized below. It should be noted

that, in principle, there is no significant impact on the Company's profits.

One thousand Saudi Riyals	December 31, 2021G
Profit realized according to IFRS (4)	(57,989)
Effect of amortizing additional expenses	3,115
Change in risk assessment	(1,043)
Change in future loss obligations	869
Difference in premiums earned	0
Profit realized according to IFRS (17)	(55,047)

The main areas are the implementation phase, trial run and the status of the Company's progress so far:

Table No. (21): Main areas of the implementation phase, trial run and the status of the Company's progress so far

Key Subjects	Summary of Impact
Governance and oversight framework	The Company has a comprehensive governance framework in place for IFRS 17, which includes the formation of a steering committee to oversee and monitor implementation progress, approve decisions and assign roles and responsibilities to various stakeholders. The Company is currently implementing a control framework that will be adopted in accordance with IFRS 17 and in which the system is officially available for use.
Operational effect	The Company is in the process of implementing IFRS 17 Specific Software Solution and is implementing changes to accounting, actuarial modeling, processes, controls, data and systems to comply with IFRS 17 requirements. This includes implementing Phase 3 design decisions, end-state functional design schemes, operations transition, comprehensive data policy and data dictionary.
Technical and financial impact	The Company has documented the technical policy papers, finalizing the policy decisions and options required under IFRS 17. Policy decisions and choices are made after detailed assessments and necessary deliberations between various stakeholders and are approved by the Steering Committee of IFRS 17. The Company is currently assessing the expected financial impact of implementing IFRS 17.
Trial Run of IFRS 17	For IFRS 17, the Company conducted the first trial test of IFRS 17 in November 2021G. This included preparing the financial statements for IFRS 17 as of December 31, 2020G. The company has improved its implementation plan taking into consideration the lessons learned from the first pilot test. The next trial run of IFRS 17 will be carried out in May 2022G.
IFRS 17 Testing	The Company's implementation plan includes a number of testing phases: parallel run, user acceptance testing, as well as trial testing.

IFRS (9) - Financial Instruments

This Standard was published on July 24, 2014G to replace IAS (39). The new standard addresses the following items related to financial statements:

Classification and Measurement

IFRS (9) uses a single approach to determine the measurement of a financial asset at amortized cost, fair value through other comprehensive income, or fair value through profit or loss. A financial asset is measured at amortized cost if all of the following are met:

- The asset is held within a business model whose purpose is to hold the asset to collect contractual cash flows, and
- The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

The financial asset is measured at fair value through other comprehensive income, and the realized gains and losses are recycled through profit or loss on sale if the following two conditions are met:

- Holding the asset within a business model whose purpose is to both collect contractual cash flows and sell financial assets, and
- The contractual terms of the cash flows are payments of principal and are also considered interest on the principal amount outstanding.

Financial assets that do not meet the conditions of these categories are measured at fair value through profit or loss. In addition, upon initial recognition, an entity may use the option to designate a financial asset at fair value through profit or

loss if doing so would eliminate or materially reduce accounting differences. For equity instruments that are not held for trading, an entity may also irrevocably elect to present subsequent changes to the fair value of those instruments in other comprehensive income (including realized gains and losses), while presenting dividends in profit or loss.

In addition, for financial liabilities designated at fair value through profit or loss, the amount of the change in the fair value of the financial liability attributable to changes in the credit risk of that obligation is recognized in other comprehensive income, unless the effects of changes in the credit risk of the obligation are included in Other comprehensive income may result in an accounting mismatch in profit or loss.

Impairment

The impairment model under IFRS (9) reflects the expected credit losses, as if they were used in accordance with IAS (39) as incurred credit losses. In accordance with the IFRS (9) approach, it is not necessary for a credit event to have occurred before credit losses are recognized. Instead, the entity calculates expected credit losses and the changes in those credit losses. The amount of ECL is updated at the date of each financial reporting period to reflect changes in credit risk since initial recognition.

Effective Date

The effective date of IFRS 9 was January 01, 2018G. However, the amendments to IFRS (4) - "Insurance Contracts": Application of IFRS (9) - Financial Instruments with IFRS (4) - Insurance Contracts, published on September 12, 2016G, allow entities that issues insurance contracts within the scope of IFRS (4) to mitigate some of the effects of applying IFRS (9) before the new IFRS (17) "Insurance Contracts" issued by the IASB enters into force. The modifications offer two alternative options:

1. Application of a temporary exemption from applying IFRS (9) until whichever is earlier:
 - a. the effective date of the new insurance standard; or
 - b. Annual financial reporting periods beginning on or after January 01, 2023G. The IASB proposes to extend the temporary exemption for the effective date of IFRS (17) and IFRS (9) in IFRS (4) to January 01, 2023G. Additional disclosures relating to the financial assets are required during the deferral period. This option is only available to entities whose activities are permanently linked to insurance and have not previously applied IFRS (9):
2. The application of IFRS (9), but for specific financial assets, the effects of some accounting mismatches that appeared before the application of the new insurance contracts standard are excluded from profit or loss. During the initial period, additional disclosures are required.

The company carried out a detailed evaluation at the beginning of January 01, 2021G on:

1. Comparing the carrying amount of a company's liabilities arising from contracts within the scope of IFRS (4) (including elements of deposits or embedded derivatives that are not related to insurance contracts) with the set of carrying amounts of all of its liabilities, and
2. Comparing the total book value of the company's liabilities that are related to insurance with the total book value of all its liabilities. Based on these assessments, the Company was able to determine that it qualifies for the temporary exemption. Consequently, the Company decided to postpone the application of IFRS (9) until the date of entry into force of the new insurance contracts standard. The required disclosures relating to the financial assets during the deferral period are included in the Company's financial statements.

Evaluation of Impact

As at December 31, 2021, the Company has total financial assets (including insurance receivables/refundable reinsurance receivables) and assets related to insurance contracts amounting to 331,353 million Saudi riyals and 130,824 million Saudi riyals, respectively. Financial assets currently held at amortized cost consist of cash and cash equivalents and some other debit balances amounting to 318,046 million Saudi riyals (2020: 291,926 million Saudi riyals). The Company does not have any other financial assets from the available-for-sale investments as at December 31, 2021 (2020: nil). The Company expects to use the designation of these financial assets at fair value through other comprehensive income in accordance with the Company's business model in relation to debt securities and the strategic nature of equity investments. However, the Company has not yet made a detailed evaluation to determine whether the debt securities meet the test of payments of principal amount and interest on the principal amount outstanding as required by IFRS 9.

For investments in portfolios classified as available-for-sale investments, it will be at fair value in the income statement under IFRS 9. As at December 31, 2021, the value of debt securities at fair value is nil, and the same is true with changes in fair value during the year. Other financial assets at fair value amounted to 1,668 million Saudi riyals as at December 31,

2021, with an adjustment in fair value during the year amounting to 0.237 million Saudi riyals. Credit risk: focus on credit risk and its quality for these financial assets mentioned in Note 31. The Company's financial assets have a low level of credit risk as at December 31, 2021 and 2020. The above is based on the high level implications of IFRS 9 analysis. This preliminary analysis is based on the information currently available, and is subject to adjust as a result of more accurate analysis or if additional information becomes available in the future.

In general, the Company expects, after application, that there will be some impacts resulting from the reduction requirements in accordance with IFRS 9. However, this impact is not expected to be significant. At the present time, it is not possible to provide a reasonable expectation of the impact of the application of this standard as the Company has not implemented an accurate analysis. We are in the process of estimating the non-performance risk of some of the reinsurance agreements based on IFRS 9 in relation to the expected credit losses model using the simplified method.

5.5.2 C. The significant accounting policies used in the preparation of these financial statements are as follows:

1. Insurance Contracts

The Company issues insurance contracts that transfer insurance risks. Insurance contracts are those contracts where the insurer accepts significant insurance risks from the policyholder by agreeing to compensate the policyholder if there is an unspecified future event that adversely affects the policyholder. As a general guideline, the Company defines significant insurance risk as the possibility of paying a certain amount when an insured event occurs that is at least 10% more than the amount payable if the insured event did not occur.

2. Recognition of Revenue

Recognition of Premium

Premiums are included in the income statement on a straight line basis over the life of the insurance policy. Unearned premiums are calculated on a straight-line basis over the life of the insurance policy.

Unearned premiums represent the portion of written premiums that relates to the unexpired year of coverage. The change in the provision for unearned premiums is taken to the income statement depending on the revenue being recognized over the period of risk.

Reinsurance

Reinsurance obligations represent balances owed to insurance companies. The amounts due are estimated in a manner consistent with the relevant reinsurance contract. Premiums and claims are presented on a gross basis for both assumed and ceded reinsurance. The reinsurance asset or liability is derecognised when the contractual rights terminate or end or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are directly calculated through the statement of financial position, and they are assets in the form of deposits or financial liabilities that are recognized based on consideration paid or received less any clearly defined premiums or fees retained by the reinsurance company. Investment revenue on these contracts is calculated using the actual interest rate method when due.

Investment Revenue

Investment revenue on debt instruments classified under held to maturity investments and Murabaha deposits is calculated on an actual interest basis.

Dividend Revenue

Dividend revenue on equity instruments classified under fair value is recognized through income statement when the right to receive payment is established.

3. Claims

Claims consist of amounts owed to policyholders and to third parties, expenses related to compensation for loss, and other refunds. The total outstanding claims represents the total estimated cost of claims incurred, but not settled at the statement of financial position date with related claims handling costs, whether or not reported by the insured. Provisions for unpaid reported claims as at the statement of financial position date are made on the basis of individual case estimates. In addition, a provision is established based on management's judgment and the Company's past experience of the cost

of settling claims incurred but not reported (IBNR) including related claims handling costs as at the statement of financial position date. Outstanding claims are appeared on a gross basis and the relevant share of reinsurers is separately indicated. Moreover, the Company does not exclude its liabilities for unpaid claims as all claims are expected to be paid within one year from the statement of financial position date.

4. Reinsurance Contracts

Reinsurance is allocated between contractual and optional reinsurance contracts, stop loss and excess loss. Contracts entered into by the Company with reinsurance companies under which the Company is compensated for losses in one or more contracts issued by the company that meet the requirements for classification of insurance contracts are classified as held reinsurance contracts. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company, under which the contract holder is another insurance company (inward reinsurance) are included in the insurance contracts. An asset or liability is recorded in the statement of financial position representing payments due from reinsurers, losses recoverable from reinsurers and premiums due to reinsurers. The amounts due from reinsurance are estimated in a manner consistent with the claim obligation associated with the insured parties. The reinsurance asset or liability is derecognised when the contractual rights terminate or end or when the contract is transferred to another party. An impairment audit is made at each reporting date or more frequently when there is an indication of impairment during the financial year. Impairment occurs when there is objective evidence that the Company may not recover the amounts outstanding under the terms of the contract and when the impact can be measured on the amounts that the Company will receive from the reinsurer. An impairment loss is recorded in the income statement as incurred. The entrusted reinsurance arrangements do not relieve the Company of its obligations towards policyholders.

5. Costs of Acquiring Deferred Insurance Policies

Commissions and other costs directly attributable to the purchase and renewal of insurance contracts are deferred and amortized in accordance with the terms of the insurance contracts to which they relate, as well as the earned premiums. All other acquisition costs are recognized as an expense when incurred. The amortization is included under "costs of acquiring insurance policies" in the income statement. Changes in the expected useful life or the expected pattern of consumption of future economic benefits included in the assets are calculated by changing the amortization period and are treated as a change in the accounting estimate. An impairment audit is made at each reporting date or more frequently when there is an indication of impairment. If the assumptions regarding future profitability of these policies are not recognized, the amortization of these costs can be accelerated and may also require additional impairment losses to be transferred to the income statement. The costs of acquiring deferred insurance policies are also considered in the liability adequacy test at each reporting date.

6. Liabilities Adequacy Test (LAT)

At each statement of financial position date, LATs are performed to ensure the adequacy of the liabilities relating to insurance contracts net, after excluding the costs of acquiring the related deferred insurance policies. In performing these tests, management uses current best estimates of future contractual cash flows, processing expenses and administrative expenses. Any deficiency in the book value is directly charged to the income statement by establishing a provision for losses arising from LATs accordingly.

7. Receivables

Premiums receivable are recognized based on gross insurance premiums receivable from insurance contracts, less a provision for any uncollectible amounts. Insurance and reinsurance premiums are recognized when due and measured at initial recognition at the fair value of the consideration received or payable. The book value of receivables is audited for impairment and when events or conditions indicate that the book value may not be recoverable, an impairment loss is included under "other general and administrative expenses" in the income statement. Balances receivable are derecognised when the Company has no control over the contractual rights to the receivable balance, which is normally when the balance due is sold, or when all of the receivable cash flows are transferred to the independent third party. The receivables disclosed in Note 7 and 8 are within the scope of IFRS 4 "Insurance Contracts".

8. Investments

• Available-for-Sale Investments

Available-for-sale financial assets are those non-derivative financial assets that have not been classified as held for trading and held to maturity, or those loans and receivables, nor are they classified at fair value through profit or loss. These investments are initially recorded at cost, which is the fair value of the consideration paid including transaction costs that are directly attributable to the acquisition of the investment and are subsequently measured at fair value. The accumulated changes in the fair value of these investments are included in other comprehensive income in the statement of comprehensive income under "net change in fair value - available-for-sale investments". Realized profit or loss on sale of such investments is included in the related income statement under "profit/(loss) realized on available-for-sale investments."

Dividends, commissions and foreign currency profit/loss from available-for-sale investments are recognized in the income statement or statement of comprehensive income - shareholders' operations - as part of the net investment income/loss. Any significant or long-term impairment in the fair value of available-for-sale investments is adjusted and reported in the related statement of comprehensive income as an impairment expense. The fair values of available-for-sale investments are based on quoted prices for tradable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics. For unquoted investments, fair value is determined by reference to the market value of a similar investment or, when fair values cannot be obtained from active markets, is determined using a variety of assessment techniques. The Inputs to these models are taken from observable markets where possible, but when this is not possible, a level of judgment is required to determine fair value.

- **Reclassification:**

The Company is assessing whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. In rare circumstances, when the Company is unable to trade such financial assets due to inactive markets, the Company may reclassify these financial assets if management has the ability and intention to hold the assets for the immediate future or until maturity. Reclassification to loans and receivables is permitted when a financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the immediate future or until maturity. Reclassification into held-to-maturity financial assets is only permitted when the Company has the ability and intention to hold the financial asset to maturity. For financial assets reclassified from the available-for-sale category, the fair value at the date of reclassification becomes the new amortized cost and any prior profit or loss over that asset recognized in equity is amortized to profit or loss over the remaining life of the investment using the actual interest rate. Any difference between the new amortized cost and the maturity amount is amortized over the remaining life of the asset using the actual interest rate. If the impairment of the asset is subsequently determined, the amount recorded in shareholders' equity is reclassified to the income statement.

- **Investments Held at Fair Value Through Income Statement**

Investments in this category are classified if they are held for trading, or if designated by management as held at fair value through income statement on initial recognition. Investments classified as trading are principally purchased for the purpose of selling or repurchasing in the short term and are recorded in the statement of financial position at fair value. Changes in fair value are recognized in net income / trading loss.

An investment may be allocated as held at fair value through income statement by management, upon initial recognition, if it complies with the criteria stated in IAS 39, except for equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured.

Investments held at fair value through income statement are recorded in the statement of financial position at fair value. Changes in fair value are included in the income statement for the year in which they arise. Transaction costs, if any, are not added to the fair value measurement upon initial recognition of investments held at fair value through income statement. Special commission revenue and dividend revenue on financial assets held at fair value through the income statement are appeared as trading revenue or income from financial instruments held at fair value through the income statement and the statement of comprehensive income.

- **Reclassification:**

Investments held at fair value through income statement are not reclassified after initial recognition, except for non-derivative investments, other than those that were classified as held at fair value through income statement upon initial recognition, they can be reclassified from fair value through income statement (for example, commercial) if they are no longer held for the purpose of selling or repurchasing in the near term, and the following conditions shall be met:

- a. If a financial asset meets the definition of loans and receivables, if the financial asset is not required to be classified as held for trading on initial recognition, it can be reclassified if the Company has the intention and ability to hold the financial assets for the immediate future or until maturity.
- b. If a financial asset does not meet the definition of loans and receivables, it can be reclassified to the trading category only in "rare circumstances".

- **Held-to-Maturity**

Investments that have fixed or determinable payments and a fixed maturity date that the Company has the intention and ability to hold to maturity are classified as held to maturity. Held-to-maturity investments are initially recognized at fair value including direct and complementary transaction costs and subsequently measured at amortized cost, less provision for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition using the actual return basis.

Any profit or loss on these investments is recognized in the income statement when the investment is derecognized or impaired.

- **Reclassification:**

Investments classified as held to maturity cannot normally be sold or reclassified without affecting the Company's ability to use this classification and cannot be classified as a hedged item in relation to the commission rate or prepayment risk, which reflects the longer-term nature of these investments.

However, in any of the following cases, sales and reclassifications will not affect the Company's ability to use this classification:

- a. Sales or reclassifications that are so close to maturity phase that changes in the market commission rate do not have a material impact on the fair value.
- b. Sales or reclassifications after the Company has collected almost the entire amount of the asset.
- c. Sales or reclassifications attributable to isolated, non-recurring events outside the Company's control that could not have been reasonably foreseen.

9. Derecognition of Financial Instruments

Derecognition of a financial instrument occurs when the Company does not control the contractual rights that include the financial instrument, which is usually the state when the instrument is sold, or when all cash flows attributable to the instrument are transferred to an independent third party and the Company has substantially transferred all the risks and benefits of ownership.

10. Offset

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

11. Trade-date Calculating

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

12. Impairment of Financial Assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. There is impairment if one or more events that have occurred since the initial recognition of the asset (an incurred "loss event") have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated with a high degree of accuracy.

Evidence of impairment may include:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or late payment;
- That it becomes probable that the issuer or debtor will come bankruptcy or other financial reorganization;
- The disappearance of an active market for this financial asset due to financial difficulties; or
- Observation of data indicating that there has been a measurable impairment in the estimated future cash flows from a group of financial assets since their initial recognition, although the deficiency cannot be identified with individual financial assets in the Company, including:
 - a. negative changes in the repayment status of issuers or debtors in the Company; or

- b. national or local economic conditions in the issuer's state that correlate with asset defaults.

If there is objective evidence of an impairment loss on a financial asset, the impairment is determined as follows:

1. For assets included in fair value, impairment represents a significant or long-term decrease in the fair value of the financial asset.
2. For assets included in amortized cost, impairment is based on estimated future cash flows discounted at the original actual interest rate.

For available-for-sale financial assets, at each reporting date, the Company assesses whether there is objective evidence that an investment or a group of investments is impaired.

In the case of debt instruments classified as available for sale, the Company individually assesses whether there is objective evidence of impairment. Objective evidence may include indications that the borrower is experiencing significant financial difficulty, a default or delay in special commission income or key payments, the likelihood that possibility of the borrower will come bankruptcy or other financial reorganization, where observable data indicate a significant decrease in the estimate of future cash flows, such as changes in economic conditions that correlate with defaults. However, the amount recorded for impairment represents the accumulated loss measured as the difference between the amortized cost and the current fair value, less any impairment loss for that investment previously recognized in the income statement and statement of comprehensive income. If the fair value of a debt instrument increases in a later period and the increase can be objectively related to the occurrence of a credit event after recognizing the impairment loss in the income statement and the statement of comprehensive income, the impairment loss is reversed through the income statement and the statement of comprehensive income.

For equity investments held as available-for-sale, a significant or long-term decrease in the fair value below its cost represents objective evidence of impairment. An impairment loss cannot be reversed through the income statement as long as the asset continues to be recognized, i.e. any increase in fair value after impairment is recorded only in other comprehensive income. Upon the derecognition, any accumulated profit or loss previously recognized in other comprehensive income is included in the income statement under "realized profit/(loss)" on available-for-sale investments.

Use of the judgment requires what is "significant" or "long-term". A period of 12 months or longer is considered an extended period and a impairment of 30% of the original cost is considered material according to Company policy. In making this judgment, the Company assesses, among other factors, the duration or extent to which the fair value of an investment has been less than its cost.

When assessing whether an investment in a debt instrument is of low value, the Company considers factors such as the market assessment of creditworthiness as shown in bond returns, rating agencies' assessment of the creditworthiness, the state's ability to access the capital markets to issue new debt and the potential for debt restructuring, which could cause debt holders to suffer losses through voluntary or mandatory debt forgiveness. The amount recorded for impairment represents the accumulated loss measured as the difference between the amortized cost and the current fair value, less any impairment loss for that investment previously recognized in the income statement and statement of comprehensive income.

13. Property and Equipment

Property and equipment are recognized at cost less accumulated depreciation and any impairment losses. Subsequent costs are included in the asset's book value or recorded as a separate asset, as applicable, 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 reliably measured. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred. The land is not depreciated. The cost of items of property and equipment is depreciated using the straight-line method to allocate the cost over the estimated useful lives, as follows:

Leasehold improvements	3 years
Computer	4 years
Vehicles	5 years
Furniture, fixtures and office equipment	4 - 10 years

The assets' residual values and useful lives are audited at each reporting date and adjusted if appropriate. The book value of these assets is audited for impairment when an event or changes in circumstances indicate that the book value may not be recoverable. If any such indication exists and where the book values exceed the recoverable amount, the assets are reduced to their recoverable amount.

Capital work in progress includes property that is being developed for future use. Upon completion of its development, the capital asset in progress is transferred to the relevant category of property and equipment, and depreciated in accordance with the Company's policy.

Profits and losses on disposals are determined by comparing the returns with the book value and are included under "other income, net" in the income statement.

It is worth noting that there are no expected adjustments to the property and equipment policies.

14. Right-of-Use Assets

The Company applies the cost model, and measures the right-of-use assets at cost:

- a. less any accumulated amortization and any accumulated impairments; and
- b. adjusts for any remeasurement of the lease contracts to adjust the lease.

In general, the right-of-use assets equals lease contracts. However, if there are any additional costs such as site preparation, non-refundable deposits, submissions costs, and other expenses related to operations, they shall be added to the value of the right-of-use assets.

The recognized right-of-use assets are depreciated on a straight-line basis over their estimated useful life or the lease term, whichever is shorter. It is worth noting that there are no expected adjustments to the policies of the right-of-use assets.

A. Intangible Assets

Separately acquired intangible assets (mentioned category) are stated at historical cost. It has a limited useful life and is subsequently stated at cost less accumulated amortization and impairment losses. The Company amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

Software	4 years
licenses	4 years

B. Impairment of Non-Financial Assets

Assets that have an unlimited useful life - for example: lands - are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are audited for impairment when events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognized for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the asset's fair value less selling costs or value in use. For the purpose of assessing impairment, assets are collected at the lowest level for which there are separately identifiable cash flows (cash-generating units).

C. Lease Contracts Liabilities

On initial recognition, the present value of the lease contracts is the value of all remaining payments to the landlord. After the commencement date, the Company measures lease contracts by:

- a. increasing the book value to reflect the additional financing rate on the lease contracts;
- b. reducing the book value to reflect the value paid; and
- c. re-measuring the book value to reflect any audit or modification of the lease contracts.

Upon transfer, for lease contracts that were previously calculated as operating contracts with less than 12 months remaining on the contract and lease contracts with low asset value, the Company applied the optional exception, so that it does not recognize right-of-use assets but calculates lease contract expenses using the straight-line method for the remainder of the contract term.

D. Employees' End of Service Benefits

The Company calculates the end of service benefits plan for its employees based on the labor laws prevailing in the KSA. Entitlements are assessed at the present value of expected future payments in relation to the services provided by the employees up to the end of the reporting year using the expected unit credit method. With regard to employee departures and periods of service, expected future wage and salary levels, as well as past experience, are taken into account. Expected future payments are discounted using market returns at the end of the financial year with high quality purchase bonds in terms and currencies that match, as closely as possible, the estimated future cash flows. End of service benefits are paid when due. Remeasurement (actuarial profit/loss) as a result of experience-based adjustments and changes in actuarial assumptions is recognized in the statement of comprehensive income.

E. Zakat and Income Tax

The Company is subject to zakat and income tax in accordance with the regulations of the Zakat, Tax and Customs Authority. Zakat is calculated on the Saudi shareholders' share of equity or net income using the basis specified under the Zakat regulations. Income taxes are calculated on the foreign shareholders' share of the adjusted net income for the year. Zakat and income tax are due on a quarterly basis. Additional amounts, if any, are due. The value is determined upon completion of the final assessment.

F. Deferred Tax

The financial impact of applying the deferred tax accounting policy is not material in the financial statements, and accordingly the prior period amounts have not been adjusted.

G. Dividends

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

H. Cash and Cash Equivalent

Cash and cash equivalent include cash in hand and bank balances, including Murabaha deposits, which mature within a period of less than three months from the date of acquisition.

I. Statement of Cash Flows

The Company's key cash flows are from insurance operations which are classified as cash flows from operating activities. The cash flows arising from investing and financing activities are classified accordingly.

J. Foreign Currency

Transactions in foreign currencies are recorded in Saudi Riyals at the exchange rate prevailing on the date of the transaction. Cash assets and liabilities in foreign currencies are translated into Saudi Riyals at the exchange rate prevailing at the statement of financial position date. All differences are included in the income statement and statement of comprehensive income. Non-cash items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction and are not subsequently re-measured. Foreign exchange profits or losses on available-for-sale investments are included under "other income, net" in the statement of income and statement of comprehensive income. Since the Company's foreign currency transactions are primarily in US dollars, the foreign exchange profits and losses are not material.

K. Operating Segments

A segment is a distinct part of a Company engaged in providing products or services (a business segment), which is subject to risks and returns that are different from those of other segments. For management purposes, the Company is organized into business segments based on its products and services, and includes the following reportable segments:

- Medical Coverage for Health Insurance.

Operating segments are reported in a manner consistent with the internal reporting provided to the senior operating decision maker. The senior operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified to be the CEO who makes strategic decisions. No inter-segment transactions occurred during the year.

L. Statutory Reserve

According to the Insurance Companies Law, each year the Company allocates 20% of its net income from shareholders' operations to the statutory reserve until it establishes a reserve equal to the capital. The reserve is un-distributable.

M. Fair Values

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

For financial assets that do not have an active market, the fair value is determined by reference to the market value of similar financial assets or, when the fair value cannot be obtained from an active market, is determined using a variety of assessment techniques. The inputs to these models are taken from the observable market where possible, but when this is not possible, there is a need to use judgment in determining fair values.

N. Creditors and Accruals Liabilities

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed by the supplier.

O. Provisions

Provisions are recognized when the Company has (a legal or business) obligation as a result of a past event, it is probable that an outflow of resources including economic benefits required to settle the obligation will occur, and a reliable estimate can be made of the amount of the obligation.

P. Provision for Outstanding Claims

Judgment is used by management in the estimation of amounts payable to policyholders and third parties arising from claims submitted under insurance contracts. Such estimates are necessarily based on assumptions about several factors including varying levels of judgment and uncertainty. The actual results may differ from management's estimates resulting in future changes to the estimated liabilities. The Company estimates its claims based on its experience in its insurance portfolio. Claims requiring court or arbitration decisions, if any, are individually estimated.

Management audits its provisions for claims incurred and claims incurred but not reported on a monthly basis. Any difference between provisions at the date of the statement of financial position and settlements and provisions in the following year is included in the statement of insurance operations and the accumulated surplus for that year. The provision for outstanding claims is verified and approved as at 31 December by an independent actuarial expert.

5.6 Results of Operations

5.6.1 Income Statement

Key Performance Indicators (KPIs)

The following table presents the KPIs for the financial years ended December 31, 2019G, 2020G and 2021G, and the six-month period ended June 30, 2021G and 2022G:

Table No. (22): KPIs for the financial years ended December 31, 2019, 2020G and 2021G, and the six-month period ended June 30, 2021G and 2022G:

Thousand Saudi riya	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Six-month period ending June 30, 2021 (Un-audited)	Six-month period ended June 30, 2022 (Un-audited)
Net loss ratio	(121.0%)	(87.3%)	(91.6%)	(93.6%)	(90.5%)
Commission percentage	(4.5%)	(3.4%)	(4.3%)	(4.8%)	(6.2%)
Expense percentage	64.9%	32.1%	25.6%	34.6%	18.6%
Standard percentage	(60.7%)	(58.5%)	(70.3%)	(63.9%)	(78.1%)
Net subscribing results as a percentage of Gross Written Premium (GWP)	(45.7%)	9.7%	(12.3%)	(13.2%)	1.8%

Source: Management information.

Income Statement

The following table presents the income statement for the financial years ended December 31, 2019G, 2020G and 2021G, and the six-month period ended June 30, 2021G and 2022G:

Table No. (23): Income statement for the financial years ended December 31, 2019G, 2020G and 2021G, and the six-month period ended June 30, 2021G and 2022G:

Thousand Saudi riya	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual change 2019G - 2020G	Annual change 2020G - 2021G	Compound annual growth rate (CAGR) 2019G - 2021G	Six-month period ending June 30, 2021 (Un-audited)	Six-month period ending June 30, 2022 (Un-audited)	Change for the half year period 2021G - 2022G
Revenues									
GWP	154,028	165,874	218,502	7.7%	31.7%	19.1%	91,873	96,570	5.1%
Net GWP	154,028	165,874	218,502	7.7%	31.7%	19.1%	91,873	96,570	5.1%
Changes in unearned premiums	(55,582)	8,416	(41,223)	(115.1%)	(589.8%)	(13.9%)	(13,905)	16,134	(216.0%)
Net earned premiums	98,446	174,290	177,279	77.0%	1.7%	34.2%	77,968	112,704	44.6%
Total revenue	98,446	174,290	177,279	77.0%	1.7%	34.2%	77,968	112,704	44.6%
Subscription costs and expenses:									
Total claims paid	(139,694)	(139,752)	(152,024)	0.0%	8.8%	4.3%	(76,115)	(105,422)	38.5%
Reinsurers' share of claims paid	6,933	996	-	(85.6%)	N/A	0.0%	-	-	N/A
Net claims paid	(132,761)	(138,756)	(152,024)	4.5%	9.6%	7.0%	(76,115)	(105,422)	38.5%
Changes in outstanding claims, net	18,154	(18,791)	(7,619)	(203.5%)	(59.5%)	N/A	4,563	7,617	66.9%
Changes in claims incurred but not reported, net	(4,559)	5,425	(2,771)	(219.0%)	(151.1%)	(22.0%)	(1,464)	(4,231)	189.0%
Net claims incurred (NCI)	(119,166)	(152,122)	(162,414)	27.7%	6.8%	16.7%	(73,016)	(102,036)	39.7%
Insurance premium deficiency reserve (PDR)	(15,504)	2,790	(19,982)	(118.0%)	(816.2%)	13.5%	(8,308)	3,782	(145.5%)
Other technical reserves	(888)	1,134	(64)	(227.7%)	(105.6%)	(73.2%)	8	(4)	(150.0%)
Costs of acquiring insurance documents	(4,451)	(5,916)	(7,602)	32.9%	28.5%	30.7%	(3,781)	(6,965)	84.2%
Other subscribing expenses	(3,413)	(3,315)	(8,963)	(2.9%)	170.4%	62.1%	(3,186)	(5,399)	69.5%
Total subscription costs and expenses	(143,422)	(157,429)	(199,025)	9.8%	26.4%	17.8%	(88,283)	(110,622)	25.3%
Net (loss) / subscription income	(44,976)	16,861	(21,746)	(137.5%)	(229.0%)	(30.5%)	(10,315)	2,082	(120.2%)
(Expenses) / other operating revenue:									
Reversal / (provision) for doubtful debts	(9,962)	(181)	2,621	(98.2%)	(1548.1%)	N/A	(820)	(3,689)	349.9%

Thousand Saudi riyals	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual change 2019G - 2020G	Annual change 2020G - 2021G	Compound annual growth rate (CAGR) 2019G - 2021G	Six-month period ending June 30, 2021 (Un-audited)	Six-month period ending June 30, 2022 (Un-audited)	Change for the half year period 2021G - 2022G
General and administrative expenses	(53,882)	(55,817)	(47,948)	3.6%	(14.1%)	(5.7%)	(26,123)	(17,234)	(34.0%)
Revenue commissions on deposits	6,666	4,399	3,280	(34.0%)	(25.4%)	(29.9%)	1,840	1,893	2.9%
Unrealized profit from investments	655	186	237	(71.6%)	27.4%	(39.8%)	188	131	(30.3%)
Realized profit from investments	-	117	5,260	N/A	4395.7%	0.0%	5,431	-	N/A
Dividend revenue	-	108	-	8.2%N/A	N/A	N/A	-	-	N/A
Amortization of held-to-maturity investments, net	147	159	213	8.2%	34.0%	20.4%	-	-	N/A
Other revenue	-	2,257	98	N/A	(95.7%)	0.0%	101	2,819	2691.1%
Total other operating expenses	(56,376)	(48,772)	(36,239)	(13.5%)	(25.7%)	(19.8%)	(19,383)	(16,080)	(17.0%)
Net loss for the year	(101,352)	(31,911)	(57,985)	(68.5%)	81.7%	(24.4%)	(29,698)	(13,998)	(52.9%)
Net loss for the year attributable to shareholders before zakat	(101,352)	(31,911)	(57,985)	(68.5%)	81.7%	(24.4%)	(29,698)	(13,998)	(52.9%)
Provision / (reversal) for zakat for previous years	-	5,298	(2,475)	N/A	(146.7%)	0.0%	-	-	N/A
Zakat expense for the year	(4,800)	(1,800)	(1,512)	(62.5%)	(16.0%)	(43.9%)	(1,500)	(500)	(66.7%)
Net loss for the year	(106,152)	(28,413)	(61,972)	(73.2%)	118.1%	(23.6%)	(31,198)	(14,498)	(53.5%)

Source: The audited consolidated financial statements for the financial years ended December 31, 2019G, 2020G and 2021G, and the examined consolidated financial statements for the period ended June 30, 2021G and 2022G.

The Company provides medical insurance services to many individuals, micro, small, medium and large-sized enterprises.

During the period under audit, the Company incurred accumulated net losses. The Company's accumulated losses decreased from 150.9 million Saudi riyals in the financial year ended December 31, 2019G to 91.24 million Saudi riyals in the financial year ended 31 December 2021G. The accumulated losses as a percentage of the capital amounted to 60.83% on December 31, 2021G. The Company's accumulated losses increased to 105.74 million Saudi riyals as at June 30, 2022G, and the accumulated losses as a percentage of the capital amounted to 70.5% on June 30, 2022.

The net loss for the year decreased from 106.2 million Saudi riyals in financial year 2019G to 62 million Saudi riyals during financial year 2021G. Then, the net loss decreased from 31.2 million Saudi riyals in the six-month period ended June 30, 2021G to 14.5 million Saudi riyals in the six-month period ended June 30, 2022G.

The total revenues increased from 98.4 million Saudi riyals in the financial year 2019G to 174.3 million Saudi riyals in the financial year 2020G, and continued to increase to reach 177.3 million Saudi riyals in the financial year 2021G. This is mainly due to the significant increase in the GWP of the small and micro-sized enterprises category by 30.1 million Saudi riyals from the financial year 2019G to the financial year 2020G and by 58.2 million Saudi riyals from the financial year 2020G to the financial year 2021G. This increase is in line with the Company's strategy to focus on growing its portfolio of small and medium-sized companies starting from the end of the financial year 2020G. The full impact of this strategy was in the financial year 2021G.

The net revenues increased by 44.6% from 78 million Saudi riyals in the six-month period ended June 30, 2021G to 113 million Saudi riyals in the six-month period ended June 30, 2022G, due to the increase in the GWP of the small and micro-sized enterprises category by 12.4 million Saudi riyals.

The total subscription costs and expenses increased from 143.4 million Saudi riyals in the financial year 2019G to 157.4 million Saudi riyals in the financial year 2020G and continued to increase to 199 million Saudi riyals in the financial year 2021G, due to an increase in NCI by 33 million Saudi riyals from the financial year 2019G to 2020G, and by 10.3 from the financial year 2020G to 2021G

The total subscription costs and expenses increased by 25.3% from 88.3 million Saudi riyals in the six-month period ended June 30, 2021G to 111 million Saudi riyals in the six-month period ended June 30, 2022G, due to an increase in the total claims paid from 76.1 million Saudi riyals in the six-month period ended June 30, 2021G to 105.4 million Saudi riyals in the six-month period ended June 30, 2022G.

The general and administrative expenses increased from 53.9 million Saudi riyals in the financial year 2019G to 55.8 million Saudi riyals in the financial year 2020G, due to an increase in legal and professional fees related to the project costs of the merger agreement concluded between the Company and Amana Cooperative Insurance Company. Then, the general and administrative expenses decreased later to reach 48 million Saudi riyals in the financial year 2021G, due to the dismissal of 25 employees, which led to a 15.1% employee's costs, in addition to a decrease in rental expenses due to the adoption of IFRS 16 and the move to a new head office.

The general and administrative expenses continued to decrease by 34% from 26.1 million Saudi riyals in the six-month period ended June 30, 2021G to 17.2 million Saudi riyals in the six-month period ended June 30, 2022G, due to the absence of any legal and professional fees in that period and the continued decrease in employees' costs.

Net Revenue

Table No. (24): Net revenues for the financial years ended December 31, 2019G, 2020G and 2021G, and the six-month period ended June 30, 2021G and 2022G:

Thousand Saudi riyals	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual change 2019G - 2020G	Annual change 2020G - 2021G	Compound annual growth rate (CAGR) 2019G - 2021G	Six-month period ending June 30, 2021 (Un-audited)	Six-month period ending June 30, 2022 (Un-audited)	Change for the half year period 2021G - 2022G
GWP	154,028	165,874	218,502	7.7%	31.7%	19.1%	91,873	96,570	5.1%
Net written premiums	154,028	165,874	218,502	7.7%	31.7%	19.1%	91,873	96,570	5.1%
Changes in unearned premiums	(55,582)	8,416	(41,223)	(115.1%)	(589.8%)	(13.9%)	(13,905)	16,134	(216.0%)
Net earned premiums	98,446	174,290	177,279	77.0%	1.7%	34.2%	77,968	112,704	44.6%
Total revenue	98,446	174,290	177,279	77.0%	1.7%	34.2%	77,968	112,704	44.6%

Source: The audited consolidated financial statements for the financial years ended December 31, 2019G, 2020G and 2021G, and the un-audited consolidated financial statements for the period ended June 30, 2022 AD.

Gross Written Premiums (GWP)

The GWP consist of underwriting only the medical insurance business and all operations related to this segment. The written premiums increased by 7.7% from 154.0 million Saudi riyals in the financial year 2019G to 165.9 million Saudi riyals in the financial year 2020G, driven by the management's efforts to rebuild the business after the suspension of subscription to new business imposed by the Saudi Central Bank from May 2018G to January 2019G. The management strategy has transferred from focusing on large -sized companies to focusing on small and medium-sized companies as of the fourth quarter of 2020G, as 703 new insurance policies with a total value of 12.1 million Saudi riyals were secured at the end of the financial year 2020G.

The written premiums increased by 31.7% from 165.9 million Saudi riyals in the financial year 2020G to 218.5 million Saudi riyals in the financial year 2021G, driven by the impact of the full year of insurance policies for new small and medium-sized companies, where the number of insured policies increased to 10,281 with a total of 106.8 million Saudi riyals, in addition to the new and improved sales strategy, the new sales team across all channels and management efforts.

The written premiums continued to increase by 5.1% from 91.9 million Saudi riyals in the six month period ended June 30, 2021G to reach 96.6 million Saudi riyals in the six month period ended June 30, 2022G, in line with the management's strategy to grow the underwriting portfolio in an effort to take advantage of increased volume in order to better internalize/cover fixed costs.

GWP - Clients Types

Table No. (25): The GWP for the financial years ended December 31, 2019G, 2020G and 2021G, and the six-month period ended June 30, 2021G and 2022G:

Thousand Saudi riyals	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual change 2019G - 2020G	Annual change 2020G - 2021G	Compound annual growth rate (CAGR) 2019G - 2021G	Six-month period ending June 30, 2021 (Un-audited)	Six-month period ending June 30, 2022 (Un-audited)	Change for the half year period 2021G - 2022G
Individuals	1,423	5,742	9,098	303.5%	58.4%	152.9%	3,614	1,842	(49.0%)
Micro-sized enterprises	2,381	13,778	29,711	478.7%	115.6%	253.2%	9,891	9,505	(3.9%)
Small-sized enterprises	19,082	37,834	80,189	98.3%	111.9%	105.0%	30,412	43,231	42.2%
Medium-sized enterprises	47,418	39,922	50,840	(15.8%)	27.3%	3.5%	23,878	24,067	0.8%
Large-sized enterprises	83,724	68,598	48,664	(18.1%)	(29.1%)	(23.8%)	24,078	17,925	(25.6%)
GWP	154,028	165,874	218,502	7.7%	31.7%	19.1%	91,873	96,570	5.1%

Source: The audited consolidated financial statements for the financial years ended December 31, 2019, 2020G and 2021G, the examined consolidated financial statements for the period ended June 30, 2021G and 2022G, and the management information.

The Company, during the three past years, has transferred its focus from large and medium-sized enterprises to small and micro-sized enterprises and individuals. About 85.0% of the GWP came from large and medium-sized enterprises during the financial year 2019G, while the same percentage of life decreased during the financial 2021G to 45.5% of the GWP, while the percentage of small and micro-sized enterprises and individuals increased from 15% of the total revenues in the financial year 2019G to 54.5% during the financial year 2021G.

The large and medium-sized enterprises, during the six-month period ended June 30, 2022 AD, recorded 43.4% of the GWP, while they recorded to small and micro-sized enterprises and individuals 56.5% of the GWP.

The GWP for individuals increased from 1.4 million Saudi riyals in the financial year 2019G to 5.7 million Saudi riyals in the financial year 2020G and continued to increase by 58.4% in the financial year 2021G to 9.1 million Saudi riyals. The GWP for individuals decreased from 3.6 million Saudi riyals for the six-month period ended June 30, 2021G to 1.8 million Saudi riyals for the six-month period ended June 30, 2022G. The increase in GWP for individuals is due to the focus on this segment.

The GWP for micro and small-sized enterprises increased from 21.5 million Saudi riyals in the financial year 2019G to 51.6 million Saudi riyals in the financial year 2020G and continued to increase in the financial year 2021G to 110 million Saudi riyals, then to 52.7 million Saudi riyals in the six-month period ended June 30, 2022G, from 39.8 million Saudi riyals in the six-month period ended June 30, 2021G. The increase in the GWP of micro and small-sized enterprises is due to the focus on this segment, according to the management's strategy for the development of the Company.

The GWP for medium and large-sized enterprises decreased from 131.1 million Saudi riyals in the financial year 2019G to 108.5 million Saudi riyals in the financial year 2020G and continued to decrease in the financial year 2021G to 99.5 million Saudi riyals, then to 42.1 million Saudi riyals in the six-month period ended June 30, 2022G, from 47.9 million Saudi riyals in the six-month period ended 30 June 2021G. The decrease in the GWP of medium and large-sized enterprises is in line with the Company's current policy of improving the absorption of fixed costs.

Changes in Unearned Premiums

Premiums are stated at the income statement on a straight-line basis over the life of the insurance policy. The unearned premiums are calculated in the same way (the straight-line method over the life of the insurance policy).

The unearned premiums represent the portion of written premiums that relates to the unfinished year of coverage. The change in the provision for unearned premiums is stated at the income statement depending on the revenue being recognized over the period of risk.

Unearned insurance premiums increased by 115.1% from (55.6) million Saudi riyaIs in the financial year 2019G to reach 8.4 million Saudi riyaIs in the financial year 2020G, largely driven by business seasonality.

Unearned insurance premiums decreased by 590% from 8.4 million Saudi riyaIs in the financial year 2020G to (41.2) million Saudi riyaIs in the financial year 2021G, due to the large increase in 2021G, reaching 108 million Saudi riyaIs from 67 million Saudi riyaIs in 2020G. The main reason is the increase in insurance written premiums and most of these premiums were recorded at the end of the year.

The unearned insurance premiums increased by 216% from (13.9) million Saudi riyaIs in the six-month period ended June 30, 2021G to reach 16.1 million Saudi riyaIs in the six-month period ended June 30, 2022G, as a result of the significant decrease in the first half of 2022G compared to 2021G.

Total Claims Paid

The total claims paid stabilized at 139.7 million Saudi riyaIs during the financial year 2019G and 2020G, due to the fact that the number of claims and their amounts were significantly decreased for a few months in 2020G due to the emerging Corona Virus pandemic (Covid-19), with a noticeable decrease in inpatient claims, which led to a decrease in claims and thus resulting in little change compared to the financial year 2019G.

The total claims paid increased by 8.8% from 139.7 million Saudi riyaIs in the financial year 2020G to reach 152.0 million Saudi riyaIs in the financial year 2021G, due to the outflow of claims from inpatients after the lifting of the restrictions of the emerging Corona Virus pandemic (Covid-19) and the Company's payment of outstanding claims.

The total claims paid continued to increase by 38.5% from 76.1 million Saudi riyaIs in the six-month period ended June 30, 2021G to reach 105.4 million Saudi riyaIs in the six-month period ended June 30, 2022G, due to the payment of claims paid related to previous years, while no claims were paid in the six-month period ended June 30, 2021G.

Reinsurers' Share of Claims Paid

Reinsurance is allocated between pledge and voluntary reinsurance contracts and excess loss reinsurance contracts.

The assigned reinsurance premium refers to the portion of the risk that a Company transfers to another insurance company. This other insurer is often a specialist in reinsurance. This practice allows the Company to reduce its potential losses when they are liable to compensate policyholders for large sums of money, when an insured event occurs.

Insurance contracts entered into by the Company, under which the contract holder is another insurance company (inward reinsurance) are included in the insurance contracts. An asset or liability is recorded in the statement of financial position representing payments due from reinsurers, losses recoverable from reinsurers and premiums due to reinsurers. The amounts due from reinsurance are estimated in a manner consistent with the claim obligation associated with the insured parties. The reinsurance asset or liability is derecognised when the contractual rights terminate or end or when the contract is transferred to another party. An impairment audit is made at each reporting date or more frequently when there is an indication of impairment during the financial year. Impairment occurs when there is objective evidence that the Company may not recover the amounts outstanding under the terms of the contract and when the impact can be measured on the amounts that the Company will receive from the reinsurer. An impairment loss is recorded in the income statement as incurred. The entrusted reinsurance arrangements do not relieve the Company of its obligations towards policyholders.

The share of reinsurers in claims paid decreased by 85.6% from 6.9 million Saudi riyaIs in the financial year 2019G to 996 thousand Saudi riyaIs in the financial year 2020G. The share of reinsurers from claims paid continued to decrease from 996 thousand Saudi riyaIs in the financial year 2020G to reach nil in the financial year 2021G. The decrease is due to the fact that in 2019G the Company had a reinsurance agreement (with RGA) but this agreement was not renewed or signed in 2020G onwards. In the actuarial expert's point of view, any new reinsurance agreement will not add any value to the Company given the duration of the medical insurance policies and the current size of the business portfolio.

Changes in Outstanding Claims, Net

Judgment is used by management in the estimation of amounts payable to policyholders and third parties involved in claims management for claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying levels of judgment and uncertainty. The actual results may differ from management's estimates resulting in future changes to the estimated liabilities. The Company estimates its claims based on its experience in its insurance portfolio. Claims requiring court or arbitration decisions, if any, are individually estimated. The provision for outstanding claims is also verified and approved as at 31 December by an independent actuarial expert.

Changes in outstanding claims decreased by 203.5% from 18.2 million Saudi riyals in the financial year 2019G to 18.8 million Saudi riyals in the financial year 2020G, due to an increase in the outstanding claims as a result of the increase in the GWP and the stability in the claims paid.

Changes in outstanding claims decreased by 59.5% from 18.8 million Saudi riyals in the financial year 2020G to 7.6 million Saudi riyals in the financial year 2021G, due to an increase in outstanding claims as a result of the increase in GWP and the increase in claims paid.

Changes in outstanding claims increased by 66.9% from 4.6 million Saudi riyals in the six-month period ended June 30, 2021G to 7.6 million Saudi riyals in the six-month period ended June 30, 2022G as a result of a decrease in GWP.

Changes in Claims Incurred but not Reported, Net

Management audits its provisions for claims incurred and claims incurred but not reported on a monthly basis. Any difference between provisions at the date of the statement of financial position and settlements and provisions in the following year is included in the statement of insurance operations and the accumulated surplus for that year.

Changes in claims incurred but not reported increased by 219% from (4.6) million Saudi riyals in the financial year 2019G to 5.4 million Saudi riyals in the financial year 2020G, then the changes in claims incurred but not reported decreased by 151% from 5.4 million Saudi riyals in the financial year 2020G to (2.8) million Saudi riyals in the financial year 2021G. Then the changes in claims incurred but not reported increased by 189% from 1.5 million Saudi riyals in the period ended on June 30, 2021G to 4.2 million Saudi riyals in the period ended June 30, 2022G in line with actuarial estimates by the company's actuarial expert.

Insurance Premium Deficiency Reserve (PDR)

When the unearned premium reserve is not sufficient to meet the expected cost of future claims, a deficiency reserve shall be established.

The estimation of the PDR is based on the expected loss percentage of the unfinished portion of the risks of the subscribed policies, and to arrive at these estimations, the actuarial expert shall consider outstanding claims and expected future premiums.

The change in the insurance PDR increased by 118% from (15.5) million Saudi riyals in the financial year 2019G to 2.8 million Saudi riyals in the financial year 2020G, as a result of a decrease in the ordinary insurance rights liabilities from 17.3 million Saudi riyals in the financial year 2019G to 14.5 million Saudi riyals in the financial year 2020G. This decrease in the balance of the general conditions book comes based on the recommendation of the appointed actuarial expert, after studying the volume of the unearned premiums and the costs and expenses of the expected claims.

The change in the insurance PDR decreased by 816% from 2.8 million Saudi riyals in financial year 2020G to (20) million Saudi riyals in financial year 2021G, as a result of the increase in the ordinary insurance rights liabilities to 34.5 million Saudi riyals in the financial year 2021G based on actuarial recommendations.

The insurance PDR increased by 146% from (8.3) million Saudi riyals in the period ended June 30, 2021G to reach 3.8 million Saudi riyals in the period ended June 30, 2022G, according to actuarial recommendations.

Other Technical Reserves

Other technical reserves represent unallocated loss adjustment expense reserves and accrued reinsurance reserves. The unallocated loss adjustment expense reserve is based on estimates of future payments derived from claims administration expenses, including payroll and other expense allocation.

The change in the other technical reserve relates to the differences between the opening and closing balances as in each reporting period, which is based on the actuarial report.

Costs of Acquiring Insurance Documents

The cost of obtaining the policy is directly related to the insurance written premium in many products, and mainly represents the expenses incurred to obtain insurance policies, which includes commissions paid to sales intermediaries.

The costs of acquiring insurance policies increased by 33% from 4.5 million Saudi riyals in the financial year 2019G to 5.9 million Saudi riyals in the financial year 2020G, and to 7.6 million Saudi riyals in the financial year 2021G, in line with the increase in GWP as the Company sought to develop its portfolio over the historical period.

The costs of acquiring insurance policies continued to increase by 84.2% from 3.8 million Saudi riyals in the period ended June 30, 2021G to reach 7 million Saudi riyals in the period ended June 30, 2022G, mainly driven by the continuous increase in the subscription of new documents in addition to the focus on small and micro-sized enterprises and individuals that require higher commission.

Other Subscription Expenses

Other subscription expenses include Saudi Central Bank fees, Health Insurance Council fees, and fees of the third party concerned with claims management.

Other subscription expenses about 3.4 million Saudi riyals stabilized between the financial year 2019G and 2020G and increased by 170% to reach 9 million Saudi riyals in the financial year 2021G, due to the fees of the third party concerned with claims management, which was appointed in the fourth quarter of 2021G, and its fees constitute 4% of the GWP.

Other subscription expenses continued to increase by 69.5% from 3.2 million Saudi riyals in the period ended June 30, 2021G to 5.4 million Saudi riyals in the period ended June 30, 2022G in line with the increase in GWP.

Reversal / (Provision) for Doubtful Debts

Reversal / (provision) for doubtful debts decreased by 98.2% from 10 million Saudi riyals in the financial year 2019G to 181 thousand Saudi riyals in the financial year 2020G. The decrease in the provision for debts is due to the fact that a significant change was made in the group of accounts receivable in the financial year 2020G compared to the financial year 2019G, as it increased from 21.7 million Saudi riyals to 36.6 million Saudi riyals in the financial year 2019G and 2020G, respectively. The amount of accounts receivable received in the financial year 2020G, in addition to the increase in insurance premiums debited, resulting from the increase in GWP, is due to balances up to three months. The balances up to three months are considered not past due and not subject to impairment loss.

Reversal / (provision) for doubtful debts increased by 1548.1% from (181) thousand Saudi riyals in the financial year 2020G to reach 2.6 million Saudi riyals in the financial year 2021G. Until the financial year 2020G, the management was allocating 100% on accounts receivable that are more than one year, but during the financial year 2021G, the Company did so in order to comply with the guidelines of "Article 69 of the Executive Regulations of the Saudi Central Bank for Cooperative Insurance Companies" and reduced the percentage of provisions to 75% as a result of reversing doubtful debts.

Total subscription costs and expenses continued to increase by 350% from 820 thousand Saudi riyals in the period ended June 30, 2021G to reach 3.7 million Saudi riyals in the period ended June 30, 2022G, due to the increase in accounts receivable.

General and Administrative Expenses

Table No. (26): General and administrative expenses for the financial years ended December 31, 2019G, 2020G and 2021G, and the six-month period ended June 30, 2021G and 2022G:

Thousand Saudi riyals	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual change 2019G - 2020G	Annual change 2020G - 2021G	Compound annual growth rate (CAGR) 2019G - 2021G	Six-month period ending June 30, 2021 (Un-audited)	Six-month period ending June 30, 2022 (Un-audited)	Change for the half year period 2021G - 2022G
Insurance operations:									
Employees costs	35,312	35,213	29,885	(0.3%)	(15.1%)	(8.0%)	15,055	11,515	(23.5%)
Depreciation	959	1,030	1,090	7.4%	5.8%	6.6%	550	414	(24.7%)
Amortization	808	479	491	(40.7%)	2.5%	(22.0%)	247	192	(21.9%)
Amortization of the right-of-use assets	-	1,041	2,064	N/A	98.3%	0.0%	854	721	(15.6%)
Rental expenses	4,645	2,764	269	(40.5%)	(90.3%)	(75.9%)	125	-	(100.0%)
Legal and professional fees	2,206	3,336	2,955	51.2%	(11.4%)	15.7%	1,472	1,301	(11.6%)

Thousand Saudi riyals	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual change 2019G - 2020G	Annual change 2020G - 2021G	Compound annual growth rate (CAGR) 2019G - 2021G	Six-month period ending June 30, 2021 (Un-audited)	Six-month period ending June 30, 2022 (Un-audited)	Change for the half year period 2021G - 2022G
Maintenance and repair costs	2,925	2,736	2,336	(6.5%)	(14.6%)	(10.6%)	872	165	(81.1%)
Marketing expenses	95	166	3	74.7%	(98.2%)	(82.2%)	2	-	(100.0%)
Other expenses	3,254	5,430	4,540	66.9%	(16.4%)	18.1%	3,847	1,882	(51.1%)
Total insurance operations	50,204	52,195	43,633	4.0%	(16.4%)	(6.8%)	23,023	16,190	(29.7%)
Shareholder Operations:									
Legal and professional fees	463	1,525	1,821	229.4%	19.4%	98.3%	1,699	-	(100.0%)
Investment related expenses	328	330	313	0.6%	(5.2%)	(2.3%)	155	139	(10.5%)
Subscriptions	1,083	338	379	(68.8%)	12.1%	(40.8%)	308	241	(21.8%)
Committee fees	1,392	1,380	1,788	(0.9%)	29.6%	13.3%	928	660	(28.9%)
Other	412	49	14	(88.1%)	(71.4%)	(81.6%)	10	5	(50.0%)
Total Shareholder Operations	3,678	3,622	4,315	(1.5%)	19.1%	8.3%	3,100	1,045	(66.3%)
Total	53,882	55,817	47,948	3.6%	(14.1%)	(5.7%)	26,123	17,235	(34.0%)

Source: The audited consolidated financial statements for the financial years ended December 31, 2019G, 2020G and 2021G, and the examined consolidated financial statements for the period ended June 30, 2022G.

The general and administrative expenses mainly include employees' costs, rentals, depreciation, amortization, amortization of right-of-use assets, maintenance and repair costs, investment-related expenses, subscriptions, committee fees and other expenses.

The general and administrative expenses increased by 3.6% from 53.9 million Saudi riyals in the financial year 2019G to 55.8 million Saudi riyals in the financial year 2020G, as a result of the increase in legal and professional fees from 2.2 million Saudi riyals in the financial year 2019G to 3.3 million Saudi riyals in the financial year 2020G related to consultants' fees for the merger project with Amana Cooperative Insurance Company.

The general and administrative expenses decreased by 14.1% from 55.8 million Saudi riyals in the financial year 2020G to 47.9 million Saudi riyals in the financial year 2021G, mainly due to the decrease in rental expenses from 2.8 million Saudi riyals in the financial year 2020G to 269 thousand Saudi riyals in the financial year 2021G in relation to (i) adopting IFRS 16 and (ii) moving to a new office at a lower rent, as the Company does not bear the additional costs such as managing elevators, generators and other utilities, unlike the previous office building (iii) in addition to decreasing the legal and professional fees as a result of the Company's efforts to negotiate and search for less expensive options.

The general and administrative expenses continued to decrease by 34% from 26.1 million Saudi riyals in the period ended June 30, 2021G to reach 17.2 million Saudi riyals in the period ended June 30, 2022G, due to (i) the cancellation of the new merger project and the decrease in employees' costs accordingly, (ii) the absence of expenses for legal and professional fees during the first half of 2022G as a result of the management's continuous efforts to control fees and professional services.

Revenue Interest on Deposits

Relating to profits earned on short-term and long-term deposits.

The commission revenue on deposits decreased by 34% from 6.7 million Saudi riyals in the financial year 2019G to 4.4 million Saudi riyals in the financial year 2020G, which is in line with the decrease in short-term Murabaha deposits.

The commission revenue on deposits continued to decrease by 25.4% from 4.4 million Saudi riyals in the financial year 2020G to 3.3 million Saudi riyals in the financial year 2021G, due to a significant decrease in the commission rate.

The commission revenue on deposits increased by 2.9% from 1.8 million Saudi riyals in the period ended June 30, 2021G to 1.9 million Saudi riyals in the period ended June 30, 2022G.

Realized Profit from Investments

The realized profit from investments increased from nil in the financial year 2019G to reach 117 thousand Saudi riyals in the financial year 2020G, then increased later by 4396% to reach 5.3 million Saudi riyals in the financial year 2021G, due to the realized profit from the sale of held-to-maturity investments.

The realized profit from investments decreased from 5.4 million Saudi riyals in the period ended June 30, 2021G to nil in the period ended June 30, 2022G.

Amortization of Held-to-Maturity Investments, Net

Investments that have fixed or determinable payments and a fixed maturity date that the Company has the intention and ability to hold to maturity are classified as held to maturity. Held-to-maturity investments are initially recognized at fair value including direct and complementary transaction costs and subsequently measured at amortized cost, less provision for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition using the actual return basis. Any profit or loss on these investments is recognized in the income statement when the investment is derecognised or impaired.

The amortization of investments held to maturity increased by 8.2% from 147 thousand Saudi riyals in the financial year 2019G to 159 thousand Saudi riyals in the financial year 2020G. It continued to rise by 34% from 159 thousand Saudi riyals in the financial year 2020G to reach 213 thousand Saudi riyals in the financial year 2021G, due to the liquidation of the instruments (sukuk) held until the maturity date.

Other Revenue

Includes provider discounts, outlet income, Hajj and Umrah share, etc.

Other revenues increased from nil in the financial year 2019G to reach 2.3 million Saudi riyals in the financial year 2020G, driven by the increase in Hajj and Umrah income, and then decreased later by 96% from 2.3 million Saudi riyals in the financial year 2020G to reach 98 thousand Saudi riyals in the financial year 2021G.

Other income increased by 2691% from 101 thousand Saudi riyals in the period ended June 30, 2021G to reach 2.8 million Saudi riyals in the period ended June 30, 2022G, due to the increase in GWP.

Zakat Provision / (Reversal) for Previous Years

The zakat provision / (reversal) for previous years increased from nil in the financial year 2019G to reach 5.3 million Saudi riyals in the financial year 2020G, due to the release of provisions related to previous years in which there was an increase in provisions.

The zakat provision / (reversal) for previous years decreased by 147% from 5.3 million Saudi riyals in the financial year 2020G to (2.5) million Saudi riyals in the financial year 2021G.

Zakat Expense for the Year

The Company is subject to zakat and income tax in accordance with the regulations of the Zakat, Tax and Customs Authority. Zakat is calculated on the Saudi shareholders' share of equity or net income using the basis specified under the Zakat regulations. Income taxes are calculated on the foreign shareholders' share of the adjusted net income for the year. Zakat and income tax are due on a quarterly basis. Additional amounts, if any, are due. The value is determined upon completion of the final assessment.

The Company submitted zakat returns for the years up to the year ended December 31, 2021G, and the zakat assessments were completed and paid until 2014.

The Zakat, Tax and Customs Authority ("the Authority") issued an assessment for the years from 2015G to 2018G in which it demanded an additional zakat amount of 9.49 million Saudi riyals. The Company submitted its objection to the evaluation of the Authority and the Company is waiting for the authority's audit of the evaluation. the zakat and tax returns from 2019G to 2021G are still under audit by the Authority.

The zakat base was calculated based on the Company's understanding of the zakat laws applied in the Kingdom of Saudi Arabia. The zakat laws are subject to different interpretations and the assessments to be issued by the Authority may differ from the zakat returns submitted by the Company. The zakat is applied to 81% of shareholders, while the income tax is applied to 19% of shareholders.

The zakat expense for the year decreased by 62.5% from 4.8 million Saudi riyals in the financial year 2019G to 1.8 million Saudi riyals in the financial year 2020G. The zakat expense for the year continued to decrease to reach 1.5 million Saudi riyals in the financial year 2021G. The company incurred a loss during the year ended December 31, 2021G, and in previous years, no provision for income tax was stated at the financial statements.

The zakat expense for the year decreased by 67% from 1.5 million Saudi riyals in the period ended June 30, 2021G to reach 500 thousand Saudi riyals in the period ended June 30, 2022G, as a result of a decrease in the zakat basis during the same period.

5.6.2 Statement of Financial Position

Key Performance Indicators

Table No. (27): Key performance indicators for the financial position as on December 31, 2019G, 2020G, and 2021G, and for the six-month period ending on June 30, 2022G:

Thousand Saudi riyals	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	June 30, 2022G (Examined)
Unearned insurance premiums/ Total underwritten insurance premiums	49.3%	40.7%	49.8%	95.9%
Reinsurers' share of pending claims/ pending claims	4.8%	0.3%	0.0%	0.0%
Accumulated losses as a percentage of the capital	50.3%	19.5%	60.8%	70.5%

Source: Management information

Financial Position Statement

Table No. (28): The statement of financial position during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2022G:

Thousand Saudi riyals	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Assets:						
Cash and cash equivalents	77,375	115,226	159,152	43.4%	143,062	(10.1%)
Short-term Murabaha deposits	76,036	40,068	77,908	1.2%	66,969	(14.0%)
Net receivable insurance premiums	44,859	49,116	58,486	14.2%	53,192	(9.1%)
Reinsurers' accounts receivable	2,995	191	-	0.0%	-	NA
Reinsurers' share of pending claims	1,034	119	-	0.0%	-	NA
Reinsurers' share of unreported incurred claims	94	-	-	0.0%	-	NA
Prepaid expenses and other assets	14,975	6,780	11,639	(11.8%)	13,006	11.7%
Costs of buying deferred insurance policies	2,851	3,230	6,926	55.9%	5,935	(14.3%)
Investments	72,950	68,376	1,668	(84.9%)	1,133	(32.1%)
Net properties and equipment	2,392	2,173	1,523	(20.2%)	1,634	7.3%
Net Intangible assets	1,106	1,082	899	(9.8%)	706	(21.5%)
Net right-of-use assets	-	2,743	679	0.0%	1,506	121.8%
Statutory deposit	45,000	22,500	22,500	(29.3%)	22,500	0.0%

Thousand Saudi riya	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Outstanding commission revenue on a statutory deposit	3,492	4,377	4,545	14.1%	4,648	2.3%
Total assets	345,159	315,981	345,925	0.1%	314,291	(9.1%)
Liabilities:						
Outstanding expenses and other liabilities	36,232	36,025	54,209	22.3%	60,955	12.4%
Unearned insurance premiums	75,920	67,504	108,727	19.7%	92,593	(14.8%)
Pending claims	21,431	39,307	46,806	47.8%	39,189	(16.3%)
Unreported incurred claims	18,493	12,974	15,745	(7.7%)	19,977	26.9%
Insurance premiums deficit reserve	17,335	14,545	34,527	41.1%	30,745	(11.0%)
Other technical reserves	1,460	326	391	(48.2%)	396	1.3%
Provision for end of service gratuity	5,934	4,970	5,787	(1.2%)	5,697	(1.6%)
Lease contracts liabilities	-	2,218	2,250	0.0%	1,151	(48.8%)
Zakat and income tax	15,498	12,000	13,250	(7.5%)	13,750	3.8%
Outstanding commission revenue due to Saudi Central Bank	3,492	4,377	4,545	14.1%	4,648	2.3%
Total Liabilities	195,795	194,246	286,237	20.9%	269,101	(6.0%)
Shareholders' Equities:						
Capital	300,000	150,000	150,000	(29.3%)	150,000	0.0%
Accumulated losses	(150,860)	(29,273)	(91,245)	(22.2%)	(105,743)	15.9%
Total Shareholders' Equities	149,140	120,727	58,755	(37.2%)	44,257	(24.7%)
Re-measurement reserve of the end of service gratuity related to insurance operations	224	1,008	933	104.1%	933	0.0%
Total Shareholders' Equities	149,364	121,735	59,688	(36.8%)	45,190	(24.3%)
Total Liabilities and Equities	345,159	315,981	345,925	0.1%	314,291	(9.1%)

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

Insurance assets and liabilities

Table No. (29): The insurance assets and liabilities during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2022G:

Thousand Saudi riya	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Net receivable insurance premiums	44,859	49,116	58,486	14.2%	53,192	(9.1%)
Reinsurers' accounts receivable	2,995	191	-	0.0%	-	NA
Reinsurers' share of pending claims	1,034	119	-	0.0%	-	NA
Reinsurers' share of unreported incurred claims	94	-	-	0.0%	-	NA
Costs of buying deferred insurance policies	2,851	3,230	6,926	55.9%	5,935	(14.3%)
	51,833	52,656	65,412	12.3%	59,127	6.0%
Unearned insurance premiums	(75,920)	(67,504)	(108,727)	19.7%	(92,593)	(14.8%)
Pending claims	(21,431)	(39,307)	46,806	47.8%	(39,189)	(16.3%)
Unreported incurred claims	(18,493)	(12,974)	(15,745)	(7.7%)	(19,977)	26.9%
Insurance premiums deficit reserve	(17,335)	(14,545)	(34,527)	41.1%	(30,745)	(11.0%)
Other technical reserves	(1,460)	(326)	(391)	(48.2%)	(396)	1.3%
Total	(82,806)	(82,000)	(140,784)	30.4%	(123,773)	(12.1%)

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

Cash and cash equivalents

Table No. (30): Cash and cash equivalents during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riya	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Insurance operations:						
Cash in banks and in the fund	14,590	13,641	49,959	85.0%	21,029	(57.9%)
Shareholders' Operations						
Cash in banks	18	79	79	109.5%	745	843.0%
Outstanding Murabaha deposits within 3 months from the date of acquisition	62,767	101,506	109,114	31.8%	121,288	11.2%
Total	77,375	115,226	159,152	43.4%	143,062	(10.1%)

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

All bank balances with local banks subject to the supervision of the Saudi Central Bank have been associated with sound credit ratings under the Standard & Poor's and Moody's credit rating methodology.

Cash and cash equivalents increased from 77.4 million Saudi riya on December 31, 2019G, to 115.2 million Saudi riya as on December 31, 2020G and thereafter, to 159.2 million Saudi riya on December 31, 2021G. Such increases are due to the maturities returns of short-term Murabaha deposits amounting to 122.2 million Saudi riya in the financial year 2020G and 51.7 million Saudi riya in the financial year 2021G. The company liquidated its equity investments in Saudi Aramco in the financial year 2020G, and sukuk in the financial year 2021G, which also contributed to this increase.

Cash and cash equivalents decreased to 143.1 million Saudi riya as on June 30, 2022G due to a decrease in the technical reserves, which led to a cash outflow from the unearned premiums reserve amounting to 16.1 million Saudi riya and OCR amounting to 7.6 million Saudi riya.

Short-term Murabaha deposits

The short-term deposit is a Murabaha deposit with an original maturity date ranges from 3 months to 12 months from the reporting date.

Short-term Murabaha deposits decreased from 76.0 million Saudi riyals on December 31, 2019G, to 40.1 million Saudi riyals on December 31, 2020G. Short-term Murabaha deposits decreased from 76.0 million Saudi riyals on December 31, 2019G, to 40.1 million Saudi riyals on December 31, 2020G.

Short-term Murabaha deposits increased to 77.9 million Saudi riyals as of December 31, 2021G due to the liquidation of investments including held-to-maturity sukuk, part of which was deposited in short-term Murabaha deposits. On June 30, 2022G, the short-term Murabaha deposits decreased to 67.0 million Saudi riyals due to the maturity of some deposits.

These deposits are retained in the Kingdom of Saudi Arabia in Saudi Riyals. A commission shall be due on these deposits whose values range from 1.9% to 3.1% in the financial year 2019G, 1.2% to 3.3% in the financial year 2020G, 0.85% to 0.92% in the financial year 2021G and 0.92% in the six-month period ending on June 30, 2021G.

Net receivable insurance premiums

Table No. (31): Receivable insurance premiums during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riyals	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Insurance policyholders	44,929	32,122	46,954	2.2%	51,103	8.8%
Intermediaries and Agents	12,472	11,184	28,209	50.4%	20,644	(26.8%)
Relevant parties	10,748	25,481	603	(76.3%)	2,414	300.3%
Total	68,149	68,787	75,766	5.4%	74,161	(2.1%)
A Provision for doubtful Accounts receivable	(23,290)	(19,671)	(17,280)	(13.9%)	(20,969)	21.3%
Net Receivable Insurance Premiums	44,859	49,116	58,486	14.2%	53,192	(9.1%)

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

Payable balances mainly include premiums received from direct policyholders, intermediaries and agents and balances payable by the reinsurers.

Accounts receivable owed by policyholders represent 100%, 65.4% and 80% of the total balances of the net accounts receivable as on December 31, 2019G, December 31, 2020G, and December 31, 2021G, respectively. Furthermore, intermediaries and agents' payables represent 28%, 23% and 48.2% of the net balance as on December 31, 2019G, December 31, 2020G and December 31, 2021, respectively.

The net receivable insurance premiums increased from 44.9 million Saudi riyals on December 31, 2019G to 49.1 million Saudi riyals on December 31, 2020G. This was as a result of a decrease in the provision for the bad debts on the back of an improvement in the aging portfolio.

The net receivable insurance premiums increased to 58.5 million Saudi riyals as on December 31, 2021G through an increase in policyholders' total accounts receivable (+14.8 million Saudi riyals) and brokers and agents (+17.0 million Saudi riyals) in line with the growth in total insurance premiums.

The receivable insurance premiums decreased to 53.2 Saudi riyals on June 30, 2022G. This is mainly due to an increase in the provision for bad debts (+ 3.7 million Saudi riyals) in addition to a decrease in the total receivable insurance premiums (- 1.6 million Saudi riyals).

Table No. (32): The changes in the provision for doubtful insurance premiums during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riyls	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Balance in the beginning of the year	16,328	23,290	19,671	9.8%	17,280	(12.2%)
(Refund)/ Provision during the period	6,962	(3,619)	(2,391)	NA	3,689	(254.3%)
Balance at the end of the year	23,290	19,671	17,280	(13.9%)	20,969	21.3%

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

The accumulated provision for the bad debts decreased significantly from 23.3 million Saudi riyls in the financial year 2019G to 19.7 million Saudi riyls in the financial year 2020G , due to new collection and underwriting, and continued to decline to reach 17.3 million Saudi riyls in the financial year 2021G , due to a change in the insurance policy.

The accumulated provision for the bad debts increased to reach 21 million Saudi riyls in the period ending on June 30, 2021G, mainly due to the increase in the accounts receivable related to intermediaries and agents and the increase in the provision for the doubtful accounts receivable.

Table No. (33): Aging of receivable insurance premiums arising from insurance contracts:

Thousand Saudi riyls	It has not exceeded maturity and has not decreased in value	Up to three months	More than three months and up to six months	More than six and up to twelve months	More than twelve months	Total
December 31, 2019G	-	21,755	15,520	7,584	-	44,859
December 31, 2020G	19,980	16,664	9,659	2,813	-	49,116
December 31, 2021G	17,839	25,769	5,401	4,539	4,938	58,486
June 30, 2022G	13,896	16,759	13,653	3,034	5,850	53,192

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

The percentage of accounts receivable aging in the above table that exceeded the year was 0%, 0%, 8.4% and 11% of the total insurance premiums and reinsurer's debtors as on December 31, 2019G, December 31, 2020G, December 31, 2021G and June 30, 2022G, respectively. This indicates that the company is not facing difficulties in collecting a large part of the accounts receivable balances.

Reinsurers' accounts receivable

Table No. (34): The reinsurers' accounts receivable during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riyls	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Reinsurers' accounts receivable	5,995	6,991	-	0.0%	-	NA
Provision for reinsurers' doubtful accounts receivable	(3,000)	(6,800)	-	0.0%	-	NA
Reinsurers' net accounts receivable	2,995	191	-	0.0%	-	NA

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

Reinsurers' accounts receivable decreased from 3.0 million Saudi riyls on December 31, 2019G, to 191 thousand Saudi riyls on December 31, 2020G, and it reached zero after that. This relates to the balances of the excess of loss agreement with the reinsurer prior to 2019G, which was suspended. A provision was made to largely cover this balance, and then it

was written off later in the financial year 2021G after receiving an amount of 421 thousand Saudi riyals from the reinsurer according to a settlement reached by the company and the reinsurer in 2021G.

Table No. (35): The changes in the provision for reinsurers' accounts receivable during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riyals	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Balance in the beginning of the year	-	3,000	6,800	0.0%	-	(100.0%)
Provision during the year	3,000	3,800	-	NA	-	NA
Reversal of a provision against reinsurers' accounts receivable	-	-	(230)	0.0%	-	(100.0%)
Balances written off during the year	-	-	(6,570)	NA	-	(100.0%)
Balance at the end of the year	3,000	6,800	-	0.0%	-	NA

Source: The audited consolidated financial statements for the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

Reinsurers' share of pending claims

The Reinsurers' share of pending claims decreased from 1 million Saudi riyals in the financial year 2019G to 119 thousand Saudi riyals in the financial year 2020G, the share continued to decline to reach zero in the financial year 2021G, due to the suspension of the previous reinsurance agreement and the failure to conclude any other agreements.

Reinsurers' share of unreported incurred claims

The Reinsurers' share of unreported incurred claims decreased from 94 thousand Saudi riyals in the financial year 2019G to reach zero in the financial year 2020G, due to the suspension of the previous reinsurance agreement.

Prepaid expenses and other assets

Table No. (36): The prepaid expenses and other assets during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riyals	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Insurance operations:						
Prepaid payments	1,619	2,968	1,032	(20.2%)	1,344	30.2%
Insurance intermediaries' deferred costs	-	899	3,781	0.0%	3,665	30.2%
Suppliers' advances	2,921	473	581	(55.4%)	1,149	(3.1%)
Input tax on value added receivables	4,023	70	187	(78.4%)	643	97.7%
Others	4,090	1,546	5,072	11.4%	5,065	243.9%
Total insurance operations	12,653	5,956	10,653	(8.2%)	11,866	(0.1%)
Shareholders' Operations						
Accrued revenue	2,322	824	986	(34.8%)	1,140	NA
Total	14,975	6,780	11,639	(11.8%)	13,006	15.6%

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

Prepaid expenses and other assets decreased from 15.0 million Saudi riyals as on December 31, 2019G to 6.8 million Saudi riyals as on December 31, 2020G due to (1) the decrease in the VAT receivables through settlements with regulatory authorities, (2) the decrease in suppliers' advances in line with the business needs, and (3) the decrease in other assets.

Prepaid expenses and other assets increased to 11.6 million Saudi riyals as of December 31, 2021G as a result of (1) an increase in other assets, and (2) third-party official's deferred fees upon intensification of its operations and the full impact of the whole period in the financial year 2021G.

Prepaid expenses and other assets increased to 13.0 million Saudi riyals on June 30, 2022G. This was mainly as a result of an increase in suppliers' advances and due VAT according to the timing differences/ suspension.

Costs of buying deferred insurance policies

Table No. (37): The Costs of buying deferred insurance policies during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riyals	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Opening balance	1,035	2,851	3,230	76.7%	6,926	114.4%
Paid during the year	6,267	6,295	11,298	34.3%	5,974	(47.1%)
Amortized during the year	(4,451)	(5,916)	(7,602)	30.7%	(6,965)	(8.4%)
Balance at the end of the year	2,851	3,230	6,926	55.9%	5,935	(14.3%)

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

The costs of buying deferred policies increased from 2.9 million Saudi riyals on December 31, 2019G to 3.2 million Saudi riyals as on December 31, 2020G, and then increased to 6.9 million Saudi riyals as on December 31, 2021G. These increases were in line with the increase in the costs of buying insurance policies on the back of the increase in new SME insurance policies obtained through the company's channel intermediaries.

The costs of buying deferred policies decreased to 5.9 million Saudi riyals on June 30, 2022G due to timing differences and suspension, as the costs of buying policies were incurred for a period of 6 months compared to the full year ended on December 31.

Investments

Table No. (38): The investments during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riyals	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Investments classified by the fair value through the income statement	12,780	8,047	1,668	(63.9%)	1,133	(32.1%)
Held-to-maturity investments	60,170	60,329	-	0.0%	-	NA
Total	72,950	68,376	1,668	(84.9%)	1,133	(32.1%)

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

Available-for-sale investments consist of equities instruments issued by companies and financial institutions in the Kingdom of Saudi Arabia.

Investments decreased from 73.0 million Saudi riyals on December 31, 2019G to 68.4 million Saudi riyals on December 31, 2020G due to the disposal of investment in Saudi Aramco shares. On December 31, 2021, the investments decreased significantly to 1.7 million Saudi riyals as a result of the sale of held-to-maturity sukuk amounting to 65.8 million Saudi riyals and a lesser extension for Al-Badr Murabaha Fund.

Table No. (39): The changes in the balance of the investments classified by the fair value through the income statement: During the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riya	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Opening balance	7,695	12,780	8,047	2.3%	1,668	(79.3%)
Purchases during the year	4,430	-	42	(90.3%)	-	(100.0%)
Deductions during the year	-	(4,919)	(6,658)	0.0%	(666)	(90.0%)
Change in the fair value of investments	655	186	237	(39.8%)	131	(44.7%)
Ending balance	12,780	8,047	1,668	(63.9%)	1,133	(32.1%)

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

The changes in the balance of the investments classified by the fair value through the income statement decreased from 13 million Saudi riya in the financial year 2019G to 8.0 million Saudi riya in the financial year 2020G, and continued to decline to reach 1.7 million Saudi riya in the financial year 2021G.

Total investments decreased to 1.1 million Saudi riya during the period ending on June 30, 2022G, due to the sale of investments at fair value related to the Al-Badr Murabaha Fund during the year.

Table No. (40): The changes in the held-to-maturity investments during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riya	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Opening balance	5,000	60,170	60,329	247.4%	-	(100.0%)
Purchases during the year	60,023	-	-	0.0%	-	NA
Dues during the year	(5,000)	-	-	0.0%	-	NA
Profits earned from held-to-maturity investments	-	-	5,218	0.0%	-	(100.0%)
Amortization of held-to-maturity investments	147	159	213	0.0%	-	(100.0%)
Deductions during the year	-	-	(65,760)	20.4%	-	(100.0%)
Ending balance	60,170	60,329	-	0.0%	-	NA

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

The change in held-to-maturity investments, which amounted to 60.1 million Saudi riya in the financial year 2019G and 60.3 million Saudi riya in the financial year 2020G, decreased to zero due to the sale of held-to-maturity investments amounting to 65.8 million riya. Saudi.

Net properties and equipment

Table No. (41): The properties and equipment during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riyls	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Leasehold Improvements	4,692	4,692	4,692	0.0%	5,204	10.9%
Computer devices	10,862	11,673	12,144	5.7%	12,144	0.0%
Vehicles	449	449	140	(44.2%)	140	0.0%
Furniture, fixtures and stationery	2,632	2,632	2,632	0.0%	2,644	0.5%
Total closing balance	18,635	19,446	19,608	2.6%	20,132	2.7%

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

Assets principally consist of rented premises renovations, computer devices, motor vehicles and furniture and stationery.

The value of Properties and equipment decreased from 2.4 million Saudi riyls on December 31, 2019G, to 2.2 million Saudi riyls on December 31, 2020G, and then decreased to 1.5 million Saudi riyls on December 31, 2021G. This was due to the depreciation with a low level of injections. The value of Properties and equipment increased slightly to reach 1.6 million Saudi riyls as on June 30, 2022G as a result of injections amounting to 524 thousand Saudi riyls, compared to depreciation charges of 412 thousand Saudi riyls during the period.

Net intangible assets

Table No. (42): The intangible assets during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riyls	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Insurance operations	1,106	1,082	899	(9.8%)	707	(21.4%)

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

The intangible assets consist of software licenses for various online products.

The intangible assets decreased from 1.1 million Saudi riyls in the financial year 2019G and 2020G to 899 thousand Saudi riyls in the financial year 2021G, as it continued to decline to reach 707 thousand Saudi riyls in the financial period ending on June 30, 2022G, and this is mainly due to the decrease in annual amortization charges and partially offset by injections.

Net right-of-use assets

Table No. (43): The right-of-use assets during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riyls	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Buildings	0	2,743	679	0.0%	1,506	121.8%

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

IFRS 16 - Lease Contracts was applied in 2021G and the used assets were valued, which are the contracts of any company's offices.

The right-of-use assets decreased from 2.7 million Saudi Riyals on December 31, 2020G to 679 thousand Saudi Riyals on December 31, 2021G through depreciation and increased to 1.5 million Saudi Riyals on June 30, 2022G on the back of injections related to the new headquarters.

Statutory deposit

The statutory deposit represents 15% of the company's paid-up capital deposited in a local bank classified by the Saudi Central Bank in accordance with the Cooperative Insurance Companies Control Law for Insurance Companies. This statutory deposit is deposited with a counterparty who has a credit rating with an investment-grade.

The statutory deposit decreased from 45 million Saudi riyals on December 31, 2019G to 22.5 million Saudi riyals on December 31, 2020G and during the periods from December 31 to June 30, 2022G, it remained constant at 22.5 million Saudi riyals, representing 15% of the capital.

Accrued interest revenue on a statutory deposit

The outstanding commission revenue on a statutory deposit shall be shown as an asset and a liability in the financial position statement. The outstanding commission revenue on a statutory deposit relates to the accumulated profits from the statutory deposit, which amounted to 4.6 million Saudi riyals on June 30, 2022G.

Unearned insurance premiums

The unearned insurance premiums decreased by 75.9 million Saudi riyals in the financial year 2019G to 67.5 million Saudi riyals in the financial year 2020G, due to the fact that the change in the provision for unearned premiums is included in the income statement depending on the fact that the revenues are recognized during the risk period.

The unearned insurance premiums increased to reach 108.7 million Saudi riyals in the financial year 2021G, due to the main transactions underwritten in the third quarter of 2021G in increasing the unearned premium reserve at the end of the year.

The unearned insurance premiums decreased to reach 92.6 million Saudi riyals in the six-month period ending on June 30, 2022G, due to the acquisition of transactions underwritten in the third quarter of 2021G during the first and second quarters of 2022G due to the decrease in the universal periodic review, for example, a transaction was underwritten in July 2021G.

Table No. (44): The change in the unearned insurance premiums during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riyals	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Balance in the beginning of the year	20,338	75,920	67,504	82.2%	108,727	61.1%
Premiums underwritten during the year	154,028	165,874	218,502	19.1%	96,570	(55.8%)
Premiums earned during the year	(98,446)	(174,290)	(177,279)	34.2%	(112,704)	(36.4%)
Balance at the end of the year	75,920	67,504	108,727	19.7%	92,593	(14.8%)

Source: The audited consolidated financial statements for the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

The unearned insurance premiums decreased from 75.9 million Saudi riyals on December 31, 2019G to 67.5 million Saudi riyals on December 31, 2020G, while total insurance premiums increased. This was the result of a significant new insurance policy that was underwritten during the period with an issuance date in February covering almost the entire period.

The unearned premiums increased to 108.7 million Saudi riyals on December 31, 2021G in line with the increase in total insurance premiums, as the issuance date of the policy with the highest total premiums was during the third quarter of the year.

The unearned premiums decreased to 92.6 million Saudi riyals on June 30, 2022G, mostly due to underwriting period variations/ timing differences.

Pending claims

Table No. (45): The pending claims during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period on June 30, 2021G:

Thousand Saudi riya	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Pending claims	21,431	39,307	46,806	47.8%	39,189	(16.3%)
Unreported incurred claims	18,493	12,974	15,745	(7.7%)	19,977	26.9%
Insurance premiums deficit reserve	17,335	14,545	34,527	41.1%	30,745	(11.0%)
Other technical reserves	1,460	326	391	(48.2%)	396	1.3%
Reinsurers' share of pending claims	(1,034)	(119)	-	0.0%	-	NA
Reinsurers' share of unreported incurred claims	(94)	-	-	0.0%	-	NA
Net pending claims and reserves	57,591	67,033	97,469	30.1%	90,307	(7.3%)

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

The pending claims increased from 57.6 million Saudi riya in the financial year 2019G to 67 million Saudi riya in the financial year 2020G. The value of the claims continued to increase to reach 97.5 million Saudi riya in the 2021G, due to the increase in the value of claims due to the increase in premiums earned in 2020G compared to the premiums earned in 2019G and the stability of the paid claims.

The pending claims decreased to 90.3 million Saudi riya in the six-month period ending on June 30, 2022G, in line with the decrease in the unearned premium reserve.

Potential undertakings and obligations

Table No. (46): The potential undertakings and obligations during financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2022G:

Thousand Saudi riya	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Letters of credit	12,545	12,545	-	0.0%	-	NA

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

The potential undertakings and obligations stabilized at 12.5 million Saudi riya during the financial year 2019G and 2020G on behalf of "General Authority for Zakat and Tax (GAZT)", which was issued against a Murabaha deposit for the company amounting to 14 million Saudi riya in Saudi British Bank. The Company did not have any significant legal proceedings pending as of December 31, 2021G, and there were no outstanding capital commitments as of June 30, 2022G.

Accrued expenses and other liabilities

Table No. (47): The outstanding expenses and other liabilities during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riya	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Medical service providers' accounts payable	15,947	15,885	36,489	51.3%	41,872	14.8%
Suppliers' accounts payable	924	1,513	1,629	32.8%	4,459	173.7%
Examination and supervision fees	653	1,760	806	11.1%	1,440	78.7%
Accrued expenses	11,868	16,296	10,528	(5.8%)	9,644	(8.4%)
Insurance intermediaries' outstanding expenses	-	239	4,327	0.0%	3,088	(28.6%)
Other liabilities	6,840	332	430	(74.9%)	452	5.1%
Total	36,232	36,025	54,209	22.3%	60,955	12.4%

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

The outstanding expenses and other liabilities stabilized at an average of 36.1 million Saudi riya during the financial years 2019G and 2020G and increased to 54.2 million Saudi riya in the financial years 2021G, mainly due to the increase in medical service providers' accounts payable (+20.6 million Saudi riya) as the appointment of an official as a third party, led to additional verifications made prior to the settlements with medical service providers. The outstanding expenses and other liabilities increased to 61 million Saudi riya as of June 30, 2022G as a result of the increase in payments due to medical service providers, and the increase in payments due to suppliers.

Unreported incurred claims

The unreported incurred claims decreased from 18.5 million Saudi riya on December 31, 2019G to 13 million Saudi riya on December 31, 2020G, in line with actuarial valuation. The unreported incurred claims increased to 15.8 million Saudi riya on December 31, 2021G and onwards to 20 million Saudi riya on June 30, 2022G in line with the growth in the company's portfolio.

Insurance premiums deficit reserve

The insurance premiums deficit reserve decreased from 17.3 million Saudi riya on December 31, 2019G to 14.5 million Saudi riya on December 31, 2020G due to the facilitation of claims procedures as a result of the COVID-19 pandemic. The insurance premiums deficit reserve increased to 34.5 million Saudi riya on December 31, 2021G as a result of the increase in underwriting during the same period. The insurance premium deficit decreased to 30.7 million Saudi riya on June 30, 2022G due to stricter underwriting guidelines adopted by the management.

Other technical reserves

Other technical reserves relate to the adjustment expenses of the unallocated loss, which decreased from 1.5 million Saudi riya on December 31, 2019G to 326 thousand Saudi riya as on December 31, 2020G, after that it remained stable at an average of 394 thousand Saudi riya during the period from December 31, 2021G to June 30, 2022G.

Provision for employees' end of services

Dues are determined in accordance with the actuarial valuation under the projected unit credit method, while the outstanding liabilities shall be paid when they are due. The amount is recognized in the financial position statement and the change in the obligations during the financial period based on their present value as follows:

The present value of the defined benefits obligations

Table No. (48): The present value of the defined benefits obligations during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riya	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
The present value of the defined benefits obligations	5,934	4,970	5,787	(1.2%)	5,697	(1.6%)

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

The end of service gratuity decreased from 5.9 million Saudi riya on December 31, 2019G to 5 million Saudi riya as on December 31, 2020G, driven by a reduction in the number of employees from 151 on December 31, 2019G to 136 on December 31, 2020G. End of service gratuity increased to 5.8 million Saudi riya as of December 31, 2021G due to a decrease in the benefit payments during the year. End of service gratuity decreased to 5.7 Saudi riya on June 30, 2022G due to the additional decrease in the payments during the financial period.

Change in the defined benefits obligations

Table No. (49): The change in the defined benefits obligations during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riya	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Balance in the beginning of the year	5,808	5,934	4,970	(7.5%)	5,787	16.4%
Current service costs	904	1,298	1,296	19.7%	464	(64.2%)
Interest value	255	222	186	(14.6%)	-	(100.0%)
Allocation to income statement	1,159	1,520	1,482	13.1%	464	(68.7%)
Included in the other comprehensive income statement	550	(784)	75	(63.1%)	-	(100.0%)
Paid end-of-service	(1,583)	(1,700)	(740)	(31.6%)	(554)	(25.1%)
Ending balance	5,934	4,970	5,787	(1.2%)	5,697	(1.6%)

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

The settlement of the present value of the defined benefits obligations

Table No. (50): The settlement of the present value of the defined benefits obligations during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riya	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Beginning Balance	5,808	5,934	4,970	(7.5%)	5,787	16.4%
Included in the income statement	1,159	1,520	1,482	13.1%	464	(68.7%)
Actuarial profits/ loss from experience-based adjustments	550	(784)	75	(63.1%)	-	(100.0%)
Compensation paid during the year	(1,583)	(1,700)	(740)	(31.6%)	(554)	(25.1%)
Ending balance	5,934	4,970	5,787	(1.2%)	5,697	(1.6%)

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

Lease contracts liabilities

Table No. (51): The Lease contracts liabilities during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riyls	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Beginning Balance	-	-	2,218	0.0%	2,250	1.4%
Injections during the year	-	3,784	1,702	0.0%	(702)	(141.2%)
Interest costs	-	49	33	0.0%	3	(90.9%)
Payments during the year	-	(1,615)	(1,703)	0.0%	(400)	(76.5%)
Ending Balance	-	2,218	2,250	0.0%	1,151	(48.8%)

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

The Lease contracts liabilities increased from 2.2 million Saudi riyls in the financial year 2020G to 2.3 million Saudi riyls in 2021G.

The Lease contracts liabilities decreased to reach 1.2 million Saudi riyls in the period ending on June 30, 2022G, as a result of moving to the new headquarters with a smaller rented area. The company fully complies with IFRS 16, and the decline is due to changing the office building for another one where the annual rent has dropped significantly.

Zakat and income tax

Table No. (52): The zakat and income tax during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riyls	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Balance in the beginning of the year	10,698	15,498	12,000	5.9%	13,250	10.4%
Reversal of Zakat provision for previous years	-	(5,298)	2,475	0.0%	-	(100.0%)
Charged during the year	4,800	1,800	1,512	(43.9%)	500	(66.9%)
Payments during the year	-	-	(2,737)	0.0%	-	(100.0%)
Balance at the end of the year	15,498	12,000	13,250	(7.5%)	13,750	3.8%

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

The provision for zakat and income tax is a mandatory fee on the company's income and in the absence of any notice from "Zakat, Tax and Customs Authority" regarding the permitted deduction, the full amount of the provision has been adjusted as an item similar to the debt. The discrepancy in the balances of zakat and income tax provision between the financial year 2019G and the financial year 2021G is mainly due to the fixed losses incurred by the company.

The company submitted its Zakat return to the Zakat, Tax and Customs Authority (ZATCA) until the year ended December 31, 2020G All assessments until the financial year 2014G have been settled with the Zakat, Tax and Customs Authority and the final clearance certificate has been obtained.

Zakat, Tax and Customs Authority ("Authority") has issued an assessment for the years 2015G to 2018G claiming an additional zakat amount of 9.49 million Saudi riyls. The company submitted its objection to the assessment of the Authority and the company is waiting until the Authority reviews the assessment. Zakat and tax returns for 2019G and 2020G are still under review by the Authority. The zakat pool was calculated based on the company's understanding of the zakat laws in force in the Kingdom of Saudi Arabia. Zakat laws are subject to different interpretations and the assessments to be issued by the Authority may differ from the Zakat returns submitted by the company. Zakat is applied to 81% of shareholders, while income tax is applied to 19% of shareholders.

Accrued interest revenue due to Saudi Central Bank

The Saudi Central Bank's deferred fee represents 5.0% of the total underwritten premiums for each reporting period and is paid in advance.

The outstanding commission revenue due to Saudi Central Bank increased from 3.5 million Saudi riyals in the financial year 2019G to 4.4 million Saudi riyals in the financial year 2020G, and after that it continued to increase to reach 4.5 million Saudi riyals in the financial year 2021G. The outstanding commission revenue due to Saudi Central Bank continued to increase to 4.6 million Saudi riyals in the period ending on June 30, 2022G, in line with the increase in insurance premiums underwritten during the same period.

Related Parties' transactions

Table No. (53): The relevant Parties' transactions during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riyals	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	Compound annual growth rate 2019G - 2021G	June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Juffali - sister companies	10,259	5,053	2,949	(46.4%)	2,338	(20.7%)
Dr. Soliman Fakeeh hospital - sister companies	25,078	39,232	-	0,0%	-	NA
International Medical Center	2,204	55,200	-	0,0%	-	NA
Total	37,541	99,485	2,949	(72.0%)	2,338	(20.7%)

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

Relevant parties represent the major shareholders, the board of directors' members, the major management officials of the company and the companies of which they are principal owners.

The system of "Amana for Insurance Policies" is programmed to send emails automatically with a transaction report to the Compliance Department when creating any policy for the Board of Directors members or their first-degree relatives. By the end of each financial year, the Chairman of the Board of Directors shall send a report to the Board on all relevant parties' transactions. Furthermore, the above-mentioned Chairman's letter and the external audit report shall be submitted to the shareholders at the General Assembly meeting to approve relevant parties' transactions.

The company provides insurance services mainly to relevant parties, and these transactions include the following:

First: Underwritten insurance premium

Second: Total Paid Claims

Salaries, bonuses and annual allowances received by the Board of Directors members and the senior officials of the executive management

Table No. (54): Salaries, bonuses and annual allowances received by the Board of Directors members and the senior officials of the executive management during the financial years ending on December 31, 2019G, 2020G and 2021G, and the six-month period ending on June 30, 2021G:

Thousand Saudi riyals	December 31, 2019G (Audited)	December 31, 2020G (Audited)	December 31, 2021G (Audited)	June 30, 2022G (Un-audited)
Senior Management:				
Salaries and other benefits	3,346	3,777	4,000	1,505
End-of-service costs	125	140	148	58
Total	3471	3917	4148	1563
Board of Directors and Committees:				
Salaries and other benefits	1392	1380	1788	659.513

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

Major management officials have the authority and responsibility for planning, directing and controlling the company's activities, directly or indirectly, and they are the senior executives including the chief executive officer, and the company's chief financial officer.

Shareholders' equities

Table No. (55): The Shareholders' equities during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2021G:

Thousand Saudi riya	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Compound annual growth rate 2019G - 2021G	During the six-month period ending on June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Capital	300,000	150,000	150,000	(29.3%)	150,000	0.0%
Accumulated Losses	(150,860)	(29,273)	(91,245)	(22.2%)	(105,743)	15.9%
Total Shareholders' Equities	149,140	120,727	58,755	(37.2%)	44,257	(24.7%)
Re-measurement reserve of the end of service costs related to insurance operations	224	1,008	933	104.1%	933	0.0%
Total Equities	149,364	121,735	59,688	(36.8%)	45,190	(24.3%)

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G. It is worth noting that the company and its operations are funded through its capital, and the company does not have any loans, as detailed in the clause "The board of directors' approval".

Capital

On January 18, 2020, the Board of Directors members recommended reducing the company's capital from 300 million Saudi riya to 150 million Saudi riya, divided into 15 million shares, to compensate for the accumulated losses. During the Extraordinary General Assembly meeting (the second meeting) held on Sha'ban 29, 1441H corresponding to April 22, 2020G, the company's shareholders approved this recommendation and the subsequent changes in the company's internal by-laws. Therefore, the capital was reduced against the accumulated losses to 150 million Saudi riya. The share capital was reduced by deducting one share from every two shares owned by the shareholder. The objective of the capital reduction is to rebuild the capital position in order to comply with the company's by-laws. There were no impacts resulted from the capital reduction on the company's financial liabilities.

Accumulated losses

The accumulated losses balance decreased from 151 million Saudi riya in the financial year 2019G to 29.3 million Saudi riya in the financial year 2020G, due to a significant decrease in the capital. The accumulated losses increased again to reach 91.2 million Saudi riya and 106 million Saudi riya during the financial year 2021G and the period ending on June 30, 2021G, respectively. These events and circumstances indicate a material uncertainty about the company's ability to adhere to the principle of continuity. However, at the meeting that was held on May 19, 2022G, the Board of Directors recommended an increase in the capital by granting shareholders the right to purchase shares with a target amount of 300 million Saudi riya, and the recommended increase is subject to the approval of the regulatory and supervisory authorities.

5.6.3 Cash flow statement

Table No. (56): The cash flow statement during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2022G:

Thousand Saudi riyals	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	During the six-month period ending on June 30, 2022G (Un-audited)
Net loss during the year	(101,352)	(31,911)	(57,985)	(13,998)
Depreciation of properties and equipment	959	1,030	1,090	413
Amortization of intangible assets	808	479	491	193
Depreciation of right-of-use assets	-	1,041	2,064	721
Interest costs for lease liabilities	-	49	33	3
(Reversal) of/ the provision for bad debts	9,962	181	(2,621)	3,689
Unrealized profits from investments	(655)	(186)	(237)	(131)
Realized profits from investments	-	(117)	(5,260)	-
Amortization of held-to-maturity investments	(147)	(159)	(213)	-
Employees' end of service costs	1,159	1,520	1,482	463
Total adjustments for non-monetary items	(89,266)	(28,073)	(61,156)	(8,647)
Changes in operating assets and liabilities:				
Receivable insurance premiums	(34,392)	(638)	(6,979)	1,605
Reinsurers' accounts receivable	(5,995)	(996)	421	-
Reinsurers' share of pending claims	4,823	915	119	0
Reinsurers' share of unreported incurred claims	2,009	94	-	-
Reinsurers' share of insurance premiums deficit reserve	610	-	-	-
Costs of buying deferred insurance policies	(1,816)	(379)	(3,696)	991
Prepaid expenses and other assets	406	8,195	(4,859)	(1,367)
Accrued expenses and other liabilities	(34,875)	(207)	-	6,746
Accrued Interests revenue on a statutory deposit	-	-	-	103
Reinsurers' accounts payable	(939)	-	18,184	-
Unearned insurance premiums	55,582	(8,416)	41,223	(16,134)
Pending claims	(22,977)	17,876	7,499	(7,617)
Unreported incurred claims	2,550	(5,519)	2,771	4,232
Insurance premiums deficit reserve	14,894	(2,790)	19,982	(3,782)
Outstanding commission revenue due to the Central Bank	-	-	-	(103)
Other technical reserves	888	(1,134)	65	5
Cash generated from/ (spent in) operating activities	(108,498)	(21,072)	13,574	(23,968)
Paid end-of-service gratuity	(1,583)	(1,700)	(740)	(553)
Paid Zakat	-	-	(2,737)	-
Net Cash generated from/(used in) operating activities	(110,081)	(22,772)	10,097	(24,521)
Cash flows of investing activities:				
Purchasing investments	(64,453)	-	-	-

Thousand Saudi riya	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	During the six-month period ending on June 30, 2022G (Un-audited)
Proceeds from selling investments	5,000	5,036	74,161	666
Lodged in the short-term Murabaha deposits	-	(86,276)	(89,550)	10,939
Proceeds from the maturity of short-term Murabaha deposits	6,846	122,244	51,669	(2,250)
Decrease/ (increase) in the statutory deposit	(15,000)	22,500	-	-
Decrease in the statutory deposit	(905)	(811)	(471)	(524)
Proceeds from/ the (purchase) of properties and equipment	-	-	31	-
Purchase of intangible assets	(753)	(455)	(308)	-
Net cash generated from investing activities	(69,265)	62,238	35,532	8,831
Cash flows from financing activities:				
Issuance of preemptive rights shares	200,000	-	-	-
Paid lease liabilities	-	(1,615)	(1,703)	(400)
Net cash spent in financing activities	200,000	(1,615)	(1,703)	(400)
Net change in cash and cash equivalents	20,654	37,851	43,926	(16,090)
Cash and cash equivalents at the beginning of the year	56,721	77,375	115,226	159,152
Cash and cash equivalents at the end of the year	77,375	115,226	159,152	143,062

Source: The audited consolidated financial statements during the financial years ending on December 31, 2019G, 2020G, and 2021G, and the examined consolidated financial statements for the period ending on June 30, 2022G.

Net cash generated from operating activities

Cash flows generated from operating activities fluctuated during the financial years 2019G, 2020G and 2021G, and during the six-month periods ending on June 30, 2021G and June 30, 2022G, mainly due to the change in total unearned premiums, insurance premiums, reinsurer's debtors, and reinsurer's payable balance, outstanding claims, unreported incurred claims, zakat/ tax and other assets and liabilities.

The net cash outflows reached 110.1 million Saudi riya in the financial year 2019G, compared to the net cash outflow of 22.8 million Saudi riya in the financial year 2020G, which was mainly driven by the increase in cash inflows from the total unearned premiums and unreported incurred claims, during the financial year 2020G.

The net cash inflow amounted to 10.1 million Saudi riya was recognized in the financial year 2021G. The cash flow generated from operating activities was mainly affected by the significant increase in the total loss incurred before deducting zakat and tax amounts compared to the financial year 2020.

Net cash outflow decreased by 24.5 million Saudi riya as of June 30, 2022G.

Net cash spent in investing activities

Cash generated from or spent in investing activities witnessed many fluctuations during the period between the financial years 2019G and 2021G. The company approved the net cash outflows generated from investing activities with an amount of 69.3 million Saudi riya in the financial year 2019G. During the financial year 2020G, the company reported that the net cash inflows generated from investing activities reached an amount of 62.2 million Saudi riya mainly due to the maturity of the short-term Murabaha deposits.

Furthermore, the net cash inflow amounted to 35.5 million Saudi riya during the financial year 2021G, which mainly represents cash flows generated from the payments of the short-term deposit.

The net cash inflows generated from investing activities decreased to 8.8 million Saudi riya during the period ending on June 30, 2022G, respectively, due to the lack of maturity or collection of large deposits compared to the previous period.

Net cash spent in financing activities

The company decided to increase the issuance of preemptive rights shares with a value of 200 million Saudi riyaIs from financing activities in the financial year 2019G, due to the cash inflows from the capital increase during the year.

The net cash outflows during the financial years 2020G and 2021G are mainly due to the cash flows generated from the paid lease liabilities.

The net cash inflows generated from financing activities decreased to 400,000 Saudi riyaIs on June 30, 2022G, as the inflows represent half year.

5.6.4 Solvency statement

Table No. (57): The Solvency statement during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period on June 30, 2021G:

Thousand Saudi riyaIs	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual change 2019G - 2020G	Annual change 2020G- 2021G	Compound annual growth rate 2019G - 2021G	During the six-month period ending on June 30, 2022G (Un-audited)	Change in the six-month period of the financial year 2021G-2022G
Admitted assets - Policyholders	58,364	65,217	113,348	11.7%	73.8%	39.4%	71,464	(37.0%)
Admitted Assets - Shareholders	262,585	237,730	216,800	(9.5%)	(8.8%)	(9.1%)	218,311	0.7%
Other Admitted Assets	93,217	99,230	139,901	6.5%	41.0%	22.5%	155,748	11.3%
Total assets	414,166	402,177	470,049	(2.9%)	16.9%	6.5%	445,523	(5.2%)
Policyholders' liabilities	175,791	177,481	269,026	1.0%	51.6%	23.7%	251,616	(6.5%)
Shareholders' liabilities	113,446	117,003	158,045	3.1%	35.1%	18.0%	174,166	10.2%
Total Liabilities	289,237	294,484	427,071	1.8%	45.0%	21.5%	425,782	(0.3%)
Total Net Admitted Assets	124,929	107,693	42,978	(13.8%)	(60.1%)	(41.3%)	19,741	(54.1%)
Total margin requirement	40,368	42,967	34,960	6.4%	(18.6%)	6.9%	35,712	2.1%
Minimum Capital Requirements	100,000	100,000	100,000	0.0%	0.0%	0.0%	100.00	0.0%
The surplus (minus) of the net permitted assets above the minimum margin requirement	24,929	7,693	(57,022)	(69.1%)	(841.2%)	NA	(80,259)	40.8%

Source: Management information

According to Articles 66, 67 and 68 of the Executive Regulations, the company is required to maintain certain solvency levels for different classes of business. The company's solvency level is mainly affected by the technical reserve required to be maintained, which is affected by the volume of insurance policies sold and incurred claims. During the financial year 2021G, the deficit in the net allowable assets below the minimum required margin amounted to 57 million Saudi riyaIs and increased to 80.3 million Saudi riyaIs as on June 30, 2022G.

The Saudi Central Bank imposes various corrective measures on companies that do not comply with the solvency requirement levels including the following:

1. Increasing the company's capital
2. Adjusting product prices
3. Reducing costs
4. Suspension of underwriting new policies
5. Liquidation of some assets. and/ or
6. Any other procedure it deems appropriate for the company and approved by the Saudi Central Bank

The Saudi Central Bank may also frequently request the addition or deletion of solvency margin requirements that may adversely affect the results of the company's operations and financial position due to the retention of the additional provisions. If the company fails to meet the solvency requirements within the time frame determined by the Saudi Central Bank, and after taking the above-mentioned procedures, the Saudi Central Bank may request the appointment of a financial advisor to restructure the company or withdraw the license.

6. The use of Offering Proceeds

6. The use of Offering Proceeds

6.1 Net Offering Proceeds

The total proceeds generated from the Offering of the preemptive rights shares are estimated at a value of one hundred and thirty million (130,000,000) Saudi riyals, of which an amount of ten million four hundred thousand (10,400,000) Saudi riyals shall be paid to cover the offering expenses, which include the fees of the financial advisor, underwriting manager, legal advisor and chartered accountant, in addition to the underwriting, marketing, printing, distribution expenses and other underwriting-related expenses.

Net proceeds generated from the offering shall amount to one hundred and nineteen million six hundred thousand (119,600,000) Saudi riyals, which shall be used to support the company's future plans and enhance the solvency margin.

In the event of any deviation of (5%) or more between the actual use of the proceeds of the Offering and what was disclosed in this Prospectus, the Company shall disclose such a deviation to the public on the Saudi Stock Exchange (Tadawul) website as soon as it becomes aware of it. This is in accordance with Paragraph (F) of Article (72) of the Rules on Offering of Securities and Continuing Obligations which stipulates: "The issuer shall, in the event of any deviation of 5% or more from actual use of the proceeds of the issuance of preemptive rights and what was disclosed in the prospectus, disclose each such case to the public once it becomes aware of it".

6.2 The use of proceeds generated from the Offering

All insurance companies operating in the Kingdom conduct their activities in accordance with the Insurance Companies Control Law and the Implementing Regulations and subsequent amendments issued by SAMA from time to time.

The net proceeds generated from the Offering shall generally be used to support the Company's future plans and enhance its solvency margin; to meet the solvency margin requirements imposed by the Central Bank, this will be done through the use of the proceeds generated from the offering as follows:

1. Investments growth

The company has an approved investment policy to manage investments in accordance with the executive regulations of the Cooperative Insurance Companies Control Law issued by Saudi Central Bank. The investment signed with the company. The company submits reports and recommendations to the investment committee, which, in turn, studies, analyzes and issues the appropriate investment decisions. The investment advisor "Saudi Fransi Capital" shall be also consulted in accordance with the investment management agreement signed with the company.

The company intends to allocate an amount of one hundred and seven million six hundred thousand (107,600,000) Saudi riyals from the net proceeds generated from the Offering to invest in:

1. Bank deposits worth fifty three million eight hundred thousand (53,800,000) Saudi riyals.
2. Investment funds in the money and stock markets with a value of twenty-six million nine hundred thousand (26,900,000) Saudi riyals.
3. Low-risk bonds and sukuk with a value of twenty-six million nine hundred thousand (26,900,000) Saudi riyals.

All investments shall be managed through local and Gulf banks, and the company intends to make the investments as soon as the capital increase process is completed.

The executive regulation of the Cooperative Insurance Companies Control Law - Article sixty-one (61) - issued by Saudi Central Bank states the following:

- The Company shall, when formulating its investment policy, take into consideration that the maturity period for the invested assets is in concurrence with its liabilities according to the issued documents. The Company shall provide the Central Bank (SAMA) with an investment policy inclusive of assets distribution. If such investment policy was not approved by the Agency, the Company shall adhere to the investment instruments and percentages stated in Table (1) of the Implementing Regulations, provided that investments outside the Kingdom shall not exceed twenty percent 20% of the total investment, while adhering to what was stated in paragraph (2) of Article Fifty-Nine, which stipulates that the investment shall be in Saudi riyals, equivalent to (50%) fifty percent of the total assets available for investment, and if the Company wishes to reduce this percentage, a prior written approval shall be obtained from SAMA.

- The Company shall take into consideration the risks of investment concentration so that the concentration percentage does not exceed (50%) fifty percent of each investment instrument in Table No. (1) of the Implementing Regulations.

The executive regulation of the Cooperative Insurance Companies Control Law - Article sixty-two (62) - issued to Saudi Central Bank states the following:

The Company shall not use financial instruments, such as derivatives and off-balance-sheet items, without the Agency's written approval. The company may not use the instruments for purposes otherwise managing the investment portfolio. The following points shall be taken into consideration:

- Such derivatives shall be listed on a financial exchange, are capable of being readily closed out in short time, are based on assets listed in the assets valuation table and have a prescribed pricing basis.
- That the company has sufficient provisions and assets to settle any obligations arising or potential from investing in these instruments
- The other party shall be reputable and has sufficient solvency.

2. Increasing the statutory deposit

The executive regulation of the Cooperative Insurance Companies Control Law - Article Fifty-eight (58) - issued by SAMA, states that the statutory deposit ratio shall be ten percent (10%) of the paid-up capital, and SAMA may raise this percentage to a maximum of fifteen percent (15%) according to the risks faced by the Company.

In accordance with SAMA's letter No. (381000033194) issued on 23/03/1438H (corresponding to 22/12/2016G), SAMA decided to require the Company to raise the statutory deposit percentage from ten percent (10%) to fifteen percent (15%) of the Company's paid-up capital.

It is worth noting that, as of the date of this prospectus, the statutory deposit amounts to twenty-two million five hundred thousand (22,500,000) Saudi riyals, and the company shall allocate an amount of twelve million (12,000,000) Saudi riyals, bringing the total statutory deposit to thirty-four million five hundred thousand (34,500,000) Saudi riyals, after increasing the capital from one hundred million (100,000,000) Saudi riyals to two hundred and thirty million (230,000,000) Saudi riyals.

The following table shows the expected expenditure of the proceeds generated from the offering:

Item	Suggested expenditure value (Saudi riyals)
Bank deposit	53,800,000
Investment funds	26,900,000
Bonds and Sukuk	26,900,000
Statutory Deposit (15% of the paid-up capital increase)	12,000,000
Estimated offering expenses	10,400,000
Total offering proceeds	130,000,000

The shareholders shall not receive any of the proceeds generated from the offering.

6.3 Solvency Margin

The company intends to increase its capital from one hundred million (100,000,000) Saudi riyals to two hundred and thirty million (230,000,000) Saudi riyals to support the company's future plans and enhance the solvency margin. This is done through the expenditure of the proceeds generated from the offering to increase investments and the statutory deposit.

The executive regulation of the Cooperative Insurance Companies Control Law requires maintaining a minimum amount of the net assets that can be included in the solvency account according to specific schedules and percentages of inclusion from SAMA, provided that the following is taken into account in accordance with Article Sixty-five (65) of the Implementing Regulations of the Cooperative Insurance Companies Control Law:

1. Market value shall not be exceeded in the valuation process and all assets, otherwise, the Protection and Savings insurance assets, linked to the Investment, shall be excluded.
2. Maximum limit of 20% of the total permitted assets associated with one party.

Article sixty- six (66) of the Implementing Regulations of the Cooperative Insurance Companies Control Law provides that the Company, in respect to its general and health insurance business, shall maintain a margin of solvency equivalent to the highest of the three methods below:

1. The minimum capital of one hundred million (100,000,000) Saudi Riyals for insurers and two hundred million (200,000,000) Saudi Riyals for reinsurers or insurers who simultaneously engage in reinsurance business.
2. Gross Written Premiums; or
3. Claims.

The executive regulation of the Cooperative Insurance Companies Control Law on the insurance companies, requires maintaining a minimum amount of the net assets that can be included in the solvency account. This requirement reflects the need to maintain a minimum full cover (100%) of the solvency margin (Net assets included in the solvency account divided by the minimum solvency margin)

The following table shows the details of the solvency margin and solvency cover for the company as on December 31 for the years 2019G, 2020G, 2021G and June 30, 2022G.

Item (thousands of Saudi riyals)	2019G	2020G	2021G	June 30, 2022G
Minimum Capital	100,000,000	100,000,000	100,000,000	100,000,000
Required solvency margin	100%	100%	100%	100%
Minimum Required Solvency Margin	40,368,000	42,966,000	34,960,000	35,712,000
Net assets included in the solvency margin account	124,929,000	107,693,000	42,978,000	19,741,000
Solvency Margin Cover (100%)	124.9%	107.7%	43%	19.7%

The following are the expected contributions of the net proceeds generated from the offering in maintaining the capital requirements for the coming years, which were calculated based on certain requirements imposed by the Central Bank on insurance companies.

Item (thousands of Saudi riyals)	2023G	2024G	2025G	2026G
Minimum Capital	100,000,000	300,000,000	300,000,000	300,000,000
Required solvency margin	100%	100%	100%	100%
Minimum Required Solvency Margin	49,296,000	65,000,000	81,193,000	97,945,000
Net assets included in the solvency margin account	65,111,000	228,048,000	223,105,000	221,745,000
Solvency Margin Cover (100%)	65.1%	228.0%	223.1%	221.7%



7. Expert Statements

7. Expert Statements

Written approval has been obtained from the financial advisor, legal advisor, underwriter and the Company's underwriting manager, whose names appear on pages (vi, vii), to include their names, logos and statements with the formula contained in this prospectus. The written approval of the Company's chartered accountants was also obtained to include their names and logos with the formula contained in this prospectus. These approvals have not been revoked as on the date of this prospectus, and none of the above-mentioned or any of their relatives has any shares or any interest in the company.



8. The BOD Acknowledgements

8. The BOD Acknowledgements

To the date of this Prospectus, the Company's Directors declare that:

- Notwithstanding the provisions of the Section (3) "**A Synopsis of the Company and the Nature of its Business**" Subclause (3.10) "**Business suspension**" of this Prospectus, there was no suspension of the issuer's business that could affect or have had a noticeable impact on the financial position during the last (12) months.
- No commissions, discounts, brokerage fees, or any non-monetary compensation were granted by the issuer during the three years immediately prior to the date of submitting the application for registration and the Offering of securities in relation to the issuance or offering of any securities.
- Notwithstanding the provisions of Section (3) "**A Synopsis of the Company and the Nature of its Business**" Subclause (3.10) "**Business suspension**" of this prospectus, and notwithstanding the provisions of Section (2) "**Risk Factors**" Subclause (2.1.1) "**Risks related to low solvency margin**" in this prospectus, has not been any material negative change in the financial and commercial status of the Company during the three years immediately preceding the date of filing the securities registration and offering subject to this Prospectus, in addition to the accounting period covered by the auditors' report until the approval date of this Prospectus.
- Notwithstanding the provisions stated on page "C" of this prospectus, and notwithstanding the provisions stated in Section (9) "**Legal Information**" Subclause (9.9.1) "**Relevant Parties' Transactions**" of this Prospectus, the Board of Directors members or their relatives shall not have any shares or interest of any kind related to the issuer.
- The Company did not maintain treasury shares, and the EXTRAORDINARY GENERAL ASSEMBLY of the Company did not approve the purchase of the Company's shares.



9. Legal Information

9. Legal Information

9.1 Company Data

9.1.1 Company name

The Company was registered in the Commercial Registration of joint-stock companies of Jeddah, under the commercial name: "Saudi Enaya Cooperative Insurance Co."

9.1.2 The company history and foundation

Saudi Enaya Cooperative Insurance Co. is a public joint stock company, established in accordance with the laws of the Kingdom of Saudi Arabia, pursuant to Royal Decree No. (D/49) issued on 27/07/1432H (corresponding to 29/06/2011G) and Cabinet Resolution No. (224) issued on 25/07/1432H (corresponding to 27/06/2011G) under a Commercial Register No. (4030223528) issued to the company on 27/03/1433H (corresponding to 19/02/2012G), where the headquarters of the company is located in Jeddah.

The company also practices insurance activity in the health insurance branch according to the permit of the Saudi Central Bank (SAMA) No. (INS/20128/32) issued on 19/09/1433H (corresponding to 07/08/2012G). The permit of the Saudi Central Bank (SAMA) was renewed on 27/09/1442H for a period of three years, starting from 25/10/1442H and ending on 24/10/1445H, and pursuant to the approval of the Council of Cooperative Health Insurance on the renewal on 12/12/1442H. (corresponding to 2/07/2021G) for a period of three years, ending on 15/01/1446H (corresponding to 21/07/2024G). The company shall perform its activities in accordance with the provisions of the Cooperative Insurance Companies Control Law and its executive regulations.

The company's current capital is one hundred million (100,000,000) Saudi riyals divided into ten million (10,000,000) nominal shares of equal value, with a nominal value of ten (10) Saudi riyals per share.

9.1.3 Major changes in capital

1. The company was established as a Saudi joint stock company pursuant to Royal Decree No. (D/49) issued on 27/07/1432H (corresponding to 29/06/2011G) AND Cabinet Resolution No. (224) issued on 25/07/1432H (corresponding to 27/06/2011G) and the commercial register No. (4030223528) issued on 27/03/1433H (corresponding to 19/02/2012G), with a capital of four hundred million (400,000,000) Saudi riyals, divided into forty million (40,000,000) shares of equal value, each of which is (10) ten Saudi riyals.
2. On 17/01/1438H (corresponding to 18/10/2016G), the company reduced its capital from four hundred MILLION (400,000,000) Saudi riyals to two hundred million (200,000,000) Saudi riyals, and thus the number of the company's shares was reduced from forty million (40,000,000) shares to twenty MILLION (20,000,000) shares by canceling twenty MILLION (20,000,000) shares, at a capital reduction rate of (50%). This is after the company obtained the approval of the Central Bank to reduce the company's capital under letter No. (371000100389) issued on 14/09/1437H (corresponding to 19/06/2016G) and the CMA's approval to reduce the company's capital on 15/11/1437H (corresponding to 18/08/2016G).
3. On 23/08/1439H (corresponding to 09/05/2018G), the Board of Directors recommended reducing the company's capital from two hundred MILLION (200,000,000) Saudi riyals to one hundred million (100,000,000) Saudi riyals. The company obtained the approval of the Central Bank to reduce the company's capital under letter No. (41/1093) issued on 29/08/1439H (corresponding to 15/05/2018G) and the CMA's approval to reduce the company's capital on 02/09/1439H (corresponding to 17/05/2018G), and the Extraordinary General Assembly approved the reduction in its meeting held on 26/09/1439H (corresponding to 10/06/2018G).
4. On 05/04/1440H (corresponding to 12/12/2018G), the Extraordinary General Assembly approved the Board of Directors' recommendation to increase the company's capital by an amount of (200,000,000) Saudi riyals, so that the company's capital before the increase is (100,000,000) Saudi riyals and after the increase is (300,000,000) SAUDI riyals.
5. On 29/08/1441H (corresponding to 22/04/2020G), the Extraordinary General Assembly agreed to reduce the company's capital from three hundred million (300,000,000) Saudi riyals to one hundred and fifty million (150,000,000) Saudi riyals, at a reduction rate of 50% of the company's capital through canceling (15,000,000) shares of the company's shares.
6. On 22/03/1444H corresponding to (18/10/2022G) the Extraordinary General Assembly agreed to reduce the company's capital from (150,000,000) Saudi riyals to (100,000,000) Saudi riyals, as on 04/02/1444H

(CORRESPONDING to 31/08/2022G) the company obtained a letter from the Central Bank containing the approval of the Saudi Central Bank (SAMA) to reduce the company's capital by (50,000,000) Saudi riyals.

7. On 12/04/1444H corresponding to (06/11/2022G), the company's extraordinary general assembly agreed to increase the company's capital through the issuance of preemptive rights shares, and this shall be done by offering thirteen million (13,000,000) ordinary shares. Thus, after the completion of the underwriting process, the company's capital increases from one hundred million (100,000,000) Saudi riyals to two hundred and thirty million (230,000,000) Saudi riyals, which represents an increase of 130 percent in the company's current capital. As on 11/03/1444H (corresponding to 07/10/2022G), the company obtained a letter from the Saudi Central Bank (SAMA) containing the Central Bank's approval to increase the company's capital by (130,000,000) Saudi riyals.

9.1.4 Objectives of the Company

As per article 3 of its articles of association, the Company may conduct the following activities:

Practicing cooperative insurance business in the health insurance branch, and the company may undertake all the work that is required to be carried out to achieve its purposes. The company performs its activities in accordance with the Cooperative Insurance Companies Control Law and its executive regulations, the provisions issued by the Saudi Central Bank (SAMA) and the laws and rules in force in the Kingdom of Saudi Arabia and after obtaining licenses necessary from the competent authorities, if any.

The Company obtained the final approval from the SAMA to conduct its activities (for more details, please refer to item (9.3.1) "Licenses and permits under which the Company operates" in such section.

9.1.5 Company's duration

As per article No. 6 of the Company's articles of association, the Company's duration shall be 99 ninety-nine Gregorian years, commencing from the date of commercial registration. The Company's duration may be thereafter extended by a resolution passed by an Extraordinary General Assembly meeting, before one year, at least prior to the end of the current duration. According to the Commercial Registration, the current duration of the Company shall end on 27/03/1445H (corresponding to 12/10/2023G).

9.1.6 Board of Directors

9.1.6.1 Formation of the Board of Directors

As per article 15 of its articles of association, the Company shall be managed by a board of directors, which shall be composed of eight (8) directors elected by Ordinary General Assembly for a term not exceeding three years. The formation of the Board of Directors shall reflect an appropriate representation of the independent directors. In all cases, the number of the Board of Directors independent members may not be less than two members or a third of the board members, whichever is more. Notwithstanding, the statutory meeting appoints the first board of directors' members for a period not exceeding three years starting from the date of the Ministry of Commerce's resolution to establish the company.

On 20/07/1442H (corresponding to 04/03/2021G) the shareholders' Ordinary General Assembly elected the Board of Directors members for the current session, which began on 24/07/1442H (corresponding to 08/03/2021G) and for a period ending on 25/06/1445H (corresponding to 07/01/2024G). The Board of Directors for the said session was formed by the members whose names are shown in the following table:

Table No. (58): Board of Directors members

Board of Directors' members								
Name	Position	Membership status	Nationality	Age	Owned shares			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Amr Muhammad Khashoggi	Chairman	Independent	Saudi	72	0	0%	0	0%
Faisal Farouk Muhammad Tamr	Deputy Chairman of the Board of Directors	Non-executive	Saudi	55	83	0.00083%	0	0%
Khaled Abed Qama	A Member	Independent	Saudi	53		0%	0	0%

Board of Directors' members								
Name	Position	Membership status	Nationality	Age	Owned shares			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Aldana Khaled Juffali***	A Member	Non-executive	Saudi	34	66,666	0.66667%	5,766	0.0577%
Abdullah Mohsen Al-Nimri	A Member	Independent	Saudi	43	0	0%	0	0%
Hamad Abdullah Al Ali	A Member	Non-executive	Emirati	42	0	0%	0	0%
Mohammed Abdullah Al-Dar	A Member	Independent	Saudi	48	0	0%	0	0%
Cornelius Alexander Ankel**	A Member	Non-executive	**	**	0	0%	0	0%

Source: The Company

* The (Ordinary) General Assembly, in its meeting held on 20/07/1442H (corresponding to 04/03/2021G), approved the appointment of the Board of Directors members, provided that the appointment takes effect on 08/03/2021G and ends on 07/01/2024G.

** The company's board of directors' member, Cornelius Alexander Ankel, submitted his resignation from the company's board of directors on 29/11/1443H (corresponding to 28/06/2022G) for personal reasons, provided that his resignation shall take effect on 11/08/2022G.

*** Indirect ownership results from its direct ownership in KHALID JUFFALI CO LTD by 1%, which represents 576,700 ordinary shares of the Saudi Enaya Cooperative Insurance Co.

The Company abides by the Companies Law and the Governance Regulations issued by the Board of Directors of the Capital Market Authority and the Insurance Companies Governance Regulations issued by the Saudi Central Bank (SAMA), as the Company's articles of association stipulate that the number of board members shall be eight members elected by the Ordinary General Assembly for a period not exceeding three years. The Corporate Governance Regulation also shows the Company's commitment to Article (14) of the Corporate Governance Regulations, which obligate listed companies to have the majority of the board's members from non-executive members and that the number of its independent members shall not be less than two members or less than one third of the members of the Board (whichever is more), and therefore the Company shall abide by Clause (54) of the Insurance Companies Governance Regulations. Currently, there are four independent members in the company's board of directors out of seven members.

9.1.6.2 Chairman, Deputy and Secretary of the Board of Directors

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 SAMA in terms of mandatory appointment in these positions. The Company's board of directors agreed on 27/07/1442H (corresponding to 11/03/2021G) to appoint Mr. Amr Muhammad Khashoggi as a Chairman of the company's Board of Directors, and the Board of Directors also approved the appointment of Mr. Faisal Farouk Muhammad Tamer as a Deputy Chairman of the Board of Directors, and the company obtained a no-objection letter from the Saudi Central Bank (SAMA) on 30/08/1442H (corresponding to 12/04/2021G), and their positions are as follows:

Table No. (59): Chairman, Deputy and Secretary of the Board of Directors

Appointed Member's Name	Position
Amr Muhammad Khashoggi	Chairman
Faisal Farouk Muhammad Tamer	Deputy Chairman of the Board of Directors
vacant****	Secretary of the Board of Directors

According to the Company's articles of association, the board of directors has the widest powers in managing the Company in a way that achieves its objectives, and within the limits of its competence, it may delegate one or more of its members or third parties to carry out certain work or businesses – in a manner that does not conflict with the relevant laws and regulations.

As stipulated in Article (30) of the company's articles of association, the board of directors appoints a chairman and a deputy from its members. It appoints a CEO, and he may appoint a managing director, and No one shall combine the Chairman position with any other executive position in the Company, and the chairman of the board of directors shall be entitled to sign on behalf of the company and implement the board of directors' resolutions. The Chairman of the Board of Directors shall represent the company before the courts, tribunals and others, and the Chairman of the Board of Directors may, by a written resolution, delegate some of his powers to other members of the Board or to third parties in carrying out specific work or actions. The Board of Directors determines the salaries, allowances, and remunerations for each of the Chairman

and Managing Director, in accordance with what is stipulated in Article (19) of the Company's Articles of Association. The board of directors shall appoint a secretary to the board of directors. The board may also appoint one or more advisors in the various affairs of the company, and the board of directors shall determine their remunerations. The appointment of the chairman, his deputy, the managing director and the secretary shall not exceed the term of their membership in the board of directors, and they may be re-elected and the board of directors may dismiss them or any of them at any time without prejudice to the dismissed members' right in compensation if the dismissal was an illegal or in appropriate time.

9.1.6.3 Board of Directors' Remuneration

1. The remuneration of the Board of Directors members shall be a certain amount, attendance allowance for the sessions, benefits in kind and a certain percentage of the net profits, and two or more of these benefits may be combined.
2. If the remuneration is a certain percentage of the company's profits, it may not exceed (10%) of the net profit, after deducting the reserves decided by the General Assembly in application of the provisions of the Cooperative Insurance Companies Control Law and after distributing a profit to shareholders of no less than (5%) of the Company's paid-up capital, provided that the entitlement to this bonus is proportional to the number of sessions attended by the member, and any estimate to the contrary shall be null and void.
3. In all cases, the sum of the remunerations and financial or in-kind benefits that the Board of Directors' member shall be entitled to receive, may not exceed five hundred thousand Saudi riyals annually (the Audit Committee members shall be excluded), in accordance with the controls set by CMA.
4. The report submitted by the Board of Directors to the Ordinary General Assembly shall include a comprehensive statement of all that the board of directors' members received during the financial year in terms of remuneration, expense allowance and other benefits, and that it also includes a statement of benefits the board of directors' members received in their capacity as workers or administrators, or what they received in return for technical, administrative work or consultations. It shall also include the number of board of directors' sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly.

9.1.6.4 Board of Directors' Meetings

According to Article (21) of the Company's articles of association, the board shall meet at the Company's headquarters at the invitation of its chairman, and the chairman of the board must call for a meeting when requested by two of the members, and the invitation shall be documented in the manner the board deems fit. Board meetings are held periodically and whenever needed, provided that the number of annual Board meetings Father less than four (4) meetings, so that there is at least one meeting every three months.

9.1.6.5 Board of Directors' Committees

The Board of Directors shall have (5) five sub-committees, which are as follows:

- **Audit Committee**

The Audit Committee is composed of three (3) members, and the members of the Audit Committee were appointed by the Ordinary General Assembly held on 18/10/1442H (corresponding to 30/05/2021G) for a period ending on 25/06/1445H (corresponding to 07/01/2024G), and the company obtained a no-objection letter from the Saudi Central Bank (SAMA) on 30/08/1442H (corresponding to 12/04/2021G), and it is composed of the following members:

Table No. (60): The Members of the Audit Committee

Name	Position
Khaled Abed Qama	Chairman of the Audit Committee
Ali Al-Azhari	A Member
Kenana Al Ghalib Al Sharif	A Member

Source: The Company

The Audit Committee regulation was approved by the Shareholders' Ordinary General Assembly in its meeting held on 18/10/1442H (corresponding to 30/05/2021G). The Committee held eight (8) meetings during the financial year ending on December 31, 2019G, eight (8) meetings during the financial year ending on December 31, 2020G, six (6) meetings during the financial year ending on December 31, 2021G, and five (5) meetings during the current year.

• Nomination and Remuneration Committee

The Nominations and Remunerations Committee consists of four (4) members. The members of the Nominations and Remunerations Committee were appointed by the Board of Directors in accordance with the resolution of the Company's Board of Directors at its meeting held on 27/07/1442H (corresponding to 11/03/2021G), and the Committee's session ends at the end of the Board of Directors' the current session on 25/06/1445H (corresponding to 07/01/2024G) and the company obtained a no-objection letter from the Saudi Central Bank (SAMA) on 30/08/1442H (corresponding to 12/04/2021G) and it is composed of the following members:

Table No. (61): Members of the Nomination and Remuneration Committee

Name	Position
Abdullah Mohsen Al-Nimri	Chairman of the Nomination and Remuneration Committee
Khaled Abed Qama	A Member
Aldana Khaled Juffali	A Member
Hamad Al Mahyas Al Ali	A Member

Source: The Company

The Committee held two (2) meetings during the financial year ended on December 31, 2019G, two (2) meetings during the financial year ended on December 31, 2020G, three (3) meetings during the financial year ended on December 31, 2021G and four (4) meeting during the current year.

• Risk Management Committee

The Risk Management Committee is composed of three (3) members. The members of the Risk Management Committee were appointed by the Board of Directors in accordance with the resolution of the Company's Board of Directors at its meeting held on 27/07/1442H (corresponding to 11/03/2021G), and the Committee's session ends at the end of the Board of Directors' the current session on 25/06/1445H (corresponding to 07/01/2024G) and the company obtained a no-objection letter from the Saudi Central Bank (SAMA) on 30/08/1442H (corresponding to 12/04/2021G) and it is composed of the following members:

Table No. (62): The members of the Risk Management Committee

Name	Position
Cornelius Alexander Ankel*	Chairman of the Risk Management Committee
Kenana Al Ghalib Al Sharif	A Member
Mohammed Abdullah Al-Dar	A Member

Source: The Company

* The Chairman of the Committee, Cornelius Alexander Ankel, submitted his resignation from the chairmanship of the Risk Management Committee on 29/11/1443H (corresponding to 28/06/2022G) for personal reasons.

The Committee held two (2) meetings during the financial year ending on December 31, 2019G, three (3) meetings during the financial year ending on December 31, 2020G, two (2) meetings during the financial year ending on December 31, 2021G, and the Committee did not hold any meeting during the current year.

• Executive Committee

The Executive Committee is composed of four (4) members. The members of the Executive Committee were appointed by the Board of Directors in accordance with the resolution of the Company's Board of Directors at its meeting held on 27/07/1442H (corresponding to 11/03/2021G), and the Committee's session ends at the end of the Board of Directors' the current session on 25/06/1445H (corresponding to 07/01/2024G) and the company obtained a no-objection letter from the Saudi Central Bank (SAMA) on 30/08/1442H (corresponding to 12/04/2021G) and it is composed of the following members:

Table No. (63): The members of the Executive Committee

Name	Position
Faisal Farouk Muhammad Tamr	Chairman of the Risk Management Committee
Amr Muhammad Khashoggi	A Member
Sultan Muhammad Abdul Raouf	A Member
Hamad Al Mahyas Al Ali	A Member

Source: The Company

The Committee held six (6) meetings during the financial year ending on December 31, 2019G, two (2) meetings during the financial year ending on December 31, 2020G, six (6) meetings during the financial year ending on December 31, 2021G, and three (3) meetings during the current year.

• Investment Committee

The Investment Committee is composed of three (3) members. The members of the Investment Committee were appointed by the Board of Directors in accordance with the resolution of the Company's Board of Directors at its meeting held on 27/07/1442H (corresponding to 11/03/2021G), and the Committee's session ends at the end of the Board of Directors' the current session on 25/06/1445H (corresponding to 07/01/2024G) and the company obtained a no-objection letter from the Saudi Central Bank (SAMA) on 30/08/1442H (corresponding to 12/04/2021G) and it is composed of the following members:

Table No. (64): The Members of the Investment Committee

Name	Position
Mohammed Abdullah Al-Dar	Chairman of the Risk Management Committee
Abdullah Mohsen Al-Nimri	A Member
Sultan Muhammad Abdul Raouf	A Member

Source: The Company

The committee held two (2) meetings during the financial year ending on December 31, 2019G, only one (1) meeting during the financial year ending on December 31, 2020G, three (3) meetings during the financial year ending on December 31, 2021G, and one meeting during the current year.

9.1.7 Executive Management

The position of Chief Executive Officer is currently occupied by Mr. Sultan Muhammad Abdul Raouf as of 15/12/1441H (corresponding to 05/08/2020G), and the following table shows the details of the company's executive management:

Table No. (65): The executive Management

Name	Position	Nationality	Age	Appointment date	Owned shares			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Sultan Muhammad Abdul Raouf	CEO	Saudi	56	05/08/2020G	0	0	0	0
Abdullah Bouri	Assigned CFO	Pakistani	36	14/10/2021G	0	0	0	0
Mazen Shahawy	Control Department Support Officer	Saudi	39	01/09/2022G	0	0	0	0
Wejdan Bakhribiya	Manager of Human Resources Department	Saudi	39	27/07/2022G	0	0	0	0
Ryan El Nozha	Cyber Security Manager	Saudi	37	27/07/2022G	0	0	0	0
Abdul-Jabbar Al-Murabai	Customer Service Manager	Saudi	45	04/05/2017G	0	0	0	0
Sami Al-Maliki	Commercial manager	Saudi	41	05/05/2020G	0	0	0	0
Thomas Rain	Assigned Underwriting Manager	German	64	05/07/2020G	0	0	0	0

Source: The Company

9.1.8 Corporate Governance

In accordance with the laws, regulations, and instructions issued by the Capital Market Authority CMA, in particular the Corporate Governance Regulations issued by the decision of the Council of the CMA pursuant to Resolution No. (8/16/2017G) dated 50/16/1438H (corresponding to 02/13/2017G) based on the Companies Law issued by decree Royal No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G), as amended by the CMA's Council Resolution No. (01/7/2021) dated 01/06/1442H (corresponding to 14/01/2021G), in addition to Insurance Companies Governance Regulations issued by SAMA. The Corporate Governance Guide has been amended and approved by the Extraordinary General Assembly on 29/04/1442H (corresponding to 14/12/2020G).

9.2 Government approvals, licenses and certificates

9.2.1 Tables of approvals and licenses

The company (including its branch) has obtained several regulatory and operational licenses and certificates from the competent authorities, and these licenses and certificates are renewed periodically, and what has expired is under renewal according to the usual procedures. The members of the Board of Directors acknowledge that the company has obtained 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 of it. The following tables show the current licenses and certificates obtained by the company:

Table No. (66): The approvals and licenses obtained by the company

Type of license	Purpose	License/ certificate No.	Issuance Date	Expiry Date	Licensor
Commercial Register	Registration of the company in the Commercial Companies registry (Joint-stock companies)	4030223528	27/03/1433H (Corresponding to 19/02/2012G)	05/11/1544H	Ministry of Commerce - Commercial Registry in Jeddah.

Type of license	Purpose	License/ certificate No.	Issuance Date	Expiry Date	Licensor
Membership certificate of the Chamber of Commerce and Industry	The company's commitment to the Commercial Register Law, which requires the company to subscribe to the Chamber of Commerce and Industry	7001703672	13/04/1443H (corresponding to 06/03/2012G)	27/03/1445H (corresponding to 12/10/2023G)	Jeddah Chamber of Commerce & Industry
Permit to practice insurance activity	Practicing general insurance, health insurance, and protection and savings insurance	INS/32/20128	19/09/1433H (corresponding to 07/08/2012G)	24/10/1445H (corresponding to 08/12/2023G)	Saudi Central Bank (SAMA)
Service investment license	Practicing insurance activity	01-112031036630	30/02/1431H (corresponding to 14/02/2010G)	15/02/1445H (corresponding to 01/09/2023G)	Ministry of Investment
Municipal License	The company's commitment to the requirements of the municipality	39111329138	22/06/1438H (corresponding to 21/03/2017G)	Under renewal	Jeddah Municipality
GOSI Contribution Certificate	The company's commitment to the regulations of the General Organization for Social Insurance	49653809	14/03/1444H (corresponding to 10/10/2022G)	14/04/1444H (corresponding to 08/11/2022G)	General Organization for Social Insurance
Zakat and Income Certificate	Indicating that the company submitted its return for the period ending on December 31, 2020G	1110040847	19/10/1443H (corresponding to 20/05/2022G)	10/10/1444H (corresponding to 30/04/2023G)	Zakat, Tax and Customs Authority
Saudization certificate	Indicating that the company is compliant Required Saudization Percentage According to the Nitaqat program	1-8850649798760	25/01/1444H (Corresponding to 23/08/2022G)	28/04/1444H (Corresponding to 21/11/2022G)	Ministry of Human Resource and Social Development
Council of Cooperative Health Insurance	License to practice cooperative health insurance business	132	23/11/1443H (Corresponding to 22/06/2022G)	03/12/1444H (Corresponding to 21/06/2023G)	Council of Cooperative Health Insurance

Source: The Company

Table No. (67): Summary of approvals issued by the Saudi Central Bank (SAMA) related to insurance products offered by the company in accordance with the applicable laws:

S/N	Insurance product	Approval No.	Approval date
1	Group medical insurance	1348/IS	29/05/1433H
2	Medical insurance for visitors	371000104687	24/09/1437H
3	Medical insurance for individuals and families	1855/IS/41828	04/08/1433H

Source: The Company

9.2.2 Continuing Obligations imposed by the Governmental Authorities on the Company:

The regulatory authorities below require the company to comply with some essential requirements as follows:

9.2.2.1 The Continuing Obligations as per the requirements of the Saudi Central Bank (SAMA):

- Article (76) of the Executive Regulations of the Insurance Companies Control Law states that the Saudi Central Bank shall be entitled to withdraw the company's license in the following cases:
 - a. If the company does not practice the licensed activity within six months from the date of issuing the license.
 - b. If the company does not fulfill the requirements of the Cooperative Insurance Companies Control Law or its executive regulations.
 - c. If the Central Bank finds that the applicant has intentionally provided it with incorrect information or data.
 - d. If the Central Bank finds that the rights of the insured, the beneficiaries or the shareholders are at risk of being lost as a result of the manner in which the company conducts its activity.

- e. If the company goes bankrupt or the self-employed person becomes bankrupt, making them unable to fulfill their obligations.
- f. If the company or the self-employed person practices the activity in the manner of the activity in an approved manner for deception or fraud.
- g. If the capital falls below the prescribed minimum, or if the company does not meet the financial solvency requirements stipulated in the Executive Regulations.
- h. If the insurance activity decreases to the level that the Saudi Central Bank deems its performance ineffective.
- i. If the company refuses to pay the claims owed to the beneficiaries illegally.
- j. If the company or the self-employed person prevents the inspection team assigned by the Saudi Central Bank from performing its task in examining the records.
- k. If the company or the self-employed person refuses to implement a final judgment issued against it in any of the insurance disputes.

With regard to above-mentioned clause (g) of the conditions, the company shall comply with the required solvency margin according to Article Sixty-Six (66) and Article Sixty-eight (68) of the Executive Regulations of the Cooperative Insurance Companies Control Law. During the previous two years, the solvency margin cover fell below the minimum required by the Saudi Central Bank (SAMA), which is (100%). On 20/01/1444H (corresponding to 08/18/2022G), the Board of Directors recommended reducing the Company's capital to amortize a part of the accumulated losses in an amount of fifty million (50,000,000) Saudi Riyals. Thus, the Company's capital after the reduction becomes one hundred million (100,000,000) Saudi Riyals. Then, the capital increased after the reduction through a rights issue in an amount of one hundred thirty million (130,000,000) Saudi Riyals. Thus, the capital after the increase becomes two hundred and thirty million (230,000,000) Saudi Riyals. Accordingly, the Company obtained a no-objection from the Saudi Central Bank (SAMA) to increase the capital in the amount of one hundred and thirty million (130,000,000) Saudi Riyals under letter No. (44020204) dated 11/03/1444H (corresponding to 07/10/2022G).

9.2.2.2 The Continuing Obligations as per the requirements of the Ministry of Commerce

- The Company shall comply with the Law of Commercial Register in terms of registration with the Commercial Registry in Jeddah, where the headquarters is, under Certificate No. (4030223528), issued on 27/03/1433H (corresponding to 19/02/2012G).
- The Company shall also comply with the Companies Law in terms of adopting the Company's Articles of Association in line with the new and recent amendments made to the Companies Law, after obtaining a prior approval from the Ministry of Commerce on the draft Articles of Association and the approval of the Shareholders in the EGA meeting. The Articles of Association were approved by the company Governance Department (in the Ministry of Commerce) on 22/05/1442H (corresponding to 07/01/2021G). The Company complied with the requirements of the
- CMA and the Saudi Stock Exchange (Tadawul) in terms of uploading a copy of the Articles of Association on Tadawul website on the Company page.
- The Company shall also comply with the Law of Commercial Register in terms of obtaining a membership certificate of the Chamber of Commerce and Industry under the Certificate No. (7001703672), issued by the "Jeddah Chamber of Commerce & Industry" on 27/03/1433H (corresponding to 19/02/2012G). It shall expire on 27/03/1445H (corresponding to 12/10/2023G).
- The company's branches are also committed to completing the procedures for establishing its offices, and it is committed to the commercial registry law with regard to registration with the Commercial Registry Department and the issuance of a membership certificate in the Chamber of Commerce and Industry for each branch (for more information, please see subsection (9.3) "**Company branches**" of section (10) "**Legal information**" in this prospectus).

9.2.2.3 The Continuing Obligations as per the requirements of the CMA

The CMA requires listed companies in the Capital Market to abide by the rules of offering security, continuing obligations and by the special instructions issued by the CMA, in particular the obligation to periodically disclose the substantial and financial developments and the Board of Directors' report. Insurance companies shall also announce their financial outputs in accordance with the forms approved by CMA, which shall include clear data on the surplus (deficit) of insurance operations, minus the return on policyholders' investments, total underwritten insurance premiums, net incurred claims, and net profits (losses) of policyholders' investments, and the net profits (losses) of investments of shareholders' funds and a comparison of these data with the corresponding period quarterly or annually. Moreover, according to the Continuing Obligations manual of Listed Companies, the annual financial outcomes announced on Tadawul website shall be derived from the audited financial statements approved by the Company's external auditor appointed by the Assembly and

approved by the Board of Directors, and the Company shall adhere to the declaration's forms included in the instructions for companies' declarations of their financial outcomes. The Company shall also provide a statement of all the causes and effects of the change in the financial outcomes for the current fiscal year according to the base period, so that the reasons shall include all the items of the financial outcomes' declarations.

It is worth noting that regarding the solvency of public joint stock companies, on 23/01/1438H (corresponding to 24/10/2016G) the CMA's Resolution No. (2016-130-1) amending the procedures and instructions for companies listed in the market whose cumulative losses amounted to (50%) or more of their capital in light of the new Companies law, and their name was modified to become "procedures and instructions for companies listed in the market whose cumulative losses amounted to (20%) or more than its capital", provided that the amended procedures and instructions shall be implemented starting from the date of 25/07/1438H (corresponding to 22/04/2017G).

The CMA shall also compel the companies listed in the Capital market whose accumulated losses amounted to (50%) or more of the paid-up capital to disclose on Tadawul website before the date of 24/07/1438H (corresponding to 21/04/2017G) of their plan regarding the application of Article (150) of the Companies' Law.

The CMA requires listed companies in the Capital Market to follow the list of instructions for declarations of joint-stock companies whose shares are listed therein, issued pursuant to the CMA Board's resolution No. (4-8-2017) on 26/04/1438H (corresponding to 24/01/2017G).

As of the date of publishing this prospectus, the company has not violated any of the instructions set out above and is committed to the Capital Market Law and its executive regulations. The Board of Directors members confirm that the company shall continue to comply with the requirements of the law, regulations and instructions of the Capital Market Authority and the Saudi Stock Exchange (Tadawul) until the date of this prospectus, and they also undertake to continue to comply with them.

9.2.2.4 The Continuing Obligations as per the requirements of the Council of Cooperative Health Insurance

- Health insurance products are subject to the regulations of the Council of Cooperative Health Insurance ("Council of Cooperative Health Insurance") after being approved by the Saudi Central Bank (SAMA). The Council of Cooperative Health Insurance controls the company and ensures that it complies with the conditions regulating the provision of health insurance products.
- Article (43) of the executive regulations of the health insurance law stipulates that insurance companies are not allowed to practice cooperative health insurance business unless after being approved by the Council, and the approval is restricted to a period of three years, renewable for other similar periods. Article (44) of the executive regulations of the health insurance law stipulates that cooperative insurance companies are approved to practice health insurance based on an application submitted for this purpose. The Council shall decide on the approval application within ninety days from the date of submitting the application.
- The Council of Cooperative Health Insurance controls the company and ensures that it complies with the conditions regulating the provision of health insurance products .and among those conditions:
 - The obligation to provide specialized medical staff to give the necessary health approvals within a time period not exceeding (60) sixty minutes. In the event of non-approval, the reasons shall be formally explained.
 - Obligation to pay dues to health service providers such as hospitals and health clinics, no later than (45) forty-five days.

9.2.2.5 The Continuing Obligations as per the requirements of the Ministry of Investment

Due to some foreign founding shareholders' ownership (non-Saudis and non-Gulf citizens) of the capital shares, the company has issued the investment service license No. (112031036630-01) (issued by the Ministry of Investment on 30/02/1431H (corresponding to 14/02/2010G) and valid until 15/02/1445H (corresponding to 01/09/2023G).

The Ministry of Investment requires licensed companies to comply with the following instructions: (1) The commercial register data shall not differ from the data in the investment license issued by the Authority, (2) the company shall not perform an unlicensed investment or commercial activity, (3) there shall be an investment license for the company's branches and marketing centers (meaning the points of sale) or (4) the company shall not to suspend practicing the investment activity during the validity of the license period, except in cases of force majeure that are accepted by the Authority, with the submission of a schedule showing the date of practicing the activity again within five days from the date of the force majeure occurrence, or (5) not using the name or logo of a commercial International or local agency without a license, or the use of publications, seals, or advertising media in a commercial name that is different from the name licensed by the Ministry, or (6) the product specifications and style shall conform to the approved Gulf, Saudi or international specifications, or (7) the company shall notify the Authority in writing of the amendment of the address, correspondence and contact data, or updated data.

All companies licensed by the Ministry of Investment shall submit a request to amend their license in accordance with any amendments to their data, for example in the event of reducing or increasing the capital, amending the trade name or opening branches for it.

As on the date of this prospectus, the company shall abide by the requirements of the Ministry and the terms and instructions of the license mentioned above.

9.2.2.6 The Continuing Obligations as per the requirements of Zakat, Tax and Customs Authority:

The Company shall be obliged to submit its zakat and tax returns within 120 days from the end of the fiscal year for the purpose of renewing the certificate issued by the Zakat, Tax and Customs Authority. The Company was registered as a taxpayer under the distinguished tax number (3006469776); it submitted its zakat return for the financial year ended on 31/12/2021G, and obtained a zakat certificate No. (1110040847) from Zakat, Tax and Customs Authority, on 19/10/1443H (corresponding to 20/05/2022G).

9.2.2.7 The Continuing Obligations as per the requirements of the Ministry of Human Resources and Social Development:

A file has been opened with the Ministry of Human Resources and Social Development under the unified number (9-157615) according to the Saudization certificate obtained from it. As of the date of publishing this Prospectus, the Company benefits from the E-services of the Ministry of Human Resources and Social Development. A Saudization certificate was obtained to prove that the Company complies with the required Saudization percentage according to the Nitaqat program. The company is in the platinum range.

9.3 Company branches

Article Five (5) of the company's articles of association stipulates that the company may establish branches, offices or agencies inside or outside the Kingdom of Saudi Arabia after the approval of the Saudi Central Bank (SAMA). According to Article (9) of the Cooperative Insurance Companies Control Law, which stipulates that the written approval of the Saudi Central Bank (SAMA) shall be obtained before opening branches of insurance companies, the Saudi Central Bank (SAMA) requires insurance companies wishing to open branches to adhere to the statutory procedures related to the opening of branches for joint stock companies issued by the Ministry of Commerce. Until the date of preparing this prospectus, the company obtained the final approval of the Central Bank of Saudi Arabia (SAMA) to open one branch according to the following:

Table No. (68): the details of the commercial register and municipal licenses issued to the company's branches

Type of license	Purpose	Commercial Register	Issuance Date	Expiry Date	Address	Municipal License	Expiry Date
Commercial Register	Registration of the company in the Commercial Companies registry (Company Branch)	1010421871	23/10/1435H (corresponding to 19/08/2014G)	23/10/1445H (corresponding to 02/05/2024G)	Riyadh	Under renewal	-

Source: The Company

9.4 Summary of Material Contracts

9.4.1 Contracts and transactions with relevant parties

By concluding contracts and agreements with relevant parties in 2021G, the company undertakes that all transactions shall be conducted on an arm's length basis to guarantee Shareholders' rights and that such contracts shall be voted on by the General Assembly of the Company, which was held on 23/10/1443H (corresponding to 24/05/2022G).

As for contracts and transactions with relevant parties concluded in 2022G, the company is in the process of obtaining a license from the Ordinary General Assembly on all transactions with relevant parties, and the table below shows the transactions and contracts that have a direct or indirect interest for the Board of Directors members during the year 2022G.

Table No. (69): The contracts and transactions with the Board of Directors members and relevant parties

Related Parties	Name	Dealing status	Value
Aldana Khaled Juffali	GAPCORP Saudi Arabia Co. Ltd.	Group health insurance policy	164,993.95 Saudi Riyals
	Khaled Juffali Industrial Company		159,537.20 Saudi Riyals
	Khaled Juffali Construction Co. Ltd.		51,346.35 Saudi Riyals
	Lonsdale & Associates Insurance & Reinsurance Brokers		258,819 Saudi Riyals
	KHALID JUFFALI CO LTD		579,709.25 Saudi Riyals
	Khaled Juffali Construction Co. Ltd.		87,281.55 Saudi Riyals
	Lonsdale & Associates Insurance & Reinsurance Brokers, Riyadh Branch		30,201.30 Saudi Riyals
	Al Dahana International Marketing Company Ltd		37,851.10 Saudi Riyals
Total			1,369,739.70 Saudi Riyals

Source: The Company

9.4.2 Insurance Brokerage Agreements

The Company has entered into insurance brokerage agreements with insurance brokers to attract clients and facilitate the sale of the Company's insurance products to individuals, entities, companies and other bodies. Accordingly, the insurance brokers are entitled to a commission estimated as a percentage of the premiums collected through the broker from clients for each type of insurance.

9.4.3 Lease Contracts

The Company does not have any real estate owned by it. As for the sites that the company occupies to carry out its activities, the company has concluded two lease contracts, which are considered traditional lease contracts, which stipulate the amount of rent that the company pays to the landlord annually.

A list of the Company's sites lease contracts and their most important details, is as follows:

Table No. (70): Valid and renewed lease contracts for the sites occupied by the Company

S/N	Location	Activity	Landlord	Annual Rent Value (Saudi Riyals)	Lease Term	lease termination date
1	Jeddah	Commercial	Abdullah bin Khalid bin Abdulaziz Al Saud	1,840,000	(730) Days	03/12/1445H (corresponding to 09/06/2024G)
2	Riyadh	Commercial	Al-Ajlan Holding	175,950.00	Contract term (364) days	10/11/1444H (corresponding to 30/05/2023G)

Source: The Company

9.5 Trademarks and Intellectual Property

The Company has a trademark that was registered with (Ministry of Commerce), and this will enable the Company to put its name and logo on the external facade of the building or offices occupied by the Company, as it has registered the trademark and granted it the necessary legal protection in accordance with the Trademark Law.

In marketing its services and products, the Company relies on its trade name registered in its commercial register, which is reflected in its logo, which supports its business and its competitive position, and gives it a clear distinction in the market among customers.

Table No. (71): the Company's Trademark details:

The Trademark	Certificate No.	Owner Company	Registration date	Protection Start date	Protection End date
	143413032	Saudi Enaya Cooperative Insurance Co.	14/07/1435H	14/07/1434H	20/10/1444H

Source: The Company

The trademark is registered under category (36). The trademark is described as a circular drawing containing green and blue colors and there is a blue dot above it, and below it the Saudi Enaya Cooperative Insurance Co. in Arabic letters and the phrase Saudi Enaya Cooperative Insurance Co. in Latin letters in black color as shown above, and the protection of the trademark includes all parts thereof.

The Company does not have any other registered intellectual property rights, and the Company does not rely in its activities on any valuable intangible property such as patents, copyrights or any other intellectual property.

9.6 Disputes and Lawsuits

In the course of carrying out its business, the Company was exposed and is still exposed to cases and lawsuits filed by some policy holders related to its insurance operations, and disputes and claims related to the collection of dues from insolvent or defaulting clients for several past periods. As on the date of preparing this prospectus, there are (20) claims under consideration, all filed by the company, with a total of (2,692,732) Saudi riyals.

The Company also acknowledges that it is not a party to any substantive lawsuit, claim or arbitration that would materially affect its business or financial position.

9.7 Material information that has changed since the CMA's approval of the last Prospectus

- Capital: On 29/08/1441H (corresponding to 22/04/2020G), the Extraordinary General Assembly agreed to reduce the company's capital from three hundred million (300,000,000) Saudi riyals to one hundred and fifty million (150,000,000) Saudi riyals, at a reduction rate of 50% of the company's capital through canceling (15,000,000) shares of the company's shares.
- On 22/03/1444H corresponding to 18/10/2022G, the Extraordinary General Assembly agreed to reduce the company's capital from (150,000,000) Saudi riyals to (100,000,000) Saudi riyals, as on 04/02/1444H (Corresponding to 31/08/2022G) the company obtained a letter from the Central Bank containing the approval of the Saudi Central Bank (SAMA) to reduce the company's capital by (50,000,000) Saudi riyals.
- Board of Directors: Increasing the number of members of the Board of Directors from (6) members to (8) members.
- Governance: Approving internal regulations and policies for governance in line with the provisions of the Corporate Governance Regulations issued by the Authority and the Insurance Companies Governance Regulations. The Corporate Governance Guide was approved by the General Assembly on 29/04/1442H (corresponding to 14/12/2020G).
- The company's articles of association: The company's articles of association were approved by the Corporate Governance Department at the Ministry of Commerce on 22/05/1442H (corresponding to 07/01/2021G).

9.8 Declarations of legal information

The members of the Board of Directors acknowledge the following:

- a. The issuance shall not violate the relevant laws and regulations in the Kingdom of Saudi Arabia.
- b. The issuance shall not prejudice any of the contract agreements in which the company is a party.
- c. All material legal information relating to the Company is disclosed in the prospectus.
- d. Notwithstanding the provisions stated on page (105) of this prospectus, the issuer is not subject to any lawsuits or legal procedures that, collectively or individually, may materially affect the issuer's business or financial condition.
- e. The members of the company's board of directors shall not be subject to any lawsuits or legal procedures that, collectively or individually, may materially affect the issuer's business or financial condition.
- f. Notwithstanding any other provisions disclosed in this prospectus, the company continues to comply with the requirements of the Saudi Central Bank (SAMA) until the date of this prospectus, and they also undertake to continue to comply with them.
- g. Notwithstanding any other provisions disclosed in this prospectus, the company continues to comply with the requirements of the Ministry of Commerce until the date of this prospectus, and they also undertake to continue to comply with them.
- h. Notwithstanding any other provisions disclosed in this prospectus, the company continues to comply with the requirements of the Ministry of investment until the date of this prospectus, and they also undertake to continue to comply with them.
- i. Notwithstanding any other provisions disclosed in this prospectus, the company continues to comply with the requirements of Zakat, Tax and Customs Authority until the date of this prospectus, and they also undertake to continue to comply with them.
- j. Notwithstanding any other provisions disclosed in this prospectus, the company continues to comply with the requirements of the Ministry of Human Resource and Social Development until the date of this prospectus, and they also undertake to continue to comply with them.
- k. Notwithstanding any other provisions disclosed in this prospectus, the company shall continue to comply with the requirements of the law, regulations and instructions of the Capital Market Authority and the Saudi Stock Exchange (Tadawul) until the date of this prospectus, and they also undertake to continue to comply with them.
- l. As at the date of this prospectus, the company does not have any subsidiaries.



10. Underwriting Coverage

10. Underwriting Coverage

10.1 Underwriters

Al Wasatah Al Maliah Co. (WASATAH CAPITAL)

Riyadh - Olaya Main Street, Al-Morouj District

Building No. 7459 Sub number. 2207

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Tel.: +966(11) 4944067

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Website: www.wasatah.com.sa

E-mail: info@wasatah.com.sa

wasatah capital
وساطة كابيتال



10.2 Summary of the underwriting Agreement

According to the terms and conditions of the Underwriting Agreement:

1. The Company shall undertake to the underwriters that on the date of allocation all preemptive rights shares contracted to be covered in this underwriting shall be issued and allocated to the underwriters and which have not been underwritten by the eligible shareholders as additional shares at the underwriting price.
2. The company's underwriters shall undertake that on the date of allocation, they shall purchase the shares covered in this underwriting, which have not been underwritten to by eligible shareholders as additional shares at the underwriting price.
3. Underwriter shall receive a specific payment for their underwriting which shall be paid from the proceeds of the underwriting.
4. The Underwriter's obligation to purchase all of the remaining shares shall be subject to provisions relating to the termination of the Agreement such as the occurrence of any force majeure as defined in the Agreement, or failure to meet a number of preconditions in connection with the underwriting.
5. The company shall provide a number of guarantees, representations and undertakings to the coverage provider.



11. Exemptions



11. Exemptions

The company did not obtain any exemptions from the CMA in connection with the offering.



12. Information of shares, terms and conditions of the offering

12. Information of shares, terms and conditions of the offering

The company has applied to the Capital Market Authority to register and offer new shares and to Saudi Stock Exchange (Tadawul) to list the new shares and all requirements have been met under the rules of offering securities, continuing obligations and listing rules.

All eligible shareholders, holders of acquired equities and offerers shall read and peruse the terms and instructions of the underwriting very carefully before the electronic underwriting or submit the underwriting application through the intermediary or fill out the remaining offering form. Submission of the underwriting application or the signature and delivery of the remaining offering form shall constitute approval and acceptance of the mentioned terms and conditions.

12.1 Offering

Under this prospectus, thirteen million (13,000,000) ordinary shares shall be offered - by issuing preemptive rights shares - representing 130% of the company's capital before the capital increase, at an offering price of ten (10) Saudi riyals per share and with a nominal value of ten (10) Saudi riyals, with a total offering value of one hundred and thirty million (130,000,000) Saudi riyals, and one share shall be issued for every 0.7692 shares owned, in order to increase the company's capital from one hundred million (100,000,000) Saudi riyals to two hundred and thirty million (230,000,000) Saudi riyals.

12.2 How to submit an underwriting application for the preemptive rights shares (new shares)

Registered shareholders wishing to underwrite preemptive rights shares shall submit an application during the underwriting period through the investment portfolio in the trading platforms through which sale and purchase orders are entered, in addition to the possibility of underwriting through any other means provided by the intermediary and custodian of shares in the Kingdom of Saudi Arabia during the underwriting period. If there is still time remaining in the offering period, underwriting applications for any remaining shares may also be submitted by institutional investors only.

By participating in the underwriting, the underwriter shall acknowledge:

- Approving its underwriting in the company with the number of shares underwritten in the underwriting application.
- He has perused the prospectus and all its contents, studied it and understood its content.
- Approving the company's articles of association and the conditions set out in this prospectus.
- It has never applied for the same shares for this offer with the intermediary. The company shall be entitled to refuse all applications if there is a repeat application.
- Accepting the shares allocated pursuant to the underwriting application and accepting all the terms and conditions of the underwriting set out in the application and in this prospectus.
- Ensure that the application is not canceled or amended after submission to the intermediary.

12.3 Underwriting Application

The eligible person who willing to exercise its full right and underwrite to all shares of preemptive rights to which it is entitled to underwrite, shall underwrite through the investment portfolio in the trading platforms through which buy and sell orders are entered or through any other means provided by the intermediary and the custodian of the shares.

The number of shares in which the eligible person is entitled to underwrite shall be calculated according to the number of preemptive rights shares he owns. The underwriting amount, which shall be paid by the underwriter, will be calculated by multiplying the number of existing preemptive rights owned by it before the end of the underwriting period by ten (10) Saudi riyals.

12.4 Stage of trading, underwriting, remaining offering period

Eligible shareholders and those wishing to underwrite the pre-emptive rights shares shall submit the underwriting application during the underwriting period, which begins three (3) working days after the approval of the extraordinary general assembly, including the approval of the capital increase, on Thursday 16/04/1444H (corresponding to 11/11/2022G) and ending Tuesday 28/04/1444H (corresponding to 11/11/22 2022G).

The Extraordinary General Assembly held on 12/04/1444H (corresponding to 06/11/2022G) approved the Board of Directors' recommendation to increase the company's capital through the issuance of pre-emptive rights shares. According to this prospectus, thirteen million (13,000,000) ordinary shares shall be offered for underwriting to preemptive rights shares, which represent about (130%) of the company's capital before the underwriting, at an offering price of ten (10) Saudi riyals per share, inclusive of a nominal value of ten (10) riyals per share, with a total offering value of one hundred and thirty million (130,000,000) Saudi riyals, and new shares shall be issued at the rate of one share for each preemptive right. Underwriting the pre-emptive rights shares offered to shareholders registered in the company's shareholders register shall be at the end of the second trading day following the Extraordinary General Assembly meeting held on 12/04/1444H (corresponding to 06/11/2022G), and to those eligible who have purchased the pre-emptive rights during the pre-emptive rights trading period, including the registered shareholders who have purchased additional pre-emptive rights in addition to the equities they originally owned.

If the preemptive rights of eligible individuals are not exercised by the end of the underwriting period, the remaining shares resulting from the non-exercise or sale of those equities by eligible individuals shall be submitted to the institutional investors through their offering in the remaining offering period.

Registered shareholders shall be able to trade preemptive rights deposited in the portfolios via the Saudi Stock Exchange (Tadawul). These equities shall be considered to be an acquired right of all shareholders on the company's records at the end of the second trading day following the extraordinary General Assembly for capital increase. Each equity shall grant its holder the right to underwrite a new share at the price of the offering. The preemptive rights shares shall be deposited after the assembly. Equities shall appear in the registered shareholders' portfolios under a new preemptive rights symbol and the registered shareholders shall then be notified of the deposit of equities in their portfolios.

The schedule for the sequence and details of the preemptive rights shares offering shall be as follows:

1. Maturity date: The end of trading on the day of holding the Extraordinary General Assembly on 12/04/1444H (corresponding to 06/11/2022G).
2. Trading and underwriting stage: The trading and underwriting stage begins on Thursday 16/04/1444H (corresponding to 11/11/2022G) provided that the trading period ends on Thursday 23/04/1444H (corresponding to 17/11/2022G), and the underwriting period continues until the end of the day Tuesday 28/04/1444H (corresponding to 11/11/2022G).
3. Remaining offer period It shall begin on Monday 04/05/1444H (corresponding to 28/11/2022G) from ten in the morning until five in the evening of the next day on Tuesday 05/05/1444H (corresponding to 29/11/2022G). During this period, the remaining shares shall be offered to a number of institutionalized investors (referred to as "institutional investors") provided that these institutional investors shall make offers to buy the remaining shares. The remaining shares shall be allocated to institutional investors with the highest and then the lowest offer. The shares shall be allocated proportionately to institutional investors that offer the same offer. For fractional shares, they shall be added to the remaining shares and reciprocated. The underwriting price for new shares which were not underwritten in this period shall be at the minimum offering price, and if the unscripted share price is higher than the offering price, the difference (if any) shall be distributed as compensation to preemptive rights holders who have not underwritten to their equities and to the owners of fractional shares in proportion to their own equities.
4. Final allocation of shares shall be allocated to each investor based on the number of rights he exercised fully and correctly. As for fractional shares receivers, fractional share shall be collected and submitted to the institutional investors during the remaining offering period. The total offering price of the remaining shares shall be paid to the company, and the rest of the proceeds from the sale of the remaining shares and fractional shares shall be distributed without calculating any fees or deductions) in excess of the offering price) to their beneficiaries, each according to what he is entitled to, no later than the day 10/05/1444H (corresponding to 04/12/2022G).
5. Trading the new shares in the market: Trading in the shares offered for underwriting in (Tadawul) upon completion of all procedures related to the registration and allocation of the offered shares, provided that the period between the end of underwriting to the preemptive rights and the deposit of shares in the shareholders' portfolios is 9 working days.

The company has applied to the Capital Market Authority to register and offer new shares. The company has also applied to the Saudi Stock Exchange (Tadawul) to accept its listing.

12.5 Allocation and surplus refund

The company and the underwriting manager shall open a trust account in which the proceeds of the underwriting shall be deposited.

Preemptive rights shares shall be allocated to eligible individuals based on the number of equities they have exercised fully and correctly. For fractional shares receivers, the shares shall be collected and offered to the institutional investors during the remaining offering period. The total share offering price shall be paid to the company, and the remaining share sale proceeds and share fractures shall be distributed (in excess of the offer price) to its beneficiaries each as due no later than Sunday 08/06/1444H (corresponding to 01/01/2023G). If some shares were not underwritten thereafter, the underwriters shall purchase and allocate to the remaining new shares.

The final number of shares allocated to each eligible individual without any commissions or deductions from the underwriting manager is expected to be announced by recording them in the underwriter's accounts. Eligible individuals shall contact the intermediary through which the underwriting application was submitted for any additional information. The results of the allocation shall be announced no later than on 10/05/1444H (corresponding to 04/12/2022G).

The surplus (the rest of the proceeds of the offering in excess of the offering price) shall be refunded to the eligible people who did not participate in whole or in part in the underwriting to the preemptive rights shares (if any) without any deductions no later than Sunday 08/06/1444H (corresponding to 01/01/2023G), it should also be noted that bank accounts shall be linked to the wallets. In order to deposit the amounts in the bank accounts of the eligible people who did not exercise their right to underwrite for the new shares and the beneficiaries of the fractional shares.

12.6 Supplementary prospectus

The Company shall submit to the Authority a supplementary issuance, in accordance with the requirements of the Rules on the Offering of Securities and Continuing Obligations, if the Company is informed at any time after the date of publication of this issuance and prior to the completion of the Offering of any of the following:

- There is a significant change in substantive matters contained in this prospectus.
- The appearance of any important issues should have been included in this prospectus.

An investor who has underwritten to the new shares prior to the publication of the supplementary prospectus may cancel or modify its underwriting to the shares prior to the expiration of the offering period.

12.7 Suspension or cancellation of the offering

The CMA may at any time issue a resolution to suspend the Offer if it considers that the Offer may result in a breach of the Financial Market Regulations, Executive Regulations or Market Rules. The offering may also be canceled if the extraordinary General Assembly did not approve any details of the offering.

12.8 Questions and answers about preemptive rights

What are preemptive rights?

They are negotiable securities that give the holder the right to underwrite to the new shares offered upon the adoption of the capital increase, a right acquired by all shareholders that own the shares on the day of the extraordinary General Assembly on the increase of capital and which are entered in the company's shareholders' registry at the Depositary Centre by the end of the second trading day following the date of the extraordinary General Assembly. Each equity grants its holder the right to underwrite for one share, at the offering price.

To whom are preemptive rights granted?

For all shareholders registered in the company's shareholders register at the end of the second trading day following the date of the extraordinary general assembly.

When are preemptive rights deposited?

After the extraordinary General Assembly and its approval of capital raising through the offering of preemptive rights shares, shareholders register with the Depository Center by the end of the second trading day after the extraordinary General Assembly. Shares in their portfolios shall appear under a new preemptive rights symbol related to the preemptive rights. Trading or underwriting of these equities shall be permitted only at the beginning of the trading and underwriting periods.

How is the investor notified of the preemptive rights by depositing the equities in the portfolio?

Notification is made by advertising at a trading site as well as by the service (Tadalati) provided by the Securities Depository Center Company and SMS sent through intermediary companies.

How many preemptive rights shall the registered shareholder have?

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 after the Extraordinary General Assembly.

What is the maturity coefficient?

The coefficient by which registered shareholders can determine the number of preemptive rights owed to them against the shares they own by the end of the second trading day after the extraordinary General Assembly. It is calculated by dividing the number of new shares by the number of existing shares of the company. Thus, the maturity coefficient shall be (1.3) equities of approximately every single share (1) owned by the registered shareholder at the date of maturity. Accordingly, if a registered shareholder owns (1,000) shares on the date of the receivable (1,300) shares shall be allocated to him.

Will the name and symbol of trading these equities differ from the name and symbol of the company's shares?

Yes, as the acquired equity shall be added to the investors' portfolios under the name of the original share, and by adding the word preemptive rights, in addition to a new symbol for these equities.

What is the value of the equity at the beginning of its trading?

The opening price of the equity shall be the difference between the closing price of the company's share on the day prior to listing the equity and the offering price (the equity indicative value). For example, if the closing price of the company's share on the previous day was (15) Saudi riyals, and the offer price was (10) Saudi riyals, then the opening price of the equity shall be five (5) Saudi riyals.

Who is the registered shareholder?

Any shareholder registered in the company's shareholders register at the end of the second day after of the extraordinary general assembly.

Can listed shareholders underwrite to additional shares?

Yes, registered shareholders can underwrite to additional shares by purchasing new equities through the market during the trading period.

Is it possible for a shareholder to lose his eligibility to underwrite even if he is entitled to attend the extraordinary general assembly and vote on raising the capital by offering pre-emptive rights shares?

Yes, the shareholder loses his eligibility to underwrite if he sells his shares on the day of the extraordinary general meeting or one working day before it.

How is the underwriting process?

Underwriting applications are submitted through the investment portfolio on the trading platforms through which buy and sell orders are entered, in addition to the possibility of underwriting through any other means provided by the intermediary to investors and the custodian of shares.

Can an Eligible Person underwrite to more shares than the equities owned by him?

An Eligible Person cannot underwrite to more shares than the equities owned by him.

In the event that the company's shares are owned by more than one investment portfolio, in which portfolio are the priority rights deposited?

The preemptive rights shall be deposited in the same portfolio in which the shares of the company associated with the equities are deposited. For example, if a shareholder owns one thousand (1,000) shares in the company as follows: Eight hundred (800) shares in Portfolio (A) and two hundred (200) shares in Portfolio (B), the total equities to be deposited are one thousand three hundred (1,300) equities, given that each share has approximately (1.3) equities. Accordingly, one thousand forty (1,040) equities shall be deposited in portfolio (A) and two hundred and sixty (260) equities shall be deposited in portfolio (B).

Do share certificate holders are entitled to underwrite and trade?

Yes, holders of stock certificates are entitled to underwriting, but they shall only be able to trade after the certificates are deposited in electronic wallets through the receiving entities or the Securities Depository Center Company ("Deposit"), and to bring the necessary documents.

Can someone who bought additional equities trade them again?

Yes, he is entitled to sell them and buy other equities during the trading period only.

Is it possible to sell part of the preemptive rights?

Yes, the investor can sell part of these equities and underwrite to the remaining part.

When can a shareholder underwrite to the preemptive rights that he purchased during the equities trading period?

After the end of the equities purchase settlement (which is two working days), the preemptive rights shall be underwritten to during the underwriting period.

Can the holder of the preemptive rights sell or assign the equity after the expiry of the trading period?

No, he cannot. After the expiry of the trading period, only the equity holder shall be entitled to exercise the right to underwrite for the preemptive rights shares or not to exercise that. If the equity is not exercised, the investor may incur a loss or decrease in the value of his investment portfolio.

What happens to the preemptive rights that have not been sold or underwritten to during the trading period and the underwriting stage?

In the event of non-underwriting of all the new shares during the underwriting period, the remaining new shares shall be offered for underwriting organized by the underwriting manager, and the compensation value (if any) is calculated for the equities holder after deducting the underwriting price. Noting that the investor may not receive any consideration if the sale takes place during the remaining offering period at the offering price.

Who is entitled to attend the Extraordinary General Assembly and vote on increasing the company's capital through offering pre-emptive rights shares?

The shareholder registered in the company's shareholders register at the Depository Center after the end of the trading day of the Extraordinary General Assembly shall be entitled to attend the Extraordinary General Assembly and vote on increasing the company's capital by offering pre-emptive rights shares.

When shall the share price be adjusted as a result of the company's capital increase through offering pre-emptive rights shares?

The share price is adjusted by the market before the start of trading on the day following the day of holding the Extraordinary General Assembly.

If an investor purchases securities on the day of holding the assembly, is he entitled to obtain the preemptive rights resulting from the increase in the issuer's capital?

Yes, since the investor shall be registered in the company's shareholders register two working days after the date of purchase of shares (i.e. the end of the second trading day following the day of the extraordinary General Assembly), knowing that preemptive rights shall be granted to all shareholders on the company's shareholders register by the end of the second trading day following the date of the extraordinary General Assembly. However, it shall not be entitled to attend or vote in the extraordinary general assembly of the capital increase.

If the investor has more than one portfolio with more than one intermediary firm, how shall the equities be calculated for him?

The investor's share shall be distributed to the portfolios owned by the investor, depending on the ownership ratio in each portfolio. If there are fractures, those fractures shall be collected. If you complete one or more valid numbers, the correct number shall be added to the portfolio in which the investor has the largest number of equities.

What are the trading and underwriting periods?

The trading and underwriting to equities begin, at the same time, after (3) three working days from the approval of the extraordinary general assembly, which includes the approval on the capital increase, until the end of trading on the sixth day, while the underwriting continues until the ninth day, according to what is mentioned in this prospectus and the company's announcements.

Is it possible to underwrite during the weekend?

No, it is not.

Can the general investors who are not registered shareholders underwrite to the pre-emptive rights shares?

Yes, after completing the purchase of the preemptive rights during the trading period.

Additional support:

If you have any inquiries, kindly contact the company at the e-mail: info@saudienaya.com. For legal reasons, the Company shall only be able to provide the information contained in this Prospectus and shall not be able to advise regarding the merits of issuing equities or even providing financial, tax, legal or investment consultations.

12.9 Resolutions and approvals under which the shares shall be offered

The company's board of directors recommended in its resolution on 20/01/1444H (corresponding to 18/08/2022G) to increase the company's capital by offering pre-emptive rights shares at a value of one hundred and thirty million (130,000,000) Saudi riyals in order to support the company's future plans and enhance the solvency margin.

The company obtained the approval of the Saudi Central Bank to increase the capital under letter No. (44020304) on 11/03/1444H (corresponding to 07/10/2022G).

The Saudi Stock Exchange (Tadawul) approved the application for listing the new shares on 06/04/1444H (corresponding to 31/10/2022G). It was also approved to publish this prospectus and all supporting documents requested by the authority on the date of its announcement on the CMA's website on 07/04/1444H (corresponding to 01/11/2022G).

On 12/04/1444H (corresponding to 06/11/2022G), the company's extraordinary general assembly agreed to increase the company's capital by issuing pre-emptive rights shares ("Underwriting"), and the underwriting amounted to thirteen million (13,000,000) new ordinary shares at an offering price of (10) ten Saudi riyals per share, and at a nominal value of (10) ten Saudi riyals, in order to increase the company's capital from one hundred million (100,000,000) Saudi riyals to two hundred and thirty million (230,000,000) Saudi riyals.

12.10 Miscellaneous conditions

The underwriting application and all related terms, conditions and undertakings shall be binding and for the benefit of its parties, successors, assigns, wills executors, estate managers and heirs. It is required that, except as specified in this prospectus, the application or any rights, interests or obligations arising therefrom shall not be waived or delegated to any of the Parties referred to in this prospectus without the other Party's prior written consent.

These instructions and clauses and any receipt of underwriting application forms or contracts arising therefrom shall be governed by and construed in accordance with the laws of the Kingdom. This prospectus may be distributed in both Arabic and English languages, and in the event of a conflict between the Arabic text and the English text, the Arabic text of the prospectus shall prevail.

12.11 A statement of any arrangements in force to prevent the disposal of certain shares

There are no valid arrangements to prevent the disposal of any shares



13. Changes in share price as a result of capital increase

13. Changes in share price as a result of capital increase

The closing price of the company's share on the day of holding the extraordinary general assembly, which includes approval of the capital increase, is (23.56) Saudi riyals, and it is expected to reach (15.90) Saudi riyals at the opening of the next day, and the change represents a decrease with a percentage of (32.51%). If any of the shareholders registered in the company's shareholders register at the Depository Center fails to underwrite at the end of the second trading day following the date of holding the Extraordinary General Assembly meeting that includes the approval of the capital increase, this shall lead to a decrease in their ownership percentage in the company.

The method of calculating the company's share price as a result of the capital increase is as follows:

First: Calculating the market value of the company at closing on the day of holding the extraordinary general assembly, including the approval of the capital increase

Number of shares at the end of the day of holding the extraordinary general assembly including the approval of the capital increase x closing price of the company's shares on the day of holding the extraordinary general assembly including the approval of the capital increase = the market value of the company at the close of trading on the day of holding the extraordinary general assembly including the approval on capital increase.

Second: Calculating the share price in the opening day that follows the day of holding the Extraordinary General Assembly, which includes the approval of the capital increase

(The market value of the company at the close of trading on the day of holding the extraordinary general assembly that includes the approval of the capital increase + the value of the preemptive rights shares) / (the number of the company's shares at the end of the day of holding the extraordinary general assembly that includes the approval of the capital increase + the number of new shares offered for underwriting) = the expected share price at the opening day that follows the day of holding the Extraordinary General Assembly that includes the approval of the capital increase.

14. Undertakings of the Underwriting

14. Undertakings of the Underwriting

14.1 A brief synopsis of the underwriting application and undertakings

Underwriting can be done using the trading platforms or through any other means provided by the intermediary to the investors. The new shares shall be underwritten in one phase according to the following:

1. During this period, all registered shareholders and new investors shall be able to underwrite to the new shares.
2. The registered shareholder shall be able to directly underwrite the number of his shares during the underwriting period. If he purchases new equities, he may underwrite to them after the expiry of the settlement period (two working days).
3. New investors shall be able to underwrite to the new shares immediately after settling the purchase of equities (two business days).
4. underwriting shall be available electronically through the investment portfolio in the trading platforms and applications through which buy and sell orders are entered, in addition to underwriting to the channels and other means available to the intermediary, provided that it is only approved to underwrite a number of new mature shares according to the preemptive rights existing in the investment portfolio.

Each pre-emptive right gives its holder the right to underwrite to one new share, at the offer price. The underwriter to the new shares acknowledges the following:

- His acceptance of all terms and conditions of underwriting contained in this prospectus.
- He has perused the prospectus and all its contents, carefully studied it and understood its content.
- He accepted the company's articles of association.
- Undertaking not to cancel or modify the underwriting application after its implementation.

14.2 Allocations

Preemptive rights shares shall be allocated to eligible individuals based on the number of equities they have exercised fully and correctly. For fractional shares receivers, the shares shall be collected and offered to the institutional investors during the remaining offering period. The total share offering price shall be paid to the company, and the remaining share sale proceeds and share fractures shall be distributed (in excess of the offer price) to its beneficiaries each as due no later than Sunday 08/06/1444H (corresponding to 01/01/2023G). If shares remain unencumbered thereafter, the cover contractors shall purchase and allocate to the remaining new shares.

Eligible individuals shall contact the intermediary through which the underwriting was made to obtain any additional information. The results of the allocation shall be announced no later than Sunday 10/05/1444H (corresponding to 04/12/2022G).

14.3 Saudi Stock Exchange (Tadawul)

A trading system was established in 2001 as an alternative system to the Electronic Securities Information System, and electronic stock trading began in the Kingdom of Saudi Arabia in 1990. The trading process takes place through an integrated electronic system from the execution of the dealing to the settlement of the dealing. Trading takes place every working day of the week from Sunday to Thursday from 10 am to 3 pm, during which orders are executed. Notwithstanding these times, orders may be entered, amended and canceled from 9:30 am to 10 am.

Dealings shall be executed by automatically matching orders, and orders shall be received and prioritized according to price. In general, market orders, which are the orders with the best prices, shall be executed first, followed by the orders with a specific price, and if several orders are entered at the same price, they shall be executed according to the timing of the entry.

The Tadawul system distributes a comprehensive range of information through various channels, most notably the Tadawul website, and market data is provided instantly to well-known information providers such as Reuters. Dealings shall be automatically settled within two working days according to (T + 2).

The company shall disclose all resolutions and information relevant to investors through the "Tadawul" system. Tadawul shall be liable for monitoring the market, with a view to ensuring fair trading and efficient market operations.

14.4 Trading Shares in Saudi Stock Exchange

An application was submitted to CMA for registration and placement of preemptive rights shares in the Saudi Stock Exchange and an application to the financial market (Tadawul) for listing. This prospectus was approved and all requirements were met.

Registration is expected to be approved and trading in pre-emptive rights shares in the Saudi Stock Exchange (Tadawul) shall commence after the final allocation of preemptive rights shares is completed, which shall be announced then on Tadawul website. The dates mentioned in this prospectus are tentative and may be changed with the approval of the Capital Market Authority.

Although the outstanding shares are registered in the Saudi Stock Exchange (Tadawul) and the company is listed in the Saudi Stock Exchange (Tadawul), the new shares can be traded only after the final allocation of shares is approved and deposited in the underwriters' portfolios. Trading in new shares shall be strictly prohibited before the allocation process is adopted.

The underwriters and bidders of the remaining offering who deal in these prohibited trading activities shall be fully liable for them and the company shall not assume any legal liability in this case.

15. Documents Available for Inspection

15. Documents Available for Inspection

The following documents shall be available at the company's headquarters in Jeddah - Prince Sultan Street, Al Khalidiya District Building No. 7521 sub number 3732 Postal Code 23423, during official working days from Sunday to Thursday during official working hours (from 8:00 morning until 5:00 pm), starting from the first working day after the date of the invitation after the date of the invitation to convene the Extraordinary General Assembly, provided that such period shall not be less than 14 days prior to the date of the Extraordinary General Assembly. These documents shall remain available for examination until the end of the offering:

Documents for incorporation and company law:

- The company's commercial register certificate.
- Company's articles of association.

Approvals related to capital increase shares:

- The Board of Directors' resolution to increase the capital.
- The Saudi Arabian Monetary Authority's approval to increase the capital.
- Capital Market Authority's approval to offer pre-emptive rights shares.
- The approval of the Saudi Stock Exchange (Tadawul) to list the pre-emptive rights shares.

Reports, letters and documents:

- Underwriting agreement and underwriting management agreement.
- Written consents by the financial advisor, underwriting manager, underwriters, legal advisor and chartered accountants to use their names, logos and statements in the Prospectus.

