Trading Period:

Starts •• ••/••/1446H (corresponding to ••/••/2024G)
until •• ••/••/1446H (corresponding to ••/••/2024G)

Subscription Period:

Starts •• ••/••/1446H (corresponding to ••/••/2024G)
until •• ••/••/1446H (corresponding to ••/••/2024G)

عناية السعودية
SAUDI ENAYA

Saudi Enaya Cooperative Insurance Company

Rights Issue Prospectus

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 (15,000,000) ordinary shares at an offer price of 10 Saudi Riyals per share, which represents an increase by (65.22%) in the Company's capital. Through an increase in the Company's capital from two hundred and thirty million (230,000,000) Saudi Riyals to three hundred and eighty million (380,000,000) Saudi Riyals, by way of issuing rights shares with a total value of one hundred and fifty million (150,000,000) Saudi Riyals.

Saudi Enaya Cooperative Insurance Co. (hereinafter referred to as the "**Company**", "**Enaya**" or "**Issuer**") 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 27/06/2011G) under CR No. (4030223528), issued in Jeddah on 27/03/1433H (corresponding to 19/02/2012G). 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). SAMA's license was renewed on 27/09/1442H (corresponding to 09/05/2021G) for a period of three years, starting from 25/10/1442H (corresponding to 06/06/2021G) and expiring on 24/10/1445H (corresponding to 03/05/2024G). Subsequently, the license was renewed by the Insurance Authority, with the new license effective from 18/09/1445H (corresponding to 28/03/2024G) for a three-year period starting from 25/10/1445H (corresponding to 04/05/2024G) and expiring on 24/10/1448H (corresponding to 01/04/2027G).

Pursuant to approval of the Council of Cooperative Health Insurance on the renewal on 12/12/1442H (corresponding to 02/07/2021G) for three years, which expires on 15/01/1446H (corresponding to 21/07/2024G). The company's headquarters is located in the Kingdom of Saudi Arabia - Jeddah city, Prince Sultan Bin Abdulaziz Street, Building: 7521, Postal Code: 23423, Ext. 3732.

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 subscribed to twenty-four million (24,000,000) shares, representing (60%) of the Company's total shares, with a total value of two hundred and forty million (240,000,000) Saudi Riyals, 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 as of 24/01/1433H (corresponding to 19/12/2011G) to 30/01/1433H (corresponding to 25/12/2011G) at an offer price of ten (10) Saudi Riyals per share, with a total value of one hundred and sixty million (160,000,000) Saudi Riyals, and they paid their value in full. The shares were listed on Tadawul on 05/04/1433H (corresponding to 27/02/2012G).

The Company's current capital is two hundred and thirty million (230,000,000) Saudi Riyals, divided into twenty-three million (23,000,000) ordinary shares of equal value, the value of each is ten (10) Saudi Riyals, all of which are ordinary cash shares, fully paid-up (referred to individually as "**Current Share**" and collectively as "**Current Shares**"). As of the date of this prospectus, the Company has no major shareholders (owning 5% or more of the Company's shares).

The Company's Board of Directors recommended under its resolution dated 26/05/1445H (corresponding to 10/12/2023G) to increase the Company's capital through a Rights Issue by one hundred and fifty million (150,000,000) Saudi Riyals, by issuing fifteen million (15,000,000) ordinary shares at an offer price of ten (10) Saudi Riyals per share, after obtaining all necessary regulatory approvals. The Company has obtained the approval of the Insurance Authority to increase its capital according to letter number (126-24) dated 09/09/1445H (corresponding to 19/03/2024G). On •• ••/••/1446H (corresponding to ••/••/2024G), EGM agreed to increase the Company's capital through the issuance of Rights Issue shares ("**Subscription**"), and the subscription consists of offering fifteen million (15,000,000) new ordinary shares ("**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 and a total value of one hundred and fifty million (150,000,000) Saudi Riyals, to increase the Company's capital from two hundred and thirty million (230,000,000) Saudi Riyals divided into twenty-three million (23,000,000) ordinary shares to three hundred and eighty million (380,000,000) Saudi Riyals divided into thirty-eight million (38,000,000) ordinary shares, following the approval of EGM.

The Rights will be issued in the form of tradable securities (referred to collectively as "**Rights**" and individually as "**Right**") to shareholders owners of shares as at the close of trading on the date of EGM, which resolved to increase the share capital (referred to as "**Eligibility Date**"), who are recorded in the Company's Shareholders Register held with the Securities Depository Center Company "**Edaa**" as of the close of the second trading day following the date of EGM on capital increase on •• ••/••/1446H (corresponding to ••/••/2024G) (referred to collectively as "**Registered Shareholders**" and individually as "**Registered Shareholder**") on condition that such Rights will be deposited into the Registered Shareholders' portfolios after the EGM, considering settlement procedures of roughly (0.65217) rights for each (1) share and each Right grants its holder the right to subscribe to one New Share at the Offer Price.

All the Registered Shareholders and other investors ("**New Investors**"), who may trade the Rights and subscribe to the New Shares, will be able to trade and subscribe to the Rights in Tadawul. Trading period and Subscription Period begin after (3) three working days as of the approval of EGM, including the approval of the capital increase on •• ••/••/1446H (corresponding to ••/••/2024G), provided the trading period ends on •• ••/••/1446H (corresponding to ••/••/2024G) ("**Trading Period**"), while the Subscription Period continues until the end of •• ••/••/1446H (corresponding to ••/••/2024G) ("**Subscription Period**"). It should be noted that Trading Period and Subscription Period will start on the same day while the Trading Period continues until the end of the sixth day of the period, and the Subscription Period continues until the end of the ninth day of the same period. Noting that the trading hours for rights issue start from ten (10:00) AM until three (3:00) PM, while subscription hours for rights issue start from ten (10:00) AM until two (2:00) PM. 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, during the trading period, to buy Rights through SSE and sell the rights they have bought during the trading period.

Subscription to New Shares would be through one phase according to the following:

1. During this Period, all Registered Shareholders and New Investors will be allowed to subscribe for the New Shares.
2. The Registered Shareholder will be entitled to subscribe directly to the number of his/her shares or less during the Subscription Period. If the Registered Shareholder buys new Rights, they will be able to subscribe to them after the end of the settlement period (two working days).
3. New Investors will be allowed to subscribe to the New Shares after the settlement of the Rights purchase process (two working days).
4. The subscription 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 unsubscribed after the end of the Subscription 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 •• ••/••/1446H (corresponding to ••/••/2024G) and continue until 5:00 PM on •• ••/••/1446H (corresponding to ••/••/2024G) ("**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 on a pro rata basis no later than •• ••/••/1446H (corresponding to ••/••/2024G).

In the event that the Institutional Investors do not subscribe to all Rump Shares and fractional shares, such shares shall be allocated to the Underwriter, which will subscribe to the same at the Offer price (Refer to Section (12) "**Details on Shares and Offering Terms and Conditions**"). The final allocation will be announced no later than •• ••/••/1446H (corresponding to ••/••/2024G) ("**Allocation Date**") (Refer to Section (12) "**Details on Shares and Offering Terms and Conditions**"). Upon completion of the Offering, the Company's capital shall reach three hundred and eighty million (380,000,000) Saudi Riyals divided into thirty-eight million (38,000,000) ordinary shares. The net proceeds of the Offering will be used to support the Company's future plans and strengthen its financial solvency margin in compliance with the minimum capital requirements for insurance companies as per the Insurance Authority's regulations (Refer to Section (6) "**Use of Offering Proceeds and Future Plans**"). 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 ("**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 subscribed to twenty-four million (24,000,000) shares, representing (60%) of the Company's total shares, with a total value of two hundred and forty million (240,000,000) Saudi Riyals, 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 as of 24/01/1433H (corresponding to 19/12/2011G) to 30/01/1433H (corresponding to 25/12/2011G) at an offer price of ten (10) Saudi Riyals per share, with a total value of one hundred and sixty million (160,000,000) Saudi Riyals, and they paid their value in full. The shares were listed on 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 Rights Shares amounting twenty million (20,000,000) shares at (2) 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. On 12/04/1444H (corresponding to 06/11/2022G), the Company increased its capital by (130%) from one hundred million (100,000,000) Saudi Riyals to two hundred and thirty million (230,000,000) Saudi Riyals. Consequently, the number of Company shares increased from ten million (10,000,000) shares to twenty-three million (23,000,000) shares through the issuance of rights issue shares amounting to thirteen million (13,000,000) shares, with (1.3) rights for each 1 share of the Company's shares. The offer price was ten (10) Saudi Riyals per share, with a total value of one hundred and thirty million (130,000,000) Saudi Riyals.

The Company's outstanding shares are currently traded on Tadawul. The Company has submitted a request to the Capital Market Authority of the Kingdom of Saudi Arabia ("**CMA**" or the "**Authority**") for registering and offering the new shares subject of this prospectus. A request was also submitted to Saudi Stock Exchange Group ("**Tadawul**") to accpet their listing. All required documents have been submitted, all requirements of related entities were met and this prospectus has been approved by CMA. Trading of new shares on Tadawul is expected to start upon the final allocation of the New Shares and the refunding of the surplus (Refer to page no. (xiv) "**Key Dates and Subscription 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 subscribe 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 ("**Licensee Person**"), noting that the Licensee Person shall in such case be the registered legal owner of such 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 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 EGM to issue Rights on ••/••/1446H (corresponding to ••/••/2024G). 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	Lead Manager	Underwriter
wasatah capital وساطة كابيتال	مشاركة Musharaka	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 ("**CMA**"), and the application for listing of securities in compliance with the listing rules of the Saudi Stock Exchange. Members of the Board of Directors, whose names appear in this Prospectus, collectively and individually bear full responsibility for the accuracy of the information contained herein. They confirm, to the best of their knowledge and belief, after making all reasonable inquiries, that there are no other facts that omission of which would render any statement herein misleading. Neither CMA nor Tadawul bears any responsibility for the contents of this Prospectus, makes any representations as to its accuracy or completeness, and they expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus was issued on 07/03/1446H (corresponding to 10/09/2024G).


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Important Notice

This Prospectus ("**Prospectus**") provides full details of information relating to Saudi Enaya Cooperative Insurance Co. and the Rights Shares offered for subscription. In subscription to the new shares, investors will be reated as on the basis of the information provided 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 EGM on capital increase. In case the EGM 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 Musharaka Capital ("**Musharaka Capital**") as Lead Manager ("**Lead Manager**"). The Company also appointed Al Wasatah Al Maliah ("**Wasatah Capital**") as Underwriter ("**Underwriter**") regarding the offering of 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). amended by CMA Board no. 03-06-2024 dated 05/07/1445H (corresponding to 17/01/2024G). Members of the Board of Directors, whose names appear in Page (iv), collectively and individually bear full responsibility for the accuracy of the information contained herein. They confirm, to the best of their knowledge and belief, after making all reasonable inquiries, that there are no other facts that omission of which would render any statement herein misleading. Neither CMA nor Tadawul bears any responsibility for the contents of this Prospectus, makes any representations as to its accuracy or completeness, and they 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 provided in this Prospectus as of the date hereof, substantial portions of the information herein were obtained 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, such information was not independently verified. Accordingly, no representations or assurances are made with respect to the accuracy or completeness of any of such information.

The information provided 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 (Refer to 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 subscription of 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 subscribe to the New Shares, will be able to trade and subscribe to the Rights in Tadawul. Trading period and Subscription Period begin after (3) three working days from EGM approval of capital increase on •• ••/••/1446H (corresponding to ••/••/2024G), provided the trading period ends on •• ••/••/1446H (corresponding to ••/••/2024G) ("**Trading Period**"), while the Subscription Period continues until the end of •• ••/••/1446H (corresponding to ••/••/2024G) ("**Subscription Period**"). It should be noted that Trading Period and Subscription Period will start on the same day while the Trading Period continues until the end of the sixth day of the period, and the Subscription Period continues until the end of the ninth day of the same period.

Registered shareholders will be able to trade the rights during the trading period by selling the acquired rights or part thereof, or purchasing additional rights through SSE. New investors will also be able to purchase rights through SSE during the trading period and sell the rights acquired during the same period.

Subscription to New Shares would be through one phase according to the following:

1. During this Period, all Registered Shareholders and New Investors will be allowed to subscribe for the New Shares.
2. The registered shareholder will be able to subscribe directly for a number of shares equal to their entitlement during the subscription period. If the Registered Shareholder buys new Rights, they will be able to subscribe to them after the end of the settlement period (two working days).

3. New Investors will be allowed to subscribe to the New Shares after the settlement of the Rights purchase process (two working days).
4. The subscription 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 unsubscribed after the end of the Subscription 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 •• ••/••/1446H (corresponding to ••/••/2024G) and continue until 5:00 PM on the following day •• ••/••/1446H (corresponding to ••/••/2024G) ("**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 (if any) (exceeding the Offer Price) to the eligible persons on a pro rata basis no later than ••/••/1446H (corresponding to ••/••/2024G). It should be noted that investors who do not subscribe or sell their rights, and owners of fractional shares, may not receive any compensation if the sale occurs during the Rump Offering period at the offer price. In the event that the Institutional Investors do not subscribe to all Rump Shares and fractional shares, such shares shall be allocated to the Underwriter, which will subscribe to the same at the Offer price (Refer to Section (12) "**Details on Shares and Offering Terms and Conditions**"). The final allocation will be announced no later than ••/••/1446H (corresponding to ••/••/2024G) ("**Allocation Date**") (Refer to Section (12) "**Details on Shares and Offering Terms and Conditions**" in this Prospectus).

Financial Information

The Company's audited financial statements for FYs ended 31 December 2021G, 31 December 2022G and 31 December 2023G, and the attached notes were prepared 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 Saudi Organization for Auditors and Accountants (SOCPA). The Company's financial statements for FYs ended 31 December 2021G, 31 December 2022G and 31 December 2023G were audited by Mr. Alsayed El-Ayouti & Co. - Certified Public Accountants and Auditors, and Crowe Solutions for Professional Consulting.

The Company issues its financial statements in Saudi Riyals. It should be noted that some of the financial and statistical information provided in this Prospectus have been rounded up to the nearest whole number. Accordingly, if figures in the table are aggregated, there may be a slight discrepancy between the numbers mentioned in the tables compared to those stated in this Prospectus.

Sector and Market Information

The information and data related to the Saudi economy, developments in the Saudi insurance sector, and market data provided in this Prospectus have been obtained from various public sources. Although there is no reason to believe that this information is materially inaccurate, the Board members, shareholders, and advisors have not independently verified the accuracy of this information and data. Therefore, no explicit statement or assurance can be given regarding the accuracy and completeness of this information.

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

Pursuant to Article (49) 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:

- There has been a significant change in material matters contained in the Prospectus; or
- 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.

Company Directory

Board Members

Name	Position*	Representation	Nationality	Age	Membership Status	Owned shares				Date of Membership
						Direct		Indirect**		
						No.	Percentage	No.	Percentage	
Khalid Abid Gama	Chairman of Board of Directors	For himself	Saudi	54	Independent	0	0	0	0	22/01/2024G
Mohammed Abdullah Al Dar	Vice Chairman	For himself	Saudi	49	Independent	0	0	0	0	22/01/2024G
Abdulrahman Khalil Tolefat	Member	For himself	Bahraini	49	Independent	0	0	0	0	22/01/2024G
Khaled Ateeq Aldhaheri***	Member	For National Health Insurance Company	Emirati	46	Independent	0	0	0	0	22/01/2024G
Sultan Mohammed Abdulrauf	Member	For himself	Saudi	56	Executive	0	0	0	0	22/01/2024G
Paul Glen Schultz	Member	For himself	British	56	Independent	0	0	0	0	22/01/2024G
Gunther Saacke	Member	For himself	Swiss	67	Independent	0	0	0	0	22/01/2024G
Ibrahim Mohamed AlBalushi	Member	For himself	Saudi	54	Independent	1,000	0.0043478%	0	0	22/01/2024G

Source: Company's Management

* In its meeting held on 09/07/1445H (corresponding to 21/01/2024G), the (Ordinary) General Assembly approved the appointment of the Board of Directors Members, provided the appointment starts on 22/01/2024G and ends on 07/01/2027G.

** Means that the shares are indirectly owned by the Board members through their ownerships in companies that own shares in the Company.

*** The National Health Insurance Company owns 999,999 ordinary shares, representing 4.3% of the shares of Enaya Saudi Cooperative Insurance Company.

Address of Company

Saudi Enaya Cooperative Insurance Co. Jeddah, Prince Sultan Street , Al Khalidiya District Building No. 7521, Ext. 3732 Postal Code: 23423 Kingdom of Saudi Arabia Tel: +966 (12) 2119443 Fax: +966 (12) 2119310 Email:Mazen.Shahawi@saudienaya.com Website: www.saudienaya.com	
First Authorized Representative of Company Name: Khalid Abid Gama Position: Chairman Saudi Enaya Cooperative Insurance Company Jeddah, Prince Sultan St. Tel: +966 12 2119443 Direct Fax: +966 12 5923740 E-mail: khalid.gama@saudienaya.com Website: www.saudienaya.com	**Second Authorized Representative of Company** Sultan Mohammed AbdulRaouf Position: CEO and Managing Director Saudi Enaya Cooperative Insurance Company Jeddah, Prince Sultan St. Tel: +966 12 5923653 Direct Fax: +966 12 5923740 E-mail: sultan.abdulrauf@saudienaya.com Website: www.saudienaya.com
Saudi Tadawul Company King Fahd Road, Olaya 6897 Unit No.: 15 Riyadh 12211-3388 Kingdom of Saudi Arabia Tel:+966920001919 Fax:+996112189133 E-mail: csc@saudiexchange.sa Website: www.saudiexchange.com.sa	

Advisors

Financial Advisor
Al Wasatah Al Maliah ("Wasatah Capital") Riyadh, Public Al Olaya St., Al Muruj District Building No. 7459, Ext. 2207 Postal Code: 12283 Kingdom of Saudi Arabia Tel: +996 11 4944067 Fax: +966 11 4944205 Website: www.wasatah.com.sa Email: info@wasatah.com.sa
Lead Manager
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Underwriter
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Legal Advisor
Suhail Partners Lawyers and Legal Consultants Al Urubah Rd., Northern Maathar District Building No. (7) | Home Offices Complex Riyadh, 12334-7795 Kingdom of Saudi Arabia Tel: +966 11 2065555 Website: www.suhailpartners.sa Email: capitalmarkets@suhailpartners.sa
Company's Auditor for FYs ended on 31 December 2021G, 2022G and 2023G
Crowe Solutions for Professional Consulting Riyadh, Prince Mohammed bin Abdulaziz St., Unit No. 11 P.O. Box: 10504 Riyadh 11443 Kingdom of Saudi Arabia Tel: +966 11 2175000 Fax: +966 11 2176000 Website: www.crowe.com/sa Email: info@crowe.sa

Company's Auditor for FYs ended on 31 December 2021G, 2022G and 2023G	
Mr. Alsayed El-Ayouti & Co. - Certified Public Accountants and Auditors (MOORE) 58 Al Watan Al Arabi St., Al-Hamra'a P.O. Box: 780 Jeddah 21421 Kingdom of Saudi Arabia Tel: +966 12 6693478 Fax: +966 12 6602432 Website: www.elayouty-cpas.com Email: info@elayouty.com	MOORE السيد العيوطي وشركاه محاسبون ومراجعون قانونيون

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 subscribe 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", "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), on 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). SAMA's license was renewed on 27/09/1442H (corresponding to 09/05/2021G) for a period of three years, starting from 25/10/1442H (corresponding to 06/06/2021G) and expiring on 24/10/1445H (corresponding to 03/05/2024G). Subsequently, the license was renewed by the Insurance Authority, with the new license effective from 18/09/1445H (corresponding to 28/03/2024G) for a three-year period starting from 25/10/1445H (corresponding to 04/05/2024G) and expiring on 24/10/1448H (corresponding to 01/04/2027G). Pursuant to approval of the Council of Cooperative Health Insurance on the renewal on 12/12/1442H (corresponding to 02/07/2021G) for three years, which expires on 15/01/1446H (corresponding to 21/07/2024G). 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 subscribed to twenty-four million (24,000,000) shares, representing (60%) of the Company›s total shares, with a total value of two hundred and forty million (240,000,000) Saudi Riyals, 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 as of 24/01/1433H (corresponding to 19/12/2011G) to 30/01/1433H (corresponding to 25/12/2011G) at an offer price of ten (10) Saudi Riyals per share, with a total value of one hundred and sixty million (160,000,000) Saudi Riyals, and they paid their value in full. The shares were listed on Tadawul on 05/04/1433H (corresponding to 27/02/2012G. (The Company's current capital is two hundred and thirty million (230,000,000) Saudi Riyals, divided into twenty-three million (23,000,000) ordinary shares of equal value, with a nominal value of ten (10) Saudi Riyals each. All of these are ordinary cash shares.
Issuer's Activities	The Company practices its business under CR No. (4030223528), dated 27/03/1433H (corresponding to 19/02/2012G) The Company's activity, in accordance with 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 activities in accordance with the Cooperative Insurance Companies Control Law, its Implementing Regulations, the provisions issued by the Saudi Central Bank (SAMA), and the applicable laws and regulations in the Kingdom of Saudi Arabia, after obtaining the necessary licenses from the competent authorities, if any.
Substantial Shareholders	As of the date of this Prospectus, the Company has no substantial shareholders (who own 5% or more of the Company's shares).
The Public	In the Rules on the Offer of Securities and Continuing Obligations, it means persons other than those mentioned below: 1. Issuer's employees. 2. Issuer's substantial shareholders 3. Issuer's directors and senior executives. 4. Directors and senior executives of the Issuer's employees. 5. Directors and senior executives of the issuer's substantial shareholders. 6. Any relatives of the persons in (1, 2, 3, 4, or 5) above. 7. Any Company controlled by any person in (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.
Nature of offering	Increasing the Company's capital by issuing Rights Issue.
Purpose of issuing proposed Rights Issue	The Company aims to increase its capital through a rights issue in order to comply with the minimum capital requirement for insurance companies as per the Insurance Authority's regulations, to support the company's future plans, and to strengthen the company's solvency margin.re plans and enhance the solvency margin. For more information (Refer to Section (6) "**Use of Offering Proceeds and Future Plans**").
Total number of Company's pre-offering outstanding and issued shares	Twenty-three million (23,000,000) ordinary shares.
Nominal value per share	Ten (10) Saudi Riyals per share.

Company's Capital Prior to the Offering	Two hundred and thirty million (230,000,000) Saudi riyals
Total number of new shares offered for Subscription	Fifteen million (15,000,000) ordinary shares.
Offering price	Ten (10) Saudi Riyals per share.
Total value of offering	One hundred and fifty million (150,000,000) Saudi Riyals.
Adjusted price	The Company's share price in Tadawul has been adjusted to (•) 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 (•) 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 EGM on capital increase as recorded in the Company's Shareholders Register at Edaa at the close of the second trading day following the EGM on capital increase.
New investors	General Individual and institutional investors - other than Registered Shareholders - who have purchased the Rights Issue during the trading period.
Rights	Tradable securities giving their holders the priority to subscribe to the new shares offered, upon approval of the capital increase, which is an acquired right by all registered shareholders. Rights may be traded in trading period. Each Right grants its holder the right to subscribe to one New Share at the Offer Price. Rights will be deposited in the registered investors' portfolios after EGM on capital increase has convened. These rights will appear in the Registered Shareholders' portfolios under a new right-related symbol. The Registered Shareholders will be informed of the deposit of the Rights in their portfolios.
New Shares	Fifteen million (15,000,000) ordinary shares, which shall be issued due to the capital increase.
Subscription Eligibility Factor	Each registered shareholder shall be entitled to roughly (0.65217) rights per each (1) existing share. This factor is the result of dividing the number of new shares by the number of existing shares of the Company.
Number of Rights Issued	Fifteen million (15,000,000) Rights.
Number of underwritten new shares	Fifteen million (15,000,000) ordinary shares.
Total value of the new shares to be underwritten	One hundred and fifty million (150,000,000) Saudi Riyals.
Number of issued shares after capital increase	Thirty-eight million (38,000,000) ordinary shares.
Company's capital after capital increase	Three hundred and eighty million (380,000,000) Saudi riyals.
Percentage of shares offered to the Company's capital	(65.22%) of capital prior to the increase.
Total expected proceeds, breakdown analysis and description of its proposed usage	It is expected that the total proceeds from the Subscription of the Rights Issue will reach one hundred and fifty million (150,000,000) Saudi Riyals, and offering net proceeds are expected to amount to one hundred and thirty-seven million (137,000,000) Saudi Riyals, after deducting the offering costs of approximately thirteen million (13,000,000) Saudi Riyals. The Company will use the net proceeds of Offering to support its future plans and strengthen its solvency margin, in compliance with the minimum capital requirement for insurance companies as per the Insurance Authority's regulations. The following table explains the expected use of the offering proceeds:

Item	Suggested Usage Value (in SAR)	Percentage of Total Offering Proceeds
Bonds and Sukuk	90,000,000	60.0%
Statutory deposit (15% of the paid-in capital increase)	22,500,000	15.0%
Bank deposits	14,000,000	9.3%
Investment funds	10,500,000	7.0%
Estimated offering expenses	13,000,000	8.7%
Total offering proceeds	**150,000,000**	**100.0%**

For more information (Refer to Section (6) "**Use of Offering Proceeds and Future Plans**").

Offering Costs	The value of the offering costs is about thirteen million (13,000,000) 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 Subscription. To be noted that this amount is an estimate (Refer to Section (6) "**Use of Offering Proceeds and Future Plans**").
Use of Offering Proceeds	The Company will use the net proceeds of Offering to comply with the minimum capital requirement for insurance companies as per the Insurance Authority's regulations, to support the Company's future plans, and to strengthen the Company's solvency margin. For more information (Refer to Section (6) "**Use of Offering Proceeds and Future Plans**").

Total proceeds previously obtained in the last last rights issue, their analysis and description, and clarification of their use

The total proceeds obtained by the Company in the last issuance of Rights Shares were one hundred and thirty million (130,000,000) Saudi riyals. On 12/04/1444H (corresponding to 06/11/2022G), EGM approved increasing its capital from one hundred million (100,000,000) Saudi Riyals to two hundred and thirty million (230,000,000) Saudi Riyals by issuing thirteen million (13,000,000) Rights Shares at a nominal value of ten (10) Saudi Riyals per share to support the Company's future plans and enhance its solvency margin.

The following table shows the use of the offering proceeds as disclosed in the relevant Prospectus:

Causes of deviation*	Deviation amount	Deviation rate	Actual use (SAR)	Suggested Usage Value (in SAR)	Item
The Company has opted to redirect the investment amount from bank deposits to investment funds, aiming to achieve a higher investment return that will help improve the Company's financial solvency.	(37,095,000)	(68.9%)	16,705,000	53,800,000	Bank deposits
The Company has opted to redirect the investment amount from bonds, sukuk, and bank deposits to investment funds, aiming to achieve a higher investment return that will help improve the Company's financial solvency.	64,691,000	240.5%	91,591,000	26,900,000	Investment funds
The Company has opted to redirect the investment amount from bonds and sukuk to investment funds, aiming to achieve a higher investment return that will help improve the Company's financial solvency.	(26,900,000)	(100%)	-	26,900,000	Bonds and Sukuk
Statutory deposit (15% of the paid-in capital increase)	-	-	12,000,000	12,000,000	-
The Company has directed the surplus in offering expenses over the previously estimated amount towards investment in investment funds.	(696,000)	(6.7%)	9,704,000	10,400,000	Offering expenses
Total offering proceeds	**-**	**-**	**130,000,000**	**130,000,000**	**-**

* The Company aimed to increase its capital to support future plans and enhance the solvency margin. The Company disclosed in the Prospectus issued on 01/11/2022G that it would direct an amount of (107,600,000) Saudi Riyals for investment, while the Company actually directed an amount of (108,296,000) Saudi Riyals for investment, with a total deviation rate estimated at (0.65%) from the estimated amount for investment. This was due to a surplus in the estimated offering expenses amounting to (696,000) Saudi Riyals.

* The Company did not disclose to the public about redirecting the investment amount from investing in bonds and sukuk and investing in bank deposits to investing in investment funds. The Company's management believes that the redirection was done for the same purpose and within the amount allocated for investment and disclosed in the Prospectus issued on 01/11/2022G, which was to direct an amount of (107,600,000) Saudi Riyals for investment.

Eligibility Date	Shareholders own shares at the end of trading on the day on which EGM 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 EGM on capital increase is held, on •• ••/••/1446H (corresponding to ••/••/2024G).

Trading Period	The trading period begins three (3) working days after EGM approval of capital increase, on •• ••/••/1446H (corresponding to ••/••/2024G) and continues until the end of •• ••/••/1446H (corresponding to ••/••/2024G). During this period, all Rights holders, whether they are registered investors or new investors, may trade in Rights.
Subscription Period	The Subscription Period begins three (3) working days after EGM approval of capital increase, on •• ••/••/1446H (corresponding to ••/••/2024G) and continues until the end of •• ••/••/1446H (corresponding to ••/••/2024G). During this period, all Rights holders, whether they are registered investors or new investors, may exercise their right in subscription to the New Shares. It should be noted that Trading Period and Subscription Period will start on the same day while the Trading Period continues until the end of the sixth day of the period, and the Subscription Period continues until the end of the ninth day of the same period.
Rump Shares	Rump Shares unsubscribed during the Subscription Period.
Rump Offering	If any shares remain unsubscribed after the end of Subscription 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 •• ••/••/1446H (corresponding to ••/••/2024G) and continue until 5:00 PM on the following day •• ••/••/1446H (corresponding to ••/••/2024G) (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 subscribe, wholly or partially, to new shares, as well as to the holders of fractional shares no later than •• ••/••/1446H (corresponding to ••/••/2024G). The compensation amounts represent the remaining proceeds from sale of Rump Shares and fractional shares.
Listing and trading of 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 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. "Tadawul" system will cancel the Company's Rights Issue symbol on Tadawul screen following the end of the Trading Period. Accordingly, Rights trading will end with the end of the Trading Period.
Subscription Method	The Subscription Application Forms shall be submitted online via brokers' websites and platforms, which provide such service for subscribers or by any other means provided by brokers.
Exercise of the Rights Issue	Eligible persons subscribing for the New Rights Issue through electronic subscription via financial brokers websites and platforms that provide such services for subscribers or by any other means provided by the brokers. Eligible persons may exercise their Rights as follows: During the Subscription Period, Registered shareholders shall have the right to exercise the rights granted to them on the eligibility date and any additional rights they have purchased during the Trading Period "immediately after settling the rights purchase transaction (two business days)" by subscribing to the new shares. They shall be also entitled to take no action in respect of the Rights they hold. During the Subscription Period, New Investors shall have the right to exercise the rights they have purchased during the Trading Period "immediately after settling the rights purchase transaction (two business days)" by subscribing to the new shares. They shall be also entitled to take no action in respect of the Rights they hold. If the rights to subscribe to the new shares during the Subscription Period have not been exercised by Registered Shareholders or New Investors during the Subscription 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 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 •• ••/••/1446H (corresponding to ••/••/2024G).
Method of Allocation and Surplus Refund	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. The Company will obtain the total offering price collected from the sale of Rump Shares, while the remaining proceeds from Rump Offering will be distributed without calculating any fees or deductions (i.e., what exceeds the offering price) to eligible persons who did not fully or partially subscribe to the new shares and to eligible persons entitled to fractional shares (please refer to Section (12) "**Details on Shares and Offering Terms and Conditions**").
New Shares Trading	After completing all the necessary procedures, the start date of trading in the new shares will be announced on Tadawul website. The time period between the end of subscription to Rights and share deposit in shareholders' portfolio will be 9 working days.

Eligibility of dividends	Holders of the new shares will be entitled to any dividends that the Company declares to be distributed after the date of their issuance
Voting Rights	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.
Restrictions Imposed on New Shares Due to Capital Increase	There are no restrictions imposed on shareholders in general and founding shareholders after the subscription resulting from the capital increase.
Restrictions on Rights trading	There are no restrictions on Rights Trading.
Shares Previously Listed by Issuer	– 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 subscribed to twenty-four million (24,000,000) shares, representing (60%) of the Company's total shares, with a total value of two hundred and forty million (240,000,000) Saudi Riyals, 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 as of 24/01/1433H (corresponding to 19/12/2011G) to 30/01/1433H (corresponding to 25/12/2011G) at an offer price of ten (10) Saudi Riyals per share, with a total value of one hundred and sixty million (160,000,000) Saudi Riyals, and they paid their value in full. The shares were listed on 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 Rights Shares amounting twenty million (20,000,000) shares at (2) 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. – On 12/04/1444H (corresponding to 06/11/2022G), the Company increased its capital by (130%) from one hundred million (100,000,000) Saudi Riyals to two hundred and thirty million (230,000,000) Saudi Riyals. Consequently, the number of Company shares increased from ten million (10,000,000) shares to twenty-three million (23,000,000) shares through the issuance of rights issue shares amounting to thirteen million (13,000,000) shares, with (1.3) rights for each 1 share of the Company's shares. The offer price was ten (10) Saudi Riyals per share, with a total value of one hundred and thirty million (130,000,000) Saudi Riyals.
Risk factors	Investing in rights issue shares involves certain risks, which can be classified into: (1) Risks related to the Issuer, (2) Risks related to the market and sector in which the Issuer operates, and (3) Risks related to the offered securities. These risks have been discussed in Section (2) "**Risk Factors**" of this Prospectus, which should be carefully studied before making any investment decision regarding the rights or new shares.
Terms of Subscription to the Rights Issue	Eligible persons desire to subscribe to the new shares must fulfill the relevant subscription conditions. To review the subscription terms, conditions and instructions, please refer to Section (12) "**Details on Shares and Offering Terms and Conditions**".

Material amendments made to the information disclosed in the last Prospectus issuance	CMA's approval was obtained for the publication of the Company's last Prospectus on 01/11/2022G. Please refer to subsection (9.8) "**Material information that has changed since the CMA's approval of the last Prospectus**" of section (10) "**Legal Information**" regarding the material information, which the Company believes to have changed as of such date. The following is a summary of material amendments made to the information disclosed in the last prospectus issued on 01/11/2022G: – **Capital:** On 09/09/1445H (corresponding to 19/03/2024G), the Company obtained approval from the Insurance Authority to increase its capital by one hundred and fifty million (150,000,000) Saudi Riyals, bringing the total capital after the increase to three hundred and eighty million (380,000,000) Saudi Riyals, through a rights issue. – **Board of Directors:** The Board of Directors was reconstituted, as on 09/07/1445H (corresponding to 21/01/2024G), the Ordinary General Assembly of Shareholders elected the members of the Board of Directors for the fifth term, which begins on 22/01/2024G and ends on 07/01/2027G. – **Company's Articles of Association:** The Company's Articles of Association were approved by the Corporate Governance Department at the Ministry of Commerce on 11/05/1444H (corresponding to 05/12/2022G). It should be noted that the total proceeds obtained by the Company in the last issuance of Rights Shares (the Company's last prospectus) were one hundred and thirty million (130,000,000) Saudi riyals. On 12/04/1444H (corresponding to 06/11/2022G), EGM approved increasing its capital from one hundred million (100,000,000) Saudi Riyals to two hundred and thirty million (230,000,000) Saudi Riyals by issuing thirteen million (13,000,000) Rights Shares at a nominal value of ten (10) Saudi Riyals per share to support the Company's future plans and enhance its solvency margin. The Company disclosed in the Prospectus issued on 01/11/2022G that it would direct an amount of (107,600,000) Saudi Riyals for investment, while the Company actually directed an amount of (108,296,000) Saudi Riyals for investment, with a total deviation rate estimated at (0.65%) from the estimated amount for investment. This was due to a surplus in the estimated offering expenses amounting to (696,000) Saudi Riyals. The Company did not disclose to the public about redirecting an amount of (64,691,000) Saudi Riyals from investing in bonds and sukuk and investing in bank deposits to investing in investment funds. The Company's management believes that the redirection was done for the same purpose and within the amount allocated for investment and disclosed in the Prospectus issued on 01/11/2022G, through directing an amount of (107,600,000) Saudi Riyals for investment. For more information (please refer to "**Total proceeds previously obtained in the last rights issue, their analysis and description, and clarification of their use**" in this section).

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 or New Shares.

Key Dates and Subscription Procedures

Schedule	Date
Date of EGM for approving the capital increase and determining the eligibility date and eligible shareholders. Nothing that eligible shareholders are shareholders holding shares at the close of the date of EGM on capital increase as recorded in the Company's Shareholders Register at Edaa at the close of the second trading day following the EGM on capital increase.	•• ••/••/1446H (corresponding to ••/••/2024G)
Trading Period	The trading period begins three (3) working days after EGM approval of capital increase, on •• ••/••/1446H (corresponding to ••/••/2024G) and continues until the end of •• ••/••/1446H (corresponding to ••/••/2024G). During this period, all Rights holders, whether they are registered investors or new investors, may trade in Rights.
Subscription Period	The Subscription Period begins three (3) working days after EGM approval of capital increase, on •• ••/••/1446H (corresponding to ••/••/2024G) and continues until the end of •• ••/••/1446H (corresponding to ••/••/2024G). During this period, all Rights holders, whether they are registered investors or new investors, may exercise their right in subscription to the New Shares.
End of Subscription Period	Subscription Period shall end and the receipt of subscription applications shall cease on •• ••/••/1446H (corresponding to ••/••/2024G)
Rump Offering Period	The Rump Offering Period shall start from 10:00 AM on •• ••/••/1446H (corresponding to ••/••/2024G) until 05:00 PM of the next day on •• ••/••/1446H (corresponding to ••/••/2024G)
Notice of Final Allocation	On •• ••/••/1446H (corresponding to ••/••/2024G)
Payment of Compensation (if any) for Eligible Person who did not participate in the subscription in whole or in part and for those who are eligible for fractional shares (if any)	On •• ••/••/1446H (corresponding to ••/••/2024G)
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 Tadawul website. The time period between the end of subscription to Rights and depositing shares 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 Tadawul website (www.saudiexchange.com.sa)

Key Announcement Dates

Announcement	Announcer	Date of Announcement
Announcement regarding the invitation of the Extraordinary General Assembly for the capital increase	The Company	On •• ••/••/1446H (corresponding to ••/••/2024G)
Announcement of the results of EGM on on capital increase	The Company	On •• ••/••/1446H (corresponding to ••/••/2024G)
Announcement of amendment to the Company's share price, the deposit of rights, and the indicative value of the right	Tadawul	On •• ••/••/1446H (corresponding to ••/••/2024G)
Announcement on adding the Rights.	Edaa	On •• ••/••/1446H (corresponding to ••/••/2024G)
Announcement of the Trading Period and Subscription Period for the New Shares .	The Company	On •• ••/••/1446H (corresponding to ••/••/2024G)
Announcement on the start of Subscription Period and Trading Period	Tadawul	On •• ••/••/1446H (corresponding to ••/••/2024G)
Reminder announcement regarding the commencement of Trading Period and Subscription Period	The Company	On •• ••/••/1446H (corresponding to ••/••/2024G)
Reminder announcement regarding the last day of Rights trading	The Company	On •• ••/••/1446H (corresponding to ••/••/2024G)
Announcement: – Subscription results – Details of the sale of unsubscribed shares (if any) and the start date of Rump offering period	The Company	On •• ••/••/1446H (corresponding to ••/••/2024G)
Announcement of the results of Rump Offering and notice of final allocation.	The Company	On •• ••/••/1446H (corresponding to ••/••/2024G)
Announcement of the deposit of new shares in the investors' portfolios*	Edaa	On •• ••/••/1446H (corresponding to ••/••/2024G)
Announcement of the distribution of compensation amounts (if any)	The Company	On •• ••/••/1446H (corresponding to ••/••/2024G)

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

* The time period between the end of subscription to Rights and share deposit in shareholders' portfolio will be (9) working days.

It should also be noted that according to Article Fifty-One of Rules on the Offer of Securities and Continuing Obligations, if an announcement related to the offering is published in a local newspaper after the publication of the Prospectus, the announcement must include the following:

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. Date of publishing 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 Tadawul take no responsibility for the contents of this announcement, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this announcement".

How to apply

Subscribing for the new shares is limited to Eligible persons, whether Registered Shareholders or New Investors. In case Eligible persons do not subscribe to the Rights, the unsubscribed Shares shall be offered to Institutional Investors during the Rump Offering Period. Eligible persons wishing to subscribe to the new shares should submit the subscription 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. Or that the eligible person's data is up-to-date, and that no changes have occurred to the data or information of the eligible person (by deleting or adding a family member) since their subscription in a recent offering, unless these amendments have been reported to and approved by the brokers.

Subscription Applications shall be submitted through portfolios in trading platforms through which sale and purchase orders are entered. In addition, it is possible to subscribe 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 subscription terms or conditions. Upon submission, the Subscription Application Form may not be amended or withdrawn. Instead, it shall represent a legally binding contract between the Company and eligible shareholder. (For more information, refer to Section (12) ("**Details on Shares and Offering Terms and Conditions**").

Q&A related to the Rights

What is a Rights Issue?

A Rights Issue is an offering of tradable securities that give their holders the right to subscribe to New Shares upon approval of capital increase. They are acquired rights for all Shareholders who own shares at the date of EGM on capital increase, and who are registered in the Company's Shareholders Register held with Edaa at the close of the second trading day following the EGM date. Each Right grants its holder the right to subscribe to 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 following the date of the EGM approving the capital increase.

When are the Rights deposited?

Following the EGM 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 Edaa at the close of the second trading day following the EGM. 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 Subscription Period.

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

They are notified through an announcement on Tadawul website as well as by (Tadawulaty) service provided by the Securities Depository Center Company and SMS messages shall be 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 Edaa as at the close of the second trading day after the EGM.

What is the Eligibility Factor?

It is the factor that allows registered shareholders to determine the number of rights they are entitled to in exchange for the shares they own at the close of the second trading day following the EGM. This factor is calculated by dividing the number of new shares by number of the Company's existing shares. Accordingly, the eligibility factor is approximately (0.65217) rights for each one (1) share owned by the registered shareholder on the eligibility date. Based on this, if a registered shareholder owns one thousand (1,000) shares on the eligibility date, they will be allocated (652) rights in exchange for the shares they own.

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?

Any Shareholder whose name appear in the Company's Shareholders' Register at the end of the second trading day after the EGM.

Can Registered Shareholders subscribe to additional shares?

Yes, Registered Shareholders can subscribe for additional shares by purchasing new Rights through Tadawul during the Trading Period.

Is it possible Registered Shareholders to lose their eligibility to subscribe even if they have the right to attend the EGM and vote on raising the capital through a rights issue?

Yes, Shareholders lose their right to subscribe if they sell their shares on the day of the EGM or one working day prior thereto.

How does Subscription take place?

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

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

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

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 total rights that will be deposited are: six hundred and fifty two (652) rights, as each share is approximately eligible for (0.65217) rights. Therefore, five hundred and twenty two (522) rights will be deposited in portfolio (a) and one hundred and thrity (130) rights will be deposited in portfolio (b).

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe, 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 before the end of Subscription Period.

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 subscribe to the remaining part.

When can a Shareholder subscribe for Rights purchased during the Trading Period?

After the completion of rights purchase settlement (i.e. two working days), provided that subscription to the rights will take place during the subscription period.

Can the owner of Rights Shares sell or assign 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 subscribe for the Rights Shares or not. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his/her investment portfolio.

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

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

Who has the right to attend the EGM and vote on increasing the Company'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 EGM on Capital Increase, shall have the right to attend the EGM and vote on increasing the Company's share capital through a Rights Issue.

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

The share price is adjusted by Tadawul before the start of trading on the day, following the EGM.

If an investor buys securities on the date of the EGM, 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 purchasing the shares (i.e., at the end of the second trading day following the date of EGM), 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 EGM. However, he/she may not attend or vote in the EGM 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 shareholding percentage held 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 Subscription Periods?

Trading in and subscription for the Rights shall commence at the same time, i.e. three (3) working days from the date of EGM approval of capital increase, till the end of trading on the sixth day. However, the subscription shall continue until the ninth day, as stated in the Prospectus and the Company's announcements.

Is it possible to subscribe during the weekend?

No.

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

Yes. Investors can subscribe for the Rights Shares upon full purchase of Rights during the Trading Period.

Will there be any other fees for trading in Rights?

The same commissions will be applied to buy and sell transactions as with shares, but without a minimum commission amount, provided that the maximum does not exceed fifteen and a half basis points (0.155%) of the total transaction value.

If the new shares are subscribed to and the rights are sold afterwards, what happens in this case?

If a registered shareholder subscribes and then sells their rights, and does not purchase a number of rights equal to the number of rights they subscribed to before the end of the Trading Period, the subscription application will be rejected entirely if all rights were sold, or partially in proportion to the sold rights. The registered shareholder will be notified, and the rejected subscription amount will be refunded through the shareholder's broker.

Additional support:

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.

Summary of Key Information

This summary provides a brief overview of the background provided 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.

Company Overview

The Company was incorporated 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), on 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 SAMA (formerly the "Saudi Arabian Monetary Agency") under permit No. (TMN/32/20128), dated 19/09/1433H (corresponding to 07/08/2012G). The license was renewed by the Insurance Authority on 18/09/1445H for a period of three years starting from 25/10/1445H, and pursuant to approval of the Council of Cooperative Health Insurance on the renewal on 12/12/1442H (corresponding to 2/07/2021G) for three years, which expires on 15/01/1446H (corresponding to 21/07/2024G).

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 subscribed to twenty-four million (24,000,000) shares, representing (60%) of the Company's total shares, with a total value of two hundred and forty million (240,000,000) Saudi Riyals, 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 as of 24/01/1433H (corresponding to 19/12/2011G) to 30/01/1433H (corresponding to 25/12/2011G) at an offer price of ten (10) Saudi Riyals per share, with a total value of one hundred and sixty million (160,000,000) Saudi Riyals, and they paid their value in full. The shares were listed on Tadawul on 05/04/1433H (corresponding to 27/02/2012G).

The Company's current capital is two hundred and thirty million (230,000,000) Saudi Riyals, divided into twenty-three million (23,000,000) ordinary shares of equal value, with a nominal value of ten (10) Saudi Riyals each. All of these are ordinary cash shares.

As of the date of this Prospectus, the Company has no substantial shareholders (who own 5% or more of the Company's shares).

Company History and Key Developments in Capital Structure

- 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 subscribed to twenty-four million (24,000,000) shares, representing (60%) of the Company's total shares, 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 as of 24/01/1433H (corresponding to 19/12/2011G) to 30/01/1433H (corresponding to 25/12/2011G) at an offer price of ten (10) Saudi Riyals per share. The shares were listed on 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 Rights Shares amounting twenty million (20,000,000) shares at (2) 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. where Saudi Enaya Cooperative Insurance Co. and Amana Cooperative Insurance Co. agreed that if the merger project succeeds, the merger will be completed by swap 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 all of Enaya's assets and liabilities will be transferred to Amanah in accordance with the Companies Law issued by the Ministry of Commerce and the regulations of CMA 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 issued by the Insurance Authority.
- 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 certificate No. (5) issued by the General Authority for Competition.
- On 18/04/1443H (corresponding to 23/11/2021G), the Company obtained the SAMA's approval of the proposed merger.
- On 06/06/1443H (corresponding to 09/01/2022G), the EGM voted to disapprove the offer submitted by Amana Cooperative Insurance Co. for 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 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 EGM, 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 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 EGM voted to approve directing the Company to proceed with procedures for increasing the capital and obtaining approval of competent authorities, and it disapproved directing the Company to proceed with procedures for dissolving the Company and obtaining approval of competent authorities.
- On 04/02/1444H (corresponding to 18/08/2022G), the Company obtained SAMA's approval No. (44009075) including 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 a 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, thus reducing the number of 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 with a capital reduction rate of (33.33%) and a reduction rate of one share for every (3) shares. On 11/03/1444H (corresponding to 07/10/2022G), the Company obtained SAMA's approval No. (44020304) including approval to increase the Company's capital. On 12/04/1444H (corresponding to 06/11/2022G), the Company increased its capital by (130%) from one hundred million (100,000,000) Saudi Riyals to two hundred and thirty million (230,000,000) Saudi Riyals, thus increasing the number of Company's shares from ten million (10,000,000) shares to twenty-three million (23,000,000) shares by issuing rights shares amounting to thirteen million (13,000,000) shares at a rate of (1.3) rights for every (1) share of the Company's shares, at an offering price of ten (10) Saudi Riyals and with a total value of one hundred and thirty million (130,000,000) Saudi Riyals.
- On 12/05/1444H (corresponding to 06/12/2022G), Enaya Saudi Cooperative Insurance Company signed a non-binding memorandum of understanding with United Cooperative Insurance Company to evaluate the feasibility of merging both companies.
- On 11/11/1444H (corresponding to 31/05/2023G), Enaya Saudi Cooperative Insurance Company and United Cooperative Insurance Company signed a merger agreement, which was amended on 13/01/1445H (corresponding to 31/07/2023G). The merger will be completed through a share swap, whereby United

Cooperative Insurance Company will, upon completion of the merger, issue new shares to the shareholders of Enaya Saudi Cooperative Insurance Company in exchange for all issued shares in Enaya Saudi Cooperative Insurance Company.

- On 27/08/1444H (corresponding to 19/03/2023G), the General Authority for Competition announced its non-objection to the merger transaction with United Cooperative Insurance Company.
- On 30/03/1445H (corresponding to 15/10/2023G), Enaya Cooperative Insurance Company obtained SAMA's approval of the proposed merger process.
- On 21/05/1445H (corresponding to 05/12/2023G), the EGM voted to disapprove the offer submitted by United Cooperative Insurance Company for merging Saudi Enaya Cooperative Insurance Co. into United Cooperative Insurance Company.

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, in accordance with 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 activities in accordance with the Cooperative Insurance Companies Control Law, its Implementing Regulations, the provisions issued by the Saudi Central Bank (SAMA), and the applicable laws and regulations in the Kingdom of Saudi Arabia, after obtaining the necessary licenses from the competent authorities, if any.

Company's Vision

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

Company's Mission

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

Company's Strategy

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

a. Financial stability
b. Commercial excellence
c. Operational efficiency
d. Organizational transformation

In order to achieve the strategic objectives, the Company:

- Increases capital and explores merger opportunities
- Increases gross written premiums and excellence in customer service
- Controls medical expenses and improves efficiency through automation
- 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

According to Saudi Insurance Market Report issued by SAMA for the year 2022G[1], the insurance sector witnessed growth estimated at approximately 26.9% during 2022G, with total written premiums reaching 53.4 billion riyals. Vehicle insurance and health insurance witnessed a notable increase in total written premiums.

Gross premiums written increased by 26.9% in 2022G to reach 53.36 billion riyals compared to 42.03 billion riyals in 2021G. Health insurance maintained its position as the largest insurance activity in 2022G, growing by 26.8% and accounting for 59.7% of total written premiums. General insurance value increased by 29% to 19.7 billion riyals in 2022G compared to the same period in 2021G, while protection and savings insurance value increased by 10% during the past year.

The report on insurance market in the Kingdom showed that the per capita insurance spending in Saudi Arabia increased by 30% to 1,564 Saudi riyals in 2022G compared to 1,200 riyals in 2021G.

Per capita insurance spending is defined as the total insurance premiums written during the year, divided by the population. According to SAMA report, health insurance represented 60% of the total individual spending on insurance in Saudi Arabia during the past year, while general insurance represented 37%, and protection and savings insurance represented the remaining 3%.

As for the performance of the health insurance market specifically, the report indicated the following:

- Health insurance accounted for 59.7% of Gross premiums written in 2022G.
- Total written premiums for health insurance amounted to 31.83 billion riyals.
- Health insurance accounted for 70.1% of net written premiums, and insurance companies retained 31.29 billion riyals of total written health insurance premiums, with a retention rate of 98.3%, which is the highest retention rate among different insurance activities.
- Net earned health insurance premiums amounted to 28.46 billion riyals in 2022G, representing 70.8% of total earned premiums.
- Net incurred claims for health insurance amounted to 24.21 billion, resulting in a loss ratio of 85.1% in 2022G.

According to Saudi Insurance Market Report issued by the Insurance Authority for 2023G[2], the insurance sector grew by approximately 22.7% in 2023G. Total written premiums reached 65.5 billion riyals. The report mentioned an increase in sales through insurance companies' websites and electronic insurance brokerage platforms from 9.9% in 2022G to 15.6% in 2023G. The insurance sector's depth of non-oil GDP rose to 2.38% in 2023G compared to 2.09% in 2022G.

Health insurance accounted for 59% of Gross premiums written in 2023G. Total written premiums for health insurance amounted to 38.63 billion riyals. Health insurance accounted for 67.2% of net written premiums, and insurance companies retained 37.82 billion riyals of total written health insurance premiums with a retention rate of 97.9%, the highest among different insurance activities. Net earned health insurance premiums amounted to 35.48 billion riyals in 2023G, representing 69% of net earned premiums. Net incurred claims for health insurance reached 29.24 billion riyals, resulting in a loss ratio of 82.4% in 2023G.

During 2023G, the Saudi Central Bank (then entity responsible for regulating insurance sector in Saudi Arabia at that time) issued a number of rules, regulations, and model formats to keep pace with changes in the sector and the economy in general. The most prominent of these were:

- Comprehensive vehicle insurance rules governing the contractual relationship between insurance companies and the insured. These rules determine the minimum coverage for non-mandatory comprehensive vehicle insurance, in addition to stating the provisions of mandatory and optional coverage provided by the comprehensive vehicle insurance policy.
- The issuance of marine insurance coverage instructions, which were prepared in cooperation with the General Transport Authority to establish a comprehensive and regulatory framework for marine insurance coverage and to ensure compliance with the provisions of international agreements and treaties to which the Kingdom is a party.
- Adoption of InsurTech rules, which regulate the relationship between InsurTech practitioners and their clients.
- Updating some articles of the Unified Mandatory Vehicle Insurance Policy.
- The official application of IFRS (17) "Insurance Contracts" and IFRS (9) "Financial Instruments" by Saudi insurance sector, starting from 1 January 2023G.

1 https://www.sama.gov.sa/ar-sa/Insurance/Publications/Insurance_Market_Report_2022_Ar.pdf
2 https://www.ia.gov.sa/Reports/sector-report.html

Summary of Financial Information

The summary of financial information is based on the Company's audited financial statements for FYs ended on 31 December 2021G, 2022G and 2023G, and the attached notes. Therefore, the summary of financial statements and the Company's key performance table presented below should be read in conjunction with the audited financial statements for FYs ended on 31 December 2021G, 2022G and 2023G.

As of 1 January 2023G, the Company adopted IFRS (17) "Insurance Contracts" and IFRS (9) "Financial Instruments" as approved in the Kingdom of Saudi Arabia. The Company's adoption of IFRS (17) "Insurance Contracts" and IFRS (9) "Financial Instruments" led to changes in the description of items in the income statement and reclassification on the statement of financial position, in addition to impairment of financial assets (for more information, please refer to subsection (5.5) "**Significant Accounting Policies**" of Section (5) "**Financial Information and Management Discussion and Analysis**"). For the purposes of comparing financial information, a summary of financial information for the years ending 31 December 2021G and 2022G will be presented. Summary of financial information for years ended 31 December 2022G and 2023G will be presented separately.

Summary of financial information for years ended 31 December 2021G and 2022G

Summary of financial position statement

Item (SAR '000)	FY ended 31 December 2021G (Audited)	FY ended 31 December 2022G (Audited)
Total assets	345,925	430,987
Total liabilities	286,237	259,410
Total equity	59,688	171,577
Total liabilities and equity	345,925	430,987

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

Summary of income statement

Item (SAR '000)	FY ended 31 December 2021G (Audited)	FY ended 31 December 2022G (Audited)
Gross premiums written	218,502	227,474
Changes in unearned premiums	(41,223)	173
Net earned premiums	**177,279**	**227,647**
Total Revenues	**177,279**	**227,647**
Total subscription costs and expenses	**(199,025)**	**(209,821)**
Net subscription (loss)/income	**(21,746)**	**17,826**
Net pre-Zakat loss for the year	**(57,985)**	**(8,135)**
Net post-Zakat loss for the year	(57,985)	(8,135)
Zakat reversal / (provision) for previous years	(2,475)	(361)
Zakat expense for the year	(1,512)	(1,085)
Net loss for the year	**(61,972)**	**(9,581)**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

Summary of cash flow statement

Item (SAR '000)	FY ended 31 December 2021G (Audited)	FY ended 31 December 2022G (Audited)
Net loss for the year	(57,985)	(8,135)
Net cash generated from/(used in) operating activities	10,097	(52,179)
Net cash generated from/(used in) investment activities	35,532	(69,727)
Net cash (used in) / generated from financing activities	(1,703)	119,496
Net change in cash and cash equivalents	43,926	(2,410)
Cash and cash equivalents at the beginning of the year	115,226	159,152
Cash and cash equivalents at the end of the year	159,152	156,742

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

Key Performance Indicators

Item	FY ended 31 December 2021G (Audited)	FY ended 31 December 2022G (Audited)
Net loss rate*	91.6%	86.2%
Commission rate**	4.3%	6.1%
Expenses rate***	25.6%	16.9%
Combined rate****	121.5%	109.3%
Net subscription results as a percentage of total written premiums*****	(10.0%)	7.8%
Unearned Premiums/ Total Written Premiums******	49.8%	47.7%
Accumulated losses as a percentage of capital	60.8%	26.3%
Return on average assets	(18.7%)	(2.5%)
Return on average equity	(68.3%)	(8.3%)

Source: Management information

* Net loss ratio: This ratio measures actual claims against total earned premiums. It is a key indicator for determining the profitability or loss of an insurance Company's operations.

** Commission ratio: A percentage of insurance premiums paid to agents and sales staff as commission for sales and insurance policy services. It is used to analyze costs in an insurance company.

*** Expense ratio: The ratio of an insurance company's operating costs against actual earned premiums. This ratio helps in evaluating the company's efficiency in managing operating costs.

**** Combined rate: The loss rate and expense rat (including commission rate) to show overall profitability. A combined ratio below 100% indicates that the company is making an overall profit.

***** Net subscription results as a percentage of total written premiums: The profitability of an insurance company's subscription activities, calculated by subtracting losses and expenses from earned premiums to show the net result as a percentage of total written premiums.

****** Unearned premiums / Total written premiums: The portion of received premiums that have not yet been earned and thus remain as a liability. It is calculated by dividing the unearned premium reserve by the total written premiums. This ratio is important for evaluating the timing of revenue recognition in insurance accounting.

Summary of financial information for years ended 31 December 2022G and 2023G

Summary of financial position statement

Item (SAR '000)	FY ended 31 December 2022G (Revised)	FY ended 31 December 2023G (Audited)
Total assets	**360,743**	**339,800**
Total liabilities	190,681	149,043
Total equity	**170,062**	**190,757**
Total liabilities and equity	360,743	339,800

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

Summary of income statement

Item (SAR '000)	FY ended 31 December 2022G (Revised)	FY ended 31 December 2023G (Audited)
Insurance revenues	226,930	250,880
Insurance service expenses	(233,781)	(236,195)
Net insurance services results	**(6,851)**	**14,685**
Net investment income	**4,976**	**15,614**
Net insurance and investment results	**(1,875)**	**30,299**
Income / (loss) before zakat and income tax	**(4,909)**	**20,684**
Zakat	(1,446)	(397)
Income tax	-	(65)
Net Income / (loss) after zakat and income tax	**(6,355)**	**20,222**

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

Summary of cash flow statement

Item (SAR '000)	FY ended 31 December 2022G (Revised)	FY ended 31 December 2023G (Audited)
Net loss for the year	**(4,909)**	**20,684**
Net cash generated from/(used in) operating activities	**(51,744)**	**(19,091)**
Net cash generated from/(used in) investment activities	**(69,727)**	**(113,496)**
Net cash (used in) / generated from financing activities	**119,496**	**(800)**
Net change in cash and cash equivalents	(1,975)	(133,387)
Cash and cash equivalents at the beginning of the year	158,696	156,721
Cash and cash equivalents at the end of the year	**156,721**	**23,334**

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

Key Performance Indicators

Item	FY ended 31 December 2022G (Revised)	FY ended 31 December 2023G (Audited)
Subscription loss rate	103.0%	94.1%
Insurance Service result margin	(3.0%)	5.9%
Net insurance and investment results margin	(0.8%)	12.1%
Net profit margin	(2.8%)	8.1%
Loss rate for remaining coverage liabilities / insurance contract liabilities	13.5%	12.0%
Total assets / Total liabilities	189.2%	228.0%
Accumulated losses as a percentage of capital	27.0%	18.2%
Return on average assets	(1.8%)	5.8%
Return on average equity	(5.5%)	11.2%

Source: Management information

Summary of Risk Factors

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

- ### Risks related to the Issuer
  - Risks related to the decrease in solvency
  - Risks Related to the Company's Main Activity
  - Risks of cancellation or non-renewal of insurance policies
  - Risks of failure to obtain or renew necessary licenses, permits, and certificates
  - Risks related to credit rating
  - Risks related to reliance on brokers and agents
  - Risks related to credit
  - Risks related to insurance claims management
  - Risks related to reinsurance
  - Risks related to the inability to implement the strategy
  - Risks related to risk management in the Company
  - Risks related to poor assessment of risks
  - Risks related to increase in the Company's liabilities
  - Risks related to inadequacy of provisions and reserves
  - Risks related to sanctions, penalties, and suspension of operations imposed by competent authorities
  - Risks related to litigation
  - Risks related to investment
  - - Risks related to depreciation and Impairment of assets:
  - Risks related to transactions with related parties
  - Risks associated with foreign capital in the Company
  - Risks related to natural disasters and work interruption
  - Risks of system failures and information technology
  - Risks related to the Company's Reputation
  - Risks related to non-compliance with quality standards and specifications required by clients
  - Risks related to anti-money laundering
  - Risks related to protection of trademarks
  - Risks related to fraudulent insurance usage, claims, and other deceptive activities
  - Risks related to employee errors and misconduct
  - Risks related to dependence on key personnel and attracting talent
  - Risks related to inability to comply with Saudization requirements
  - Risks related to failure to obtain regulatory approvals or non-objection from regulatory authorities
  - Risks related to non-activation of Board committees' roles
  - Risks related to non-compliance with the mandatory clauses in the employment contract
  - Risks related to changes in significant accounting standards and new standards
  - Risks related to Coronavirus (COVID-19)
  - Risks related to Zakat
  - Risks related to accumulated losses and the minimum paid-up capital
  - Risks related to the new Companies Law:
  - Risks related to the Company's non-compliance with aligning its governance regulations with legislative updates:

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1. Terms and Definitions

Table 1: Terms and Definitions

Term	Definition
"Company", "Enaya" or "Issuer"	Saudi Enaya Cooperative Insurance Co., a Saudi Public Joint-Stock Company.
Advisors	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).
Bylaws	Bylaws of the Company.
Companies Law	The Companies Law issued by Royal Decree No. (m/132) on 01/12/1443H (corresponding to 30/06/2022G), which entered into force on 26/06/1444H (corresponding to 19/01/2023G).
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 Kingdom of Saudi Arabia issued by Royal Decree No. (M/32), dated 02/06/1424H (corresponding to 31/07/2003G), amended by Royal Decree No. (M/30), dated 27/05/1434H (corresponding to 08/04/2013G), and amended by Royal Decree No. (M/12), dated 23/01/1443H (corresponding to 01/09/2021G)
KSA	Kingdom of Saudi Arabia.
Government	Government of the Kingdom of Saudi Arabia.
Ministry of Commerce	Ministry of Commerce in the Kingdom of Saudi Arabia (the name of the "Ministry of Commerce and Investment" has been modified to become the "Ministry of Commerce").
HRSD	Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia (the name of the "Ministry of Labor and Social Development" has been modified to become the "Ministry of Human Resources and Social Development").
Localization / Saudization	Replacing expatriate workers with Saudi citizens in private sector jobs.
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 Kingdom of Saudi Arabia, such as banks, insurance companies, finance companies, exchange institutions and credit information companies.
GOSI	General Organization for Social Insurance in the Kingdom of Saudi Arabia
Insurance Authority	The competent authority to regulate the insurance sector in the Kingdom of Saudi Arabia. Established by Council of Ministers Resolution No. (85) on 28/1/1445H.
CMA or Authority	Capital Market Authority in the Kingdom of Saudi Arabia.
Tadawul	Saudi Tadawul Company (Saudi Exchange).
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.
Policyholders	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 Insurance Authority based on accepted accounting standards.
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. As of the date of this Prospectus, the Company has no substantial shareholders.
General Assembly	The general assembly of the Company's shareholders.
OGM	The Ordinary General Assembly of the Company's Shareholders, which is held according to the Company's Articles of Association.
EGM	EGM which is held according to the Company's Bylaws.
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 of the persons referred to in clauses (1, 2, 3, 4, or 5) above. 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	The Corporate Governance Regulations in the Kingdom of Saudi Arabia, issued by CMA Board pursuant to Resolution no. (8-16-2017), dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued under royal decree No. (m/3), dated 28/01/1437H (corresponding to 10/11/2015G), amended by CMA Resolution of No. (8-05-2023), dated 25/06/1444H (corresponding to 18/01/2023G), based on the Companies Law issued by Royal Decree No. (m/132) on 01/12/1443H (corresponding to 30/06/2022G).
Insurance Corporate Governance Regulation	Insurance Corporate Governance Regulations issued by SAMA on 08/01/1437H (corresponding to 21/10/2015G).
Implementing Regulations of the Cooperative Insurance Companies Control Law	Implementing 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 Tadawul.

Listing rules	Listing Rules issued by Tadawul and approved by Capital Market Authority Board Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) and amended by Capital Market Authority Board Resolution No. (1-104-2019) dated 01/02 /1441H (corresponding to 30/09/2019G) and amended by Capital Market Authority Board Resolution No. (1-22- 2021) dated 12/07/1442H (corresponding to 24/02/2021G) and amended by Capital Market Authority Board Resolution No. (1-19-2022) dated 12/07/1443H (corresponding to 13/02/2022G) and amended by Capital Market Authority Board Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G) and amended by Capital Market Authority Board Resolution No. (3-96-2022) dated 10/02/1444H (corresponding to 06/09/2022G) and amended by the Capital Market Authority Board Resolution No. (1-108-2022) dated 23/03/1444H (corresponding to 19/10/2022G).
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. (03-06-2024), dated 05/07/1445H (corresponding to 17/01/2024G).
Rules Regulating Foreign Investment in Securities	Rules regulating investment in securities by non-Saudis residing outside the Kingdom as issued by the CMA Board pursuant to Resolution (2-26-2023) dated 05/09/1444H (corresponding to 27/03/2023G) based on the Capital Market Law promulgated by Royal Decree No. M/30 dated 02/06/1424H.
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 Board Resolution No. (8-05-2023) dated 25/06/1444H (corresponding to 18/01/2023G).
Capital	The balance shown as a separate item within shareholders' equity in the statement of financial position.
Rights	Are tradable securities giving their holders the priority to subscribe to the New Shares offered, upon approval of the capital increase. An acquired right by registered shareholders. Each Right grants its holder the right to subscribe to one New Share at the Offer Price. Rights will be deposited after the EGM on Capital Increase. These rights will appear in the Registered Shareholders' accounts under a new right-related symbol. The Registered Shareholders will be notified of the deposit of the Rights in their portfolios.
Subscriber	Any Person subscribes to shares offered for subscription.
Lead Manager	Musharaka Capital
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, subscribe, manage, arrange and maintain securities.
Subscription Agreement	The subscription agreement concluded between the Company and the Underwriter.
Net Proceeds of the Offering	Net Proceeds of the Offering after deducting the Offering expenses.
Offer/Subscription Price	10 Saudi Riyals per share.
Shares Offered for Subscription	Fifteen million (15,000,000) ordinary shares.
Outstanding Shares	The Company's ordinary shares, totaling twenty-three million (23,000,000) shares with a nominal value of ten (10) 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.
Right Trading Price	The price at which the Right is traded, noting that such price is set through Tadawul offer and demand mechanism. Hence, it may be different from the indicative value of the Right.
Subscription Period	The period that begins after (3) three working days from the approval of EGM including the approval of the capital increase from *•• ••/••/1446H (corresponding to ••/••/2024G) to •• ••/••/1446H (corresponding to ••/••/2024G).
Rump Offering	Rump shares unsubscribed by eligible persons shall be offered to institutional investors by offering them during Rump Offering Period.

Rump Offering Period	If any shares remain unsubscribed after the end of the Subscription 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 •• ••/••/1446H (corresponding to ••/••/2024G) and continue until 5:00 PM on •• ••/••/1446H (corresponding to ••/••/2024G) ("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 EGM on capital increase as recorded in the Company's Shareholders Register at the close of the second trading day following the EGM.
Prospectus	This document prepared by the Company in relation to the subscription of Rights Issue.
Functional Currency	The Saudi Riyal, in which the consolidated financial statements are presented.
Riyal	Saudi Arabian Riyal, official currency of the Kingdom of Saudi Arabia.
Institutional Investors	Include a number of institutions, as follows: 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 Kingdom of Saudi Arabia 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 subscription 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 Kingdom of Saudi Arabia 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. 8. A final beneficiary of a legal capacity in a swap agreement concluded with an authorized person in accordance with the terms and conditions of the swap agreements.
Brokers	The market institutions licensed by CMA to engage in the activity of dealing in securities in the capacity of an agent.
International Financial Reporting Standards (IFRS)	A set of accounting standards and interpretations thereof issued by the IASB.
SOCPA	The Saudi Organization for Auditors and Accountants in the Kingdom of Saudi Arabia, formerly the Saudi Organization for Certified Public Accountants.
Value Added Tax (VAT)	The Council of Ministers decided on 02/05/1438H to approve the unified agreement for value-added tax for the GCC countries, which came into effect starting from 1 January 2018G, as a new tax added to the system of taxes and other fees that must be implemented by specific sectors in the Kingdom, and in GCC countries. The amount of this tax is (5%), and the Kingdom's government has decided to increase VAT rate from 5% to 15%, starting from July 2020. A number of products have been exempted, including (basic foodstuffs and services related to healthcare and education).
Day or working day	A working day in the Kingdom of Saudi Arabia according to official working days.
Calendar day	Any day, whether it's a working day or not.
H	Hijri calendar.
G	Gregorian calendar.
Vision 2030	The national strategic economic program, which aims to reduce dependence on oil and the petrochemical industry, diversify the Saudi economy and develop services.
Compound Annual Growth Rate (CAGR)	A method used to calculate the growth rate of a particular item over a specified period of time.

2. Risk Factors

In addition to other information provided in this Prospectus, prospective investors should carefully study all the information provided in this Prospectus, including in particular the risk factors listed below before making any decision to subscribe to the Rights Shares. The risk factors described in this Section are not inclusive of all the risks that the Company may encounter, as 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 future prospects could be adversely materially affected if any of the following risks materialize.

The Board Members further declare that, to the best of their knowledge and belief, there are no material risks the omission of which would affect decisions taken by Shareholders and prospective investors as of the date of this Prospectus, except as disclosed in this Section. Investing in the Rights Shares is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. Prospective investors who have doubts about subscription in the Rights Shares should consult a financial adviser licensed by the CMA for advice on such investments.

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

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

2.1 Risks related to the Issuer

2.1.1 Risks related to the decrease in solvency

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 SAMA. Article Sixty-Six (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 Sixty-Eight (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 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 quarters, the Company shall present to the Insurance Authority a corrective plan clarifying 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 quarters, the Insurance 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 subscription (5) Liquidation of some assets (6) Any other procedure that the Company deems appropriate and approved by the Insurance Authority. Subparagraph (D) stipulates that if the actual solvency margin drops below 25% or the Company fails to correct its financial conditions, the Insurance Authority 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 Company's solvency has deteriorated over the past years. The solvency margin surplus reached 7.7 million Saudi Riyals as of 31 December 2020G (above the required minimum of 100 million Saudi Riyals), then decreased and turned into a deficit of 57.0 million Saudi Riyals as of 31 December 2021. The decrease in the Company's solvency margin coverage from 2020 to 2021 is attributed to an increase in total claims by 132.6 million Saudi Riyals, with the total claims balance reaching 427 million Saudi Riyals as of 31 December 2021G, despite an increase in admissible assets for policyholders by 67.9 million Saudi Riyals.

During 2022G, the Company increased its capital through a rights issue, which led to an improvement in the Company's solvency position to a surplus of 54.8 million Saudi Riyals as of 31 December 2022G. This further resulted in a surplus of 92.9 million Saudi Riyals as of 31 December 2023G.

As part of the regular inspections carried out by Saudi Central Bank ("SAMA") (the entity responsible for insurance sector at that time), the Company received a letter from SAMA on 12/09/1439H (corresponding to 27/05/2018G) No. (1/40734) 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 Company's solvency margin 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 at its own expense, approved by SAMA, to provide advice regarding the decrease in solvency margin. and submitting a weekly report to SAMA.
3. The Company's chairman 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 SAMA No. (89/31506) on 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 must complete 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 Insurance Authority, it shall be subject to the application of Article sixty six (66) of the implementing regulations, which in turn will negatively and fundamentally affect the Company's reputation, 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 and its concentration on one sector

The insurance sector plays a large and very important role in economic and financial life, whether for individuals, companies, or countries, where insurance contributes to reducing risks and compensating those affected. Insurance companies face the risk of an increase in the loss rate resulting from insurance business, which may occur for many reasons, including incorrect pricing of insurance policies, subscription high-risk insurance policies, and 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. 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 (e.g. general insurance, health insurance, and protection and savings insurance).

Health insurance is considered the largest insurance activity in the Kingdom of Saudi Arabia. Although health insurance is the main activity of the Company , the Company's share represents only (0.87%), (0.74%) and (0.63%) of the total health insurance premiums in the sector as of 31 December 2021G, 31 December 2022G, and 31 December 2023G, respectively.

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 financial situation, financial position, results of operations, and future prospects.

2.1.3 Risks of cancellation or non-renewal of insurance policies

The Company operates in a competitive insurance market. Given that insurance policies are short-term in nature, the Company may not be able to continuously renew the issued insurance policies or the policies it will issue in the future as expected. If policyholders do not renew or cancel their policies, the level of premiums earned by the Company in the coming years will be materially and adversely affected, which will impact the Company's business results.

2.1.4 Risks of failure to obtain or renew necessary licenses, permits, and certificates

The Company must obtain and maintain the necessary permits, licenses, and regulatory approvals related to its activities. These licenses include, but are not limited to: insurance product licenses obtained by the Company from the Insurance Authority for each product, licenses to open showrooms issued by the Ministry of Municipal and Rural Affairs and Housing, company and branch registration certificates issued by the Ministry of Commerce and the Ministry of Investment, Chamber of Commerce membership certificates, trademark registration certificates, and Saudization, Zakat and social insurance certificates (please refer to subsection 9.3 "**Governmental Approvals, Licenses and Certificates**" of Section 9 "**Legal Information**"). Additionally, most of the Company's licenses, certificates, and permits are subject to conditions under which they may be suspended or terminated if the Company fails to fulfill and comply with these conditions.

It should be noted that as of the date of this Prospectus, the Company has a number of licenses belonging to the Company's branch (1010421871) under renewal (please refer to subsection 9.3 "**Governmental Approvals, Licenses and Certificates**" of Section 9 "**Legal Information**").

If the Company fails renew its current licenses or obtain any of the necessary licenses for its business, or if any of its licenses are suspended or terminated, or if any of those licenses are renewed under favorable conditions, or if the Company fails to obtain additional licenses that may be required in the future, this may expose the Company to stoppage and refrain from carrying out its business. This will result in disruption of the Company's operations and incurring additional costs, which will have a material and adverse effect on the Company's business, financial position, and future prospects.

2.1.5 Risks related to credit rating

Obtaining a good credit rating contributes to the Company's ability to secure reinsurance agreements on favorable terms, gain greater customer confidence, and encourage prospective insurance applicants to choose it over competing insurance companies. It should be noted that as of the date of this Prospectus, the Company has not obtained a credit rating from credit rating agencies, and there is no guarantee that the Company will obtain a good credit rating if it applies for one in the future. Due to the Company's lack of credit rating, it will face difficulties in attracting new customers, as many customers prefer dealing with insurance companies that have a credit rating, through which they can assess the insurance company's ability to pay compensations to clients. Furthermore, in accordance with the Implementing Regulations of the Cooperative Insurance Companies Control Law, the Company must select reinsurers with 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 must deal with reinsurers who have the required rating according to the Insurance Authority's requirements. If the Company wishes to deal with reinsurers not approved by the Insurance Authority or those with a lower rating, or if the reinsurers' rating is downgraded during their dealings with the Company , it must obtain written approval from the Insurance Authority. If the Company fails to obtain this approval, it must cease reinsurance arrangements with those companies. This will increase the Company's burdens and expose it to additional risks, including the potential inability of low-rated reinsurers to meet their obligations, which may have a material and adverse effect on the Company's business, results of operations, financial position, and future prospects.

2.1.6 Risks related to reliance on brokers and agents

The Company relies on brokers and agents as marketing channels for its products in Saudi Arabia. Additionally, the Company primarily depends on its direct sales for subscription operations during 2021G, 2022G, and 2023G. The value of direct subscription sales reached SAR 116.7 million, SAR 130.23 million, and SAR 169 million during FYs 2021G, 2022G, and 2023G, respectively. The total insurance premiums underwritten through agents were SAR 20.9 million, SAR 14 million, and SAR 7.8 million during FYs 2021G, 2022G, and 2023G, respectively.

The total insurance premiums underwritten by brokers amounted to SAR 57.9 million, SAR 58.6 million, and SAR 58.1 million during FYs 2021G, 2022G, and 2023G, respectively. The increase in total insurance premiums underwritten by brokers is due to the Company's strategy of targeting small and medium-sized companies, where the Company was able to obtain new policies for SMEs through its brokers. Accordingly, the Company's commission rate increased from 4.3% in FY 2021G to 6.1% in FY 2022G and to 4.8% in 2023G. It should be noted that increased dealings with brokers will lead to increased costs of acquiring these policies. Any interruption or termination of arrangements with brokers or agents resulting from the Company's inability to provide contracts with brokers and agents on terms favorable for the Company , or if the Insurance Authority imposes a suspension penalty on one of the brokerage companies or agents contracted with the Company , may lead to the Company incurring losses, which may negatively and substantially affect the Company's business, results of operations, financial position, and future prospects.

2.1.7 Risks related to credit

Credit risks arise when one party is unable to fulfill a specific financial obligation to the other party. The Company may face credit risks in several temporary or permanent situations, including the availability of receivables from customers, failure of other debtor parties to fulfill their obligations towards the Company , and other situations where the Company is exposed to credit risks. Therefore, the Company has created a provision for credit losses amounting to 17.3 million Saudi Riyals, 17.1 million Saudi Riyals, and 12.4 million Saudi Riyals as of 31 December 2021G, 31 December 2022G, and 31 December 2023G, respectively. The Company's net receivables balance reached 58.5 million Saudi Riyals, 63.4 million Saudi Riyals, and 86.8 million Saudi Riyals as of 31 December 2021G, 31 December 2022G, and 31 December 2023G, respectively, representing 20.9%, 17.6%, and 25.5% of the Company's total assets as of the same dates.

It's worth noting that the Company changed its provision policy from an internal policy to the Saudi Arabian Monetary Authority's provision policy in the FY 2021G, which led to an increase in the doubtful debt provision balance by 2.4 million Saudi Riyals during 2021G to reach 17.3 million Saudi Riyals. The doubtful debt provision remained almost constant as of 31 December 2022G, decreasing slightly by 150,000 Saudi Riyals as of 31 December 2022G.

Total Premiums receivable increased from 58.5 million Saudi Riyals as of 31 December 2021G, to 80.5 million Saudi Riyals as of 31 December 2022G, due to the increase in underwritten premiums. The increase was primarily driven by receivables from policyholders (+8.0 million Saudi Riyals), which was partially offset by a decrease in receivables from brokers and agents (-4.1 million Saudi Riyals).

As of 1 January 2023G, the Company's provision policy was in accordance with IFRS 9, where the Company applied the expected credit loss model to assess the level of provision required on its receivables from policyholders.

If the Company fails to collect its receivables and continues to make additional provisions, this may negatively and substantially affect the Company's business, financial position, results of operations, and future prospects.

2.1.8 Risks related to insurance claims management

The claims management process is one of the most important processes in insurance activity. Its role revolves around determining the amount of claims owed to medical service providers and settling them within a period not exceeding (30) days in accordance with the Implementing Regulations of the Cooperative Health Insurance Law. The pricing of the Company's insurance products and the formation of claim reserves depend on the period of claim notification, processing, and payment.

The Company's insurance claims under settlement amounted to (46.8) million Saudi Riyals, (38.5) million Saudi Riyals, and (26.1) million Saudi Riyals as of 31 December 2021G, 31 December 2022G, and 31 December 2023G, respectively. Claims management requires highly qualified and competent individuals capable of making correct decisions regarding claim management and payment. It should be noted that SAMA's letter 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 Solvency Margin", included an observation regarding the existence of many reported claims that were not recorded in the Company's system. This reinforced SAMA's decision to stop the Company from issuing or renewing any insurance policies, in addition to the low 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 may cause delays in customer payments and possibly result in incorrect compensation to customers. Due to the regular inspection rounds carried out by the Insurance Authority on insurance companies, any fine or penalty imposed could have a material and adverse effect on the Company's business, results of operations, financial position, and future prospects.

2.1.9 Risks related to reinsurance

Insurance companies need to reinsure their insurance portfolio with reinsurance companies to limit insurance risks in their records. According to Article 40 of the Implementing Regulations of the Cooperative Insurance Companies Control Law, insurance companies must commit to reinsuring at least 30% of the total subscriptions within the Kingdom when reinsuring (the Company currently does not comply with this condition, as the reinsurance rate within the Kingdom is 0% of total premiums).

The Company maintained an excess of loss reinsurance agreement until 2019G, which was not renewed thereafter. The Company's management focuses on increasing the number of insurance subscriptions (insurance coverages to be accepted) to increase net subscription income, which prompted the Company to retain its entire portfolio to facilitate this. It's worth noting that the volume of business and subscriptions completed during the historical period is not sufficient to attract the interest of reinsurers towards the Company. Therefore, management focuses on continuing to grow the subscription portfolio, but the Company must continue to improve the quality of the subscription process, not just its quantity, to reduce net loss ratios and attract reinsurers.

The Company's current strategy is to retain its subscription portfolio without reinsurance in order to benefit from it in an attempt to better absorb its fixed costs.

Due to the Company's non-compliance with the reinsurance requirement, it may be subject to any violations or fines by the Insurance Authority. Consequently, if the Company does not comply with these percentages, it may expose it to that fine, which will negatively affect the Company's business, results of operations, financial position, and future prospects. Article Nineteen (19) of the Cooperative Insurance Companies Control Law stipulates the following:

1. If SAMA finds that any of the insurance companies, reinsurance companies, or insurance support service providers have followed a policy that would seriously affect their ability to meet their obligations, or have committed violations related to professional transgressions, or when discovering their violation of the provisions of this law or its implementing regulations, it may impose one or both of the following penalties:
   a. The fine stipulated in Article Twenty-One of the Insurance Companies Control Law.
   b. Cancellation of the license issued by it, provided that the cancellation decision is not implemented until it is supported by the committee referred to in Article Twenty of the Insurance Companies Control Law.
2. The Saudi Central Bank may - in addition to what is stipulated in sub-paragraph (a) of paragraph (1) of this article - take any of the following actions against the categories referred to in paragraph (1) of this article:
   a. Warn them.
   b. Require them to submit an appropriate program clarifying the measures they will take to correct their situation.

c. Oblige them to stop some or all of their business or limit it.

d. Prevent them from distributing profits to meet the solvency margin requirements.

e. Suspend the person responsible for the violation from work and suspend their powers.

f. Suspend any of the persons referred to in Article (Six) of the Insurance Companies Control Law from work.

g. Appoint one or more consultants to provide advice to them in managing their business at their expense.

h. Any other measure specified by the implementing regulations.

Market conditions beyond the Company's control determine the availability and cost of appropriate reinsurance, as well as the receipt of amounts due from reinsurers in the future, and the financial strength of reinsurers. Like the insurance sector, the reinsurance sector is a cyclical sector exposed to significant market losses, which will negatively affect reinsurance prices, terms and availability of reinsurance, and the ability of reinsurers to pay claims submitted by the Company to them. Similarly, the risk appetite among reinsurers may change, which may lead to changes in prices or a desire to reinsure certain risks in the future. Additional regulatory changes to reinsurance may result in a mismatch between the regulatory requirements of insurance companies and the coverage available from reinsurers. If any of these events occur or any material changes occur in reinsurance prices, the Company may have to incur additional reinsurance expenses, or obtain reinsurance on unfavorable terms, or may not be able to obtain appropriate reinsurance coverage, thus exposing the Company to increased retained risks and the possibility of increased loss ratios. If reinsurers do not offer to renew their products and services to the Company, for any reason, there is a risk that the Company will not be able to find alternative cover for previous reinsurance agreements at acceptable prices, and the Company may be exposed to reinsurance losses during any period between the termination of existing agreements and the start of any alternative cover. If there is any material default by the reinsurer with which the Company deals, the Company will also be exposed to significant losses, which will have a negative and material impact on the Company's financial position and results of operations.

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 the achievement of its strategy. The Company's strategy included shifting away from insurance policyholders of large companies and targeting small and medium-sized enterprises (SMEs) to improve the quality of the Company's portfolio. The FY 2021G witnessed a significant increase in the number of clients from small and medium-sized companies, where the contribution of SMEs to the total portfolio increased from 7.2% in FY 2020G to 47.6% in FY 2021G, then to 70.3% in 2022G, and then to 66.4% in 2023G. Through the aforementioned 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 subscription for SMEs in the future, which may lead to a decrease in the number of insured policyholders but may lead to an 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 of the extent of its success. If the strategy prepared by the Company fails, this will negatively affect its business results, profitability, and future prospects.

2.1.11 Risks related to risk management in the Company

According to Article 119 of the Insurance Companies Governance Regulations, insurance companies must, at a minimum, appoint a manager responsible for health insurance risk management. It is permissible to have only one risk manager. However, the Company did not have a risk manager, which falls under the control functions, from 17 July 2023G, until 5 May 2024G. On 5 May 2024G. The Company appointed a risk management officer to analyze, evaluate, and deal with risks that the Company may face, using strategies designed to mitigate them. Risk management requires analytical and financial skills to manage and reduce risks, as well as knowledge of the regulations and laws specific to the insurance sector. Risk management needs an appropriate period of time to understand the internal environment and the ability to understand weaknesses and manage risks effectively. The Company must, at all times, commit to appointing at least one manager responsible for health insurance risk management to avoid violations and fines imposed by regulatory authorities. Failure to do so will negatively affect the Company's business, results of operations, financial position, and future prospects.

2.1.12 Risks related to poor assessment of risks

The Company studies potential risks before issuing insurance policies for submitted applications based on reports from the actuary expert, who examines patterns of risk development and future projections based on historical performance. However, if the Company misjudges the potential risks when issuing insurance policies, it will incur financial losses that will have a material and adverse effect on the Company's financial position, results of operations, and future prospects.

2.1.13 Risks related to increase in the Company's liabilities

The Company's financial position and solvency may be affected if its liabilities exceed its assets. It should be noted that the percentage of total liabilities amounted to 80.38%, 52.86%, and 43.86% of total assets for FYs ending on 31 December 2021G, 31 December 2022G, and 31 December 2023G, respectively. Therefore, an increase in the Company's liabilities will negatively affect its financial position, making it difficult for the Company to meet its obligations. 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

The Company creates provisions in the statement of financial position according to the requirements of Article Sixty-Nine (69) of the Implementing Regulations of the Cooperative Insurance Companies Control Law issued by SAMA, in order to meet its expected future obligations. These provisions include, at a minimum, the following:

a. Provision for unearned premiums.
b. Provisions for claims under settlement.
c. Provisions for claim settlement expense.
d. Provisions for incurred but not reported claims.
e. Provisions for unexpired risks.
f. Incurred but not reported (IBNR) claim reserves (e) Unexpired risks reserves (f) Provisions for disasters.
g. Provisions for general expenses.
h. Provisions related to protection and savings insurance such as disability, old age, death, medical expenses, etc.

The size of the provisions is estimated based on expectations of volume and frequency of claims according to historical data in the insurance sector. The process of determining an appropriate level of claim provisions is inherently uncertain due to the difficulty and complexity of making the necessary assumptions. The following table shows the amounts of these provisions as of 31 December 2021G, 31 December 2022G, and 31 December 2023G, respectively.

Table 2: Company's provisions

Provisions (SAR million)	2021G	2022G	2023
Provision for unearned premiums	108.7	108.6	112.3
Provisions for claims under settlement	46.8	38.5	26.1
Provisions for incurred but not reported claims	15.7	23.7	19.0
Provisions for unexpired risks	34.5	19.3	1.1
Provisions for general expenses	0.4	0.4	1.1

It is worth noting that the increase in provisions (technical reserves) contributed to the decline in the Company's financial performance in FY 2021G. The technical reserves decreased from 206.2 million Saudi Riyals on 31 December 2021G, to 190.4 million Saudi Riyals on 31 December 2022G, mainly due to:

a. The provision for unexpired risks decreased from 34.5 million Saudi Riyals on 31 December 2021G, to 19.3 million Saudi Riyals on 31 December 2022G, due to an improvement in the net loss ratio by 5.4 percentage points. The management's ongoing shift towards subscription for small and medium-sized enterprises facilitated this improvement. Additionally, despite the growth in written premiums in FY 2022G, unearned premium provisions remained stable during the period from 31 December 2021G, to 31 December 2022G.
b. The decrease in provisions for claims under settlement from 46.8 million Saudi Riyals on 31 December 2021G, to 38.5 million Saudi Riyals as of 31 December 2022G, is mainly due to an increase in total claims paid by 44.7 million Saudi Riyals during the same period. This increase in total claims paid is primarily due to the increased cash flow related to the capital increase through the issuance of rights shares, which led to an increase in claims settlement. This was also facilitated by the change in Health Insurance Council regulations where the allowed time for settling claims decreased from 45 days to 30 days in FY 2022G.

The Company transitioned to IFRS 17 as of 1 January 2023G. According to IFRS 17, technical reserves are presented as part of the Company's insurance contract liabilities. Insurance contract liabilities decreased from 160.5 million Saudi Riyals on 31 December 2022G, to 124.8 million Saudi Riyals on 31 December 2023G, due to several factors, most notably the decrease in technical reserves. The factors that led to the decrease in technical reserves are related to reserves for previous services based on the estimation of cash flows related to incurred claims obligations. This led to a decrease in incurred claims obligations by 12.5 million Saudi Riyals during the FY 2022G and by 16.7 million Saudi Riyals in FY 2023G. Additionally, the Company recorded a reversal on expected loss-making contracts by recording a loss of 16.5 million Saudi Riyals in FY 2022G and a loss of 6.6 million Saudi Riyals in FY 2023G.

Since the size of provisions depends on evaluation procedures prepared by the actuary, it is possible that the Company's provisions may prove insufficient in any period. If actual claims exceed the claims reserve, the Company will have to increase its provisions. This will have a negative and material impact on the Company's business, financial position, and results of operations.

2.1.15 Risks related to sanctions, penalties, and suspension of operations imposed by competent authorities

Given that the Company's operations are subject to numerous regulations and instructions issued by the Insurance Authority, CMA, and other government entities, the Company is consequently subject to oversight by multiple regulatory bodies. This may make it susceptible to sanctions and penalties if it fails to continuously comply with any of these regulations, bylaws, and instructions or delays in fulfilling any of them. The Company may be subject to a number of sanctions and violations by the Insurance Authority, CMA, and other entities, including the suspension of some or all of its operations or trading of its shares, which will negatively and materially affect its business, financial position, and future prospects.

In the course of its normal business, the Company has committed some procedural violations. The total procedural violations amounted to 58,242 Saudi Riyals, 129,000 Saudi Riyals, and 132,500 Saudi Riyals during the FYs 2021G, 2022G, and 2023G, respectively.

The following is a summary of penaltied imposed on the Company during the FYs 2021G, 2022G, and 2023G:

1. A financial penalty of 20,000 Saudi Riyals, imposed by SAMA in 2021G, for continuing to deal with an insurance broker after the expiration of its license issued by SAMA.
2. A financial penalty of 16,900 Saudi Riyals, imposed by SAMA in 2021G, for delays in paying supervision and inspection costs to SAMA.
3. A financial penalty of 20,000 Saudi Riyals, imposed by SAMA in 2021G, for the Company's non-compliance with the minimum number of meetings of the Executive Committee of the Company's Board of Directors.
4. A financial penalty of 100,000 Saudi Riyals, imposed by SAMA in 2022G, for the Company's non-compliance with some articles of cyber security controls issued by SAMA.
5. A financial penalty of 20,000 Saudi Riyals, imposed by SAMA in 2022G, for the Company's failure to include commissions paid to insurance brokers in the contract policy schedule.
6. A financial penalty of 9,000 Saudi Riyals, imposed by the Health Insurance Council in 2022G, for delays in paying claims.
7. A financial penalty of 1,342 Saudi Riyals, imposed by SAMA in 2021G, for delays in paying SAMA fees.
8. A financial penalty of 132,500 Saudi Riyals, imposed by the Health Insurance Council in 2023G, for violating Article 98 of the Implementing Regulations of the Cooperative Health Insurance Law, due to delays in paying medical claims to medical service providers on time.

The Company has paid all the imposed fines as mentioned above. If the Company continues to commit violations or fails to comply with all regulations and instructions issued by the Insurance Authority, the regulations, rules, and requirements of CMA, and any other regulatory body in the future, it will be subject to fines and penalties imposed by the Insurance Authority, CMA, or any other regulatory body. This will increase its operational costs and have a material impact on its operations and profits.

2.1.16 Risks related to litigation

In the course of its work, the Company may be subject to lawsuits and cases 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 or with policyholders, which may lead to filing lawsuits with relevant jurisdictions, either by or against the Company. As a result, the Company may be vulnerable to judicial claims from government agencies, departments and investigations, including in the context of current controls or any 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 a significant impact on its business, financial position and results of operations. The Company cannot exactly expect the cost of lawsuits or judicial proceedings that may be filed by or against the Company or the final results of these lawsuits or the issued rulings and what compensation and penalties they include, and thus any negative results for such lawsuits will adversely affect the Company.

As of the date of this prospectus, the number of ongoing lawsuits is 25, with a value of 4,236,578 Saudi Riyals, which are specific to lawsuits filed by the Company against policyholders who are late in payment.

The Company has 3 lawsuits filed against it (as a defendant) with a total value of 1,097,302 Saudi Riyals. (For more information, please refer to Subsection (9.7) "**Disputes and Lawsuits**" of Section (9) "**Legal Information**"). The Company does not guarantee that it will not be exposed to any claims that would have a material impact on its business or financial position.

2.1.17 Risks related to investment

The Company's investments are subject to several articles of the Implementing Regulations of the Cooperative Insurance Companies Control Law. Article Fifty-Nine (59) stipulates that the Company must establish a written investment policy approved by the Company's board of directors and approved by SAMA (currently by Insurance Authority) to regulate investment operations and methods of managing investment portfolios. Investments must be in Saudi Riyals at a rate of 50% of the total assets available for investment. If the Company wishes to reduce this percentage, it must obtain prior written approval from SAMA. Article Sixty (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 take appropriate measures to manage these risks, and there must be, at a minimum, an analysis of the following risks: (market risk, credit risk, interest rate risk, currency exchange rate risk, liquidity risk, operational risk, country risk, legal risk, reinsurance risk, technology risk). Article Sixty-One (61) stipulates that when developing its investment policy, the Company must ensure that the maturity of the invested assets is balanced with the Company's obligations according to the issued policies. The Company must submit the investment program, including asset distribution, to SAMA. If SAMA does not approve the program, the Company is obligated to adhere to the investment vehicles and percentages contained in Table No. (1) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, provided that investment outside the Kingdom does not exceed 20% of total investments, while complying with paragraph (2) of Article Fifty-Nine. The Company must take into account the risk of investment concentration so that the concentration ratio does not exceed 50% of each investment vehicle as stated in Table No. (1) of the Implementing Regulations of the Cooperative Insurance Companies Control Law. The Company has sent the investment policy to the Insurance Authority for approval. As of the date of this prospectus, the Company has not obtained the Insurance Authority's approval for the investment policy.

The management's investment strategy focused on short-term, low-risk investments. Investments mainly included short-term Murabaha deposits amounting to 77.9 million Saudi Riyals, 134.5 million Saudi Riyals, and 248.3 million Saudi Riyals during the FYs 2021G, 2022G, and 2023G, respectively.

Article Sixty-Two (62) stipulates that the Company may not use financial instruments such as financial derivatives and off-balance sheet items before obtaining prior written approval from the Insurance Authority. The Company may not use these instruments for purposes other than managing the investment portfolio. The following must be taken into account: they must be listed in a main financial market, liquidatable in a short time, based on assets listed in the asset valuation table, have a clear and known pricing method, and the Company must have sufficient provisions and assets to meet any obligations resulting from or potential from investing in these instruments, and the other party in the transaction must have acceptable solvency and reputation.

Due to the Company's financial solvency requirements, management remains limited in its investment strategy and unable to generate sufficient returns to offset its costs. This negatively affects the Company's profitability, results of operations, and future prospects.

It is worth noting that the investment options available to the Company are limited and subject to many regulatory requirements that the Company must apply. If it does not comply with them, it will be subject to sanctions that would negatively and materially affect the Company's business, results of operations, and future prospects.

2.1.18 Risks related to depreciation and Impairment of assets

The value of the Company's net tangible property and equipment gradually decreased from 1.5 million Saudi Riyals as on 31 December 2022G to 798 thousand Saudi Riyals as on 31 December 2023G. This is mainly due to the decrease in the level of fixed assets additions during the above-mentioned period. The Company's management considered that the available fixed assets are sufficient.

As of 31 December 2022G, the ratio of the total remaining useful life to the average assets of the Company was 5.1% due to the following:

- Computers are depreciated by 96.1%.
- Furniture, fixtures and office equipment are depreciated by 97%.
- Improvements to leased property that are by 52.7%.
- Cars are fully depreciated.

The Company has intangible assets related to computer software and licenses used by the Company in its insurance operations. The Company also has intangible assets related to computer software and hardware used in insurance operations. As of 31 December 2023G, the accumulated depreciation of intangible assets amounted to 96.7% of the Company's intangible assets value, and additions during this period were minimal, decreasing from 308 thousand Saudi riyals in FY 2021G to 244 thousand Saudi riyals in FY 2022G, before slightly increasing to 471 thousand Saudi riyals in FY 2023G.

The net book value of intangible assets decreased from 899 thousand Saudi riyals on 31 December 2021G, to 794 thousand Saudi riyals on 31 December 2022G, then to 792 thousand Saudi riyals on 31 December 2023G, due to the decrease in the level of additions. This led to a decrease in the remaining useful life from 3.8% as of 31 December 2021G, to 3.3% as of 31 December 2023G.

The Company may need to incur capital expenditures to upgrade or replace existing programs, especially if the Company wishes to reinternalize claims management and processing, maintain compliance with regulatory requirements, or develop internal capabilities to facilitate its growth initiatives.

The Company maintains a subscription portal for small and medium enterprises, which also provides facilities for brokers and other users to create quotes and issue policies when entering certain customer details. This portal was developed during FYs 2020G and 2021G and was officially launched in July 2021G, where the cost was capitalized to intangible assets.

Thus, the Company may need to incur some capital expenditures in the future in order to further improve its operations, especially as management seeks future growth, or to replace and update existing programs in order to mitigate identified problems. If the Company is unable to bear these expenses, it will negatively and substantially affect the Company's business, financial position, and future prospects.

2.1.19 Risks related to transactions with related parties

The Company has a number of contracts with related parties. According to Article (71) of the Companies Law, and subject to Article (27) of the Companies Law, a board member must immediately inform the board of any direct or indirect interest in the business and contracts made for the Company's account. This notification must be recorded in the minutes of the board meeting. This member may not participate in voting on the decision issued in this regard in the board and general assemblies. The board informs the general assembly when it convenes about the business and contracts in which a board member has a direct or indirect interest, and a special report from the Company's auditor prepared in accordance with the auditing standards approved in the Kingdom is attached to the notification.

The assembly approved in the minutes of the ordinary assembly meeting held on Wednesday 20/10/1444H (corresponding to 10/05/2023G), the transactions that took place with related parties. These transactions were approved by the OGM, and they are as follows:

1. Business and contracts between the Company and Khaled Ahmed Al-Juffali Company, in which board member Ms. Dana Khaled Al-Juffali has an indirect interest. This is a one-year medical insurance contract for the Company's employees for an amount of 989,534 Saudi Riyals, and this agreement has no preferential terms.
2. Business and contracts between the Company and Khaled Ahmed Al-Juffali Industrial Company, in which board member Ms. Dana Khaled Al-Juffali has an indirect interest. This is a one-year medical insurance contract for the Company's employees for an amount of 299,900 Saudi Riyals, and this agreement has no preferential terms.
3. Business and contracts between the Company and Khaled Ahmed Al-Juffali Construction Limited Company, in which board member Ms. Dana Khaled Al-Juffali has an indirect interest. This is a one-year medical insurance contract for the Company's employees for an amount of 134,357 Saudi Riyals, and this agreement has no preferential terms.
4. Business and contracts between the Company and GAB Corp Saudi Arabia Limited Company, in which board member Ms. Dana Khaled Al-Juffali has an indirect interest. This is a one-year medical insurance contract for the Company's employees for an amount of 371,452 Saudi Riyals, and this agreement has no preferential terms.
5. Business and contracts between the Company and Khaled Ahmed Al-Juffali Energy and Utilities Limited Company, in which board member Ms. Dana Khaled Al-Juffali has an indirect interest. This is a one-year medical insurance contract for the Company's employees for an amount of 13,775 Saudi Riyals, and this agreement has no preferential terms.
6. Business and contracts between the Company and Al-Dahna International Marketing Company, in which board member Ms. Dana Khaled Al-Juffali has an indirect interest. This is a one-year medical insurance contract for the Company's employees for an amount of 57,005 Saudi Riyals, and this agreement has no preferential terms.
7. Business and contracts between the Company and Lonsdale & Associates Insurance Brokerage Company, in which board member Ms. Dana Khaled Al-Juffali has an indirect interest. This is a one-

year medical insurance contract for the Company's employees for an amount of 539,327 Saudi Riyals, and this agreement has no preferential terms.

8. Business and contracts between the Company and Khaled Ahmed Al-Juffali Company, in which board member Ms. Dana Khaled Al-Juffali has an indirect interest. This is a one-year medical insurance contract for the Company's employees for an amount of 642,407 Saudi Riyals, and this agreement has no preferential terms.
9. Business and contracts between the Company and Khaled Ahmed Al-Juffali Construction Limited Company, in which board member Ms. Dana Khaled Al-Juffali has an indirect interest. This is a one-year medical insurance contract for the Company's employees for an amount of 145,720 Saudi Riyals, and this agreement has no preferential terms.
10. Business and contracts between the Company and Lonsdale & Associates Insurance Brokerage Company, in which board member Ms. Dana Khaled Al-Juffali has an indirect interest. This is a one-year medical insurance contract for the Company's employees for an amount of 30,201 Saudi Riyals, and this agreement has no preferential terms.
11. Business and contracts between the Company and Saudi Arabian Cyprus Company, in which board member Ms. Dana Khaled Al-Juffali has an indirect interest. This is a one-year medical insurance contract for the Company's employees for an amount of 53,441 Saudi Riyals, and this agreement has no preferential terms.
12. Business and contracts between the Company and the Saudi Business Machines Ltd (SBM Ltd), in which board member Ms. Dana Khaled Al-Juffali has an indirect interest. This is a one-year contract for supplying computer equipment, licenses, and other items. The transactions during 2022G amounted to 54,750 Saudi Riyals, and this agreement has no preferential terms.
13. Business and contracts between the Company and Lonsdale & Associates Insurance Brokerage Company, in which board member Ms. Dana Khaled Al-Juffali has an indirect interest. This is a contract for providing insurance brokerage services. The transactions during 2022G amounted to 289,565 Saudi Riyals, and this agreement has no preferential terms.
14. Business and contracts between the Company and Al-Juffali Group, in which board member Ms. Dana Khaled Al-Juffali has an indirect interest. The total medical claims paid during 2022G amounted to 971,754 Saudi Riyals, and there are no preferential procedures for the payment of claims.

The Company may need to renew these contracts in the future, which requires obtaining the OGM approval. There is no guarantee that the Company will obtain the approval of the OGM for all transactions with related parties, which may put the Company in violation of Article Seventy-One of the Companies Law, or cause the Company to lose these transactions. As a result, in case of rejection, this will negatively affect the Company's business and profitability. For more details, please refer to sub-paragraph "9.5.1" (**Contracts and Transactions with Related Parties**) of Section (9) "**Legal Information**" of this prospectus).

2.1.20 Risks associated with foreign capital in the Company

The ownership of foreign investors in Saudi companies is subject to the Foreign Investment Law 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 Law and its Implementing Regulations. If foreign investors commit them, they will be subject to a number of sanctions in accordance with the Foreign Investment Law, which may reach the cancellation of the foreign investment license. The foreign investors' ownership percentage of the Company's capital is (9.41%) as on 31/03/2023G. Practicing or committing any violated provided for in the implementing regulations of the Foreign Investment Law, may expose the foreign investor to sanctions reaching cancellation of license and thus cancelling his ownership in the Company. Since there is one founding investor who owns more than 5% of the total foreign investors, the loss of such founding investor will adversely and substantially affect the Company's business, financial position and future prospects.

2.1.21 Risks related to natural disasters and work interruption

All insurance companies are exposed to losses resulting from unpredictable events that may affect many of the risks covered by the Company, especially large-scale weather events in relation to vehicle insurance, widespread epidemics in the case of health insurance, or pandemics in general that restrict movements and actions on operations that require the insurance company's services. Other events that can affect the Company and insurance policies include natural and unnatural events, including but not limited to, snow or sand storms, floods, hail, winds, fires, explosions, earthquakes, industrial accidents, and terrorist operations. The magnitude of the Company's losses as a result of these catastrophic events depends on their frequency and severity of each event, and despite the Company's efforts to limit its exposure to these events, or determine an appropriate price for them, or set appropriate conditions for insuring against risks, these efforts may not succeed. In addition, any disaster that affects the Company's offices or any other locations it has will negatively and substantially affect the Company's business, financial position, and future prospects.

2.1.22 Risks of system failures and information technology

The Company has intangible assets related to computer software used in its insurance operations. As of 31 December 2023G, the accumulated depreciation of intangible assets amounted to 96.7% of the Company's intangible assets value. The net book value of intangible assets decreased from 899 thousand Saudi riyals on 31 December 2021G, to 794 thousand Saudi riyals on 31 December 2022G, then to 792 thousand Saudi riyals on 31 December 2023G, due to the decrease in the level of additions. The Company uses several technical systems and computer programs during its operational processes, which are necessary to provide services to its customers, as the insurance sector heavily relies on electronic systems, including communication programs, sales, policy issuance, financial and technical programs, as well as information storage, data preservation, and electronic file storage, among others. The obsolescence of these electronic systems and computer software used by the Company may affect the operational efficiency of these systems, negatively impacting the Company's business and operating results. These programs and technical systems help process a huge number of operations continuously and without interruption, and provide protection against technical problems, malfunctions, and viruses that may appear suddenly.

The Company is also exposed to other external and internal risks, such as malware, code defects, attempts to breach the Company's networks, unavailability of required updates or modifications, data leaks, and human errors, all of which pose a direct risk to the Company's services and data. Other threats include equipment failure, physical attacks, theft of customer information, fire, explosion, floods, severe weather, power outages, and other problems that may occur during network upgrade operations or other major changes. In the event of a partial or total collapse in any of the information technology or communication systems, the Company's business activities may stop or be severely affected. Any system malfunction, incident, or breach can cause interruption in the Company's operations or affect its ability to provide services to its customers. Moreover, the increased use of cloud services for data storage may increase the likelihood of the Company being exposed to the risk of general information technology system failure. For example, an electronic attack on the insurance network could render the Company unable to provide services to its customers, which could damage its reputation, cause loss of revenue, or expose it to financial penalties.

If the Company's systems, programs, and contingency plans or any of its branches or related entities fail during operational processes, the Company does not guarantee that there will be no temporary, partial, or total interruption in its operations, which would hinder its ability to conduct business normally, negatively affecting its financial performance, operating results, and reputation.

2.1.23 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 the 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.

2.1.24 Risks related to non-compliance with quality standards and specifications required by clients

The Company seeks to maintain the satisfaction of its customers by continuing to provide the same level of quality of its services. However, in the event that the Company is unable to continue providing its services with the same level of quality, this will adversely affect its reputation among its customers, leading to reluctance to deal with it. This will negatively affect the Company's sales and, consequently, its operational and financial results.

2.1.25 Risks related to anti-money laundering

The Company currently complies with the Anti-Money Laundering and Combating the Financing of Terrorism Regulations issued by SAMA, the rules for combating money laundering and terrorist financing for insurance companies, the anti-money laundering system and its implementing regulations, and 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. This may result in imposing sanctions and fines which, if incurred by the Company, will have a negative material impact on the Company's business, financial position, results of operations, profitability of shares, and future prospects.

2.1.26 Risks related to protection of trademarks

The Company has registered its trademark with the Ministry of Commerce under number (143413032), dated 14/07/1435H (corresponding to 13/05/2014G). The protection period ends on 20/10/1444H (corresponding to 10/05/2023G), which means the certificate has expired. The Company must renew it to maintain its competitive position and avoid lawsuits that may arise from the misuse of the trademark by others. The Company relies on the use of its trademark and logo in marketing its insurance products and developing its business. If the Company is unable to renew its trademark registration certificate, it will negatively affect its right to use its trademark and will make conducting its business more costly, which will affect the Company's operating results. The Company's work will be more affected if it has to compete with similar trademarks.

2.1.27 Risks related to fraudulent insurance usage, claims, and other deceptive activities

The Company is vulnerable to fraud and deception 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 practice fraud and deception are constantly evolving, making fraud detection difficult.

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

2.1.28 Risks related to employee errors and misconduct

The Company's employees may commit errors or misconduct while performing their duties in violation of the laws and regulations to which the Company is subject. This may harm the Company and its reputation and expose it to violations, sanctions, or fines that may be imposed by regulatory authorities. The Company cannot guarantee that no error or misconduct will occur from its employees, which may negatively affect the Company's performance.

2.1.29 Risks related to dependence on key personnel and attracting talent

The Company depends on the experience and capabilities of its key personnel. Therefore, the Company's success may depend on its ability to ensure the continuity of these competencies and find alternatives if they leave the Company. Recently, mergers among listed insurance companies have been active. The consolidation of companies in this manner creates larger, more complex, and more competitive entities. Therefore, there is no guarantee that the Company will be able to ensure the continuity of its employees' services, prevent them from moving to competing entities, or improve their skill levels as the Company's operations expand. The Company may need to increase salaries to ensure its competitiveness, retain its employees, and attract new, appropriately qualified staff, which could have a negative impact on the Company's financial position. All of this may lead to difficulty in retaining some employees, and the loss of one or more members of its senior management, divisions, or departments could hinder the implementation of its business strategy. This would have a negative impact on its business, financial position, and results of operations.

2.1.30 Risks related to inability to comply with Saudization requirements

HRSD has implemented the Nitaqat program, which is designed to encourage companies to employ Saudi citizens and increase their percentage of the Company's total employees. According to the Nitaqat program, the Company's compliance with Saudization requirements is measured by the proportion of Saudi citizens working for the Company compared to the average Saudization rate in companies operating in the same sector.

The Company has achieved a Saudization rate of 62%, which is classified within the platinum range of the Nitaqat program. However, there is no guarantee that the Company will continue to maintain the required Saudization percentage within the levels prescribed by law. HRSD has recently adopted the developed Nitaqat program, which significantly affects the mechanism for calculating Saudization rates in the specific specializations of companies operating locally, and its impact on the Company's operations has not yet appeared. Any significant change in these percentages will expose the Company to penalties for non-compliance with the decisions issued in this regard, which may include suspending the issuance of work visas necessary for the Company, transferring sponsorship of non-Saudi employees, or excluding the Company from participating in government tenders. This would adversely affect the Company's business and results of operations.

2.1.31 Risks related to failure to obtain regulatory approvals or non-objection from regulatory authorities

The Company is subject to numerous regulatory requirements to practice insurance activities under the relevant laws and regulations. These require obtaining approvals or non-objection from legislative and regulatory authorities to which it is subject when conducting its business. These include, but are not limited to, the requirement to obtain non-objection from SAMA for the nomination of the Company's board members and committee members, or SAMA's approval on certain Company policies. Consequently, the Company may fail to obtain the necessary regulatory approvals or non-objection from regulatory authorities for some activities that may require them. This could expose the Company to violations, sanctions, or fines imposed by regulatory and supervisory authorities. Such consequences would negatively and materially affect the Company's business, financial position, and future prospects.

2.1.32 Risks related to non-activation of Board committees' roles

The Company is committed to form several committees under the Board of Directors as per the Companies Law, Corporate Governance Regulations, and Insurance Companies Governance Regulations. These committees play many different important roles in the Company's decision-making process.

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

On 22/05/2024G, the Company obtained non-objection from the Insurance Authority to appoint members of the Audit Committee. The Company must present the nominated members to the nearest General Assembly of shareholders to obtain their approval regarding the appointment of Audit Committee members. As of the date of this Prospectus, the Company has not obtained the General Assembly's approval for the appointment of Audit Committee members for the fifth term. The Company may not be able to obtain the General Assembly's approval for the proposed committee members.

This would weaken the governance of the Company's decisions due to the non-activation of the Board committees' roles and their involvement in making substantial decisions in the Company. This will affect the operational efficiency of the Company regarding crucial decisions such as investment, expansion, and asset management, which would negatively impact the Company's business, financial position, and future prospects.

2.1.33 Risks related to non-compliance with the mandatory clauses in the employment contract

In accordance with Article Fifty-Two of the Labor Law issued by Royal Decree No. (M/51) dated 23/08/1426H, the Company must comply with the mandatory clauses contained in the unified form of employment contracts issued by HRSD. The Company has not adhered to including all the mandatory clauses stipulated in the unified form in its employees' contracts. For example, some contracts for female employees do not address the clause regarding the right of working women to 10 weeks of fully paid maternity leave. Additionally, some contracts for foreign workers do not include the clause obligating the Company to cover the expenses of preparing the body of a foreign worker in case of death, which are mandatory clauses in the employment contracts for working women and foreign workers as outlined in Appendix No. (5) of the unified employment contract form in the executive regulations of the Labor Law and its annexes. Furthermore, the Company has not registered all of its employees on the Qiwa platform, with the documentation rate reaching 78.95%. This may put the Company in violation before the relevant regulatory authority, which may impose penalties, violations, or fines such as suspending employer services, preventing recruitment, and depriving the Company of the documentation range. These actions could negatively affect the Company's business, financial position, and future prospects.

2.1.34 Risks related to changes in significant accounting standards and new standards

Changing the recognized IFRS standards to modified or new international accounting standards may result in the inability to easily compare the Company's previous financial statements. In particular, the Company's financial statements for FYs and periods beginning after 1 January 2023G, which are prepared and presented under modified or new international accounting standards, may not be easily comparable to those of previous financial periods provided in this Prospectus, which were prepared and presented under currently recognized International Financial Reporting Standards (IFRS). As of 1 January 2023G, the Company adopted IFRS (17) "Insurance Contracts" and IFRS (9) "Financial Instruments" as approved in the Kingdom of Saudi Arabia. The Company's adoption of IFRS (17) "Insurance Contracts" and IFRS (9) "Financial Instruments" led to changes in the description of items in the income statement and reclassification on the statement of financial position, in addition to impairment of financial assets (for more information, please refer to subsection (5.5) "**Significant Accounting Policies**" of Section (5) "**Financial**

Information and Management Discussion and Analysis”). The Company’s application of IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments” as of 1 January 2023G, had an impact on equity as well as assets and liabilities (for more information, please refer to subsection (5.5) “**Significant Accounting Policies from Section (5) “Financial Information and Management Discussion and Analysis**”).

The Company may face the imposition of new standards or new amendments to existing standards, and the application of new accounting standards may result in impairment of assets or recognition of losses resulting from remeasuring the financial assets, which would negatively and materially affect the Company’s operating results and financial position.

2.1.35 Risks related to Coronavirus (COVID-19)

The outbreak of the new Coronavirus (COVID-19) began in December 2019G, and the World Health Organization declared COVID-19 as a global pandemic in March 2020G, and COVID-19 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 COVID-19, 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 COVID-19, 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 21 June 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 31 December 2020G (zero as on 31 December 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.

2.1.36 Risks related to Zakat

The Company has submitted its Zakat and tax returns since its establishment until 31 December 2022G, and obtained a Zakat certificate from ZATCA with number (3006469776) dated 08/10/1444H (corresponding to 28/04/2023G) valid until 21/10/1445H (corresponding to 30/04/2024G). As of the date of this Prospectus, the Company has not obtained the Zakat certificate for FY ending 31 December 2023G, due to an additional Zakat obligation of 9.1 million Saudi Riyals resulting from Zakat assessments for the years 2015G, 2016G, 2017G, and 2018G. The Company is still in the process of requesting ZATCA to settle the due Zakat obligation by setting up a plan to installment the amount.

Zakat assessments have been finalized and settled up to 2014G. ZATCA has issued assessments for the years 2015G, 2016G, 2017G, and 2018G, resulting in additional Zakat differences with a total value of (9.5) million Saudi Riyals. The Company has made a provision for the full amount and has submitted an appeal request to Tax Committees for Resolution of Tax Violations and Disputes, which reduced the amount by 86 thousand Saudi Riyals. However, both the Company and ZATCA have escalated the dispute to Tax Committees for Resolution of Tax Violations and Disputes. During November 2023G, the Appeal Committee issued its decision upholding the decision. Accordingly, ZATCA issued amended assessments based on the Appeal Committee’s decision (Appeal Committee) with an additional Zakat obligation of 9.1 million Saudi Riyals. The Company is still in the process of requesting ZATCA to settle the due Zakat obligation by setting up a plan to installment the amount.

It is worth noting that the Zakat and tax returns for the years 2019G to 2022G are currently under review by ZATCA.

The Company cannot predict whether ZATCA will accept the Zakat returns submitted for FYs from 2019G to 2022G, which are currently under review, or if there will be additional assessments for these years, which may require the Company to pay amounts exceeding what has been allocated for those years, which will negatively affect the Company’s profitability and performance.

2.1.37 Risks related to accumulated losses and the minimum paid-up capital

The Company's accumulated losses reached SAR 44.7 million as of 31 December 2018G, equivalent to 44.7% of its capital of SAR 100 million. Accordingly, the EGM held on 05/04/1440H (12/12/2018G) approved increasing the Company's capital from SAR 100 million to SAR 300 million by issuing priority rights shares in anticipation of future accumulated losses. The accumulated losses continued to rise until they reached SAR 150 million as of 31 December 2019G, equivalent to 50.29% of its capital of SAR 300 million. As a result, the EGM held on 30/08/1441H (23/04/2020G) approved reducing the Company's capital by SAR 150 million from SAR 300 million to SAR 150 million to restructure the Company's capital by writing off SAR 150 million of accumulated losses. Consequently, the Company's accumulated losses became SAR 860,000.

The accumulated losses reached SAR 91.3 million as of 31 December 2021G, equivalent to 60.8% of its capital of SAR 150 million and continued to rise until they reached SAR 105.74 million as of 30 June 2022G, equivalent to 70.5% of the capital of SAR 150 million. This was due to realizing a net loss of SAR 62 million as of 31 December 2021G, and SAR 14.5 million as of 30 June 2022. Given that the accumulated losses exceeded 50% of the Company's capital of SAR 150 million, and in compliance with the procedures and instructions for companies listed on the market whose accumulated losses reached 20% or more of their capital, in addition to Article 132 of the Companies Law issued by Royal Decree (M/132) dated 1/12/1443H (30/6/2022G), which states: "If the losses of a joint stock company reach (half) of the issued capital, the Board of Directors must disclose this and make recommendations regarding these losses within (sixty) days from the date of its knowledge thereof, and invite the EGM to meet within (one hundred and eighty) days from the date of knowledge thereof to consider the continuation of the Company while taking any necessary measures to address those losses, or dissolve it.

The Company's Board of Directors recommended reducing the Company's capital from SAR 150 million to SAR 100 million to restructure the Company's capital by writing off SAR 50 million of accumulated losses. It also recommended increasing the Company's capital after completing the reduction process by SAR 130 million to become SAR 230 million. On 23/01/1444H (21/08/2022G), the EGM approved directing the Company to proceed with the capital increase procedures and obtain the approval of the competent authorities. The EGM held on 22/03/1444H (18/10/2022G) approved the Board of Directors' recommendation to reduce the Company's capital to SAR 100 million. On 12/04/1444H (06/11/2022G), the EGM approved the Board of Directors' recommendation to increase the Company's capital to SAR 230 million.

The Cooperative Insurance Companies Control Law was issued by Royal Decree No. (M32) dated 2/6/1424H (31/7/2003G) and amended by Royal Decree No. (M/30) dated 27/5/1434H (8/4/2013G), and amended by Royal Decree No. (M/12) dated 23/1/1443H (1/9/2021G). Paragraph (5) of Article Three stipulates: "The capital of an insurance company or reinsurance company may not be amended except with the approval of SAMA, and in accordance with the provisions of the Companies Law. The executive regulations of the Insurance Companies Control Law determine the minimum paid-up capital for an insurance company or reinsurance company, provided that it is not less than three hundred million Saudi riyals. Accordingly, the Company's Board of Directors recommended under its resolution dated 26/05/1445H (corresponding to 10/12/2023G) to increase the Company's capital through a Rights Issue by one hundred and fifty million (150,000,000) Saudi Riyals, by issuing fifteen million (15,000,000) ordinary shares at an offer price of ten (10) Saudi Riyals per share, after obtaining all necessary regulatory approvals. The Company has obtained the approval of the Insurance Authority to increase its capital according to letter number (126-24) dated 09/09/1445H (corresponding to 19/03/2024G). The Company may not be able to obtain the approval of the EGM to increase the Company's capital through the issuance of priority rights shares. This exposes it to fines and penalties stipulated in the law, which will negatively affect the Company's profitability and performance.

2.1.38 Risks related to the new Companies Law:

The Companies Law was issued by Royal Decree No. (M/3) dated 28/01/1437H (10/11/2015G) and published in the Official Gazette (Umm Al-Qura) on 22/01/1437H (04/12/2015G), which came into effect on 27/07/1437H (04/05/2016G) and was amended by Royal Decree No. (M/79) dated 25/07/1439H (11/04/2018G).

On 01/12/1443H (30/06/2022G), Royal Decree No. (M/132) was issued amending the Companies Law, and the new law came into effect on 26/06/1444H (19/01/2023G). The new law gives companies a period of two years from its effective date to adjust their status in accordance with its provisions. The new Companies Law stipulates new requirements, including the obligation to officially register all companies, including unregistered joint ventures, organize and record share option arrangements, and impose certain prerequisites for dividend distribution. The Company has not assessed the impact of the new Companies Law on its operations.

The Company should update its Bylaws in accordance with the Companies Law within the statutory period given to companies, which is two years from the effective date of 19/01/2023G and align the Bylaws through the Saudi Business Center to avoid any violations or obstacles that the Company may face while conducting its business. There is no guarantee whether there will be future amendments to the Companies Law that require compliance, and if this amendment is substantial, the Company may incur additional costs to take necessary steps to ensure compliance or, may be subject to penalties and fines imposed by the Ministry of Commerce in case of non-compliance with these regulations and laws continuously. Consequently, this will negatively and substantially affect the Company's business, financial position, results of operations, and future prospects.

2.1.39 Risks related to the Company's non-compliance with aligning its governance regulations with legislative updates:

The Company's governance regulations were approved on 05/12/1441H (26/07/2020G), aiming to organize the Company's management and ensure the rights of shareholders and stakeholders.

The Company's governance regulations contain some observations that need to be amended as follows:

1. Article Four of the Company's Governance Regulations in its eighth paragraph (8) referred to "Priority of subscription to new shares issued for cash contributions, unless the EGM suspends the priority right - if stipulated in the Company's Bylaws - in accordance with Article One Hundred and Forty of the Companies Law". However, it should be noted that the article number referenced is incorrect, and the correct article number is One Hundred and Twenty-Nine of the Companies Law.
2. Article Ten of the Company's Governance Regulations in its fifth paragraph (5) stated that one of the competencies of the Company's OGM is "Forming the Audit Committee in accordance with the provisions of the Companies Law and its implementing regulations". This does not align with Article One Hundred and Five (105) of the Insurance Companies Governance Regulations, which stipulated that the Board of Directors must form the Audit Committee.
3. Article Ten of the Company's Governance Regulations in its sixth paragraph (6) stated that one of the competencies of the Company's OGM is "Approving the Company's financial statements". However, looking at Article Twelve (12) of the Corporate Governance Regulations, we see that it stipulated that the Company's General Assembly should review and discuss the financial statements, and did not address approval or non-approval.
4. Article Ten of the Company's Governance Regulations in its fourteenth paragraph (14) stated that one of the competencies of the Company's OGM is "Approving the deduction of amounts from the Company's net profits to establish social institutions for the Company's employees or to assist existing ones, in accordance with Article One Hundred and Twenty-Nine of the Companies Law". However, it should be noted that the article number referenced is incorrect, and the correct article number is One Hundred and Twenty-Three of the Companies Law.
5. Article Eleven of the Company's Governance Regulations in its paragraph (c) stated that "General or Special Shareholders' Assemblies are convened at the invitation of the Board of Directors, in accordance with the conditions stipulated in the Companies Law, its implementing regulations, and the Company's Bylaws. The Board of Directors must call for an OGM meeting if requested by the auditor, the Audit Committee, or shareholders representing at least (5%) of the Company's capital. The auditor may call the Assembly to convene if the Board of Directors does not call for it within thirty days from the date of the auditor's request." The percentage mentioned does not comply with Article Thirteen of the Corporate Governance Regulations, which stipulated that the percentage is (10%) and not (5%).
6. Article Eleven of the Company's Governance Regulations in its paragraph (d) stated that "The date, place, and agenda of the General Assembly meeting must be announced at least ten days in advance, and the invitation should be published on the market's website, the Company's website, and in a daily newspaper distributed in the area where the Company's head office is located. In addition, the Company may direct the invitation to hold general and special assemblies to its shareholders through modern technology means." The period mentioned above does not comply with Article Thirteen of the Corporate Governance Regulations, which stipulated that the period should be twenty-one days and not ten days.
7. There is an error in Article Eleven of the Company's Governance Regulations, which made paragraph (i) part of it, but paragraph (i) should have been a new separate article from Article Eleven.
8. Article Eleven of the Company's Governance Regulations in its paragraph (j) stated that "When preparing the agenda for the General Assembly, the Board of Directors should take into consideration the matters that shareholders wish to include. Shareholders owning at least (5%) of the Company's shares may add one or more items to the agenda of the General Assembly when it is prepared." The percentage mentioned does not comply with Article Fourteen of the Corporate Governance Regulations, which stipulated that the percentage is (10%) and not (5%).
9. The Company's Governance Regulations did not address Article Fifty-Six (56) of the Insurance Companies Governance Regulations, which stipulated that "A member of the Company's Board of Directors may not be a member of the Board of Directors of another local insurance and/or reinsurance company or one of its committees, or hold any leadership positions in those companies."
10. Article Nineteen of the Company's Governance Regulations in its first paragraph (1), sub-paragraph (a) regarding the formation of the Audit Committee stated "The Audit Committee is formed by a decision of the Company's OGM". This does not comply with Article One Hundred and Five (105) of the Insurance Companies Governance Regulations, which stipulated that it is formed by the Board of Directors, not the OGM.

11. Article Nineteen of the Company's Governance Regulations in its second paragraph (2) regarding the formation of the Nomination and Remuneration Committee did not address what was mentioned in Article One Hundred and Two (102) of the Insurance Companies Governance Regulations, which stipulated that "There must be two independent members among the committee members".
12. Article Nineteen of the Company's Governance Regulations in its second paragraph (2), sub-paragraph (b) did not address the requirement for the Nomination and Remuneration Committee to hold at least two meetings annually, as stipulated in Article One Hundred and Three (103) of the Insurance Companies Governance Regulations: "The Nomination and Remuneration Committee shall hold its meetings periodically and as needed, provided that the committee holds at least two meetings annually".
13. Article Nineteen of the Company's Governance Regulations in its third paragraph (3), sub-paragraph (b) did not address the requirement for the Executive Committee to hold at least six (6) meetings annually, as stipulated in Article Ninety-Eight of the Insurance Companies Governance Regulations: "The Executive Committee shall hold its meetings periodically and as needed, provided that the number of Executive Committee meetings is not less than (6) meetings per year".
14. Article Twenty-One of the Company's Governance Regulations did not include the requirements that should be included as stipulated in Article One Hundred and Twenty-Nine (129) of the Insurance Companies Governance Regulations, which stated that "Each senior management position must have a documented and detailed job description that defines roles, responsibilities, specifications, qualifications, reporting lines, interaction mechanism with other internal entities, authorities, and limits of authority".
15. Article Twenty-Four of the Company's Governance Regulations in its paragraph (b) stated that "The Board of Directors' report must include disclosure of the remunerations of Board members and Executive Management in accordance with what is stipulated in Article (93) of the Corporate Governance Regulations". However, it should be noted that the article number referenced is incorrect, and the correct article number is Ninety (90) of the Corporate Governance Regulations.
16. Article Twenty-Four of the Company's Governance Regulations in its paragraph (b) did not include what was stipulated in Article Eighty-Seven (87) of the Corporate Governance Regulations, which states that the Board of Directors' report should include "Information related to any business competing with the company or any of its activity branches that is conducted or was conducted by any Board member, including the names of those involved in the competing business", the nature of these businesses and their conditions, and if there are no such businesses, the company should provide a declaration to that effect".

Given that the Company's operations and regulations are subject to numerous systems and instructions that are continuously updated and amended, especially with the new Companies Law coming into effect, the Board of Directors, its committees, and senior executives in the Company may face difficulties in updating and amending the Company's regulations and policies, specifically the Company's Governance Regulations. This may affect compliance with these systems and instructions and consequently may expose the Company to penalties from regulatory authorities, which could negatively and substantially impact the Company's business, financial position, and results of operations.

2.2 Risks Related to the Market and Sector in which the Issuer Operates

2.2.1 Risks related to the economic performance of the Kingdom of Saudi Arabia

Despite the government's ongoing diversification policy, the oil sector's contribution to the Kingdom's GDP remains significant. Therefore, fluctuations in oil prices, especially major decreases, have a direct negative impact on the Saudi Arabian economy and its economic activity. Saudi Arabia also faces the challenge of relatively high population growth rates and unemployment among Saudi youth. These conditions and other risks beyond the Company's control may negatively reflect on the economy.

Any deterioration in economic conditions is likely to generate more pressure on the disposable income of workers in Saudi Arabia, and will negatively affect the Company's revenues, as the level of worker spending is subject to change and decrease. Many countries in the Middle East region are currently suffering from political or security instability. There are no guarantees that the economic and political conditions in these countries will not have a negative impact on the Company's business, results of operations, financial position, and future prospects.

Furthermore, the imposition of any additional taxes and fees in Saudi Arabia or GCC countries could negatively and substantially affect the Company's business and possibly the level of demand for its services, which would severely impact its business, financial position, results of operations, or prospects. Any unexpected substantial changes in the economic or political environment in Saudi Arabia or neighboring countries could also severely and negatively affect the Company's business, prospects, financial position, and results of operations.

2.2.2 Risks related to insurance market growth

The impact on the insurance market in the Kingdom as a result of increased growth rate in the number of insured individuals, in conjunction with economic and population growth in the Kingdom, as well as continued development in the area of social welfare, demographic changes, opening the insurance market in the Kingdom to foreign companies, and the continued merger and acquisition operations among existing insurance companies to form larger conglomerates with a broader presence, is generally an unclear future matter at present. Therefore, the growth and development in the insurance market in the Kingdom is subject to several uncertain expectations beyond the Company's control, which may have a significant negative impact on the Company's business.

2.2.3 Risks related to instability of insurance sector

Although the majority of insurance companies have incurred heavy losses in the recent period, it is worth noting that a number of companies have resorted to merging with or acquiring other insurance companies. This 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 current companies in the market, and changes in the prices offered in the market. Therefore, if the stability of the insurance sector is shaken, this may negatively affect the Company's revenues, returns, and business results.

2.2.4 Risks related to withdrawing the license to practice insurance activities

The Company obtained a license from SAMA (formerly Saudi Arabian Monetary Agency) No. (TMN/32/20128) on 19/09/1433H (corresponding to 07/08/2012G) to practice health insurance activity. On 23/09/1445H (corresponding to 02/04/2024G), the Company obtained a renewal of its health insurance activity license from the Insurance Authority, effective from 25/10/1445H (corresponding to 04/05/2024G) for a period of three years, ending on 24/10/1448H (corresponding to 01/04/2027G).

Article (76) of the Executive Regulations of the Insurance Companies Control Law states that SAMA has the right to withdraw the Company's license in the following cases:

- If the Company does not practice the licensed activity within six months.
- If the Company does not fulfill the requirements of the Cooperative Insurance Companies Control Law or its executive regulations.
- If SAMA finds that the applicant has intentionally provided it with incorrect information or data.
- If SAMA 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.
- If the Company goes bankrupt making it unable to fulfill its obligations.
- If the Company practices the activity in a manner involving fraud or deception.
- If the capital falls below the prescribed minimum, or if the Company does not meet the solvency requirements stipulated in the Executive Regulations of the Cooperative Insurance Companies Control Law.
- If the insurance activity decreases in insurance branches to a level that SAMA deems its performance ineffective.
- If the Company unjustifiably refuses to pay the claims owed to the beneficiaries.
- If the Company prevents the inspection team assigned by SAMA from performing its task in examining its records.
- If the Company refuses to implement a final judgment issued in any of the insurance disputes.

If the Company's license is withdrawn, it will not be able to continue practicing its activities legally in the Kingdom of Saudi Arabia. This will negatively and substantially affect the Company's activities, continuity, financial position, and operating results at that time. Additionally, shareholders may lose all or part of their investments in the Company.

2.2.5 Risks of non-compliance with Insurance Authority regulations

After obtaining the approval of the Insurance Authority for health insurance products, the health insurance products offered by the Company are subject to the supervision of the Insurance Authority. The Company must comply with the requirements for providing health products imposed by the Insurance Authority, which include providing a specialized medical team to give approvals within a period not exceeding (60) minutes. These requirements also oblige insurance companies to pay the amounts due to health service providers such as hospitals, clinics, and other medical service providers within a period not exceeding (30) days in accordance with the executive regulations of the Cooperative Health Insurance Law. If the Company does not comply with the requirements of the Insurance Authority, it will be subject to statutory penalties, including the withdrawal of the license to provide health service products, which will negatively affect its financial position and future prospects.

2.2.6 Risks related to 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. According to Article Nine (9) of the Cooperative Insurance Companies Control Law and Article Thirty-Nine of its Implementing Regulations, insurance and reinsurance companies are not allowed to merge with, own, control, or purchase shares in other insurance and reinsurance companies without obtaining prior written approval from the Insurance Authority. In compliance with Article Thirty-Eight of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the Company must inform the Insurance Authority 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 themselves must inform the Insurance Authority in writing of their ownership percentage or any change that occurs to it within five (5) days from the date of this change.

These restrictions may reduce the Company's opportunities to attract financial or strategic investors if the Insurance Authority refuses or delays issuing the required approval or imposes conditions that the Company cannot meet. This could result in a material adverse effect on the Company's operations and future prospects.

2.2.7 Risks related to interest rate fluctuations

The Company has investments in the form of short-term Murabaha deposits. A decrease in interest rates may affect the Company's profitability and reduce cash flows. Interest rates are influenced by many factors, including factors related to government, monetary, and tax policies, international and local economic conditions, and other factors beyond the Company's control. This will have a negative and substantial impact on the Company's business, results of operations, financial position, and future prospects.

2.2.8 Risks related to the regulatory environment

The Company's operations are subject to the laws and regulations in force in the Kingdom. The regulatory environment in which the Company operates may be 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 Company's development or increasing its number of customers, limiting the Company's operations and sales of the Company's services, or increasing the possibility of additional competition. The Company may deem it necessary or appropriate to modify its operations in order to work in accordance with these regulations and may incur additional costs in this regard, which will have a material adverse effect on the Company's operations, financial position, and future prospects. In addition, failure to comply with these laws and regulations will result in administrative or criminal penalties or suspension or termination of its operations.

2.2.9 Risks related to failure to obtain 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 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 the final or temporary approval of the product or rejecting it.

The Company does not guarantee obtaining the approval of SAMA 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.

2.2.10 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 laws and regulations such as the Companies Law, Labor Law, Municipal regulations, Civil Defense regulations, and the regulations issued by CMA and others, which may change or be updated by the competent authorities. Also, new laws and regulations may be issued by the relevant official bodies from time to time. Therefore, the Company's business may be negatively affected in the event of any material change to any of the relevant regulations or the introduction of additional regulations that have a direct impact on the Company's performance and profitability.

Additionally, as a public joint-stock company, the Company may be subject to penalties and fines if it fails to meet the requirements of CMA, the Rules on the Offer of Securities and Continuing Obligations issued by CMA, and the Listing Rules issued by Tadawul in terms of not disclosing certain events considered material, in addition to the required financial reports in their specified time or delay in the timing of disclosure. This would have a negative and material impact on the Company's business, results of operations, financial position, and future prospects.

Furthermore, sub-paragraph (f) of Article (72) of the Rules on the Offer 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 from the issuance of priority rights shares and what was disclosed in the relevant prospectuses as soon as it becomes aware of this. For more information on the use of offering proceeds and future projects, please refer to sub-section (6.2) "**Use of Offering Proceeds**" from Section (6) "**Use of Offering Proceeds and Future Projects**" of this Prospectus).

In the event that the Company's management does not comply with this or if any deviation occurs, the Company will be compelled to disclose this on Tadawul website without delay and must also present the matter at the first shareholders' general assembly meeting following the occurrence of this event in order to approve the amendment or deviation that occurred in the method of using the proceeds disclosed in this prospectus. In case of non-compliance with the procedures, it will result in legal risks to the Company if a shareholder objects to not obtaining the approval of the general assembly. If this happens, it will negatively affect the Company's operations and financial position.

2.2.11 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 GCC countries, which became effective as of 1 January 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 as of 10/11/1441H (corresponding to 01/07/2020G).

Accordingly, the Company must adapt to the changes resulting from the application of 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.

2.2.12 Risks related to reporting requirements

reporting requirements The Insurance Companies Control Law and its Implementing Regulations require that the Company submit to the Insurance Auhtority 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 Authority 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 CMA, rules for offering securities, ongoing obligations and disclosures applied in Tadawul. This may aversely and substantially affect the Company's business, financial performance and future prospect.

2.3 Risks related to the Offered Securities

2.3.1 Risks related to shareholders' poor awareness of the trading mechanism and the exercise of their rights

In 2013, CMA, in cooperation with 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 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 rump offering period at the offering price.

2.3.2 Risks associated with potential fluctuations in the price of priority rights

The market price of priority rights may be subject to significant fluctuations due to changes in factors affecting the Company's shares. This fluctuation may be significant due to the difference between the daily fluctuation limit allowed (which is 10% up and down from the previous day's closing price) for rights, compared to the daily fluctuation limit allowed for the Company's shares. The trading price of rights 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 negatively affect the trading price of the rights.

2.3.3 Risks related to potential fluctuations in share price

The market price of the rights during the trading period may not be an indicator of the market price of the Company's shares after the offering. The Company's share price may also be unstable and may be significantly affected by fluctuations resulting from market conditions related to rights or the Company's existing shares. These fluctuations may also result from many factors including, but not limited to: stock market conditions, Company's poor performance, inability to implement the Company's future plans, entry of new competitors to the market, changes in experts' and analysts' views or estimates of the securities market, and any announcement by the Company or any of its competitors related to merger and acquisition operations or strategic alliances.

The sale of large quantities of shares by shareholders or the belief in the likelihood of such a sale will negatively affect the Company's share price in the market. In addition, shareholders may not be able to sell their shares in the market without negatively affecting the share price. There is no guarantee that the market price of the Company's shares will not be less than the offering price, and if this happens after investors subscribe to the new shares, the subscription cannot be canceled or modified. Therefore, investors may incur losses as a result. Moreover, there is no guarantee that the 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 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, noting that the investor who did not subscribe or sell his rights, and 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 forward-looking statements

The Company's future results and performance statements cannot be actually predicted and may differ from what is presented in this Prospectus. The company's achievements and ability to develop are what determine the actual results, which cannot be predicted or determined. Inaccurate data and results are one of the risks that the shareholder should be aware of so as not to affect their 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 potential issuance of 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 shareholders EGM. If the Company decides to issue new shares as priority rights to increase its capital, and the shareholders EGM 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 related to decreased demand for priority rights and Company's shares

There is no guarantee that there will be sufficient demand for priority rights during the trading period to enable the priority rights holder (whether a registered shareholder or a new investor) to sell the priority rights and make a profit from them, or to enable them to sell the rights at all. There is also no guarantee that there will be sufficient demand for the Company's shares by investment institutions during the Rump Offering period. If investment institutions do not submit offers for the Rump shares at a high price, there may not be sufficient compensation to distribute to owners of priority rights who did not exercise their right to subscribe and those entitled to fractional shares. Furthermore, there is no guarantee of sufficient market demand for shares obtained by a subscriber either through the exercise of priority rights for these shares, or through the Rump offering, or through the open market.

2.3.8 Risks related to 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 Rump Offering period did not submit offers for the Rump 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 failure to exercise priority rights in a timely manner

The subscription period begins on •• ••/••/1446H (corresponding to ••/••/2024G) and will end on •• ••/••/1446H (corresponding to ••/••/2024G). Rights holders and financial brokers representing them must take appropriate measures to follow all necessary instructions before the end of the subscription period. If eligible shareholders are unable to properly exercise their subscription rights by the end of the subscription period, based on their ownership of priority rights, there is no guarantee that there will be compensation distributed to eligible shareholders who did not subscribe or who did not properly carry out subscription procedures, or to fractional shares owners.

2.3.10 Risks related to dividends

Future distribution of dividends will depend on several factors, including the company's profitability, maintaining a strong financial position, capital requirements, distributable reserves, the company's available credit strength, and general economic conditions. An increase in the company's capital may lead to a decrease in future earnings per share, as the company's profits will be distributed over a larger number of shares resulting from the capital increase.

The company does not guarantee that any dividends will actually be distributed, nor does it guarantee the amount that will be distributed in any given year. The distribution of dividends is subject to certain restrictions and conditions set forth in the company's bylaws.

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. (Refer to Section (12) "**Details on Shares and Offering Terms and Conditions**" in this Prospectus).

2.3.12 Risks related to the suspension of trading or cancellation of the Company's shares due to its failure to publish its financial statements within the statutory period

If the Company fails to publish its financial information within the statutory period (thirty days from the end of the financial period for interim financial statements and three months from the end of the financial period for annual financial statements), procedures for suspending listed securities shall be applied according to the Listing Rules - approved by CMA Board's decision No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G) and amended by CMA Board's decision No. (1-108-2022) dated 23/03/1444H (corresponding to 19/10/2022G). These rules stipulate that the market shall suspend trading of securities for one trading session following the end of the statutory deadline. If the financial information is not published within twenty trading sessions following the first suspended trading session, Tadawul will announce the re-suspension of the Company's securities until it announces its financial results. If the suspension of the Company's shares trading continues for six months without the Company taking appropriate measures to correct that suspension, the Authority may delist the Company's securities. Tadawul will lift the suspension after one trading session following the announcement of the Company's financial results. However, if the Company delays in announcing its financial results, this will negatively and substantially affect the interests of the Company's shareholders and the company's reputation and results of operations. If the Company is unable to publish them within the statutory period referred to above, this will result in the suspension or delisting of the Company's shares, which will adversely and materially affect the interests of the company's shareholders as well as the company's reputation and operating results. In addition, the Authority may cancel the Company's rights issue if it considers that the offering may not be in the interests of the shareholders.

3. Company Overview and Nature of Business

3.1 Company Overview

The Company was incorporated 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), issued in Jeddah on 27/03/1433H (corresponding to 19/02/2012G). The company's headquarters is located in the Kingdom of Saudi Arabia - Jeddah city, Prince Sultan Bin Abdulaziz Street, Building: 7521, Postal Code: 23423, Ext. 3732.

The Company started practicing insurance business in the health insurance sector after obtaining the approval of SAMA (formerly the "Saudi Arabian Monetary Agency") under permit No. (TMN/32/20128), dated 19/09/1433H (corresponding to 07/08/2012G). SAMA's license was renewed on 27/09/1442H (corresponding to 09/05/2021G) for a period of three years, starting from 25/10/1442H (corresponding to 06/06/2021G) and expiring on 24/10/1445H (corresponding to 03/05/2024G). Subsequently, the license was renewed by the Insurance Authority, with the new license effective from 18/09/1445H (corresponding to 28/03/2024G) for a three-year period starting from 25/10/1445H (corresponding to 04/05/2024G) and expiring on 24/10/1448H (corresponding to 01/04/2027G). Pursuant to approval of the Council of Cooperative Health Insurance on the renewal on 12/12/1442H (corresponding to 02/07/2021G) for three years, which expires on 15/01/1446H (corresponding to 21/07/2024G). 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 subscribed to twenty-four million (24,000,000) shares, representing (60%) of the Company's total shares, with a total value of two hundred and forty million (240,000,000) Saudi Riyals, 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 as of 24/01/1433H (corresponding to 19/12/2011G) to 30/01/1433H (corresponding to 25/12/2011G) at an offer price of ten (10) Saudi Riyals per share, with a total value of one hundred and sixty million (160,000,000) Saudi Riyals, and they paid their value in full. The shares were listed on Tadawul on 05/04/1433H (corresponding to 27/02/2012G).

The Company's current capital is two hundred and thirty million (230,000,000) Saudi Riyals, divided into twenty-three million (23,000,000) ordinary shares of equal value, the value of each is ten (10) Saudi Riyals, all of which are ordinary cash shares, fully paid-up (referred to individually as "Current Share" and collectively as "Current Shares"). As of the date of this prospectus, the Company has no major shareholders (owning 5% or more of the Company's shares).

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 in a nominal value of ten (10) Saudi Riyals per one share, fully paid. The founding shareholders subscribed to twenty-four million (24,000,000) shares, representing (60%) of the Company's total shares, with a total value of two hundred and forty million (240,000,000) Saudi Riyals, 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 as of 24/01/1433H (corresponding to 19/12/2011G) to 30/01/1433H (corresponding to 25/12/2011G) at an offer price of ten (10) Saudi Riyals per share, with a total value of one hundred and sixty million (160,000,000) Saudi Riyals, and they paid their value in full. The shares were listed on 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 Rights Shares amounting twenty million (20,000,000) shares at (2) 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. where Saudi Enaya Cooperative Insurance Co. and Amana Cooperative Insurance Co. agreed that if the merger project succeeds, the merger will be completed by swap 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 all of Enaya's assets and liabilities will be transferred to Amanah in accordance with the Companies Law issued by the Ministry of Commerce and the regulations of CMA 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 issued by the Insurance Authority.
- 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 certificate No. (5) issued by the General Authority for Competition.
- On 18/04/1443H (corresponding to 23/11/2021G), the Company obtained the SAMA's approval of the proposed merger.
- On 06/06/1443H (corresponding to 09/01/2022G), the EGM voted to disapprove the offer submitted by Amana Cooperative Insurance Co. for 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 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 EGM, 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 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 EGM voted to approve directing the Company to proceed with procedures for increasing the capital and obtaining approval of competent authorities, and it disapproved directing the Company to proceed with procedures for dissolving the Company and obtaining approval of competent authorities.
- On 04/02/1444H (corresponding to 31/08/2022G), the Company obtained SAMA's approval No. (44009075) of capital reduction. 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.
- On 11/03/1444H (corresponding to 07/10/2022G), the Company obtained SAMA's approval No. (44020304) of capital increase. On 12/04/1444H (corresponding to 06/11/2022G), the Company increased its capital by (130%) from one hundred million (100,000,000) Saudi Riyals to two hundred and thirty million (230,000,000) Saudi Riyals. Consequently, the number of Company shares increased from ten million (10,000,000) shares to twenty-three million (23,000,000) shares through the issuance of rights issue shares amounting to thirteen million (13,000,000) shares, with (1.3) rights for each 1 share of the Company's shares. The offer price was ten (10) Saudi Riyals per share, with a

total value of one hundred and thirty million (130,000,000) Saudi Riyals.

- The Company's Board of Directors recommended under its resolution dated 26/05/1445H (corresponding to 10/12/2023G) to increase the Company's capital through a Rights Issue by one hundred and fifty million (150,000,000) Saudi Riyals, by issuing fifteen million (15,000,000) ordinary shares at an offer price of ten (10) Saudi Riyals per share, after obtaining all necessary regulatory approvals. The Company has obtained the approval of the Insurance Authority to increase its capital according to letter number (126-24) dated 09/09/1445H (corresponding to 19/03/2024G). On •• ••/••/1446H (corresponding to ••/••/2024G), the EGM agreed to increase the Company's capital through the issuance of Rights Issue shares ("Subscription"), and the subscription consists of offering fifteen million (15,000,000) new ordinary shares ("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 two hundred and thirty million (230,000,000) Saudi Riyals divided into twenty-three million (23,000,000) ordinary shares to three hundred and eighty million (380,000,000) Saudi Riyals divided into thirty-eight million (38,000,000) ordinary shares, following the approval of EGM.

3.3 Company's Activity

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

The Company's activity, in accordance with 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 activities in accordance with the Cooperative Insurance Companies Control Law, its Implementing Regulations, the provisions issued by the Authority, and the applicable laws and regulations in the Kingdom of Saudi Arabia, 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 Insurance Authority to provide the products listed in the table below:

Table 3: Company's Products

Sr	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	1855/IS/41828	04/08/1433H

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

3.5 Vision, Mission and Strategy

Company's Vision

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

Company's Mission

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

Company's Strategy

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

- Financial stability
- Commercial excellence
- Operational efficiency
- Organizational transformation

In order to achieve the strategic objectives, the Company:

- Increases capital and explores merger opportunities
- Increases gross written premiums and excellence in customer service
- Controls medical expenses and improves efficiency through automation
- Develops 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.
- 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.

3.7 Company's Major Shareholders

As of the date of this Prospectus, the Company has no substantial shareholders who own 5% or more of the Company's shares.

3.8 Restriction Period

The Company's shares were listed on Tadawul on 05/04/1433H (corresponding to 27/02/2012G). Accordingly, the restriction 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 must obtain non-objection from the Insurance Authority before disposing of the founding shares. As of the date of this prospectus, none of the founding shareholders owns shares that are subject to a restriction period.

The following table shows the founding shareholders, their ownership percentage, and shares subject to the restriction period.

No.	Name	Ownership Percentage	Shares subject to the restriction period
1	National Health Insurance Company (Daman)	0.73%	0
2	Rami Khalid Ali Alturki	0.15%	0
3	Mona Mohammed Abdulaziz Al-Wazzan	0.29%	0

No.	Name	Ownership Percentage	Shares subject to the restriction period
4	Khaled Fahad Mazeed Al-Rajaan	0.11%	0
5	Mohammed and Walid Ahmed Naghi Joint Liability Company	1.67%	0
6	Al Murjan Group Holding Company	2.17%	0

* Shareholder Al Murjan Group Holding Company for purchasing shares from the founding shareholder Munich Re.

3.9 Company Branches

The Company has one branch located in Riyadh (for more details refer to sub-section (9.4) "**Company Branches**" of Section (9) "**Legal Information**")

3.10 Companies in which the Company owns shares

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

3.11 Business Interruption

The Company received letter No. (1/40734) from SAMA on 12/09/1439H (corresponding to 27/05/2018G) 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, SAMA 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: Obligating the Company to appoint an independent advisor at its own expense, approved by SAMA, to provide advice regarding the decrease in solvency margin. and submitting a weekly report to SAMA.
- Third: The chairman of the Company's board of directors must inform all board members of the aforementioned SAMA letter and take the necessary action in this regard.

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

With the exception of the above, the Company's board members 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

As of 21/09/1445H (corresponding to 31/03/2024G), the number of Company's employees reached (100) employees, including (62) Saudi employees and (38) non-Saudi employees, with a Saudization rate of (62%). The Company currently falls under the (Platinum) category of the Nitaqat Saudization program applied by the Ministry of Labor and Social Development.

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

An existing employee share program before submitting the registration application and offering the securities subject to this Prospectus.

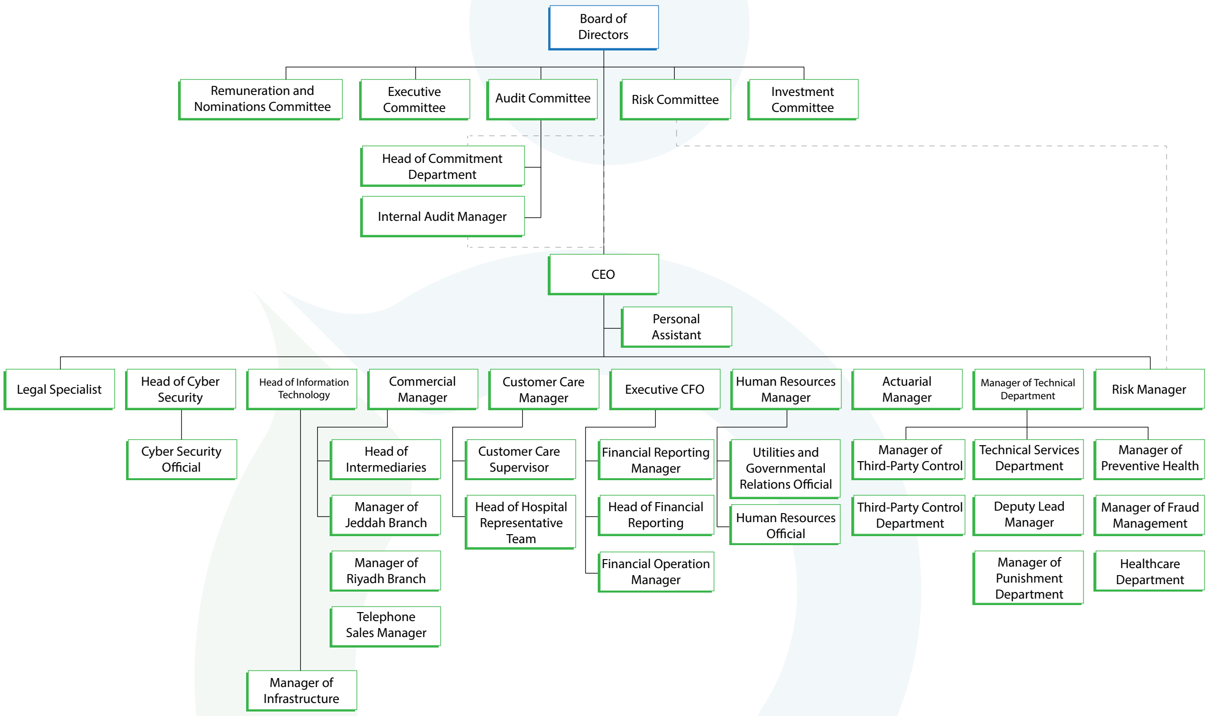
Other arrangements involving employees in the Company's capital.

4. Company’s Organizational Structure

4.1 Organizational Structure

The following figure shows the Company’s Organizational Structure:

Figure No. 1 Organizational Structure



4.2 Board of Directors

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

Table 4: Board of Directors Members

Name	Position*	Representation	Nationality	Age	Membership Status	Owned shares				Date of Membership
						Direct		Indirect**		
						No.	Percentage	No.	Percentage	
Khalid Abid Gama****	Chairman of Board of Directors	For himself	Saudi	54	Independent	0	0	0	0	22/01/2024G
Mohammed Abdullah Al Dar****	Vice Chairman	For himself	Saudi	49	Independent	0	0	0	0	22/01/2024G
Abdulrahman Khalil Tolefat	Member	For himself	Bahraini	49	Independent	0	0	0	0	22/01/2024G

Name	Position*	Representation	Nationality	Age	Membership Status	Owned shares				Date of Membership
						Direct		Indirect**		
						No.	Percentage	No.	Percentage	
Khaled Ateeq Aldhaheri***	Member	For National Health Insurance Company	Emirati	46	Independent	0	0	0	0	22/01/2024G
Sultan Mohammed Abdulrauf	Member	For himself	Saudi	56	Executive	0	0	0	0	22/01/2024G
Paul Glen Schultz	Member	For himself	British	56	Independent	0	0	0	0	22/01/2024G
Gunther Saacke	Member	For himself	Swiss	67	Independent	0	0	0	0	22/01/2024G
Ibrahim Mohamed AlBalushi	Member	For himself	Saudi	54	Independent	1,000	0.0043478%	0	0	22/01/2024G

Source: Company's Management

* In its meeting held on 09/07/1445H (corresponding to 21/01/2024G), the (Ordinary) General Assembly approved the appointment of the Board of Directors Members, provided the appointment starts on 22/01/2024G and ends on 07/01/2027G.

** Means that the shares are indirectly owned by the Board members through their ownerships in companies that own shares in the Company.

*** The National Health Insurance Company owns 999,999 ordinary shares, representing 4.3% of the shares of Enaya Saudi Cooperative Insurance Company.

**** On 25/03/2024G, the Company obtained the Insurance Authority's non-objection on appointment of the aforementioned Chairman of the Board of Directors and Vice Chairman.

Table 5: Number of Board Meetings

Administrative Body	2021G	2022G	2023G
Board members	8	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, CMA 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

Committee's tasks and competencies

- Recommend to the Board of Directors to approve the appointment and reappointment of external auditors and to ensure the independence of the external auditors from the Company, Board 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 significant accounting policies, their procedures and changes that may be made thereto, and prepare recommendations to the Board of Directors regarding the suitability of applied accounting policies to the nature of the Company.
- Evaluate the reports issued by the Company.
- Review and approve the plan of Internal Audit Department and its work team.
- Study and approve Compliance Department's 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 reports of the actuary and make recommendations to the Board of Directors regarding the same.
- Study the observations of SAMA and relevant supervisory and regulatory authorities regarding any statutory violations or request corrective measures and make recommendations in this regard to the Board of Directors.
- 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 auditor's performance.

Table 6: Audit Committee Members

Name	Position	Date of Membership*
Ibrahim AlBalushi	Chairman	25/01/2024G
Kenana Al Sharif	Member	25/01/2024G
Ali Azhari	Member	25/01/2024G

Source: Company Management

* The Board of Directors approved the formation of the Audit Committee on 13/07/1445H (corresponding to 25/01/2024G) for the fifth term. On 22/05/2024G, the Company obtained no objection from Insurance Authority on the appointment of the committee members referred to above. The Company will present the members mentioned above to the General Assembly to obtain their approval on the appointment thereof.

Table 7: Number of Audit Committee Meetings

Administrative Body	2021G	2022G	2023G
Audit Committee	6	8	6

4.3.2 Remuneration and Nominations Committee

Committee's tasks and competencies

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

Table 8: Remuneration and Nominations Committee Members

Name	Position	Date of Membership*
Ibrahim AlBalushi	Chairman	25/03/2024G
Khalid Gama	Member	25/03/2024G
Mohammed Al Dar	Member	25/03/2024G

Source: Company Management

* On 25/03/2024G, the Company obtained the Insurance Authority's non-objection on appointment of the aforementioned committee members.

Table 9: Number of Remuneration and Nominations Committee Meetings

Administrative Body	2021G	2022G	2022G
Remuneration and Nominations Committee	3	4	3

4.3.3 Executive Committee

Committee's tasks and competencies

- Study the Company's financial performance, 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 Board of Directors and carry out work based on the Board's mandate.
- Study projects related to participation in companies, establishment of new companies and projects, and acquiring other companies.
- Make decisions related to urgent matters that require immediate action.
- Ensure the development and preparation of the strategic plan that achieves the Company's objectives.
- Develop and review annual and long-term financial goals and strategies.

Table 10: Executive Management Members

Name	Position	Date of Membership*
Mohammed Al Dar	Chairman	25/03/2024G
Khalid Gama	Member	25/03/2024G
Gunther Saacke	Member	25/03/2024G
Khaled Aldhaheri	Member	25/03/2024G
Sultan Abdulrauf	Member	25/03/2024G

Source: Company Management

* On 25/03/2024G, the Company obtained the Insurance Authority's non-objection on appointment of the aforementioned committee members.

Table 11: Number of Executive Committee Meetings

Administrative Body	2021G	2022G	2023G
Executive Committee	6	5	6

4.3.4 Investment Committee

Committee's tasks and competencies

- 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 mitigating risks and define the Company's investment policies.
- Make recommendations to the Board of Directors.

Table 12: Investment Committee Members

Name	Position	Date of Membership*
Abdulrahman Tolefat	Chairman	25/03/2024G
Paul Schultz	Member	25/03/2024G
Sultan Abdulrauf	Member	25/03/2024G

Source: Company Management

* On 25/03/2024G, the Company obtained the Insurance Authority's non-objection on appointment of the aforementioned committee members.

Table 13: Number of Investment Committee Meetings

Administrative Body	2021G	2022G	2023G
Investment Committee	3	2	2

4.3.5 Risk Committee

Committee's tasks and competencies

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

Table 14: Risk Committee Members

Date of Membership*	Position	Name
25/03/2024G	Chairman	Gunther Saacke
25/03/2024G	Member	Paul Schultz
25/03/2024G	Member	Kenana Al Sharif

Source: Company Management

* On 25/03/2024G, the Company obtained the Insurance Authority's non-objection on appointment of the aforementioned committee members.

Table 15: Number of Risk Committee Meetings

Administrative Body	2021G	2022G	2023G
Risk Committee	2	2	2

4.4 Executive Management

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

Table 16: Company's Executive Management

Name	Position	Academic qualifications	Nationality	Date of appointment
Sultan Abdulrauf	Board member and Managing Director	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	Master's degree in Business Administration, Financial Accounting and Accounting Management / Bachelor of Business Administration	Saudi	01/09/2022G
Abdullah Amoudi	Human Resources Manager	Bachelor of human resources, FCCA	Saudi	11/02/2024G
Ryan El Nozha	Cyber Security Manager	PhD in Business Administration	Saudi	27/07/2022G
Rabie Rashwan	Customer Care Manager	General Secondary School	Saudi	01-06-2012
Sami Al Maliki	Commercial Manager	Bachelor of Communications	Saudi	05/05/2020G
Thomas Rain	Assigned Lead Manager	Master of Business Administration	German	05/07/2020G
Khalid Alharbi	Information Technology Manager	Master of Business Administration	Saudi	11/09/2022G

Source: Company Management

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

The responsibility for proposing compensation and remuneration to the Board members and senior executives falls within the competency of the Remuneration and Nomination Committee.

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

Table 17: Compensation and Remuneration of Board of Directors Members and Senior Executives

SAR	2021G	2022G	2023G
Board members	1,240,740	1,730,000	1,590,000
Senior Executives	5,185,337	4,519,905	4,519,905
Total	**6,426,077**	**6,249,905**	**6,109,905**

Source: Company Management

5. Financial Information and Management Discussion and Analysis

5.1 Introduction

This section provides an analytical review of the operational performance and financial position of Enaya Saudi Cooperative Insurance Company (a Saudi joint stock company) ("**the Company**" in this specific section or "**Enaya Company**") for FYs ending on 31 December 2021G, 2022G, and 2023 based on the Company's audited financial statements.

The financial statements ending on 31 December 2021G, 2022G, and 2023 were reviewed and audited by Crowe Professional Consulting and Mr. Al-Ayouti & Co. (Certified Public Accountants - Member of Moore).

Enaya Saudi Cooperative Insurance Company has applied the International Financial Reporting Standards with their interpretations issued by the International Accounting Standards Board (IFRS) and adopted in the Kingdom of Saudi Arabia, in addition to other standards and issuances approved by SOCPA for preparing the financial statements for the years ending on 31 December 2021G, 2022G, and 2023G.

Auditors, their subsidiaries, or relatives do not own any share or interest of any kind in Enaya that may affect their independence. Written consent has been given without retraction regarding the publication of their name, logo, and statement in this shareholders' circular as the Company's certified public accountants for the aforementioned periods.

The amounts mentioned in the report are presented in Saudi Riyals, and all amounts in this section have been rounded to the nearest thousand Riyals unless stated otherwise. Numbers and percentages have been rounded to the nearest decimal place. Therefore, the calculation of increase or decrease percentages of the mentioned amounts (shown in millions of Saudi Riyals and rounded to the nearest whole number) may differ from what is stated in the tables. Accordingly, all percentages, indicators, annual expenses, and compound annual growth rates are based on rounded figures.

This report may contain forward-looking statements about the Company's future plans based on management plans, current expectations for the Company's growth, operational results, and financial position. Therefore, it may involve risks and uncertainties related to future assumptions. The Company's actual results may differ significantly from those disclosed or included in such forward-looking statements due to various factors and future events, including those discussed in the report.

5.2 Board Members' Declarations Regarding Financial Statements

The Board of Directors declares that the financial information contained in this section has been obtained from the Company's audited financial statements for FYs ending on 31 December 2021G, 2022G, and 2023G, which were prepared on a consolidated basis in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Certified Public Accountants (collectively referred to as "IFRS adopted in the Kingdom of Saudi Arabia"), and have been extracted without material modifications from the audited financial statements and presented in a manner consistent with the form used in the Issuer's annual financial statements.

1. The Company has no issued and outstanding debt instruments, approved but not issued, or term loans, whether personal guarantee loans or secured by mortgage, whether provided by the Issuer or others, or unsecured by mortgage, except as disclosed in subsection "5.6.2" and subsection "5.7.2" "**Financial Position Statement**" of this section.
2. The Company does not have any loans or other debts, including bank overdrafts, liabilities under acceptance, acceptance credit, lease purchase commitments, or loans or debts secured by mortgage or unsecured by mortgage, or loans or debts whether covered by personal guarantee or not covered by personal guarantee or secured by mortgage or unsecured by mortgage.
3. The Issuer does not have any capital covered by option rights.
4. The Company has sufficient financial resources to meet working capital requirements for the 12-month period from the date of issuance of this prospectus.
5. There are no seasonal factors or economic cycles related to the activity that may affect the Company's business and financial position.
6. There is no information available about any governmental, economic, financial, monetary, political policies or other factors that have affected or could significantly affect, directly or indirectly, the Company's operations.

7. There are no mortgages, rights, or encumbrances on the Company's properties as of the date of preparing this prospectus.
8. Except as disclosed in the "Income Statement" of "Financial Information and Management Discussion and Analysis" section, there has been no material adverse change in the Company's financial and commercial position during the three years immediately preceding the date of submission of the registration application and offering of securities subject to this prospectus, in addition to the end of the period covered by the certified public accountant's report until the approval of the prospectus.
9. The Company does not own any properties, including contractual securities or other assets, whose value is subject to fluctuations or is difficult to ascertain and which may significantly affect the assessment of the Company's financial position.
10. The Company or any of its subsidiaries have not granted any commissions, discounts, brokerage fees, or any non-cash compensation during the three years immediately preceding the date of submitting the application for registration and offering of securities subject to this prospectus in relation to the issuance or offering of any securities, to any of the board members, proposed board members, senior executives, or those offering or presenting the securities or experts.
11. The Company does not have any contingent liabilities or guarantees or any significant fixed assets it intends to purchase or lease. As of the date of this prospectus, there are no subsidiaries of the Company.
12. 13. The Company has no contingent liabilities or guarantees other than what has been disclosed in subsection "5.6.2" and subsection "5.7.2" "**Financial Position Statement**" of this section.
13. The Company does not have any significant fixed assets intended to be purchased or leased.

The Board members declare that the Company has no subsidiaries either inside or outside the Kingdom of Saudi Arabia.

5.3 Company Overview

Enaya ("the Company") is a Saudi joint stock company registered in the Kingdom of Saudi Arabia according to the Ministry of Commerce and Industry's decision No. 98/Q dated 16 Rabi' Al-Awwal 1433H (corresponding to 8 February 2012G), and under Commercial Registration No. 4030223528 dated 27 Rabi' Al-Awwal 1433H (corresponding to 19 February 2012G). The following is the Company's registered main address:

Building No. 7521

Prince Sultan bin Abdulaziz Street, Al Khalidiya District

P.O. Box 3732

Jeddah: 23423, Kingdom of Saudi Arabia

The Company's branch in Riyadh is under Commercial Registration No. 1010421871.

The Company was licensed to conduct insurance business in the Kingdom of Saudi Arabia based on cooperative insurance principles under Royal Decree No. M/49 dated 27 Rajab 1432H (corresponding to 29 June 2011G) according to the Council of Ministers' Resolution No. 224 dated 25 Rajab 1432H (corresponding to 27 June 2011G). As of the date of incorporation, the Company was 77% owned by Saudi shareholders and the public, and 23% owned by non-Saudi shareholders through public subscription. The Company was listed on Tadawul on 27 February 2012G.

On 27 Rajab 1432H (corresponding to 29 June 2011G), Royal Decree No. (M/49) was issued with the Cooperative Insurance Companies Control Law (Insurance Law). On 27 February 2012G, SAMA (formerly the Saudi Arabian Monetary Authority) as the authority with the necessary powers and responsible for implementing this law, issued an operating license to the Company in the Kingdom of Saudi Arabia.

On 11 Jumada Al-Awwal 1444H corresponding to 5 December 2022G, the Company signed a non-binding memorandum of understanding with United Cooperative Insurance Company to evaluate a potential merger between the two companies. On 27 Sha'ban 1444H (corresponding to 19 March 2023G), the Company received a no-objection letter from the General Authority for Competition on the economic concentration process through a merger deal between the Company and United Cooperative Insurance Company. On a later date, 11 Dhu al-Qi'dah 1444H (corresponding to 31 May 2023G), the Company announced that it had signed a binding merger agreement with United Cooperative Insurance. The boards of directors of both companies have reached an agreement on the terms under which the Company will be merged with United Cooperative Insurance Company.

5.4 Basis of Preparation

A. Statement of Compliance

The financial statements have been prepared in accordance with IFRS Standards as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA (collectively referred to as "IFRS as adopted in the Kingdom of Saudi Arabia"). The Company has adopted IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" as adopted in the Kingdom of Saudi Arabia, and the resulting changes in significant accounting policies have been explained in Notes 3 and 4.

The financial statements have been prepared on a going concern basis as well as on the historical cost basis, except for the measurement of investments at fair value and the measurement of defined benefit obligations for employees at the present value of future obligations. The Company's statement of financial position does not present assets and liabilities as current and non-current. However, the following figures are generally classified as current: cash and cash equivalents, short-term Murabaha deposits, prepaid expenses and other assets, insurance contract liabilities, accrued expenses and other liabilities, and accrued zakat and income tax. The following accounts are generally classified as non-current: end-of-service benefits, lease liabilities, commissions payable to the Insurance Authority, commission due on statutory deposit, investments, statutory deposit, property and equipment - net, intangible assets - net, and right-of-use assets - net.

According to the Saudi Insurance Law, the Company maintains separate accounting records for insurance operations and shareholders' operations and presents financial statements accordingly within Note (29). Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the relevant accounts. Similarly, in the past, there was a clear separation in the financial position statements, income statement, comprehensive income, and cash flows for insurance operations and shareholders' operations. Management and the Board of Directors determine and approve the basis for allocating expenses from joint operations.

According to the Company's bylaws, the surplus from insurance operations is distributed as follows:

Shareholders	90%
Policyholders	10%
	100%

In case of a deficit arising from insurance operations, the total deficit is borne by the shareholders' operations.

The financial statements of financial position, income statement, comprehensive income statement and cash flows for insurance operations and shareholders' operations presented on pages 56 to 59 of the financial statements have been provided as supplementary financial information to comply with the requirements of the implementing regulations issued by SAMA. The implementing regulations issued by SAMA require a clear separation between assets, liabilities, revenues and expenses for insurance operations and shareholders' operations. Accordingly, the statements of financial position, income statement, comprehensive income and cash flows prepared for insurance operations and shareholders' operations referred to above reflect only the assets, liabilities, revenues, expenses and comprehensive profits or losses for each of those operations.

When preparing these company-level financial statements in accordance with IFRS, the balances and transactions of insurance operations are combined with those of shareholders' operations. Internal operation balances, transactions and unrealized gains or losses, if any, are eliminated in full during consolidation. The accounting policies adopted by insurance operations and shareholders for similar transactions under similar circumstances are also unified.

B. Functional and presentation currency

These financial statements are presented in Saudi Riyals, which is the Company's functional currency. All financial information presented in Saudi Riyals has been rounded to the nearest thousand unless otherwise stated.

C. Fiscal year

The Company follows a fiscal year ending on December 31 of each year.

D. Use of judgments and estimates

The preparation of the Company's financial statements requires the use of estimates and judgments that affect the reported amounts of assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year of estimation. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the significant accounting judgments and estimates in preparing these financial statements:

1. Estimates of future cash flows to meet insurance contracts

Judgment is included in assessing the most appropriate approach to estimating insurance liabilities for claims incurred. Such estimates are made using a range of standard actuarial claims projection techniques, based on empirical data and current assumptions and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

2. Methods used to measure non-financial risk adjustment

The risk adjustment for non-financial risks is the compensation required to bear the uncertainty about the amount and timing of cash flows arising from non-financial risks when fulfilling an insurance contract. As the risk adjustment represents compensation for uncertainty, estimates are made regarding the degree of diversification benefits and expected favorable and unfavorable outcomes in a manner that reflects the Company's degree of risk aversion.

Judgment involves assessing the most appropriate method for estimating the non-financial risk adjustment.

3. Definition and classification

Judgment is required to determine whether contracts fall within the scope of IFRS 17, and for contracts identified to be within the scope of IFRS 17, what measurement model is applicable:

Whether the issued contract accepts significant insurance risk, and similarly, whether a reinsurance contract transfers significant insurance risk.

For insurance contracts with a term of more than one year where the entity applies the premium allocation approach, assessing eligibility as required in paragraphs 53(a), 54, 69(a) and 70 of IFRS 17 may involve significant judgment.

4. Unity of account

Judgment involves aggregating insurance contracts and separating distinct components:

Combination of insurance contracts - whether the contract with the same counterparty or related counterparty achieves or is designed to achieve an overall commercial effect and requires aggregation.

Separation - whether the components contained in paragraphs 11 to 12 of IFRS 17 are distinct (i.e. meet the separation criteria).

Separation of contracts with multiple insurance coverages - whether there are facts and circumstances where the legal form of an insurance contract does not reflect the substance and separation is required.

5. Aggregation of insurance contracts

Judgment involves determining portfolios of contracts, as required in paragraph 14 of IFRS 17 (i.e., existence of similar risks and managed together).

Grouping insurance contracts issued at initial recognition into groups of onerous contracts, groups of contracts that have no significant possibility of becoming onerous, and groups of other contracts. Assessment of similar grouping for reinsurance contracts held:

Potential areas of judgment include:

Paragraph 17 of IFRS 17 - Identifying groups of contracts within portfolios and whether the entity has reasonable and supportable information to conclude that all contracts within a set will fall into the same group, as required by paragraph 16 of IFRS 17;

Paragraphs 18 and 19 of IFRS 17 - Judgments may be applied at initial recognition to distinguish between contracts that do not carry risk (those that have no significant possibility of becoming onerous) and other contracts.

For contracts measured under the premium allocation approach, assessing the likelihood of adverse changes in applicable facts and circumstances is an area of potential judgment.

For issued insurance contracts measured under the premium allocation approach, management judgment may be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Moreover, judgment is required to assess whether facts and circumstances indicate any changes in the profitability of onerous groups and whether there is a need to remeasure any loss component.

Determining whether laws or regulations constrain the entity's practical ability to set a different price or level of benefits for policyholders with different risk profiles, such that the entity can include such contracts in the same group, regardless of the grouping requirements set out in paragraphs 14-19 of IFRS 17, is an area of estimation.

6. Recognition and derecognition

When modifying contracts, judgment may be applied to determine whether the modification meets the derecognition criteria. After modification, judgment is applied to determine whether:

- Significant insurance risk still exists.
- There are components that should be distinct from the contract.
- The contract boundary has changed.
- The contract should be included in a different group, subject to aggregation requirements; and
- The contract no longer meets the measurement model requirements.

7. Fulfillment cash flows

The concept of contract boundary is used to determine future cash flows that should be considered when measuring a contract within the scope of IFRS 17. Judgments may be included to determine when the entity is able to reprice the entire contract to reflect reassessment of risks, when policyholders are obligated to pay premiums, and when premiums reflect risks beyond the coverage period. When features such as options and guarantees are included in insurance contracts, judgment may be required to assess the entity's practical ability to reprice the entire contract to determine whether relevant cash flows fall within the contract boundary.

An entity may use judgment to determine cash flows within the boundaries of insurance contracts that directly relate to the fulfillment of the contracts.

8. Financial performance

Determining what constitutes an investment component may be an area of estimation that significantly affects the amounts of recognized insurance revenue and insurance service expenses, as investment components must be excluded from those components.

An entity may apply judgment to determine whether treating some incidental insurance risks within the liability for remaining coverage or the liability for incurred claims reflects the most useful information about the insurance services the entity provides to the policyholder.

9. Seasonality of operations

There are no seasonal changes that could affect the Company's insurance operations.

5.5 Significant Accounting Policies

The following is a summary of the significant accounting policies used in preparing these consolidated financial statements. These policies have been consistently applied to each of the presented years except for the new International Financial Reporting Standards, interpretations of the International Financial Reporting Interpretations Committee and their amendments adopted by the Company, as described below:

- **New International Financial Reporting Standards, Interpretations and Amendments applied by the Company**

Limited scope amendments to IAS 1, IFRS Practice Statement 2 and IAS 8

Amendments to IAS 12 "Income Taxes" related to assets and liabilities arising from a single transaction

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current and amendments to IAS 1 - Non-current Liabilities with Covenants

Amendment to IAS 12 "Income Taxes" - International Tax Reform - Pillar Two Model Rules

IFRS 17 - Insurance Contracts (see 3 (b) (1))

IFRS 9 - Financial Instruments (see 3 (b) (2))

These amendments had no impact on the Company's financial statements.

1. Significant accounting policies including key judgments and estimates

IFRS 17 - Significant accounting policies including key judgments and estimates

IFRS 17 replaces IFRS 4 “Insurance Contracts” for annual periods beginning on or after 1 January 2023G, with early application permitted. IFRS 17 establishes principles for recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features. The Company applied the new approach retrospectively to all its insurance contracts. The Company issues insurance contracts that result in the transfer of significant insurance risk. Insurance contracts are those contracts in which the insurer accepts significant insurance risk from policyholders by agreeing to compensate policyholders if they are adversely affected by a specified uncertain future event. Cash flows from insurance contracts are divided into incurred claims liability and liability for remaining coverage.

Accounting unit and measurement model

The Company operates as a single-line insurance company specializing in private medical insurance. Private medical insurance business is divided into large enterprises, small and medium enterprises, and other companies based on their size. All insurance contracts in the private medical insurance business represent a group of portfolios. Each portfolio is also classified into groups of contracts issued during a calendar year (annual groups) which are: (1) contracts expected to be loss-making at initial recognition; (2) contracts that at initial recognition have no significant possibility of becoming loss-making later; or (3) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognized and measured. These groups are not reassessed later. The Company determines for each portfolio of contracts the appropriate level at which reasonable and supportable information is available to assess whether these contracts are expected to be loss-making at initial recognition and whether non-loss-making contracts have a significant possibility of becoming loss-making.

This level of precision determines the groups of contracts. The Company uses judgment to determine the required level of precision at which the Company has sufficient reasonable and supportable information to conclude that all contracts within a group are homogeneous and will be allocated to the same group without performing an individual contract assessment.

The general measurement model represents the standard model for measuring insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty related to insurance contracts.

The liability for remaining coverage includes:

a. Fulfillment of cash flows consisting of:
b. Estimates of future cash flows, and
c. Risk adjustment which is the compensation required to bear uncertainty, and
d. Contractual service margin which represents the unearned profit recognized when the service is provided.

The Premium Allocation Approach (PAA) is a simplified model for measuring the liability for remaining coverage, which the Company may choose to apply and use when the PAA provides a measurement that does not differ materially from that under the General Measurement Model, or if the coverage period for each contract in the group of insurance contracts is one year or less. Under the PAA, the liability for remaining coverage is measured as the amount of premiums received less paid acquisition cash flows, minus the net amount of premiums and acquisition cash flows recognized in profit or loss based on the passage of time over the expired portion of the coverage period.

The Company uses the PAA to measure contracts covering a period of one year or less. The Company will apply the simplified PAA measurement model to measure the liability for remaining coverage for all medical insurance business. This is primarily based on the eligibility test for cash flows that must be met, as well as when the coverage period for most contracts is one year or less. There are some contracts that extend beyond one year but have passed the eligibility test.

Initial and Subsequent Measurement

Groups of issued insurance contracts are initially recognized at the earliest of:

a. The beginning of the coverage period
b. The date when the first payment from the policyholder is due or actually received if there is no due date, and
c. When the Company determines that a group of contracts is expected to be onerous.

At initial recognition of issued insurance contracts, the Company measures the liability for remaining coverage as the amount of premiums received less paid acquisition cash flows.

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

a. The liability for remaining coverage, and
b. The liability for incurred claims, which consists of the fulfillment cash flows related to past service allocated to the group of insurance contracts at that date

For issued insurance contracts, at each subsequent reporting date, the liability for remaining coverage:

a. Increases by the amount of premiums received in the period, excluding amounts related to insurance receivables included in the liability for incurred claims,
b. Decreases by the amount of insurance acquisition cash flows paid in this period;

- Decreases by the expected premiums received recognized as insurance revenue for services provided in the year, and
- Increases by the amount of amortization of insurance acquisition cash flows in the period recognized as insurance service expenses.
- An insurance contract may include one or more components that would be within the scope of another standard if they were separate contracts. The IFRS 17 defines investment components as amounts that an insurance contract requires the insurer to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. For example, an insurance contract may include an investment component or a service component (or both), and non-insurance components may need to be separated for reporting purposes under IFRS 17 if considered distinct. Based on the Company's assessment, there are no investment components within the insurance contracts issued by the Company.
- Only contracts that meet the recognition criteria are included during the financial reporting period. When contracts meet the Company's recognition criteria after the reporting date, they are added to the Company in the reporting period in which they meet the recognition criteria, subject to the constraints on the annual company. The composition of the Company is not reassessed in subsequent years.

Liability for Incurred Claims

For contracts measured under the PAA, the liability for incurred claims is measured under the General Measurement Model (GMM). The Company estimates the liability for incurred claims and expenses through the related cash flows that must be fulfilled. The fulfillment cash flows are an explicit, unbiased estimate of the probability-weighted value of future cash flows, within the boundaries of a group of contracts, that arise when an entity fulfills its obligations, taking into account the effect of insurance contracts including the risk factor for non-financial risks. The Company presents the entire change in the risk factor as part of insurance service results.

The Company recognizes insurance claims liabilities to cover the estimated liabilities for cash flows associated with incurred losses as of the consolidated statement of financial position date, including claims that have not yet been reported and incurred loss settlement expenses related to underwritten insurance contracts and reinsurance contracts deposited by the Company. The ultimate cost of liabilities related to claims is estimated using generally accepted standard actuarial techniques.

The main assumption underlying these methods is based on using the Company's previous experience in claims development to predict future claims development and thus ultimate claims costs. As such, these methods derive the development of paid and incurred losses, average costs per claim (severity) and average number of claims (frequency) based on observed development in previous years and expected loss ratios. Historical claims development is analyzed by accident year, geographical area, and claim type. The loss ratio is the ratio of total incurred claims to total earned premiums for the portfolio.

Additional qualitative estimation is used to assess the extent to which past events will not recur in the future (for example, estimating non-recurring events and changes in external or market factors such as the nature of claims, economic conditions, claims inflation levels and legislation, as well as internal factors such as portfolio composition, policy features and claims handling procedures) to arrive at the estimated ultimate cost of claims that presents the probability-weighted expected value of a range of possible outcomes, considering all relevant uncertainties.

The Company chose not to adjust the claims liability for the time value of money, as it expects that the time between providing each part of the coverage and the premium due date does not exceed one year. Similarly, for the liability for incurred claims, the Company decided not to measure the effect of the time value of money, as most incurred claims expected to be settled within 12 months are settled with a minor effect on the liability for incurred claims and the income statement.

With a small portion of the liability for incurred claims that may be carried forward beyond 12 months, with an immaterial impact on the liability for incurred claims and the income statement. The Company will regularly monitor the time taken to settle claims from the date they are incurred. The Company has chosen the accounting policy to present the entire insurance finance income or expense for the period in the income statement.

Contract Boundaries

The Company uses the concept of “contract boundaries” to determine the cash flows that should be considered in measuring groups of insurance contracts.

Cash flows are within the boundaries of an insurance contract if they arise from existing rights and obligations during the period in which the policyholder is obligated to pay premiums or the Company has a substantial obligation to provide insurance contract services to the policyholder. The substantial obligation ends when:

1. The Company has the practical ability to reassess the risks to which the policyholder is exposed or change the level of benefits to fully reflect those risks in the price; or
2. Both of the following criteria are met:
    i. The Company has the practical ability to reprice the contract or portfolio of contracts to fully reflect the reassessed risks for that portfolio; and
    j. The pricing of premiums up to the date of risk reassessment does not reflect risks related to periods beyond the reassessment date.

When assessing the practical ability to reprice, the risks transferred from the policyholder to the Company, such as insurance risks and financial risks, are considered; other risks, such as the passage of time or surrender and expense risks, are not included. Other elements, which represent new benefits in the basic insurance policy that provide additional benefits to the policyholder at an additional cost, and which are issued alongside the main insurance contracts, form part of a single insurance contract with all cash flows within the contract boundaries.

Cash flows outside the boundaries of insurance contracts relate to future insurance contracts and are recognized when those contracts meet the recognition criteria.

Insurance Contract Acquisition Costs

Insurance contract acquisition cash flows are costs directly related to the sale, subscription, and initiation of a group of insurance contracts (issued or expected to be issued) that belong directly to the portfolio of insurance contracts. Acquisition costs fall under insurance service expenses. The Company amortizes the cost of acquiring insurance contracts over the contract period.

Directly Attributable Expenses

Directly attributable expenses are costs that can be wholly or partially attributed to fulfilling groups of insurance contracts. The Company allocates attributable costs to contracts based on a number of variables. Directly attributable costs fall under insurance service expenses. Non-attributable costs are disclosed under other operating expenses.

Other Operating Expenses

Other operating expenses include expenses not related to insurance contracts and are administrative expenses.

Insurance Revenue

Insurance revenue represents the expected premiums to be received allocated to the period. The Company allocates expected premiums to be received for each insurance contract service period on a time basis. The effect of seasonality is not considered material in relation to recording insurance revenue.

Insurance revenue is adjusted to allow for policyholder defaults on future premiums. The probability of default is obtained from the expected loss model stipulated in IFRS 9.

Insurance Service Expenses

Insurance service expenses include the following:

a. Claims incurred for the year.
b. Other related expenses incurred
    - Amortization of insurance acquisition cash flows
    - Changes related to past services - changes in fulfillment cash flows related to the liability for incurred claims.
    - Changes related to future services - changes in fulfillment cash flows resulting from losses on onerous contracts or reversal of such losses.

Onerous Contracts

The Company assumes there is no loss at initial recognition of contracts unless circumstances and facts indicate otherwise. If circumstances and facts show that some contracts are expected to be onerous, an additional assessment is made to identify onerous contracts. A group of contracts is considered onerous at initial recognition if there is a net outflow of cash from fulfillment cash flows. As a result, the liability for the net outflow is recognized as a loss component within the liability for remaining coverage, and the loss is immediately recognized in the income statement under insurance service expenses. The loss component is then amortized in the income statement over the coverage period to offset incurred claims in insurance service expenses. The loss component is measured on a gross basis but can be mitigated by a loss recovery component if the contracts are covered by reinsurance.

Risk Adjustment for Non-Financial Risk

The non-financial risk factor applies to the present value of estimated future cash flows, which reflects the compensation the Company needs to accept uncertainty about the amount and timing of cash flows from non-financial risks while the Company fulfills insurance contracts. The Company chose a confidence level based on a 75% ratio for the distribution of claims reserves, considering that the confidence level is sufficient to cover sources of uncertainty about the amount and timing of cash flows.

IFRS 9 - Significant Accounting Policies Including Key Judgments and Estimates

IFRS 9 replaces IAS 39 - Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, with early application permitted. However, the Company met the relevant conditions and applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023G. Regarding the transition to IFRS 9, the Company applied a retrospective approach consistent with the transition option adopted under IFRS 17, applying the relevant practical expedients stipulated in IFRS 9.

Financial Assets - Classification

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss.

Financial Assets at Amortized Cost

Debt instruments:

Financial assets are measured at amortized cost if both of the following conditions are met and they are not designated as at fair value through profit or loss:

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

Financial Assets at Fair Value through Other Comprehensive Income

Debt instruments are measured at fair value through other comprehensive income if both of the following conditions are met and they are not designated as at fair value through profit or loss:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at fair value through other comprehensive income are subsequently measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. Interest income and foreign exchange gains and losses are recognized in the income statement.

For investments in equity instruments, the Company can make an irrevocable election to present subsequent changes in fair value through other comprehensive income. This election is made on an instrument-by-instrument basis at initial recognition.

Financial Assets at Fair Value through Profit or Loss

All other financial assets are classified as measured at fair value through profit or loss. Additionally, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Business Model Assessment

The Company assesses the objectives of the business model under which the asset is held at the portfolio level as this best reflects the way the business is managed and information is provided to management. The information considered includes:

- Working in light of the stated policies and objectives of the portfolio and applying those policies.
- Whether the management strategy focuses on earning contractual commission revenue, maintaining a particular interest rate, matching the duration of the financial assets to the duration of the liabilities that fund those assets or realizing cash flows through the sale of the assets.
- How the portfolio's performance is evaluated and reported to the Company's management.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- How managers are compensated, i.e. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected, and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, these sales cannot be considered in isolation, but as part of an overall assessment of how the Company's stated objectives for managing the financial assets are achieved and how cash flows are realized.

For the purpose of determining whether the contractual cash flows are solely payments of principal and interest, "principal" is defined as the fair value of the financial assets at initial recognition. "Interest" represents the consideration for the time value of money and for the basic credit and borrowing risks associated with the outstanding principal amount during a certain period, and other basic borrowing costs (such as liquidity risk and administrative costs) and profit margin.

Financial Assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus - in the case of a financial asset not at fair value through profit or loss - transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets that include embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Regular way purchases and sales of financial assets are recognized and derecognized on the trade date, i.e. the date on which the Company becomes a party to the contractual provisions of the instrument.

Debt Instruments

The subsequent measurement of debt instruments depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. The Company classifies its debt instruments into the following three measurement categories:

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the consolidated income statement and presented in other gains/(losses), together with foreign exchange gains and losses.
- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Changes in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in the consolidated income statement. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to the consolidated income statement and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognized in the consolidated income statement and presented net within other gains/(losses) in the period in which it arises.

Equity Instruments

The Company subsequently measures all equity investments at fair value. However, if the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of these investments. Dividends from such investments continue to be recognized in the income statement when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in investment income in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

Financial Assets - Impairment

Overview of Expected Credit Loss Principles

ECLs provision is based on ECLs over the life of the asset (lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month expected credit loss. Lifetime ECLs represent the ECLs that may result from all possible default events over the expected life of a financial asset, while the 12-month ECLs are those ECLs over the expected life that are expected to occur within 12 months after the balance sheet date. Both lifetime ECLs and 12-month ECLs will be calculated on either an individual or collective basis depending on the nature of the underlying portfolio of financial instruments.

The Company recognizes ECL Provisions on the following financial instruments that are not measured at fair value:

- Financial assets that are debt instruments.
- Bank deposits and balances.
- Other receivables.

No impairment loss is recognized on equity instruments.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments for which credit risk has not increased significantly since initial recognition.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’. The measurement of ECLs for other receivables is recorded using a simplified model of ECLs and is usually determined using a matrix that uses the Company’s historical credit loss experience. For investments in securities, if the number of days past due is zero, the investment is considered to be in Stage 1, and if the number of days past due is more than zero, the investment is considered to be in Stage 3.

Classification of Financial Asset Stages

The Company classifies its investment portfolio classified as at amortized cost and fair value through other comprehensive income into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1 - Performing financial assets that have not deteriorated significantly in credit quality since initial recognition;

Stage 2 - Underperforming financial assets that have deteriorated significantly in credit quality since initial recognition but have not experienced a credit-impairment event; and

Stage 3 - Impaired financial assets that have deteriorated significantly in credit quality since initial recognition and have also experienced a credit-impairment event.

Credit-Impaired Financial Assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is considered credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or Issuer;
- A breach of contract such as a default or past due event (more than 90 days);
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.
- When assessing if a sovereign debt investment is credit-impaired, the Company considers the following factors:
- The market’s assessment of creditworthiness as reflected in bond yields.
- The rating agencies’ assessments of creditworthiness.
- The country’s ability to access the financial markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, regardless of the political intent, whether there is the capacity to fulfill the required criteria.

Definition of Default

When assessing whether an issuing company is in default, the Company considers the following indicators:

- Qualitative indicators - such as breaches of covenant
- Quantitative indicators - such as overdue status and non-payment of another obligation of the same Issuer to the Company
- Based on data developed internally and obtained from external sources

The inputs used to assess whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Methodology and Measurement of Expected Credit Losses (ECLs)

ECLs are calculated based on certain indicators including probability of default, loss given default, and exposure at default. ECLs are discounted at an appropriate rate to obtain the present value of ECLs.

For the investment portfolio, a general approach is used where assets are classified into 3 different stages based on criteria for significant increase in credit risk: Stage 1, Stage 2, and Stage 3. 12-month ECLs are calculated for Stage 1 and lifetime ECLs for Stage 2 and Stage 3. For the receivables portfolio, a simplified approach is used that does not require stage classification to calculate ECLs.

ECLs are a probability-weighted estimate of potential credit losses, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive)
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows

Probability of Default

The probability of default is an estimate of the likelihood of default over a given time horizon.

Loss Given Default

Loss given default inputs are determined based on the financial instrument category, historical loss experience and recovery rates for similar financial instruments, and other relevant industry data.

Exposure at Default

The exposure at default is an estimate of the exposure at a future default date.

Forward-Looking Information

When estimating ECLs, the Company will review macroeconomic developments occurring in the economy and market in which it operates. The Company will periodically analyze the relationship between key economic trends and the probability of default estimate. The Company incorporates forward-looking information in its assessment of whether the credit losses on any financial instrument have increased significantly since initial recognition and its measurement of ECLs. Based on advice from economic experts and consideration of a variety of external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Kingdom and selected private sector forecasters. The base case represents a most-likely outcome and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Company periodically carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

Presentation of ECL Provision in the Statement of Financial Position

ECL Provisions are presented in the statement of financial position as follows:

a. Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
b. Debt instruments measured at fair value through other comprehensive income: no loss allowance is recognized in the statement of financial position as the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and included in the fair value reserve.

Financial Liabilities

Classification and Measurement of Financial Liabilities

The Company classifies its financial liabilities, other than financial guarantees (if any), as measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Financial liabilities are classified at fair value through profit or loss if they are classified as held for trading liabilities, derivatives, or designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in the income statement. The Company derecognizes financial liabilities when its contractual obligations are discharged, cancelled or expire.

2. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and time deposits with original maturities of three months or less from the date of acquisition.

3. Property and Equipment

Fixtures, furniture and equipment are initially recorded in the consolidated statement of financial position at cost. They are subsequently re-measured at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of assets for calculating depreciation are as follows:

Furniture, fixtures and office equipment	4 – 10 years
Computer	4 years
Vehicles	5 years
Improvements to leased buildings	3 years or less

The residual values, useful lives and methods of depreciation of assets are reviewed and adjusted, if appropriate, at the end of each fiscal year. Impairment is tested when events or changes in circumstances indicate that the carrying value may not be recoverable. Depreciation charge for the year is included in the income statement on an actual basis. Similarly, impairment losses, if any, are recognized in the income statement.

Repair and maintenance expenses are charged to the income statement. Subsequent expenditures are capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Gains/losses on disposal of fixtures, furniture, equipment and right-of-use assets are included in the income statement.

4. Intangible Assets

Separately acquired intangible assets (information technology software) are stated at historical cost. These assets have finite useful lives and are subsequently carried at cost less accumulated amortization and impairment losses. The Company amortizes intangible assets with finite useful lives using the straight-line method over the following periods:

	Years
Development and IT programs	4 years

5. Accrued expenses and other liabilities

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

6. Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably.

7. Employees' End of Service Benefits

The liability is calculated at the present value of the expected future payments in respect of services provided by the employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The benefit payments obligation is discharged as it falls due. Remeasurements (actuarial gains/losses) as a result of experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income.

8. Derecognition

Financial Assets

A financial asset (or part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

a. The rights to receive cash flows from the asset have expired, or
b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

9. Revenue Recognition

Investment and Commission Revenue

Investment revenue or loss consists of unrealized and realized gains and losses from investments. Commission revenue on time deposits is recognized using the effective yield method in the income statement.

Other income

Other income represents income generated from Enaya's operations through claims management and handling services. The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15. Accordingly, the Company recognizes revenue when the performance obligation is satisfied, i.e., when control of the services related to the particular performance obligation is transferred to the customer. Revenue primarily represents service income.

Revenue from rendering services is recognized in the accounting period in which the services are rendered. Revenue is recognized based on actual service provided to the end of the reporting period as the customer receives and uses the benefits simultaneously. This is determined by multiplying the number of members served by a fixed and pre-agreed rate with the customer according to the contract terms. Customers are invoiced on a monthly basis and consideration is payable when invoiced. There were no contract assets or contract liabilities at the end of the reporting period as all services actually provided had been invoiced and there were no advance payments from customers as of that date.

10. Lease Contracts

Right-of-Use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). The Company applies the cost model and measures the right-of-use asset at cost,

a. Less any accumulated amortization and any accumulated impairment losses, and
b. Adjusted for any remeasurement of the lease liability for lease modifications.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, generally, the right-of-use asset will equal the lease liability. However, if there are any additional costs such as site preparation, non-refundable deposits, other transaction costs, etc., these need to be added to the right-of-use asset value.

Right-of-use assets are amortized on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment. The estimated useful lives of assets for calculating amortization are as follows:

Right-of-use assets Years: Lease contract terms

Lease Liabilities

At initial recognition, the lease liability represents the present value of all remaining payments to the lessor, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

After the commencement date, the Company measures the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability,
- Reducing the carrying amount to reflect the lease payments made, and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications.

Lease liabilities are measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has chosen not to recognize right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

11. Zakat and Income Tax

Zakat

The Company is subject to zakat in accordance with ZATCA regulations. Zakat is calculated on the basis of the approximate zakat base and adjusted profit, whichever is higher, and is charged to profit or loss. Additional zakat, if any, is accounted for when its liability is confirmed.

Amounts due for zakat expenses in one year may need to be adjusted in a subsequent year if the estimate of the annual cost changes.

Income Tax

Income tax expense or prepaid income tax for the year is the tax payable on the taxable income for the current year, based on the adjusted income tax rate with changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses. Current income tax expense is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period and results in taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the tax benefit can be utilized. The deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are not recognized for all temporary differences between the carrying amount and tax bases related to investments in foreign operations in cases where the Company can control the timing of the reversal of the temporary differences, and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

12. Foreign Currencies

The Company's accounting records are maintained in Saudi Riyals. Transactions in foreign currencies are recorded in Saudi Riyals at approximate exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot exchange rates at the reporting date. All translation differences are taken to the income statement.

13. Offsetting

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

14. Cash Dividend Distribution to Shareholders

The Company recognizes a liability to pay a dividend to the group's shareholders when the distribution is authorized and the distribution is no longer at the discretion of the Company. The distribution is authorized when it is approved by the shareholders and the Insurance Authority. The corresponding amount is recognized directly in equity.

15. Statutory Reserve

The Company is required to set aside 20% of its net income from shareholders' operations each year to the statutory reserve until it has built up a reserve equal to the insurance regulations. This reserve is not available for distribution.

Impact of transition to IFRS 17 and IFRS 9 and other changes

As mentioned in the basis of preparation, these financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards as adopted in the Kingdom of Saudi Arabia. The Company has applied IFRS 17 and IFRS 9 from their effective date, which is 1 January 2023G.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 December 2023G and in preparing the opening statement of financial position in accordance with IFRS 17 and IFRS 9 on 1 January 2022G (the Company's transition date) and 31 December 2022G.

Impact of reclassification on the consolidated statement of financial position when applying IFRS 17

The application of IFRS 17 resulted in changes in the presentation method of the statement of financial position. Items previously disclosed: Insurance premiums receivable - net, deferred policy acquisition costs, unearned premiums, outstanding claims, claims incurred but not reported, premium deficiency reserve, and other technical reserves were presented together by portfolio in a single item called insurance contract liabilities.

The presentation method is based on portfolios, which consist of a group of contracts covering similar risks that are managed together. Insurance and reinsurance contract portfolios are presented separately between:

- Insurance contract portfolios that are assets,
- Insurance contract portfolios that are liabilities, and

Impact on equity:

Factors impacting equity	The impact on equity within the transition to IFRS 17 on 1 January 2022G
Adjustment of technical provisions for the difference between IFRS 17, adjustment of non-financial risks and IFRS 4 margin reserves.	Reduction of 3.6 million Saudi Riyals
Recognition of contracts expected to be loss-making at the outset, considering the level of aggregation under IFRS 17.	Reduction of 3.6 million Saudi Riyals
Impact of additional expenses classified as deferred acquisition costs under IFRS 17.	Increase of 3 million Saudi Riyals
Total impact	Reduction of 4.2 million Saudi Riyals

Impact on assets and liabilities

Factors impacting assets and liabilities Liabilities:	The impact on the transition to IFRS 17 on 1 January 2022G
Liabilities	
Reclassification of items that were disclosed as separate items under IFRS 4.	Reduction of 65.4 million Saudi Riyals
Adjustment of technical provisions for the difference between IFRS 17 - risk adjustment for non-financial risks and IFRS 4 - margin reserves.	Increase of 3,6 million Saudi Riyals
Recognition of contracts expected to be loss-making at inception due to a more precise and detailed level of aggregation under IFRS 17.	Increase of 3,6 million Saudi Riyals
Impact of additional expenses classified as deferred acquisition costs under IFRS 17.	Reduction of 3 million Saudi Riyals
Total impact on liabilities	**Reduction of 61,2 million Saudi Riyals**
Assets	
Reclassification of items that were disclosed as separate items under IFRS 4.	Reduction of 65.4 million Saudi Riyals
Total impact on assets	Reduction of 65.4 million Saudi Riyals

Impact of reclassification on the consolidated financial position statement when applying IFRS 9

The following table and accompanying notes below illustrate the original measurement method in accordance with IAS 39 as well as the new measurement method in accordance with IFRS 9 for each category of the Company's financial assets and financial liabilities, including ECLs as of 1 January 2022G:

Details	Original classification according to IFRS (39)	New classification according to IFRS (9)	Original book value according to IFRS (39)	New book value according to IFRS (9)
Financial assets	(SAR '000)			
Cash and Cash Equivalents	Amortized cost	Amortized cost	159,152	158,696
Short-term Murabaha deposits	Amortized cost	Amortized cost	77,908	77,866
Investment in mutual funds	At fair value through profit or loss	At fair value through profit or loss	1,668	1,668
Statutory deposit	Amortized cost	Amortized cost	22,500	22,500
Accrued commission on a statutory deposit	Amortized cost	Amortized cost	4,545	4,545
Prepaid expenses and other assets	Amortized cost	Amortized cost	11,639	11,637

Financial assets are primarily classified as amortized cost because they meet the criteria for the hold-to-collect business model, except for investments in mutual funds classified at fair value through profit or loss. There are no changes in the classification of financial liabilities in the transition from IAS 39 to IFRS 9.

Impairment of financial assets

The following table provides a comparison of the impairment provision in accordance with the requirements of IAS 39 as of 31 December 2021G, with the opening expected credit loss provision determined in accordance with IFRS 9 as of 1 January 2022G. All financial assets as of the transition date and the financial reporting date are within Stage 1.

Details	31 December 2021G (IAS 39)	Reclassification	Remeasurement	1 January 2022G (IFRS 9)
Financial assets at amortized cost (IFRS 9)	(SAR '000)			
Reduction in short-term Murabaha deposits	-	-	42	42
Reduction in Cash and Cash Equivalents	-	-	456	456
Prepaid expenses and other assets	-	-	2	2
Decrease in the statutory deposit	-	-	-	-
Financial assets at fair value through profit or loss (IFRS 9)	-	-	-	-
Decrease in investment in mutual funds	-	-	-	-
Total	**-**	**-**	**500**	**500**

Comparison of financial position statement as of 1 January 2022G

Assets	As of 1 January 2022G					
	Before application of IFRS (17) and IFRS (9)	IFRS (17)		IFRS (9)		After application of IFRS (17) and IFRS (9)
		Reclassification	Remeasurement	Reclassification	Remeasurement	
	(SAR '000)					
Cash and Cash Equivalents	159,152	-	-	-	(456)	158,696
Premiums receivable, net	58,486	(58,486)	-	-	-	-
Deferred policy acquisition costs	6,926	(6,926)	-	-	-	-
Short-term Murabaha deposits	77,908	-	-	-	(42)	77,866
Investments	1,668	-	-	-	-	1,668
Prepaid expenses and other assets	11,639	-	-	-	(2)	11,637
Property and equipment, net	1,523	-	-	-	-	1,523
Right of use assets, net	899	-	-	-	-	899
Intangible assets, net	679	-	-	-	-	679
Statutory deposit	22,500	-	-	-	-	22,500
Accrued commission on a statutory deposit	4,545	-	-	-	-	4,545
Total assets	**345,925**	**(65,412)**	**-**	**-**	**(500)**	**280,013**

Comparison of financial position statement as of 1 January 2022G (cont.)

	As of 1 January 2022G					
Liabilities and equity	Before application of IFRS (17) and IFRS (9)	IFRS (17)		IFRS (9)		After application of IFRS (17) and IFRS (9)
Liabilities		Reclassification	Remeasurement	Reclassification	Remeasurement	
	(SAR '000)					
Accrued expenses and other liabilities	54,209	(51,072)	-	-	-	3,137
Insurance contract liabilities	-	191,856	4,241	-	-	196,097
Lease liability	2,250	-	-	-	-	2,250
Unearned premiums	108,727	(108,727)	-	-	-	-
Outstanding claims	46,806	(46,806)	-	-	-	-
Incurred but not reported claims	15,745	(15,745)	-	-	-	-
Insurance premiums deficit reserve	34,527	(34,527)	-	-	-	-
Other technical reserves	391	(391)	-	-	-	-
End of service benefits for employees	5,787	-	-	-	-	5,787
Provision for Zakat and income tax	13,250	-	-	-	-	13,250
Commission revenue payable to Insurance Authority	4,545	-	-	-	-	4,545
Total liabilities	**286,237**	**(65,412)**	**4,241**	**-**	**-**	**225,066**
Equity						
Capital	150,000	-	-	-	-	150,000
Accumulated losses	(91,245)	-	(4,241)	-	(500)	(95,986)
End-of-service indemnity remeasurement reserve	933	-	-	-	-	933
Total equity	**59,688**	**-**	**(4,241)**	**-**	**(500)**	**54,947**
Total Liabilities and Equity	**345,925**	**(65,412)**	**-**	**-**	**(500)**	**280,013**

Comparison of financial position statement as of 31 December 2022G (cont.)

Assets	As of 31 December 2022G					
	Before application of IFRS (17) and IFRS (9)	IFRS (17)		IFRS (9)		After application of IFRS (17) and IFRS (9)
		Reclassification	Remeasurement	Reclassification	Remeasurement	
	(SAR '000)					
Cash and Cash Equivalents	156,742	-	-	-	(21)	156,721
Premiums receivable, net	63,372	(63,372)	-	-	-	-
Deferred policy acquisition costs	6,025	(6,025)	-	-	-	-
Short-term Murabaha deposits	135,353	-	-	-	(807)	134,546
Investments	1,133	-	-	-	-	1,133
Prepaid expenses and other assets	25,474	-	-	-	(19)	25,455
Property and equipment, net	1,467	-	-	-	-	1,467
Right of use assets, net	1,115	-	-	-	-	1,115
Intangible assets, net	794	-	-	-	-	794
Statutory deposit	34,500	-	-	-	-	34,500
Accrued commission on a statutory deposit	5,012	-	-	-	-	5,012
Total assets	**430,987**	**(69,397)**	**-**	**-**	**(847)**	**360,743**

Comparison of financial position statement as of 31 December 2022G (cont.)

	As of 31 December 2022G					
Liabilities and Equity	Before application of IFRS (17) and IFRS (9)	IFRS (17)		IFRS (9)		After application of IFRS (17) and IFRS (9)
Liabilities		Reclassification	Remeasurement	Reclassification	Remeasurement	
	(SAR '000)					
Accrued expenses and other liabilities	43,370	(38,867)	-	-	-	4,503
Insurance contract liabilities	-	159,854	668	-	-	160,522
Lease liability	776	-	-	-	-	776
Unearned premiums	108,554	(108,554)	-	-	-	-
Outstanding claims	38,450	(38,450)	-	-	-	-
Incurred but not reported claims	23,672	(23,672)	-	-	-	-
Insurance premiums deficit reserve	19,279	(19,279)	-	-	-	-
Other technical reserves	429	(429)	-	-	-	-
End of service benefits for employees	5,172	-	-	-	-	5,172
Provision for Zakat and income tax	14,696	-	-	-	-	14,696

Liabilities and Equity	As of 31 December 2022G					
Liabilities	Before application of IFRS (17) and IFRS (9)	IFRS (17) Reclassification	IFRS (17) Remeasurement	IFRS (9) Reclassification	IFRS (9) Remeasurement	After application of IFRS (17) and IFRS (9)
	(SAR '000)					
Commission revenue payable to Insurance Authority	5,012	-	-	-	-	5,012
Total liabilities	**259,410**	**(69,397)**	**668**	**-**	**-**	**190,681**
Equity						
Capital	230,000	-	-	-	-	230,000
Accumulated losses	(60,530)	-	(668)	-	(847)	(62,045)
End-of-service indemnity remeasurement reserve	2,107	-	-	-	-	2,107
Total equity	**171,577**	**-**	**(668)**	**-**	**(847)**	**170,062**
Total Liabilities and Equity	**430,987**	**(69,397)**	**-**	**-**	**(847)**	**360,743**

Comparison of the statement of financial position as on 1 January 2021G, 31 December 2022G and 31 December 2023G after the transformation

Item (SAR '000)	1 January 2022G (Revised)	31 December 2022G (Revised)	31 December 2023G (Audited)
Assets:			
Cash and Cash Equivalents	158,696	156,721	23,334
Short-term Murabaha deposits	77,866	134,546	248,264
Investments	1,668	1,133	1,554
Property and equipment, net	1,523	1,467	798
Intangible assets, net	899	794	792
Right-of-use assets, net	679	1,115	341
Statutory deposit	22,500	34,500	34,500
Revenue due on a statutory deposit	4,545	5,012	1,921
Prepaid expenses and other assets	11,637	25,455	28,296
Total assets	**280,013**	**360,743**	**339,800**
Liabilities:			
Insurance contract liabilities	196,097	160,522	124,788
Revenue due to the Insurance Authority	4,545	5,012	1,921
Accrued expenses and other liabilities	3,137	4,503	2,188
Lease liabilities	2,250	776	-
End of service benefits for employees	5,787	5,172	5,228
Provision for Zakat and income tax	13,250	14,696	14,918
Total liabilities	**225,066**	**190,681**	**149,043**
Equity:			
Capital	150,000	230,000	230,000

Item (SAR '000)	1 January 2022G (Revised)	31 December 2022G (Revised)	31 December 2023G (Audited)
Accumulated losses	(95,986)	(62,045)	(41,823)
Insurance-related end-of-service indemnity remeasurement reserve	933	2,107	2,580
Total equity	**54,947**	**170,062**	**190,757**
Total liabilities and equity	**280,013**	**360,743**	**339,800**

Impact of reclassification on the interim condensed income statement when applying IFRS 17

The following items: The description of items in the interim condensed income statement has changed significantly compared to the previous year. The Company previously disclosed:

- Total written premiums
- Net changes in unearned premiums
- Gross paid claims
- Changes in outstanding claims
- Changes in claims incurred but not reported
- Changes in premium deficiency reserve
- Changes in claims settlement reserve
- Insurance policy acquisition costs
- Provision for doubtful insurance premiums receivable
- General and administrative expenses
- Other income, net
- Income / loss attributable to insurance operations

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Other operating expenses

Remeasurement impact on the interim condensed statement of comprehensive income when applying IFRS 17 for the period ended 1 Juanuary 2022G and 31 December 2022G

The impact of remeasurement in the interim consolidated condensed income statement when applying IFRS 17 is as follows:

- Adjustment to technical provisions for the difference between IFRS 17's risk adjustment for non-financial risks and IFRS 4's prudence margins - increase of 2,335,473 Saudi Riyals;
- Recognition of contracts expected to incur losses at inception considering that the level of aggregation under IFRS 17 is more precise - increase of 2,771,779 Saudi Riyals; and
- Impact of additional expenses classified as deferred insurance policy acquisition costs under IFRS 17 - decrease of 4,092,489 Saudi Riyals.
- Net impairment loss under IFRS 9 is disclosed separately in the income statement. Impairment loss was previously disclosed as part of investment income under IAS 39.
- Investment income for financial assets at amortized cost and financial assets at fair value is presented separately in the income statement instead of being previously presented aggregated in one item.

Comparison of income statement as of 1 January 2022G

Item (SAR '000)	Before application of IFRS (17) and IFRS (9)	IFRS (17)		IFRS (9)		After application of IFRS (17) and IFRS (9)
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Gross premiums written	218,502	(218,502)	-	-	-	-
Net written premiums	218,502	(218,502)				
Changes in unearned premiums. Net	(41,223)	41,223	-	-	-	-
Net earned premiums	**177,279**	**(177,279)**	**-**	**-**	**-**	**-**
Insurance revenues	-	177,279	89	-	-	177,368
Insurance service expenses	-	(228,699)	2,850	-	-	(225,849)
Net insurance services results	**-**	**(51,420)**	**2,939**	**-**	**-**	**(48,481)**
Net paid claims	**(152,024)**	**152,024**	**-**	**-**	**-**	**-**
Changes in claims under settlement, net	(7,619)	7,619	-	-	-	-
Changes in incurred and unreported claims, net	(2,771)	2,771	-	-	-	-
Net incurred claims	**(162,414)**	**162,414**	**-**	**-**	**-**	**-**
Changes in Premium Deficiency Reserve	(19,982)	19,982	-	-	-	-
Changes in other technical reserves	(64)	64	-	-	-	-
Policy acquisition costs	(7,602)	7,602	-	-	-	-
Other underwriting expenses	(8,963)	8,963	-	-	-	-
Total subscription costs and expenses	**(199,025)**	**199,025**	**-**	**-**	**-**	**-**
Interest income from financial assets not classified at fair value through profit or loss	-	3,280	-	-	-	3,280
Net profit on investments classified at fair value through profit or loss	-	237	-	-	-	237
Net profit from financial assets not classified at amortized cost	-	5,260	-	-	-	5,260
Other investment income	-	213	-	-	-	213
Net credit risk / (reverse) on financial assets	-	-	-	-	(500)	(500)
Net Underwriting Income / Net Insurance and Investment Results	**(21,746)**	**(20,684)**	**2,939**	**-**	**(500)**	**(39,991)**
(Reversal) for doubtful debts	2,621	(2,621)	-	-	-	-
General and administrative expenses	(47,948)	47,948	-	-	-	-
Commission income on deposits	3,280	(3,280)	-	-	-	-
Unrealized profit from investments	237	(237)	-	-	-	-
Realized profit from investments	5,260	(5,260)	-	-	-	-
Amortization of held-to-maturity investments, net	213	(213)	-	-	-	-
Other income	98	-	-	-	-	98
Total Other operating expenses	**(36,239)**	**36,337**	**-**	**-**	**-**	**98**
(Loss) / Income before Zakat and Income Tax	(57,985)	15,653	2,939	-	(500)	(39,893)
Other operating expenses	-	(15,653)	-	-	-	(15,653)

Item (SAR '000)	Before application of IFRS (17) and IFRS (9)	IFRS (17)		IFRS (9)		After application of IFRS (17) and IFRS (9)
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Income/(loss) attributable to shareholders before zakat and income tax	**(57,985)**	**-**	**2,939**	**-**	**(500)**	**(55,546)**
Zakat expense	(3,987)	-	-	-	-	(3,987)
income tax	-	-	-	-	-	-
Net loss attributable to shareholders after zakat and income tax	**(61,972)**	**-**	**2,939**	**-**	**(500)**	**(59,533)**

Source: Management information

Comparison of comprehensive income statement as of 1 January 2022G

Item (SAR '000)	Before application of IFRS (17) and IFRS (9)	IFRS (17)		IFRS (9)		After application of IFRS (17) and IFRS (9)
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Net loss attributable to shareholders after zakat and income tax	(61,972)	-	2,939	-	(500)	(59,533)
Other comprehensive income/(loss)						
Items that will not be reclassified to the income statement in subsequent years						
Actuarial losses on employee end-of-service benefits	(75)	-	-	-	-	(75)
Total comprehensive loss for the year	**(62,047)**	**-**	**2,939**	**-**	**(500)**	**(59,608)**

Source: Management information

Comparison of income statement for the year ended 31 December 2022G

	31 December 2022G (Revised)					
	Before application of IFRS (17) and IFRS (9)	IFRS (17)		IFRS (9)		After application of IFRS (17) and IFRS (9)
Revenue		Reclassification	Remeasurement	Reclassification	Remeasurement	
	(SAR '000)					
Total written premiums	227,474	(227,474)	-	-	-	-
Net written premiums	227,474	(227,474)	-	-	-	-
Changes in unearned premiums	173	(173)	-	-	-	-
Net earned premiums	227,647	(227,647)	-	-	-	-
Insurance revenues	-	227,797	(867)	-	-	226,930
Insurance service expenses	-	(238,222)	4,441	-	-	(233,781)
Insurance services results	-	(10,425)	3,574	-	-	(6,851)
Subscription costs and expenses						
Gross paid claims	(196,730)	196,730	-	-	-	-
Net paid claims	(196,730)	196,730	-	-	-	-
Changes in outstanding claims	8,356	(8,356)	-	-	-	-
Changes in incurred but not reported claims	(7,927)	7,927	-	-	-	-
Net incurred claims	**(196,301)**	**196,301**				
Changes in insurance premiums deficit reserve	15,248	(15,248)	-	-	-	-
Changes in claim settlement reserve	(38)	38	-	-	-	-
Policy acquisition costs	(13,859)	13,859	-	-	-	-
Other underwriting expenses	(14,871)	14,871	-	-	-	-
Total subscription costs and expenses	**(209,821)**	**209,821**	**-**	**-**	**-**	**-**

Comparison of income statement for the year ended 31 December 2022G (cont.)

Revenue	31 December 2022G (Revised)					
	Before application of IFRS (17) and IFRS (9)	IFRS (17)		IFRS (9)		After application of IFRS (17) and IFRS (9)
		Reclassification	Remeasurement	Reclassification	Remeasurement	
	(SAR '000)					
Investment income						
Interest income from financial assets not classified at fair value through income statement	-	5,193	-	-	-	5,193
Net revenue from investments classified at fair value through income statement	-	131	-	-	-	131
Net reversal of credit / (impairment) of financial assets	-	-	-	-	(348)	(348)
Net subscription income / net insurance and investment results	**17,826**	**(22,927)**	**3,574**	**-**	**(348)**	**(1,875)**
Other operating income /(expenses)						
Doubtful debts provision	150	(150)	-	-	-	-
General and administrative expenses	(38,734)	38,734	-	-	-	-
Investment income-net	5,193	(5,193)	-	-	-	-
Unrealized profit from investments	129	(129)	-	-	-	-
Realized profit from investments	2	(2)	-	-	-	-
Other incomes, net	7,299	-	-	-	-	7,299
Total other operating income / (expenses)	(25,961)	33,260	-	-	-	7,299
Income before Zakat and income tax	**(8,135)**	**10,333**	**3,574**	**-**	**(348)**	**5,424**
Other operating expenses	-	(10,333)	-	-	-	(10,333)
Net income for the year attributable to shareholders before Zakat and income tax	(8,135)	-	3,574	-	(348)	(4,909)
Provision for Zakat and income tax	(1,446)	-	-	-	-	(1,446)
income tax	-	-	-	-	-	-
Net income / (loss) for the year attributable to shareholders after Zakat and income tax	**(9,581)**	**-**	**3,574**	**-**	**(348)**	**(6,355)**

Comparison of comprehensive income statement for the year ended 31 December 2022G

Revenue	31 December 2022G					
	Before application of IFRS (17) and IFRS (9)	IFRS (17)		IFRS (9)		After application of IFRS (17) and IFRS (9)
		Reclassification	Remeasurement	Reclassification	Remeasurement	
	(SAR '000)					
Net income attributable to shareholders after zakat and income tax	(9,581)	-	3,574	-	(348)	(6,355)
Other operating income /(loss)						
Items not to be reclassified to the condensed interim income statement in subsequent years						
Actuarial gains on defined employee benefit obligations	1,174	-	-	-	-	1,174
Total other comprehensive income	1,174	-	-	-	-	1,174
Total (loss)/comprehensive income for the year	**(8,407)**	**-**	**3,574**	**-**	**(348)**	**(5,181)**

Comparison of the cash flow statement as of 31 December 2021G

Item (SAR '000)	Before application of IFRS (17) and IFRS (9)	IFRS (17)		IFRS (9)		Afater applying IFRS (17) and IFRS (9)
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Cash flow from operating activities:						
Net loss attributable to shareholders before zakat and income tax	(57,985)	-	2,939	-	(500)	(55,546)
Adjustments to non-cash items:						
Depreciation of property and equipment	1,090	-	-	-	-	1,090
Amortization of intangible assets	491	-	-	-	-	491
Depreciation of the right to use assets	2,064	-	-	-	-	2,064
Reverse lease liabilities	-	-	-	-	-	-
Financing costs for leasing liabilities	33	-	-	-	-	33
Reversal of doubtful debts	(2,621)	2,621	-	-	-	-
Unrealized gains from investments	(237)	-	-	-	-	(237)
Realized gains from investments	(5,260)	-	-	-	-	(5,260)
Amortization of held-to-maturity investments	(213)	-	-	-	-	(213)
End-of-service gratuity provision for employees	1,482	-	-	-	-	1,482
(Provision) / Reversal of reduced credit risk of financial assets	-	-	-	-	44	44
Net loss for the year after adjustments for non-cash items	**(61,156)**	**2,621**	**2,939**	**-**	**(456)**	**(56,052)**
Changes in operating assets and liabilities:						
Premiums receivable	(6,979)	6,979	-	-	-	-
Reinsurers' receivables	421	(421)	-	-	-	-
Reinsurers' share of claims under settlement	119	(119)	-	-	-	-

Item (SAR '000)	Before application of IFRS (17) and IFRS (9)	IFRS (17)		IFRS (9)		Afater applying IFRS (17) and IFRS (9)
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Deferred policy acquisition costs	(3,696)	3,696	-	-	-	-
Prepaid expenses and other assets	(4,859)	-	-	-	-	(4,859)
Accrued expenses and other liabilities	18,184	(14,606)	-	-	-	3,578
Unearned premiums	41,223	(41,223)	-	-	-	-
Claims under settlement	7,499	(7,499)	-	-	-	-
Incurred but not reported claims	2,771	(2,771)	-	-	-	-
Premium Deficiency Reserve	19,982	(19,982)	-	-	-	-
Other technical reserves	65	(65)	-	-	-	-
Insurance contract liabilities	-	73,390	(2,939)	-	-	70,451
Cash generated from operating activities	**13,574**	**-**	**-**	**-**	**(456)**	**13,118**
Paid end-of-service gratuity	(740)	-	-	-	-	(740)
Paid Zakat	(2,737)	-	-	-	-	(2,737)
Net cash generated from operating activities	**10,097**	**-**	**-**	**-**	**(456)**	**9,641**
Cash flows from investing activities:						
Proceeds from sale of investments	74,161	-	-	-	-	74,161
Deposit in a short-term Murabaha deposit	(89,550)	-	-	-	-	(89,550)
Proceeds from maturity of short-term Murabaha deposits	51,669	-	-	-	-	51,669
Purchase of property and equipment	(471)	-	-	-	-	(471)
Proceeds from sale of property and equipment	31	-	-	-	-	31
Purchase of intangible assets	(308)	-	-	-	-	(308)
Net cash generated from investment activities	**35,532**	**-**	**-**	**-**	**-**	**35,532**
Cash flows from financing activities:						
Lease payments due	(1,703)	-	-	-	-	(1,703)
Net cash used in financing activities	**(1,703)**	**-**	**-**	**-**	**-**	**(1,703)**
Net change in cash and cash equivalents	43,926	-	-	-	(456)	43,470
Cash and cash equivalents at the beginning of the year	115,226	-	-	-	-	115,226
Cash and cash equivalents at the end of the year	**159,152**	**-**	**-**	**-**	**(456)**	**158,696**

Source: Management information

Comparison of cash flow statement as of December 31, 2022

Item (SAR '000)	Before application of IFRS (17) and IFRS (9)	IFRS (17)		IFRS (9)		Afater applying IFRS (17) and IFRS (9)
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Cash flow from operating activities:						
Net loss attributable to shareholders before zakat and income tax	(8,135)	-	3,573	-	(347)	(4,909)
Adjustments to non-cash items:						
Depreciation of property and equipment	760	-	-	-	-	760
Amortization of intangible assets	349	-	-	-	-	349
Depreciation of the right to use assets	1,112	-	-	-	-	1,112
Reverse lease liabilities	(2,250)	-	-	-	-	(2,250)
Financing costs for leasing liabilities	28	-	-	-	-	28
Reversal of doubtful debts	(150)	150	-	-	-	-
Unrealized gains from investments	(129)	-	-	-	-	(129)
Realized gains from investments	(2)	-	-	-	-	(2)
Amortization of held-to-maturity investments	-	-	-	-	-	-
End-of-service gratuity provision for employees	1,085	-	-	-	-	1,085
(Provision) / Reversal of reduced credit risk of financial assets	-	-	-	-	782	782
Net loss for the year after adjustments for non-cash items	**(7,332)**	**150**	**3,573**	**-**	**435**	**(3,174)**
Changes in operating assets and liabilities:						
Receivable insurance premiums	(4,736)	4,736	-	-	-	-
Reinsurers' receivables	-	-	-	-	-	-
Reinsurers' share of claims under settlement	-	-	-	-	-	-
Deferred policy acquisition costs	901	(901)	-	-	-	-
Prepaid expenses and other assets	(13,835)	-	-	-	-	(13,835)
Accrued expenses and other liabilities	(10,839)	12,205	-	-	-	1,366
Unearned premiums	(173)	173	-	-	-	-
Claims under settlement	(8,356)	8,356	-	-	-	-
Incurred but not reported claims	7,927	(7,927)	-	-	-	-
Premium Deficiency Reserve	(15,248)	15,248	-	-	-	-
Other technical reserves	38	(38)	-	-	-	-
Insurance contract liabilities	-	(32,002)	(3,573)	-	-	(35,575)
Cash generated from operating activities	**(51,653)**	**-**	**-**	**-**	**435**	**(51,218)**
Paid end-of-service gratuity	(526)	-	-	-	-	(526)
Paid Zakat	-	-	-	-	-	-

Item (SAR '000)	Before application of IFRS (17) and IFRS (9)	IFRS (17)		IFRS (9)		Afater applying IFRS (17) and IFRS (9)
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Net cash generated from operating activities	**(52,179)**	**-**	**-**	**-**	**435**	**(51,744)**
Cash flows from investing activities:						
Proceeds from sale of investments	666	-	-	-	-	666
Deposit in a short-term Murabaha deposit	(135,353)	-	-	-	-	(135,353)
Proceeds from maturity of short-term Murabaha deposits	77,908	-	-	-	-	77,908
Increase in statutory deposit	(12,000)	-	-	-	-	(12,000)
Purchase of property and equipment	(704)	-	-	-	-	(704)
Proceeds from sale of property and equipment	-	-	-	-	-	-
Purchase of intangible assets	(244)	-	-	-	-	(244)
Net cash generated from investment activities	**(69,727)**	**-**	**-**	**-**	**-**	**(69,727)**
Cash flows from financing activities:						
Issuance of rights shares	130,000	-	-	-	-	130,000
Transaction cost of capital movement	(9,704)	-	-	-	-	(9,704)
Lease payments due	(800)	-	-	-	-	(800)
Net cash used in financing activities	**119,496**	**-**	**-**	**-**	**-**	**119,496**
Net change in cash and cash equivalents	(2,410)	-	-	-	435	(1,975)
Cash and cash equivalents at the beginning of the year	159,152	-	-	-	(456)	158,696
Cash and cash equivalents at the end of the year	**156,742**	**-**	**-**	**-**	**(21)**	**156,721**

Details of the (decrease)/increase in accumulated losses resulting from the transition to IFRS 17 and IFRS 9 are as follows:

	Capital	Accumulated losses	Insurance-related end-of-service indemnity remeasurement reserve	Total equity
On 1 January 2022G (previously disclosed)	150,000	(91,245)	933	59,688
Recognizing Expected Credit Losses under IFRS 9	-	(500)	-	(500)
Reclassification according to IFRS (17)	-	(4,241)	-	(4,241)
As of 1 January 2022G (Revised)	150,000	(95,986)	933	54,947
As of 31 December 2022G (previously disclosed)	230,000	(60,530)	2,107	171,577
Recognizing Expected Credit Losses under IFRS 9	-	(348)	-	(348)
Reclassification according to IFRS (17)	-	(1,167)	-	(1,167)
As of 31 December 2022G (Revised)	230,000	(62,045)	2,107	170,062

Sensitivity Analysis

The Company believes that the amounts of claims under settlement under insurance contracts at year-end are sufficient. However, these amounts are uncertain and actual payments may differ from the claims liabilities included in the financial statements. Insurance claims liabilities change as a result of changing assumptions. It has not been possible to determine the sensitivity of a particular variable such as legislative changes or uncertainty in the estimation process.

	31 December 2023G	31 December 2022G
	SAR '000	
Impact on equity and net Income due to change in claims ratio		
- An increase by 5%	(9,622)	(9,815)
- A decrease by 5%	9,622	9,815
Impact on equity and net income due to change in direct expense rate - Loss Component*		
- An increase by 2%	(300)	(432)
- A decrease by 2%	300	432
Impact on equity and net income due to change in risk adjustment for non-financial risks		
- An increase by 5%	(74)	(139)
- A decrease by 5%	74	139

* The direct expense ratio is the ratio of total directly attributable expenses, acquisition cash flows and surplus for the year to earned premiums.

Going Concern

As of 31 December 2023G, the Company's accumulated losses decreased to 18.18% of capital, down from 27% as of 31 December 2022G, thus falling below the 20% minimum threshold according to Article 4, Part 2 of CMA guidelines for listed companies. This improvement reflects the Company's effective financial management and strategic initiatives aimed at achieving stability and enhancing the Company's financial strength. The comprehensive going concern assessment conducted by management supports confidence in the Company's ability to continue operations in the foreseeable future. This is further reinforced by the successful capital increase in 2022G and the proposed capital increase of 150 million Saudi Riyals through a rights issue approved by the Board of Directors to support future growth and sustainability.

Accordingly, the financial statements for the year ended 31 December 2023G have been prepared on a going concern basis, indicating the Company's expectations of continued operation without the need for adjustments related to the Company's ability to continue as a going concern. Therefore, both management and the Board of Directors are committed to ongoing efforts to enhance financial stability and shareholder value.

5.6 Results of operations for years ended 31 December 2021G and 2022G

5.6.1 Income Statement

Key Performance Indicators

The table below shows KPIs for FYs ended 31 December 2021G and 2022G:

Table 18: KPIs for FYs ended 31 December 2021G and 2022G:

Percentage	FY 2021G (Audited)	FY 2022G (Audited)
Net loss rate	91.6%	86.2%
Commission rate	4.3%	6.1%
Expenses rate	25.6%	16.9%
Combined rate	121.5%	109.3%
Net subscription results as a percentage of total written premiums	(10.0%)	7.8%

Source: Management information

Income Statement

The table below shows the income statement for FYs ended 31 December 2021G and 2022G:

Table 19: Income statement for FYs ended 31 December 2021G and 2022G:

Item (SAR '000)	FY 2021G (Audited)	FY 2022G (Audited)	Annual change 2021G-2022G
Revenue			
Gross premiums written	218,502	227,474	4.1%
Changes in unearned premiums	(41,223)	173	(100.4%)
Net earned premiums	**177,279**	**227,647**	**28.4%**
Total Revenues	**177,279**	**227,647**	**28.4%**
Total subscription costs and expenses			
Gross paid claims	(152,024)	(196,730)	29.4%
Reinsurers' share of paid claims	-	-	N.A
Net paid claims	**(152,024)**	**(196,730)**	**29.4%**
Changes in claims under settlement, net	(7,619)	8,356	(209.7%)
Changes in incurred but not reported claims, net	(2,771)	(7,927)	186.1%
Net incurred claims	**(162,414)**	**(196,301)**	**20.9%**
Premium Deficiency Reserve	(19,982)	15,248	(176.3%)
Other technical reserves	(64)	(38)	(40.6%)
Policy acquisition costs	(7,602)	(13,859)	82.3%
Other underwriting expenses	(8,963)	(14,871)	65.9%
Total subscription costs and expenses	**(199,025)**	**(209,821)**	**5.4%**
Net subscription (loss)/income	**(21,746)**	**17,826**	**(182.0%)**
(Expenses) / other operating income:			
(Reversal) of/ (provision) for doubtful debts	2,621	150	(94.3%)
General and administrative expenses	(47,948)	(38,734)	(19.2%)
Commission income on deposits	3,280	5,193	58.3%
Unrealized profit from investments	237	129	(45.6%)
Realized profit from investments	5,260	2	(100.0%)
Amortization of held-to-maturity investments, net	213	-	(100.0%)
Other income	98	7,299	7348.0%
Total Other operating expenses	**(36,239)**	**(25,961)**	**(28.4%)**
Net pre-Zakat loss for the year	**(57,985)**	**(8,135)**	**(86.0%)**
Net post-Zakat loss for the year	**(57,985)**	**(8,135)**	**(86.0%)**
Zakat reversal / (provision) for previous years	(2,475)	(361)	(85.4%)
Zakat expense for the year	(1,512)	(1,085)	(28.2%)
Net loss for the year	**(61,972)**	**(9,581)**	**(84.5%)**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G and management information

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

The Company incurred cumulative net losses during the period between 31 December 2021G and 2022G. The Company's accumulated losses decreased from 91.2 million Saudi Riyals in FY ending 31 December 2021G to 60.5 million Saudi Riyals as of 31 December 2022G. The accumulated losses as a percentage of capital decreased from 60.8% on 31 December 2021G to 26.3% on 31 December 2022G.

The net loss for the year decreased by 84.5% from 62.0 million Saudi Riyals during 2021G to 9.6 million Saudi Riyals during 2022G.

Total revenue increased by 28.4% from 177.3 million Saudi Riyals in 2021G to 227.6 million Saudi Riyals in 2022G, due to an increase in changes in unearned premiums from a reversal of (41.2) million Saudi Riyals in 2021G to 173 thousand Saudi Riyals in 2022G, in addition to the increase in total written premiums in the same period. Moreover, the increase aligns with the Company's strategy to focus on growing its portfolio for small and medium enterprises starting from late 2020G, and there was a full impact of this strategy in 2022G.

Total subscription costs and expenses increased by 5.4% from 199.0 million Saudi Riyals in 2021G to 209.8 million Saudi Riyals in 2022G, attributed to an increase in Gross paid claims amounting to 44.7 million Saudi Riyals from 2021G to 2022G.

Other operating expenses and income include provision (reversal) for doubtful debts, general and administrative expenses, commission revenue on deposits, realized and unrealized gains from investments, dividend income, amortization of discounts net, and other income. Other operating expenses and operating income decreased by 28.4% from 36.2 million Saudi Riyals in 2021G to 26.0 million Saudi Riyals in 2022G. The decrease is attributed to the Company's strategy to reduce expenses, where general and administrative expenses were reduced in addition to the reversal of doubtful debts.

General and administrative expenses decreased by 19.2% from 48.0 million Saudi Riyals in 2021G to 38.7 million Saudi Riyals in 2022G, attributed to a decrease in employee costs in addition to moving to a new headquarters office.

5.6.1.1 Net revenue

Table 20: Net revenue for FYs ended 31 December 2021G and 2022G

Item (SAR '000)	FY 2021G (Audited)	FY 2022G (Audited)	Annual change 2021G-2022G
Gross premiums written	218,502	227,474	4.1%
Changes in unearned premiums	(41,223)	173	(100.4%)
Net earned premiums	**177,279**	**227,647**	**28.4%**
Total revenue	**177,279**	**227,647**	**28.4%**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

5.6.1.2 Total written premiums

Gross premiums written consist of subscription medical insurance business only and all operations related to this sector. Gross premiums written increased by 4.1% from 219.3 million Saudi Riyals in 2021G to 227.5 million Saudi Riyals in 2022G, in line with management's strategy to grow the subscription portfolio in an attempt to benefit from increased volume in transactions to improve fixed cost absorption/coverage. Starting from the fourth quarter of 2020G, management's strategy shifted from focusing on large companies to focusing on small and medium-sized enterprises.

Enaya did not have any active reinsurance agreement. Previously, the Company had a reinsurance agreement (with RGA), but this agreement was not renewed or replaced from 2020G onwards.

5.6.1.3 Changes in unearned premiums

Premiums are recorded in the income statement on a straight-line basis over the insurance policy coverage period. Unearned premiums are calculated using the same method (straight-line method over the insurance policy coverage period).

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

The change in unearned premiums increased by 104.0% from (41.2) million Saudi Riyals in 2021G to 173 thousand Saudi Riyals in 2022G, against the background of earning written premiums related to insurance policies written in 2021G, in addition to the continued increase in written premiums that were underwritten at the end of the year.

5.6.1.4 Gross premiums written - types of clients

Table 21: Total written premiums for FYs ended 31 December 2021G and 2022G

Item (SAR '000)	FY 2021G (Audited)	FY 2022G (Audited)	Annual change 2021G-2022G
Individuals	9,098	2,721	(70.1%)
Micro-enterprises	29,711	11,981	(59.7%)
Small enterprises	80,189	99,247	23.8%
Medium enterprises	50,840	60,604	19.2%
Large enterprises	48,664	52,921	8.7%
Gross premiums written	218,502	227,474	4.1%

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

Total written premiums for individuals decreased by 70.1% from 9.1 million Saudi Riyals in 2021G to 2.7 million Saudi Riyals in 2022G. The decrease in total written premiums for individuals is due to the Company's refocus on other more profitable sectors.

Total written premiums for micro and small enterprises increased from 109.9 million Saudi Riyals in 2021G to 111.2 million Saudi Riyals in 2022G. The increase in total written premiums for micro and small enterprises is due to the focus on this sector according to management's strategy for company growth.

Total written premiums for medium and large enterprises increased by 14.1% from 99.5 million Saudi Riyals in 2021G to 113.5 million Saudi Riyals in 2022G. The focus on written premiums for small and micro enterprises aligns with the Company's current policy to improve fixed cost absorption, and consequently, the total total written premiums for medium and large enterprises decreased.

5.6.1.5 Gross premiums written (by region)

Table 22: Total premiums (by region) for FYs ended 31 December 2021G and 2022G

Item (SAR '000)	FY 2021G (Audited)	FY 2022G (Audited)	Annual change 2021G-2022G
Western Province	145,745	141,731	(2.8%)
Central region	50,889	65,190	28.1%
Other	21,862	20,554	(6.0%)
Total	**218,496**	**227,474**	**4.1%**
As a percentage of total written premiums			
Western Province	66.7%	62.3%	
Central region	23.3%	28.7%	
Other	10.0%	9.0%	
Total	**100.0%**	**100.0%**	

Source: Management information

The Company conducts its business in all regions of the Kingdom. Operations in the Western Region accounted for the largest proportion, constituting 66.7% and 62.3% of the Gross premiums written in 2021G and 2022G, respectively.

5.6.1.6 Gross premiums written (by sales channel)

Table 23: Total written premiums (by sales channel) for FYs ended 31 December 2020G, 2021G and 2022G

Item (SAR '000)	FY 2021G (Audited)	FY 2022G (Audited)	Annual change 2021G-2022G
Direct sales	75,666	82,503	9.0%
Agents	57,904	58,620	1.2%
Sales manager	23,926	29,009	21.2%
Electronic insurance brokerage companies	22,901	24,592	7.4%
Telesales	16,906	18,675	10.5%
Sales through brokers	21,193	14,074	(33.6%)
Total	**218,502**	**227,474**	**9.0%**
As a percentage of total written premiums			
Direct sales	34.6%	36.3%	
Agents	26.5%	25.8%	
Sales manager	11.0%	12.8%	
Electronic insurance brokerage companies	10.5%	10.8%	
Telesales	7.7%	8.2%	
Sales through brokers	9.7%	6.2%	
Total	**100.0%**	**100.0%**	

Source: Management information

Insurance premium sales in 2020G were concentrated in direct sales channels and sales manager channels, which accounted for 67.7% of total written premiums in 2020G. This percentage decreased to 45.6% in 2021G, attributed to the decline in premiums written through the sales manager. This decrease was offset by an increase in premiums written through agent channels and electronic insurance brokerage companies due to the Company's focus on subscription insurance premiums for small and micro enterprises, where these premiums were underwritten through agents and electronic insurance brokerage companies.

Insurance premium sales through direct sales channels and sales manager channels accounted for 45.6% in 2021G, and the percentage increased to 49.0% in 2022G. This increase was accompanied by a slight decrease in insurance premium sales through agent channels and electronic insurance brokerage companies from 37.0% in 2021G to 36.6% in 2022G.

5.6.1.7 Subscription costs and expenses

Table 24: Subscription costs and expenses

Item (SAR '000)	FY 2021G (Audited)	FY 2022G (Audited)	Annual change 2021G-2022G
Gross paid claims	(152,024)	(196,730)	29.4%
Reinsurers' share of paid claims	-	-	N.A
Net paid claims	**(152,024)**	**(196,730)**	**29.4%**
Changes in claims under settlement, net	(7,619)	8,356	(209.7%)
Changes in incurred but not reported claims, net	(2,771)	(7,927)	186.1%
Net incurred claims	**(162,414)**	**(196,301)**	**20.9%**
Premium Deficiency Reserve	(19,982)	15,248	(176.3%)
Other technical reserves	(64)	(38)	(40.6%)
Policy acquisition costs	(7,602)	(13,859)	82.3%
Other underwriting expenses	(8,963)	(14,871)	65.9%
Total subscription costs and expenses	**(199,025)**	**(209,821)**	**5.4%**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

5.6.1.8 Gross paid claims

Gross paid claims increased by 29.4% from 152.0 million Saudi riyals in 2021G to 196.7 million Saudi riyals in 2022G, in line with the increase in total written premiums during the year, in addition to new instructions imposed by the Health Insurance Council to reduce the number of days for settling medical claims from 45 to 30 days.

The increase in cash collected through the capital increase enhanced the Company's ability to settle outstanding claims and thus contributed to the increase in Gross paid claims during 2022G.

5.6.1.9 Reinsurers' share of paid claims

Enaya did not have any active reinsurance agreement. Previously, the Company had a reinsurance agreement (with RGA), but this agreement was not renewed or another signed from 2020G onwards.

5.6.1.10 Changes in claims under settlement, net

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

Changes in outstanding claims increased by 209.7% from (7.6) million Saudi riyals in 2021G to 8.4 million Saudi riyals in 2022G as a result of an increase in paid claims in addition to a decrease in the number of claims reported in the same year.

5.6.1.11 Changes in claims incurred but not reported, net

These are estimated by the appointed actuarial expert using the weighted median calculated based on different models.

Changes in claims incurred but not reported decreased by 186.1% from (2.8) million Saudi riyals in 2021G to (7.9) million Saudi riyals in 2022G due to growth in subscription operations mainly related to new small and medium enterprise insurance policies where management was developing claims experience through intensifying subscription in these policies during 2021G.

5.6.1.12 Premium deficiency reserve

When the unearned premium reserve is insufficient to meet the expected cost of future claims, a premium deficiency reserve must be established. The estimate of the premium deficiency reserve depends on the expected loss ratio for the unexpired portion of the risks of written insurance policies. To arrive at these estimates, the actuarial expert considers outstanding claims and premiums expected to be realized in the future. The Company follows the estimates of the appointed actuarial expert.

The change in premium deficiency reserve increased by 176.3% from (20.0) million Saudi riyals in 2021G to 15.2 million Saudi riyals in 2022G due to improvement in the net loss ratio and expense ratio in addition to improved solvency during the year.

5.6.1.13 Other technical reserves

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

Other technical reserves increased by 40.6% from (64.0) thousand Saudi riyals in 2021G to 38.0 thousand Saudi riyals in 2022G. The change in other technical reserves is due to differences between opening and closing balances as of each reporting period, which are based on the appointed actuarial report.

5.6.1.14 Policy acquisition costs

Policy acquisition cost is directly related to the written insurance premium in many products. It mainly represents expenses incurred to obtain insurance policies, which include commissions paid to sales brokers.

Policy acquisition costs increased by 82.3% from 7.6 million Saudi riyals in 2021G to 13.9 million Saudi riyals in 2022G, in line with the increase in total written premiums as the Company sought to grow its portfolio over the historical period in addition to focusing on sales channels that impose premiums such as agents.

5.6.1.15 Other underwriting expenses

Other underwriting expenses include SAMA fees, Health Insurance Council fees, third-party claims management fees, and Yaqeen service usage fees.

Other underwriting expenses increased by 65.9% from 9.0 million Saudi riyals in 2021G to 14.9 million Saudi riyals in 2022G, due to the increase in fees for the third party responsible for claims management, who was appointed in the fourth quarter of 2020G and whose fees increased from total written premiums during the period. The increase in written premiums led to an increase in Central Bank fees, Health Insurance Council fees, in addition to Yaqeen service fees.

5.6.1.16 Reversal / (provision) for doubtful debts

The reversal / (provision) for doubtful debts amounted to 2.6 million Saudi riyals in 2021G. Until 2020G, management allocated 100% to receivables over one year old. However, during 2021G, the Company complied with the guidelines of “Article 69 of the Executive Regulations of SAMA for Cooperative Insurance Companies” and reduced the provision rate to 75%, thus reversing the provision on some doubtful debts over one year old.

The reversal of doubtful debts decreased by 94.3% to reach 150 thousand Saudi riyals in 2022G, due to the improvement in the aging of insurance premiums receivable during the year through the collection of accounts receivable.

5.6.1.17 General and administrative expenses

Table 25: General and administrative expenses for FYs ended 31 December 2021G and 2022G:

Item (SAR ‘000)	FY 2021G (Audited)	FY 2022G (Audited)	Annual change 2021G-2022G
Insurance operations:			
Costs of employees	29,885	24,090	(19.4%)
Depreciation	1,090	760	(30.3%)
Amortization	491	349	(28.9%)
Amortization of right-of-use assets	2,064	1,112	(46.1%)
Lease expenses	269	48	(82.2%)
Legal and professional fees	2,955	3,859	30.6%
Maintenance and repair costs	2,336	2,841	21.6%
Utilities and communications expenses	2,032	1,518	(25.3%)
Marketing expenses	3	30	900.0%
Other expenses	2,508	1,005	(59.9%)
Total insurance operations	**43,633**	**35,612**	**(18.4%)**
Shareholders’ operations:			
Legal and professional fees	1,821	406	(77.7%)
Investment-related expenses	313	304	(2.8%)
Subscriptions	379	260	(31.3%)
Committee fees	1,788	2,131	19.2%
Other	14	21	50.0%
Total shareholders’ operations	4,315	3,122	(27.6%)
Total	**47,948**	**38,734**	**(19.2%)**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

General and administrative expenses mainly include employee costs, rent, depreciation and amortization, right-of-use asset amortization, maintenance and repair costs, investment-related expenses, subscriptions, committee fees, and other expenses.

Insurance operations

5.6.1.18 Employee costs

Employee costs mainly include basic salaries and other allowances. Employee costs decreased by 19.4% from SAR 29.9 million in 2021G to SAR 24.1 million in 2022G. Employee costs represented 62.3% and 62.2% of total administrative and general expenses in 2021 and 2022G, respectively. The decrease in employee costs is attributed to reducing the number of employees from 110 at the end of 2021G to 102 employees at the end of 2022G. The reduction in employee numbers was due to appointing a third party to manage claims as well as the Company's strategy to reduce expenses.

5.6.1.19 Depreciation

Depreciation decreased by 30.3% from SAR 1.0 million in 2021G to SAR 760,000 in 2022G due to a decrease in depreciable assets.

5.6.1.20 Amortization

Amortization includes software owned by the Company, which increased by 28.9% from SAR 491,000 in 2021G to SAR 349,000 in 2022G. These changes are attributed to additions and amortization of intangible assets.

5.6.1.21 Right-of-use asset amortization

This includes the application of IFRS 16 for leases of buildings rented by the Company, including the Company's offices in Jeddah and Riyadh. Right-of-use asset amortization decreased by 46.1% from SAR 2.1 million in 2021G to SAR 1.1 million in 2022G, attributed to the termination of the Company's lease for its main office in Jeddah and relocation to its new headquarters, which was contracted at a lower rent compared to the previous contract.

5.6.1.22 Rental expenses

Rental expenses decreased from SAR 269,000 in 2021G to SAR 48,000 in 2022G due to ongoing negotiations with property owners, where expenses will be recorded in the subsequent period according to management confirmation.

5.6.1.23 Legal and professional fees

Legal and professional fees increased by 30.6% from SAR 3.0 million in 2021G to SAR 3.9 million in 2022G, mainly due to professional fees related to the Company's capital increase in 2022G.

5.6.1.24 Maintenance and repair costs

Maintenance and repair expenses increased by 21.6% from SAR 2.3 million in 2021G to SAR 2.8 million in 2022G, due to the move to the new office which required minor repairs.

5.6.1.25 Utilities and communication expenses

Utilities and communication expenses decreased by 25.3% from SAR 2.0 million in 2021G to SAR 1.5 million in 2022G due to the Company's relocation to its new office in Jeddah, as the new office space is smaller in comparison.

5.6.1.26 Marketing expenses

Marketing expenses increased from SAR 3,000 in 2021G to SAR 30,000 in 2022G in line with operational requirements.

5.6.1.27 Other expenses

These include miscellaneous expenses such as printing, subscriptions, and security, among others. Other expenses decreased by 59.9% from SAR 2.5 million in 2021G to SAR 1.0 million in 2022G, attributed to stricter controls on miscellaneous costs imposed by management.

Shareholders' operations

5.6.1.28 Legal and professional fees

Legal and professional fees decreased by 77.7% from SAR 1.8 million in 2021G to SAR 406,000 in 2022G due to the cessation of work related to the potential merger with Amana Company in early 2022G as the merger did not proceed.

5.6.1.29 Investment-related expenses

Investment-related expenses remained relatively stable in 2021G and 2022G, averaging SAR 309,000. These expenses relate to fund management fees calculated as a percentage of managed assets and paid to Banque Saudi Fransi for managing the Company's investment portfolio.

5.6.1.30 Subscriptions

These include software subscriptions. Subscriptions slightly decreased by 31.3% from SAR 379,000 in 2021G to SAR 260,000 in 2022G, attributed to eliminating some subscriptions considered unnecessary as part of management's cost improvement initiatives.

5.6.1.31 Committee fees

Committee fees increased by 19.2% from SAR 1.8 million to SAR 2.1 million in 2022G due to an increase in the number of committee meetings held.

5.6.1.32 Others

Other expenses under shareholders' operations represent expenses related to shareholders' meetings. Other expenses increased by 50.0% from SAR 14,000 in 2021G to SAR 21,000 in 2022G.

5.6.1.33 Commission revenue on deposits

This relates to profits earned from short-term and long-term deposits. Commission revenue on deposits increased by 58.3% from SAR 3.3 million in 2021G to SAR 5.2 million in 2022G, attributed to additional deposits made along with an increase in commission/interest rates in line with the increase in interest rates in the Kingdom.

5.6.1.34 Unrealized gain from investments

This represents unrealized gain through changes in fair value of investments classified at fair value. Unrealized gains from investments decreased by 45.6% from SAR 237,000 in 2021G to SAR 129,000 in 2022G due to the Company selling most investments classified at fair value in addition to changes in fair value.

5.6.1.35 Realized gain from investments

Realized gain from investments increased by 4395.7% from SAR 117,000 in 2020G to SAR 5.3 million in 2021G, attributed to the sale of held-to-maturity investments as well as the Company selling most of its investments classified at fair value. Realized gain from investments decreased by 100% from SAR 5.3 million in 2021G to SAR 2,000 in 2022G, attributed to selling a small portion of investments classified at fair value, which represented SAR 666,000 in that year.

5.6.1.36 Amortization of held-to-maturity investments, net

Investments with fixed or determinable payments and fixed maturity 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 incremental 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 an effective yield basis. Any gain or loss on these investments is recognized in the income statement when the investment is derecognized or impaired.

Amortization of held-to-maturity investments decreased by 100.0% from SAR 213,000 in 2021G to zero in 2022G as all held-to-maturity investments were liquidated in 2021G.

5.6.1.37 Other income

Other income increased by 7348% from SAR 98,000 in 2021G to SAR 7.3 million in 2022G, in line with lifting restrictions on Hajj and Umrah during the COVID-19 pandemic, in addition to recording disposals in lease contract liabilities which accounted for SAR 2.3 million of total other income.

5.6.1.38 Provision / (reversal) of Zakat for previous years

The (provision) / reversal of Zakat for previous years decreased by 85.4% from a provision of SAR 2.5 million in 2021G to a provision of SAR 361,000 in 2022G. The increase and decrease in the Zakat provision account is due to adjustments of Zakat expenses related to previous years.

5.6.1.39 Zakat expense for the year

It decreased by 28.2% from SAR 1.5 million in 2021G to SAR 1.1 million in 2022G. This is attributed to a decrease in the Zakat base during the same period. It should be noted that the Company incurred losses during the year ended 31 December 2022G, and in previous years, so no provision for income tax was made in the previous financial statements.

5.6.2 Statement of Financial Position

Key Performance Indicators

Table 26: Financial position KPIs as of 31 December 2021G and 2022G:

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)
Unearned Premiums/ Total Written Premiums	49.8%	47.7%
Reinsurers' share of claims under settlement /claims under settlement	0.0%	0.0%
Accumulated losses as a percentage of capital	60.8%	26.3%
Return on average assets	(18.7%)	(2.5%)
Return on average equity	(68.3%)	(8.3%)

Source: Management information

Statement of Financial Position

Table 27: Financial position as of 31 December 2021G and 2022G:

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Assets:			
Cash and Cash Equivalents	159,152	156,742	(1.5%)
Short-term Murabaha deposits	77,908	135,353	73.7%
Premiums receivable, net	58,486	63,372	8.4%
Prepaid expenses and other assets	11,639	25,474	118.9%
Deferred policy acquisition costs	6,926	6,025	(13.0%)
Investments	1,668	1,133	(32.1%)
Property and equipment, net	1,523	1,467	(3.7%)
Intangible assets, net	899	794	(11.7%)
Right of use assets, net	679	1,115	64.2%
Statutory deposit	22,500	34,500	53.3%
Commission revenue on a statutory deposit	4,545	5,012	10.3%
Total assets	**345,925**	**430,987**	**24.6%**
Liabilities:			
Accrued expenses and other liabilities	54,209	43,370	(20.0%)
Unearned premiums	108,727	108,554	(0.2%)
Claims under settlement	46,806	38,450	(17.9%)
Incurred but not reported claims	15,745	23,672	50.3%
Premium Deficiency Reserve	34,527	19,279	(44.2%)
Other technical reserves	391	429	9.7%

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
End-of-service gratuity provision	5,787	5,172	(10.6%)
Lease Liabilities	2,250	776	(65.5%)
Zakat and income tax	13,250	14,696	10.9%
Commission revenue payable to SAMA	4,545	5,012	10.3%
Total liabilities	**286,237**	**259,410**	**(9.4%)**
Equity:			
Capital	150,000	230,000	53.3%
Accumulated losses	(91,245)	(60,530)	(33.7%)
Total Equity	58,755	169,470	188.4%
Insurance-related end-of-service gratuity remeasurement reserve	933	2,107	125.8%
Total equity	**59,688**	**171,577**	**187.5%**
Total liabilities and equity	**345,925**	**430,987**	**24.6%**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

5.6.2.1 Cash and Cash Equivalents

Table 28: Cash and cash equivalents as of 31 December 2021G and 2022G:

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Insurance operations:			
Cash at banks and on hand	49,959	23,074	(53.8%)
Shareholders' operations:			
Cash at Banks	79	772	877.2%
Murabaha deposits due within 3 months of acquisition date	109,114	132,896	21.8%
Total shareholders' operations	109,193	133,668	22.4%
Total	**159,152**	**156,742**	**(1.5%)**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

Cash and Cash Equivalents

Cash and cash equivalents decreased by 1.5% from SAR 159.2 million in 2021G to SAR 156.7 million as of 31 December 2022G, due to an increase in short-term Murabaha deposit investments.

Cash at banks and on hand

This includes cash held by the Company in various banks in its current accounts, which are used for withdrawal and deposit transactions.

Murabaha deposits maturing within 3 months of acquisition

Deposits increased by 21.8% from SAR 109.1 million in 2021G to SAR 132.9 million on 31 December 2022G. This increase is attributed to the increase in cash during the period. Changes in deposits are related to deposit Eligibility Dates and the addition of new deposits. Murabaha deposits maturing within 3 months of acquisition represented 68.6% and 84.8% as of 31 December 2021G, and 2022G, respectively, as a percentage of total cash and cash equivalents.

5.6.2.2 Short-term Murabaha deposits

Short-term Murabaha deposits represent Murabaha deposits with an original Eligibility Date ranging from 3 months to 12 months from the date of deposit. These deposits are held in Saudi Riyals in the Kingdom of Saudi Arabia. Commission is earned on these deposits, with rates ranging from 0.85% to 0.92% in 2021G, and from 0.92% to 5.5% in 2022G.

Short-term Murabaha deposits increased by 73.7% from SAR 77.9 million on 31 December 2021G, to SAR 135.4 million on 31 December 2022G, in line with cash proceeds obtained from the issuance of priority rights shares during the year, where part of it was deposited in short-term Murabaha deposits.

5.6.2.3 Premiums receivable, net

Table 29: Premiums receivable as of 31 December 2021G and 2022G:

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Policyholders	46,954	54,981	17.1%
Brokers and agents	28,209	24,149	(14.4%)
Related parties	603	1,372	127.5%
Total	**75,766**	**80,502**	**6.3%**
Provision for doubtful receivables	(17,280)	(17,130)	(0.9%)
Premiums receivable, net	**58,486**	**63,372**	**8.4%**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

Premium receivable balances include balances primarily due from direct policyholders, brokers, and agents.

Total receivables due from policyholders represent 80.3% and 86.8% of the total net receivables balances as of 31 December 2021G, and 31 December 2022G, respectively. Furthermore, receivables from brokers and agents represent 48.2% and 38.1% of the total net receivables balances as of 31 December 2021G, and 31 December 2022G, respectively.

Net premium receivable increased by 8.4% from SAR 58.5 million to SAR 63.4 million as of 31 December 2022G, through an increase in total receivables from insurance policyholders (+SAR 3.2 million) and brokers and agents (+SAR 4.4 million), in line with the growth in total premiums.

Table 30: Movement in provision for doubtful premiums as of 31 December 2021G and 2022G

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Balance at the beginning of the year	19,671	17,280	(12.2%)
Reversal of provision during the year	(2,391)	(150)	(93.7%)
Balance at the end of the year	**17,280**	**17,130**	**(0.9%)**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

In 2020G, the management allocated 100% for receivables over one year old. However, during 2021G, the Company changed its policy for allocating doubtful debts to comply with Article 69 guidelines of SAMA's executive regulations for cooperative insurance companies and reduced the provision rate to 75% as a result of reversing doubtful debts.

The accumulated provision for doubtful debts decreased by 0.9% from SAR 17.3 million as of 31 December 2021G, to SAR 17.1 million on 31 December 2022G, due to the Company's improvement in collecting receivables despite a slight increase in receivables over one year old.

The management implemented initiatives to improve the collection of insurance premium receivables, including: 1) Assigning an individual responsible for following up on balances with counterparties, 2) Joint efforts between individuals and departments, and 3) Issuing warning letters for balances exceeding one year.

5.6.2.4 Reinsurers' receivables

Table 31: Reinsurers' receivable as of 31 December 2021G and 2022G:

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Reinsurers' receivables	-	-	N.A
Provision for doubtful reinsurers' receivables	-	-	N.A
Reinsurers' receivables, net	**-**	**-**	**N.A**

Source: Consolidated financial statements for FYs ended 31 December 2021G and 2022G

Reinsurance receivables remained at zero during the period under review. The balances were related to an excess of loss agreement with the reinsurer before 2019G, which was terminated. A provision was allocated to substantially cover this balance and then it was subsequently written off in 2021G after receiving an amount of SAR 421,000 from the reinsurer according to a settlement reached between the Company and the reinsurer in 2021G. The amount received from the settlement was recorded in the income statement for 2021G.

Table 32: Movement in provision for reinsurers' receivables during FYs ended 31 December 2021G and 2022G

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Balance at the beginning of the year	6,800	-	(100.0%)
Reversal of provision for reinsurers' receivables	(230)	-	(100.0%)
Written off during the year	(6,570)	-	(100.0%)
Balance at the end of the year	**-**	**-**	**N.A**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

5.6.2.5 Reinsurers' share of claims under settlement

Reinsurers' share of claims under settlement decreased to zero as of 31 December 2021G, and thereafter, due to the termination of the previous reinsurance agreement.

5.6.2.6 Prepaid expenses and other assets

Table 33: Prepaid expenses and other assets as of 31 December 2021G and 2022G

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Insurance operations:			
Other assets (agent, broker, third-party administrator, etc.)	4,965	12,340	148.5%
Receivables - Umrah share	107	4,861	4443.0%
Prepaid amounts	1,032	438	(57.6%)
Deferred insurance broker costs	3,781	4,342	14.8%
Suppliers advance payments	581	473	(18.6%)
Input VAT receivable	187	658	251.9%
Other	-	84	N.A
Total insurance operations	**10,653**	**23,196**	**117.7%**
Shareholders' operations:			
Accrued revenues	986	2,278	131.0%
Total	**11,639**	**25,474**	**118.9%**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

Some figures from the previous year were reclassified to align with the current year's presentation in the audited statements as of 31 December 2022G. Other assets (agent, broker, third-party administrator, and others) and receivable balances - Umrah share were reclassified. These changes were made to improve the presentation of balances and transactions in the Company's annual financial statements.

5.6.2.7 Other assets (agent, broker, third-party administrator, and others)

These are divided into two parts:

1. Assets (agent, broker, third-party administrator): Represent transaction volume discounts provided by the third-party administrator. These increased from SAR 5.0 million on 31 December 2021G, to SAR 7.1 million on 31 December 2022G, due to an increase in the number of claims.
2. Other assets: Represent disputed premiums due for which the Company obtained a positive judgment at the end of legal proceedings. These increased from nothing in 2021G to SAR 5.3 million in 2022 due to the positive judgment obtained by the Company.

5.6.2.8 Receivable balances - Umrah share

Increased from SAR 107,000 on 31 December 2021G, to SAR 4.9 million on 31 December 2022G, due to the lifting of state-imposed restrictions related to the coronavirus (COVID-19).

5.6.2.9 Prepaid amounts

Decreased by 57.6% from SAR 1.0 million on 31 December 2021G, to SAR 438,000 on 31 December 2022G. These represent employee costs such as accommodation, health insurance, and other operational payments. The decrease is mainly due to payment timing.

5.6.2.10 Deferred insurance brokers' costs

Increased by 14.8% from SAR 3.8 million on 31 December 2021G, to SAR 4.3 million on 31 December 2022G. The increase is due to a rise in broker appointments. The full payments are deferred upon disbursement and then amortized on a straight-line basis over the policy period. Broker costs are calculated as a percentage of total written premiums.

5.6.2.11 Suppliers advance payments

Decreased by 18.6% from SAR 581,000 on 31 December 2021G, to SAR 473,000 on 31 December 2022G.

5.6.2.12 Input VAT receivable

Increased by 251.9% from SAR 187,000 on 31 December 2021G, to SAR 658,000 on 31 December 2022G. This is due to a decrease in average output tax.

5.6.2.13 Others

Other insurance operations increased from nothing on 31 December 2021G, to SAR 84,000 on 31 December 2022G, mainly due to the reclassification of some accounts in the audited financial statements as of 2022G.

5.6.2.14 Accrued income

Increased by 131.0% from SAR 986,000 on 31 December 2021G, to SAR 2.3 million on 31 December 2022G, due to an increase in the amount of deposits as well as an increase in commission rates.

5.6.2.15 Deferred policy acquisition costs

Table 34: Deferred policy acquisition costs as of 31 December 2021G and 2022G:

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Opening balance	3,230	6,926	114.4%
Paid during the year	11,298	12,958	14.7%
Amortized during the year	(7,602)	(13,859)	82.3%
Balance at the end of the year	**6,926**	**6,025**	**(13.0%)**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

Enaya Company provides medical insurance services only. Medical insurance is characterized by a natural insurance period of 12 months for each policy from the start date of the policy. Therefore, the amortization of insurance acquisition costs depends entirely on the date of policy subscription in the year.

Deferred policy acquisition costs decreased by 13.0% from SAR 6.9 million as of 31 December 2021G, to SAR 6.0 million on 31 December 2022G, despite the increase in payments during the year. This was due to the increase in the amortized portion during the year, driven by the increase in earned premiums attributed to premiums written during 2021 as well as premiums written during 2022G. The Company's focus on increasing new small and medium-sized enterprise insurance policies obtained through various channels resulted in an increase in policy acquisition costs.

5.6.2.16 Investments

Table 35: Investments as of 31 December 2021G and 2022G:

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Investments classified at fair value through income statement	1,668	1,133	(32.1%)
Investments held to maturity	-	-	N.A
Total	**1,668**	**1,133**	**(32.1%)**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

Investments consist of investments classified at fair value through the income statement and equity instruments issued by companies and financial institutions in Saudi Arabia. Investments held to maturity consist of a single sukuk.

Investments decreased by 32.1% from SAR 1.7 million on 31 December 2021G, to SAR 1.1 million on 31 December 2022G, due to the sale of investments classified at fair value. Most of the Company's investments were sold during 2021G, including sukuk held to maturity amounting to SAR 65.8 million, in addition to most investments classified at fair value.

The Company reallocated its investment portfolio by selling most of its holdings and placing the proceeds in short-term deposits. This is attributed to the Company's risk-averse strategy and to benefit from improvements in the Company's solvency margin calculation, as deposits constitute a higher percentage in the calculation compared to debt instruments and equity.

Table 36: Movement in balance of investments classified at fair value through income statement: during FYs ended 31 December 2021G and 2022G

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Opening balance	8,047	1,668	(79.3%)
Realized gains from investments	42	2	(95.2%)
Exemptions during the year	(6,658)	(666)	(90.0%)
Unrealized gains from investments	237	129	(45.6%)
Closing balance	**1,668**	**1,133**	**(32.1%)**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

The movement in the balance of investments classified at fair value through the income statement decreased by 32.1% from 1.7 million Saudi riyals in 2021G to 1.1 million Saudi riyals in 2022G, due to the sale of fair value investments related to Al-Badr Murabaha Fund during the period. As of 31 December 2022G, all investments classified at fair value are related to the Saudi Fransi GCC IPO Fund.

Table 37: Movement in investments held to maturity during FYs ended 31 December 2021G and 2022G

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Opening balance	60,329	-	(100.0%)
Realized gains from investments held to maturity	5,218	-	(100.0%)
Amortization of investments held to maturity	213	-	(100.0%)
Exemptions during the year	(65,760)	-	(100.0%)
Closing balance	**-**	**-**	**N.A**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

The movement in held-to-maturity investments was zero as of 31 December 2021G and 2022G, due to the sale of held-to-maturity investments worth 65.8 million Saudi riyals during 2021G.

Property and equipment, net

Table 38: Property and equipment, net as of 31 December 2021G and 2022G:

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Improvements to leased buildings	-	467	N.A
Computers	1,314	901	(31.4%)
Vehicles	14	-	(100.0%)
Office furniture, fixtures and equipment	195	99	(49.3%)
Net Book Value	**1,523**	**1,467**	**(3.7%)**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

Assets mainly consist of leasehold improvements, computer equipment, motor vehicles, and office furniture and equipment. Depreciation represents 8.8%, 92.7%, 100%, and 96.3% of the total cost for leasehold improvements, computer equipment, vehicles, and furniture, fixtures, and office equipment respectively as of 31 December 2022G.

Property and equipment, net, decreased slightly from 1.5 million Saudi riyals on 31 December 2021G, to 1.5 million Saudi riyals on 31 December 2022G, due to depreciation with a lower level of additions.

5.6.2.17 Intangible assets, net

Table 39: Intangible assets as of 31 December 2021G and 2022G:

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Cost	23,574	23,818	1.0%
Amortization	(22,675)	(23,024)	1.5%
Net Book Value	**899**	**794**	**(11.7%)**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

Intangible assets consist of computer programs and include licenses. Amortization represents 96.2% and 96.7% of the total cost as of 31 December 2021G and 2022G, respectively.

Intangible assets decreased by 11.7% from 899 thousand Saudi riyals on 31 December 2021G, to 794 thousand Saudi riyals on 31 December 2022G. The decrease is mainly due to annual amortization charges with a lower level of additions during the period.

5.6.2.18 Right of use assets, net

Table 40: Right of use assets as of 31 December 2021G and 2022G:

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Net right-of-use assets	679	1,115	64.2%

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

IFRS 16 - Leases was applied in 2021G and the right-of-use assets, which are the company's office lease contracts, were evaluated.

The net right-of-use assets decreased by 75.2% from 2.7 million Saudi riyals on 31 December 2020G, to 679 thousand Saudi riyals on 31 December 2021G.

The net right-of-use assets increased by 64.2% from 679 thousand Saudi riyals on 31 December 2021G, to reach 1.1 million Saudi riyals on 31 December 2022G. This increase is attributed to additions related to the company's new office. It's worth noting that the company disposed of the right-of-use assets related to the previous company office. It should be noted that there was an error in the audited financial statements where accumulated depreciation was increased by 1.7 million Saudi riyals on 1 January 2021G. This error did not affect the income statement and was neutralized when the right-of-use asset contract was disposed of in 2022G. This error was not clarified in the audited financial statements.

5.6.2.19 Statutory Deposit

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

The statutory deposit increased by 53.3% from 22.5 million Saudi riyals on 31 December 2021G, to reach 34.5 million Saudi riyals on 31 December 2022G, due to the increase in the company's capital during 2022G.

5.6.2.20 Accrued Commission Revenue on Statutory Deposit

The accrued commission revenue on the statutory deposit is shown as an asset and liability in the statement of financial position. The accrued Commission revenue on the statutory deposit relates to the accumulated profits from the statutory deposit, which represents 15% of the capital.

The accrued commission revenue due to the Saudi Central Bank increased from 4.5 million Saudi riyals on 31 December 2021G, to 5.0 million Saudi riyals in 2022G. These increases are attributed to the increase in capital as well as the interest received.

5.6.2.21 Accrued expenses and other liabilities

Table 41: accrued expenses and other liabilities as of 31 December 2021G and 2022G

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Payables to medical service providers	36,489	21,475	(41.1%)
Payables to suppliers	1,629	4,292	163.5%
Inspection and supervision fees	806	812	0.7%
Accrued expenses	10,528	12,753	21.1%
Other liabilities	4,757	4,038	(15.1%)
Total	**54,209**	**43,370**	**(20.0%)**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

5.6.2.22 Payables to medical service providers

Accounts payable to medical service providers represent outstanding balances to be paid to medical service providers, which are disbursed through a third-party administrator.

Accounts payable to medical service providers decreased by 41.1% from 36.5 million Saudi riyals on 31 December 2021G, to 21.5 million Saudi riyals on 31 December 2022G, due to new regulations imposed by the Health Insurance Council to reduce the number of days for settling medical claims from 45 to 30 days.

5.6.2.23 Payables to Suppliers

These include fees for the third party responsible for claims management and fees for using the Yakeen service provided by Elm company. Accounts payable to suppliers increased by 163.5% from 1.6 million Saudi riyals on 31 December 2021G, to 4.3 million Saudi riyals on 31 December 2022G, due to an increase in third-party fees for claims management in line with the increase in gross written premiums.

5.6.2.24 Inspection and Supervision Fees

Inspection and supervision fees increased from 806 thousand Saudi riyals on 31 December 2021G, to 812 thousand Saudi riyals on 31 December 2022G, representing balances due to SAMA and the Health Insurance Council. The decrease in balance is attributed to the company paying dues.

5.6.2.25 Accrued Expenses

Accrued expenses relate to commissions due to brokers and agents, and sales commissions for employees. Accrued expenses increased by 21.1% from 10.5 million Saudi riyals on 31 December 2021G, to 12.8 million Saudi riyals on 31 December 2022G, due to the increase in written premiums. The movement in accrued expenses is directly related to the timing of payments.

5.6.2.26 Other Liabilities

Other liabilities decreased by 15.1% from 4.8 million Saudi riyals on 31 December 2021G, to 4.0 million Saudi riyals on 31 December 2022G, due to a decrease in accrued third-party fees, partially offset by an increase in other payables.

5.6.2.27 Unearned premiums

Table 42: Movement in unearned premiums during FYs ended 31 December 2021G and 2022G

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Balance at the beginning of the year	67,504	108,727	61.1%
Written premiums during the year	218,502	227,474	4.1%
Earned premiums during the year	(177,279)	(227,647)	28.4%
Balance at the end of the year	**108,727**	**108,554**	**(0.2%)**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

Unearned premiums are calculated using the start and end dates of the risks related to the policy, where premiums are earned on a straight-line basis throughout the policy term.

Unearned premiums decreased slightly from 108.7 million Saudi riyals on 31 December 2021G, to 108.6 million Saudi riyals on 31 December 2022G, despite the increase in written premiums. This is due to a 28.4% increase in earned premiums, most of which are attributed to policies underwritten at the end of 2021G.

5.6.2.28 Net claims and reserves under settlement

Table 43: Net claims and reserves under settlement as of 31 December 2021G and 2022G

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Claims under settlement	46,806	38,450	(17.9%)
Incurred but not reported claims	15,745	23,672	50.3%
Premium Deficiency Reserve	34,527	19,279	(44.2%)
Other technical reserves	391	429	9.7%
Reinsurers' share of claims under settlement	-	-	N.A
Net claims and reserves under settlement	**97,469**	**81,830**	**(16.0%)**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

Reserves and claims are calculated by the actuary appointed by the company, and their recommendations were followed during the study period.

Net claims and reserves under settlement decreased by 16.0% from 97.5 million Saudi riyals on 31 December 2021G, to 81.8 million Saudi riyals on 31 December 2022G, due to a decrease in the premium deficit reserve.

5.6.2.29 Claims Under Settlement

Claims under settlement decreased by 17.9% from 46.8 million Saudi riyals on 31 December 2021G, to 38.5 million Saudi riyals on 31 December 2022G, due to several reasons, including: 1) An increase in total claims paid (44.7+ million Saudi riyals) in 2022G, 2) An increase in the company's capital enabling it to finance operational requirements, and 3) New instructions imposed by the Health Insurance Council to reduce the number of days for settling medical claims from 45 to 30 days.

5.6.2.30 Incurred But Not Reported Claims

Incurred but not reported claims increased by 50.3% from 15.7 million Saudi riyals on 31 December 2021G, to 23.7 million Saudi riyals on 31 December 2022G, due to growth in subscription operations mainly related to new SME insurance policies where management was developing claims experience through intensified subscription of these policies during 2021G.

5.6.2.31 Premium Deficiency Reserve

The premium deficiency reserve decreased by 44.2% from 34.5 million Saudi riyals on 31 December 2021G, to 19.3 million Saudi riyals on 31 December 2022G, due to the recommendation of the appointed actuary to reverse 15.4 million Saudi riyals from the reserve. This reversal is driven by improvements in the net loss ratio, enhancement of the solvency margin, and improvement in the expense ratio during the year.

5.6.2.32 Other Technical Reserves

Other technical reserves relate to unallocated loss adjustment expenses, which increased from 391 thousand Saudi riyals on 31 December 2021G, to 429 thousand Saudi riyals on 31 December 2022G, following recommendations from the appointed actuary taking into account the company's claims and loss experiences.

5.6.2.33 End-of-service gratuity provision

Table 44: End-of-service gratuity provision as of 31 December 2021G and 2022G

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Balance at the beginning of the year	4,970	5,787	16.4%
Cost of current service	1,296	921	(28.9%)
Cost of interest	186	164	(11.8%)
Charged to the income statement	**1,482**	**1,085**	**(26.8%)**
Charged to the other comprehensive income statement	75	(1,174)	(1665.3%)
Paid end-of-service gratuity	(740)	(526)	(28.9%)
Closing balance	**5,787**	**5,172**	**(10.6%)**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

Accruals are made according to actuarial valuation using the projected unit credit method, while accrued liabilities are paid when due. The amount is recognized in the statement of financial position, and the movement in liabilities during the financial period is based on their present value.

End-of-service benefits decreased by 10.6% from 5.8 million Saudi riyals as of 31 December 2021G, to 5.2 Saudi riyals on 31 December 2022G, due to an additional decrease in payments during the same period.

5.6.2.34 Lease Liabilities

Table 45: Lease liabilities as of 31 December 2021G and 2022G

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Balance at the beginning of the year	2,218	2,250	1.4%
Additions during the year	1,702	1,548	(9.1%)
Finance costs	33	28	(15.2%)
Deletions during the year	-	(2,250)	N.A
Payments during the year	(1,703)	(800)	(53.0%)
Balance at the end of the year	**2,250**	**776**	**(65.5%)**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

Lease contract liabilities decreased by 65.5% from 2.3 million Saudi riyals in 2021G to 776 thousand Saudi riyals in 2022G, due to deletions during the year related to moving to the new headquarters.

5.6.2.35 Zakat and income tax

Table 46: Zakat and income tax as of 31 December 2021G and 2022G

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Balance at the beginning of the year	12,000	13,250	10.4%
(Reversal) of Zakat provision for previous years	2,475	361	(85.4%)
Charged during the year	1,512	1,085	(28.2%)
Payments during the year	(2,737)	-	(100.0%)
Balance at the end of the year	**13,250**	**14,696**	**10.9%**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

The Company has submitted its Zakat and tax returns up to the year ended 31 December 2022G, and Zakat assessments have been finalized and settled up to 2014. ZATCA raised assessments for the years 2015G to 2018G, with additional Zakat of 9.49 million Saudi riyals. The Company appealed to the Tax Violations and Disputes Resolution Committee against the Zakat assessment, and the committee issued a decision to reduce the Zakat liability by 86 thousand Saudi riyals. However, both the Company and ZATCA escalated the case to the Tax Violations and Disputes Appeal Committee. In November 2023G, the Appeal Committee issued its decision upholding its ruling. ZATCA issued amended assessments based on the Appeal Committee's decision with an additional Zakat liability of 9.1 million Saudi riyals. The Company is in the process of requesting ZATCA to settle the due Zakat liability through an installment plan. As for the Zakat and tax returns for the years 2019 to 2022G, they are currently under review by ZATCA.

The Zakat provision increased by 10.9% from 13.3 million Saudi riyals on 31 December 2021G, to 14.7 million Saudi riyals on 31 December 2022G, due to no payments during the year.

5.6.2.36 Contingent Commitments and Liabilities

The Company had no outstanding commitments or liabilities as of 31 December 2021G, and 31 December 2022G.

5.6.2.37 Accrued Commission Revenue Due to SAMA

The accrued commission revenue on the statutory deposit is shown as an asset and liability in the statement of financial position. The accrued commission revenue on the statutory deposit relates to the accumulated profits from the statutory deposit, which represents 15% of the capital.

The accrued commission revenue due to SAMA increased from 4.5 million Saudi riyals on 31 December 2021G, to 5.0 million Saudi riyals in 2022G. These increases are attributed to the increase in capital as well as the interest received.

5.6.2.38 Transactions with Related Parties

Table 47: Transactions with related parties as of 31 December 2021G and 2022G

Item (SAR '000)	31 December 2021G (Audited)	31 December 2022G (Audited)	Annual change 2021G-2022G
Juffali -sister companies	2,949	7,524	155.1%
Total	**2,949**	**7,524**	**155.1%**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

Related parties represent major shareholders, board members, key management personnel of the Company, and companies of which they are principal owners.

Control in the Company's system for insurance policies is set up so that an automatic email with a transaction report is sent to the compliance department when any policy is created for board members or their first-degree relatives. By the end of each fiscal year, the Chairman of the Board sends a report to the board on transactions of all related parties. Moreover, the above Chairman's letter and external audit report are presented to shareholders at the General Assembly meeting for approval of related party transactions.

The Company primarily provides insurance services to related parties, and these transactions constitute the following:

- First: Written insurance premium
- Second: Paid claims

Transactions with related parties increased by 155.1% from 2.9 million Saudi Riyals to 7.5 million Saudi Riyals on 31 December 2022G, due to increased transactions with Al Juffali Company (a sister company).

Equity

Table 48: Equity as of 31 December 2021G and 2022G

Item (SAR '000)	FY 2021G (Audited)	FY 2022G (Audited)	Annual change 2021G-2022G
Capital	150,000	230,000	53.3%
Accumulated losses	(91,245)	(60,530)	(33.7%)
Total Equity	58,755	169,470	188.4%
Insurance-related end-of-service gratuity remeasurement reserve	933	2,107	125.8%
Total equity	**59,688**	**171,577**	**187.5%**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

On 18 January 2020G, the Board members recommended reducing the Company's capital from 300 million Saudi Riyals to 150 million Saudi Riyals divided into 15 million shares by offsetting accumulated losses. During EGM (second meeting) held on 29 Sha'ban 1441 AH corresponding to 22 April 2020G, the Company's shareholders approved this recommendation and subsequent changes to the Company's internal laws. Consequently, the capital was reduced against accumulated losses to 150 million Saudi Riyals. The capital was reduced by deducting one share for every two shares owned by the shareholder. The purpose of reducing the capital was to rebuild the capital position to comply with company laws. There was no impact of the capital reduction on the Company's financial obligations.

On 20 Muharram 1444H (corresponding to 18 August 2022G), the Board of Directors recommended reducing the Company's capital from 150 million Saudi Riyals to 100 million Saudi Riyals by settling accumulated losses. In EGM (second meeting) held on 22 Rabi' Al-Awwal 1444H (corresponding to October 18, 2022), the Company's shareholders approved this reduction and the required changes in the Company's Articles of Association related to this reduction, and consequently the capital, then reducing accumulated losses by 50 million Riyals. The capital is reduced by reducing one share for every 3 shares owned by the shareholder. The purpose of reducing the capital is to restructure the Company's capital position to meet the obligation of the Companies Law. There will be no impact of the capital reduction on the Company's financial obligations.

On 20 Muharram 1444H (corresponding to 18 August 2022G), the Board of Directors recommended increasing the Company's capital after the reduction by 130 million Riyals. In the meeting held on 12 Rabi' Al-Thani 1444H (corresponding to 6 November 2022G), the Company's shareholders approved this increase and the required changes in the Company's Articles of Association related to this increase, and accordingly, increasing the capital by 130 million Saudi Riyals. The capital increase is done by increasing 1.3 shares for each share owned by the shareholder. The purpose of increasing the capital is to support the Company's future plans and enhance the solvency margin. The Company completed the relevant legal procedures.

5.6.2.39 Accumulated losses

Accumulated losses decreased by 33.7% from 91.2 million Saudi Riyals on 31 December 2021G, to 60.5 million Saudi Riyals due to the capital reduction in addition to the decrease in net losses recorded during the year compared to the previous year.

Accumulated losses as a percentage of capital reached 60.8% on 31 December 2021G, where Article 150 of the Companies Law was breached, leading to the auditor's qualification on the going concern principle. Because of this, Enaya reduced its capital by 50 million Saudi Riyals in 2022G in addition to raising capital by 130 million Saudi Riyals in the same year, which led to the dilution of accumulated losses as a percentage of capital to 26.3% in 2022G.

5.6.3 Cash flow statement for FYs ended 31 December 2021G and 2022G

Table 49: Cash flow statement for FYs ended 31 December 2021G and 2022G

Item (SAR '000)	FY 2021G (Audited)	FY 2022G (Audited)	Annual change 2021G-2022G
Net loss for the year	**(57,985)**	**(8,135)**	**(86.0%)**
Depreciation of property and equipment	1,090	760	(30.3%)
Amortization of intangible assets	491	349	(28.9%)
Depreciation of the right to use assets	2,064	1,112	(46.1%)
Financing costs for leasing liabilities	33	28	(15.2%)
(Reversal) of/ provision for doubtful debts	(2,621)	(150)	(94.3%)
Unrealized gains from investments	(237)	(129)	(45.6%)
Realized gains from investments	(5,260)	(2)	(100.0%)
Amortization of held-to-maturity investments	(213)	-	(100.0%)
Reversal of lease liability	-	(2,250)	N.A
End-of-service gratuity provision	1,482	1,085	(26.8%)
Total adjustments to non-cash items	**(61,156)**	**(7,332)**	**(88.0%)**
Changes in operating assets and liabilities:			
Premiums receivable	(6,979)	(4,736)	(32.1%)
Reinsurers' receivables	421	-	(100.0%)
Reinsurers' share of claims under settlement	119	-	(100.0%)
Reinsurers' share in incurred but not reported claims	-	-	N.A
Deferred policy acquisition costs	(3,696)	901	(124.4%)
Prepaid expenses and other assets	(4,859)	(13,835)	184.7%
Accrued expenses and other liabilities	18,184	(10,839)	(159.6%)
Unearned premiums	41,223	(173)	(100.4%)
Claims under settlement	7,499	(8,356)	(211.4%)
Incurred but not reported claims	2,771	7,927	186.1%
Premium Deficiency Reserve	19,982	(15,248)	(176.3%)
Other technical reserves	65	38	(41.5%)
Cash generated from/(used in) operating activities	**13,574**	**(51,653)**	**(480.5%)**
Paid end-of-service gratuity	(740)	(526)	(28.9%)
Paid Zakat	(2,737)	-	(100.0%)
Net cash generated from/(used in) operating activities	**10,097**	**(52,179)**	**(616.8%)**
Cash flows from investment activities:			
Proceeds from sale of investments	74,161	666	(99.1%)
Deposit in short-term Murabaha deposit	(89,550)	(135,353)	51.1%
Proceeds from maturity of short-term Murabaha deposits	51,669	77,908	50.8%
Reduction/(increase) in the statutory deposit	-	(12,000)	N.A
Decrease in the statutory deposit	(471)	(704)	49.5%
Acquired / (purchase of) property and equipment	31	-	(100.0%)
Purchase of intangible assets	(308)	(244)	(20.8%)
Net cash generated from/(used in) investment activities	**35,532**	**(69,727)**	**(296.2%)**
Cash flows from investment activities:			
Issuance of priority rights shares	-	130,000	N.A
Cost of capital movement transactions	-	(9,704)	N.A
Paid lease liabilities	(1,703)	(800)	(53.0%)

Item (SAR '000)	FY 2021G (Audited)	FY 2022G (Audited)	Annual change 2021G-2022G
Net cash (used in) / generated from financing activities	**(1,703)**	**119,496**	**(7116.8%)**
Net change in cash and cash equivalents	43,926	(2,410)	(105.5%)
Cash and cash equivalents at the beginning of the year	115,226	159,152	38.1%
Cash and cash equivalents at the end of the year	**159,152**	**156,742**	**(1.5%)**

Source: audited financial statements for FYs ended 31 December 2021G and 2022G

Net cash generated from/(used in) operating activities

Cash flows from operating activities fluctuated during FYs 2021 and 2022G, mainly due to fluctuations in gross unearned premiums, premium deficiency reserve, prepaid expenses and other assets, and accrued expenses and other liabilities.

Net cash from operating activities decreased from a net cash generated of 10.1 million Saudi Riyals in 2021G to cash used of (52.2) million Saudi Riyals in 2022 due to the change in premium deficiency reserve of 15.2 million Saudi Riyals, the increase in prepaid expenses and other assets of 13.8 million Saudi Riyals, in addition to a decrease in accrued expenses and other liabilities of 10.8 million Saudi Riyals during this period.

Net cash generated from / (used in) investing activities

Net cash inflows from investing activities decreased from a generated amount of 35.5 million Saudi Riyals in 2021G to a use of (69.7) million Saudi Riyals during 2022 as a result of net short-term deposits of 57.4 million Saudi Riyals in addition to an increase in statutory deposits of 12.0 million Saudi Riyals due to the Company's capital increase.

Net cash (used in) / generated from financing activities

Net cash flows from financing activities increased from a net use of 1.7 million Saudi Riyals during 2021G to a flow of 119.5 million Saudi Riyals in 2022 against the backdrop of a capital increase through a rights issue by 130 million Saudi Riyals.

Statement of solvency

Table 50: Statement of financial solvency as of 31 December 2021G and 2022G:

Item (SAR '000)	FY 2021G	FY 2022G	Annual change 2021G-2022G
Accepted assets-policyholders	113,348	104,330	(8.0%)
Accepted assets-shareholders	216,800	311,944	43.9%
Other accepted assets	139,901	122,766	(12.2%)
Total assets	**470,049**	**539,040**	**14.7%**
Liabilities of policyholders	269,026	241,809	(10.1%)
Liabilities of shareholders	158,045	142,474	(9.9%)
Total liabilities	**427,071**	**384,283**	**(10.0%)**
Total net accepted assets	42,978	154,757	260.1%
Total required margin	34,960	40,900	17.0%
Minimum capital requirements	100,000	100,000	0.0%
Increase / (decrease) in net allowable assets over the minimum required margin	**(57,022)**	**54,757**	**(196.0%)**

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 categories of business. The Company's solvency level is primarily affected by the required technical reserve, which in turn is influenced by the volume of insurance policies sold and claims incurred. During 2021G, the deficit in net allowable assets below the minimum required margin was 57 million Saudi Riyals as of 31 December 2021G. This improved to an excess in net allowable assets over the minimum required margin of 54.6 million Saudi Riyals as of 31 December 2022G.

SAMA imposes various corrective measures on companies that do not comply with solvency requirement levels, including:

1. Increasing the Company's capital
2. Adjusting product prices
3. Reducing costs
4. Stopping subscription of new policies
5. Liquidating certain assets, and/or
6. Any other action deemed appropriate for the Company and approved by SAMA

SAMA may also frequently request the addition or removal of financial solvency margin requirements, which could negatively affect the Company's operational results and financial position due to maintaining additional provisions. If the Company fails to meet solvency requirements within the timeframe set by SAMA, and after taking the aforementioned measures, SAMA may request the appointment of a financial advisor to restructure the Company or withdraw its license.

5.7 Results of operations for Fys ended 31 December 2022G and 2023G

Income Statement

Key Performance Indicators

The table below shows KPIs for FYs ended 31 December 2022G and 2023G:

Table 51: KPIs for FYs ended 31 December 2022G and 2023G

Item (SAR ‹000)	FY 2022G (Revised)	FY 2023G (Audited)
Subscription loss rate	103.0%	94.1%
Insurance Service result margin	(3.0%)	5.9%
Net insurance and investment results margin	(0.8%)	12.1%
Net profit margin	(2.8%)	8.1%

Source: Management information

The table below shows the income statement for FYs ended 31 December 2022G and 2023G:

Table 52: Income statement for FYs ended 31 December 2022G and 2023G:

Item (SAR '000)	FY 2022G (Revised)	FY 2023G (Audited)	Annual change 2022G-2023G
Insurance revenues	226,930	250,880	10.6%
Insurance service expenses	(233,781)	(236,195)	1.0%
Net insurance services results	(6,851)	14,685	(314.3%)
Investment income			
Interest income from financial assets not classified at fair value through profit or loss	5,193	14,427	177.8%
Net profit on investments classified at fair value through profit or loss	131	421	221.4%
Net / (reversal of) credit risk of financial assets	(348)	766	(320.1%)
Net investment income	**4,976**	**15,614**	**213.8%**
Net insurance and investment results	**(1,875)**	**30,299**	**(1715.9%)**
Other operating expenses	(10,333)	(14,625)	41.5%
Other incomes	7,299	5,010	(31.4%)
Income / (loss) before zakat and income tax	**(4,909)**	**20,684**	**(521.3%)**

Item (SAR '000)	FY 2022G (Revised)	FY 2023G (Audited)	Annual change 2022G-2023G
Zakat	(1,446)	(397)	(72.5%)
Income tax	-	(65)	N.A
Net Income / (loss) after zakat and income tax	**(6,355)**	**20,222**	**(418.2%)**
The weighted average number of outstanding ordinary shares (in thousands of shares)	13,642	23,000	68.6%
Basic and diluted earnings / (loss) per share for the year (in Saudi Riyals per share)	(0.47)	0,88	(287.2%)

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

5.7.3.1 Insurance revenues

Insurance revenue, consisting only of the medical business, increased from 226.9 million Saudi Riyals in FY 2022 to 250.9 million Saudi Riyals in FY 2023G. The increase in insurance revenue is mainly attributed to:

1. An increase in insurance revenue for large enterprises from 105.4 million Saudi Riyals in FY 2022 to 125.8 million Saudi Riyals in FY 2023G, in line with growth in the corporate sector subscription portfolio. Total written premiums increased from 52.9 million Saudi Riyals in FY 2022 to 73.7 million Saudi Riyals, mainly driven by new business underwritten during the year.
2. An increase in insurance revenue for small and medium enterprises (SMEs) from 121.5 million Saudi Riyals in FY 2022 to 125.1 million Saudi Riyals in FY 2023G, aligning with the Company's strategy to continue focusing on the SME sector. Total written premiums for SMEs increased from 174.6 million Saudi Riyals in FY 2022 to 176.3 million Saudi Riyals in FY 2023G, primarily due to an increase in written premiums for medium-sized enterprises from 60.6 million Saudi Riyals to 75.8 million Saudi Riyals.
3. The Company implemented internal initiatives in FY 2022G, including price list adjustments, neutralizing and reducing customer discounts, and targeting specific corporate clients. The impact of these changes was mostly realized in FY 2023G, contributing to increased insurance revenue.

5.7.3.2 Insurance service expenses

Insurance service expenses increased by 1% from 233.8 million Saudi Riyals in FY 2022 to 236.2 million Saudi Riyals in FY 2023G, mainly due to an increase in incurred claims and other directly attributable expenses by 2.3 million Saudi Riyals, as well as recording a reversal related to contracts expected to incur losses of 6.6 million Saudi Riyals in FY 2023G.

The increase in insurance service expenses was partially offset by a decrease in cash flows for insurance policy acquisition from 23.3 million Saudi Riyals in FY 2022 to 17.8 million Saudi Riyals in FY 2023G, along with an increase in positive adjustments related to previous services - changes in cash flow fulfillment related to incurred claims liabilities amounting to 4.2 million Saudi Riyals.

5.7.3.3 Net insurance service results

Insurance service results improved from a loss of 6.9 million Saudi Riyals in FY 2022 to a profit of 14.7 million Saudi Riyals in FY 2023G. This led to an improvement in the subscription loss ratio from 103.0% in FY 2022 to 94.1% in FY 2023G, due to stricter subscription guidelines alongside growth in the subscription portfolio.

5.7.3.4 Interest income from financial assets not classified at fair value through profit or loss

Interest income from financial assets not classified at fair value through profit or loss increased from 5.2 million Saudi Riyals in FY 2022 to 14.4 million Saudi Riyals in FY 2023G, driven by an increase in short-term Murabaha deposits and higher commission rates in FY 2023 compared to FY 2022G.

5.7.3.5 Net profit from investments classified at fair value through profit or loss

Net profit from investments classified at fair value through profit or loss increased from 131 thousand Saudi Riyals in FY 2022 to 421 thousand Saudi Riyals in FY 2023G, related to investments in the Saudi Fransi GCC IPO Fund.

5.7.3.6 Net / (reversal) of credit risk for financial assets

Net / (reversal) of credit risk for financial assets increased from a reversal of (348) thousand Saudi Riyals in FY 2022 to a net of 766 thousand Saudi Riyals in FY 2023G.

5.7.3.7 Other operating expenses

Table 53: Other operating expenses for FYs ended 31 December 2022G and 2023G

Item (SAR '000)	31 December 2022G (Revised)	31 December 2023G (Audited)	Annual change 2022G-2023G
Insurance operations	7,211	6,783	(5.9%)
Shareholders' operations	3,122	7,842	151.2%
Total	**10,333**	**14,625**	**41.5%**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

Other operating expenses relate to unallocated expenses, which are administrative expenses not directly linked to insurance contracts. Expenses directly attributable to providing insurance services were recorded in insurance service expenses and insurance contract liabilities.

Other operating expenses increased from 10.3 million Saudi Riyals in FY 2022 to 14.6 million Saudi Riyals in FY 2023G, primarily driven by an increase in shareholders' fund expenses from 3.1 million Saudi Riyals in FY 2022G to 7.8 million Saudi Riyals in FY 2023G. This increase is mainly related to consulting fees arising from the merger with United Cooperative Insurance Company, which was not approved by Enaya's shareholders.

Table 54: Other operating expenses for FYs ended 31 December 2022G and 2023G

Item (SAR '000)	31 December 2022G (Revised)	31 December 2023G (Audited)	Annual change 2022G-2023G
Policy acquisition costs	13,860	12,019	(13.3%)
Employees' costs	24,090	26,431	9.7%
Depreciation	760	700	(7.9%)
Amortization	349	473	35.5%
Depreciation of the right-of-use assets	1,112	774	(30.4%)
Lease expenses	48	222	362.5%
Legal and professional fees	4,265	7,202	68.9%
Maintenance and repair costs	2,481	2,338	(5.8%)
Marketing expenses	30	6	(80.0%)
Utilities and communications expenses	1,518	1,438	(5.3%)
Investment related expenses	304	460	51.3%
Subscriptions	260	439	68.8%
Committee fees	2,131	1,786	(16.2%)
Other expenses	1,026	2,027	97.6%
Total	**52,594**	**56,315**	**7.1%**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

5.7.3.8 Policy acquisition costs

Table 55: Policy acquisition costs for FYs ended 31 December 2022G and 2023G

Item (SAR '000)	31 December 2022G (Revised)	31 December 2023G (Audited)	Annual change 2022G-2023G
Insurance operations	13,860	12,019	(13.3%)
Shareholders' operations	-	-	N.A
Total	**13,680**	**12,019**	**(13.3%)**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

Policy acquisition costs decreased by 13.3% from 13.9 million Saudi Riyals in 2022 to 12.0 million Saudi Riyals in 2023G due to a decrease in cash flows paid during the year.

5.7.3.9 Employee costs

Employee costs increased by 9.7% from 24.1 million Saudi Riyals in 2022G to 26.4 million Saudi Riyals in 2023G due to fluctuations in employee numbers across various departments, with the total number of company employees rising from 102 in 2022G to 103 in 2023G.

5.7.3.10 Depreciation

Depreciation decreased from 760 thousand Saudi Riyals in 2022G to 700 thousand Saudi Riyals in 2023G due to reduced additions to property and equipment.

5.7.3.11 Amortization

Amortization increased from 349 thousand Saudi Riyals in 2022G to 473 thousand Saudi Riyals in 2023G due to new additions.

5.7.3.12 Depreciation of right-of-use assets

Depreciation of right-of-use assets decreased from 1.1 million Saudi Riyals in 2022G to 774 thousand Saudi Riyals in 2023G due to no new contracts being signed.

5.7.3.13 Rent expenses

Rent expenses increased from 48 thousand Saudi Riyals in 2022G to 222 thousand Saudi Riyals in 2023G due to recording deferred rent expenses from 2022G, relating to the second half of FY, in addition to rent expenses for FY 2023G.

5.7.3.14 Legal and professional fees

Legal and professional fees, mainly related to consulting expenses and audit fees, increased by 68.9% from 4.3 million Saudi Riyals on 31 December 2022G, to 7.2 million Saudi Riyals on 31 December 2023G. The increase is primarily due to consulting fees related to the merger with United Insurance Company.

5.7.3.15 Repair and maintenance costs

Repair and maintenance costs decreased by 17.7% from 2.5 million Saudi Riyals in 2022G to 2.3 million Saudi Riyals in 2023G, mainly due to a decrease in maintenance-related expenses.

5.7.3.16 Marketing expenses

Marketing expenses decreased by 80% from 30 thousand Saudi Riyals on 31 December 2022G, to 6 thousand Saudi Riyals on 31 December 2023G.

5.7.3.17 Utilities and communication expenses

Utilities and communication expenses decreased by 5.3% from 1.5 million Saudi Riyals in 2022G to 1.4 million Saudi Riyals in 2023G due to eliminating non-essential operating expenses and moving to a smaller office space.

5.7.3.18 Investment-related expenses

Investment-related expenses increased by 51.3% from 304 thousand Saudi Riyals in 2022G to 460 thousand Saudi Riyals in 2023G due to an increase in managed assets during 2023G.

5.7.3.19 Subscriptions

Subscriptions increased from 260 thousand Saudi Riyals in 2022G to 439 thousand Saudi Riyals in 2023 due to higher annual listing fees for Tadawul and payments to the Securities Depository Center related to issuing an additional shareholder list in 2023G.

5.7.3.20 Committee fees

Committee fees decreased by 16.2% from 2.1 million Saudi Riyals on 31 December 2022G, to 1.8 million Saudi Riyals on 31 December 2023G, due to fewer meetings held during the year and the departure of a board member mid-2022G.

5.7.3.21 Other expenses

Other expenses, related to miscellaneous expenses, publication fees, and storage fees among others, increased by 97.6% from 1 million Saudi Riyals on 31 December 2022G, to 2 million Saudi Riyals on 31 December 2023G.

5.7.3.22 Other incomes

Table 56: Other income as of 31 December 2022G and 2023G

Item (SAR '000)	31 December 2022G (Revised)	31 December 2023G (Audited)	Annual change 2022G-2023G
Hajj and Umrah income	4,754	4,986	4.9%
Reversal of lease liabilities	2,250	-	(100.0%)
Other	295	24	(91.9%)
Total	**7,299**	**5,010**	**(31.4%)**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

5.7.3.23 Other incomes

Other incomes decreased from 7.3 million Saudi Riyals in FY 2022G to 5.0 million Saudi Riyals in FY 2023G. This is mainly due to the decrease in the reversal of lease liability from 2.3 million Saudi Riyals in FY 2022G to zero in FY 2023G, related to the old head office lease contract in Jeddah which was later terminated after moving to the new headquarters. Additionally, there was a decrease of 271 thousand Saudi Riyals in Other incomes related to miscellaneous income.

5.7.3.24 Zakat

Zakat expense decreased from 1.4 million Saudi Riyals in FY 2022G to 397 thousand Saudi Riyals in FY 2023G. This is attributed to the recording of a Zakat provision related to previous years in 2022G, in addition to an increase in assets allowed to be deducted from the Zakat base in 2023G.

5.7.1 Statement of Financial Position

Key Performance Indicators

Table 57: Financial position KPIs as of 31 December 2022G and 2023G:

Item (SAR ‹000)	31 December 2022G (Revised)	31 December 2023G (Audited)
Loss rate for remaining coverage liabilities / insurance contract liabilities	13.5%	12.0%
Total assets / Total liabilities	189.2%	228.0%
Accumulated losses as a percentage of capital	27.0%	18.2%
Return on average assets	(1.8%)	5.8%
Return on average equity	(5.5%)	11.2%

Source: Management information

Key Performance Indicators

Table 58: Financial position statement as of 31 December 2022G and 2023G:

Item (SAR '000)	31 December 2022G (Revised)	31 December 2023G (Audited)	Annual change 2022G-2023G
Assets:			
Cash and Cash Equivalents	156,721	23,334	(85.1%)
Short-term Murabaha deposits	134,546	248,264	84.5%
Investments	1,133	1,554	37.2%
Property and equipment, net	1,467	798	(45.6%)
Intangible assets, net	794	792	(0.3%)
Right-of-use assets, net	1,115	341	(69.4%)
Statutory deposit	34,500	34,500	0.0%
Accrued commissions on a statutory deposit	5,012	1,921	(61.7%)
Prepaid expenses and other assets	25,455	28,296	11.2%
Total assets	**360,743**	**339,800**	**(5.8%)**
Liabilities:			
Insurance contract liabilities	160,522	124,788	(22.3%)
Commissions payable to the Insurance Authority	5,012	1,921	(61.7%)
Accrued expenses and other liabilities	4,503	2,188	(51.4%)
Lease liabilities	776	-	(100.0%)
End-of-service gratuity provision	5,172	5,228	1.1%
Provision for Zakat and income tax	14,696	14,918	1.5%
Total liabilities	**190,681**	**149,043**	**(21.8%)**
Equity:			
Capital	230,000	230,000	12.2%
Accumulated losses	(62,045)	(41,823)	0.0%
Insurance-related end-of-service indemnity remeasurement reserve	2,107	2,580	(32.6%)
Total equity	**170,062**	**190,757**	**12.2%**
Total liabilities and equity	**360,743**	**339,800**	**(5.8%)**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

5.7.1.1 Cash and Cash Equivalents

Table 59: Cash and Cash Equivalents as of 31 December 2022G and 2023G:

Item (SAR '000)	31 December 2022G (Revised)	31 December 2023G (Audited)	Annual change 2022G-2023G
Insurance operations:			
Cash at Banks	23,074	8,523	(63.1%)
Shareholders' operations:			
Cash at Banks	772	2,223	188%
Murabaha deposits due within 3 months of acquisition date	132,896	12,588	(90.5%)
Less: impairment provision	(21)	-	(100%)
Total shareholders' operations	133.647	14.811	(88.9%)
Total	**156,721**	**23.334**	**(85.1%)**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

Cash and cash equivalents decreased from 156.7 million Saudi Riyals as of 31 December 2022G, to 23.3 million Saudi Riyals as of 31 December 2023G, primarily driven by the maturity of Murabaha deposits due within 3 months of acquisition and the Company's shift in focus to Murabaha deposits with a specific Eligibility Date exceeding three months but less than a year. It is worth noting that 53.9% of the total cash and cash equivalents are invested in deposits with an original maturity of 3 months or less as of 31 December 2023G.

5.7.1.2 Short-term Murabaha deposits

Table 60: Short-term Murabaha deposits as of 31 December 2022G and 2023G:

Item (SAR '000)	31 December 2022G (Revised)	31 December 2023G (Audited)	Annual change 2022G-2023G
Short-term Murabaha deposits	135,353	248,345	83.5%
Less: impairment provision	(807)	(81)	(90.0%)
Total	**134,546**	**248,264**	**84.5%**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

Short-term Murabaha deposits relate to locally held deposits with original maturities ranging from 3 months to one year. Commission rates as of 31 December 2023G, ranged from 5.8% to 6.35% (3.3% to 5.5% as of 31 December 2022). Short-term Murabaha deposits increased from 134.6 million Saudi Riyals as of 31 December 2022G, to 248.3 million Saudi Riyals as of 31 December 2023G, due to the addition of new deposits following the Company's shift in focus from Murabaha deposits maturing within 3 months of acquisition to Murabaha deposits with a specific Eligibility Date exceeding three months but less than a year during 2023G.

5.7.1.3 Investments

Table 61: Investments as of 31 December 2022G and 2023G:

Item (SAR '000)	31 December 2022G (Revised)	31 December 2023G (Audited)	Annual change 2022G-2023G
Opening balance	1,668	1,133	(32.1%)
Realized gains from investments	2	-	(100.0%)
Exemptions during the year	(666)	-	(100.0%)
Unrealized gains from investments	129	421	226.4%
Closing balance	**1,133**	**1.554**	**37.2%**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

Regarding the investments classified at fair value through the income statement, which entirely pertain to Saudi Fransi GCC IPO Fund, investments increased from 1.1 million Saudi Riyals as of 31 December 2022G, to 1.6 million Saudi Riyals as of 31 December 2023G, due to unrealized gains from investments amounting to 421 thousand Saudi Riyals during the year.

Property and equipment, net

Table 62: Property and equipment, net as of 31 December 2022G and 2023G:

Item (SAR '000)	31 December 2022G (Revised)	31 December 2023G (Audited)	Annual change 2022G-2023G
Improvements to leased buildings	467	242	(48.2%)
Computers	901	476	(47.2%)
Vehicles	-	-	N.A
Office furniture, fixtures and equipment	99	80	(19.2%)
Net Book Value	**1,467**	**798**	**(45.6%)**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

Net property and equipment decreased from 1.5 million Saudi Riyals as of 31 December 2022G, to 798 thousand Saudi Riyals as of 31 December 2023G. This is attributed to the depreciation charged during the year with a low level during the year. Additions during 2023G amounted to 23 thousand Saudi Riyals in computer equipment and 5 thousand Saudi Riyals in furniture, fixtures, and office equipment.

Accumulated depreciation as a percentage of cost value is 96.1% for computer equipment, 97.0% for furniture, fixtures, and office equipment, 52.7% for leasehold improvements, and 100% for vehicles as of 31 December 2023G.

5.7.1.4 Intangible assets, net

Table 63: Intangible assets, net as of 31 December 2022G and 2023G:

Item (SAR '000)	31 December 2022G (Revised)	31 December 2023G (Audited)	Annual change 2022G-2023G
Cost	23,818	24,289	2.0%
Amortization	23,024	23,497	2.1%
Net Book Value	**794**	**792**	**(0.3%)**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

Intangible assets remained relatively stable and decreased slightly from 794 thousand Saudi Riyals on 31 December 2022G, to 792 thousand Saudi Riyals on 31 December 2023G, as a result of amortization with a lower level of additions.

The accumulated amortization represents 96.7% of the cost value as of 31 December 2023G.

5.7.1.5 Lease Contracts

Table 64: Right-of-use assets, net as of 31 December 2022G and 2023G:

Item (SAR '000)	31 December 2022G (Revised)	31 December 2023G (Audited)	Annual change 2022G-2023G
Buildings Cost:			
Balance as of 1 January	5,486	2,227	(59.4%)
Additions during the year	1,548	-	(100.0%)
Exemptions during the year	(4,807)	-	(100.0%)
Balance as of 31 December	**2,227**	**2,227**	**0%**
Accumulated depreciation:			
Balance as of 1 January	4,807	1,112	(76.9%)
Additions during the year	1,112	774	(30.4%)
Exemptions during the year	(4,807)	-	(100.0%)
Balance as of 31 December	**1,112**	**1,886**	**69.6%**
Net Book Value	**1,115**	**341**	**(69.4%)**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

Right-of-use assets decreased from 1.1 million Saudi Riyals as of 31 December 2022G, to 341 thousand Saudi Riyals as of 31 December 2023G, due to depreciation in addition to not recording any additions during the year. The right-of-use assets are related to the Company's head office in Jeddah.

Table 65: Lease liabilities as of 31 December 2022G and 2023G:

Item (SAR '000)	31 December 2022G (Revised)	31 December 2023G (Audited)	Annual change 2022G-2023G
Balance as of 1 January	2,250	776	(65.5%)
Additions during the year	1,548	-	(100.0%)
Exemptions during the year	(2,250)	-	(100.0%)
Finance costs	28	24	(14.3%)
Payments during the year	(800)	(800)	0%
Balance as of 31 December	**776**	**-**	**(100.0%)**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

Lease liabilities decreased from 776 thousand Saudi Riyals as of 31 December 2022G, to zero as of 31 December 2023G, as a result of paying the total liabilities during the year 2023G.

5.7.1.6 Prepaid expenses and other assets

Table 66: Prepaid expenses and other assets as of 31 December 2022G and 2023G

Item (SAR '000)	31 December 2022G (Revised)	31 December 2023G (Audited)	Annual change 2022G-2023G
Insurance operations:			
Prepaid amounts	438	414	(5.5%)
Deferred insurance broker costs	4,342	4,491	3.4%
Suppliers advance payments	473	-	(100.0%)
Other assets (third-party administrator, etc.)	12,340	13,952	13.1%
Receivables - Umrah share	4,861	4,986	2.6%
Input VAT receivable	658	830	26.1%
Other	84	67	(20.2%)
Total insurance operations	**23,196**	**24,740**	**6.7%**
Shareholders' operations:			
Accrued revenues	2,278	3,556	56.1%
Less: the decrease in the value of provision for doubtful debts	(19)	-	(100.0%)
Total	**25,455**	**28,296**	**11.2%**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

Prepaid expenses and other assets increased by 11.2% from 25.5 million Saudi Riyals as of December 2022G to 28.3 million Saudi Riyals as of 31 December 2023G. This is mainly attributed to the increase in other assets (third-party administrator and others) in addition to the increase in accrued revenues. This was partially offset by a decrease in prepayments to suppliers.

5.7.1.7 Prepaid amounts

Prepaid amounts decreased slightly from 438 thousand Saudi Riyals on 31 December 2022G, to 414 thousand on 31 December 2023G.

5.7.1.8 Deferred insurance broker costs

Deferred insurance broker costs increased from 4.3 million Saudi Riyals as of 31 December 2022G, to 4.5 million Saudi Riyals as of 31 December 2023G, due to an increase in total written premiums during the year.

5.7.1.9 Suppliers advance payments

Represents an advance payment to a service provider from 2022G. Supplier prepayments decreased from 473 thousand Saudi Riyals on 31 December 2022G, to nothing on 31 December 2023G. It's worth noting that the balance was disputed by the Company and the service provider, and the dispute was settled during FY 2023G.

5.7.1.10 Other assets (third-party administrator and others)

1) Assets (agent, broker, third-party administrator). The assets (agent, broker, third-party administrator) represent transaction volume discounts provided by the third-party administrator.

Assets (agent, broker, third-party administrator) increased from 7.1 million Saudi Riyals on 31 December 2022G, to 10.3 million Saudi Riyals on 31 December 2023G, due to an increase in the number of paid claims.

2) Other assets represent disputed premiums receivable for which the Company obtained a positive judgment at the end of legal proceedings. These decreased from 5.3 million Saudi Riyals in 2022 to 3.7 million Saudi Riyals in 2023 due to the collection of part of the premiums.

5.7.1.11 Receivable balances - Umrah share

Receivable balances from the Umrah share remained relatively stable with a slight increase from 4.9 million Saudi Riyals as of 31 December 2022G, to 5.0 million Saudi Riyals as of 31 December 2023G.

5.7.1.12 Input VAT receivable

Input VAT receivable increased from 658 thousand Saudi Riyals as of 31 December 2022G, to 830 thousand Saudi Riyals as of 31 December 2023G, due to a decrease in VAT output as of December 2023 compared to December 2022G.

5.7.1.13 Others

Other balances decreased from 84 thousand Saudi Riyals as of 31 December 2022G, to 67 thousand Saudi Riyals as of 31 December 2023G, and represent miscellaneous balances.

5.7.1.14 Accrued revenues

Accrued revenues increased by 56.1% from 2.3 million Saudi Riyals on 31 December 2022G, to 3.6 million Saudi Riyals on 31 December 2023G. The increase is mainly due to the timing of payment of commissions due from Murabaha deposits.

5.7.1.15 Insurance contract liabilities

Table 67: Insurance contract liabilities as of 31 December 2022G and 2023G

Item (SAR '000)	31 December 2022G (Revised)	31 December 2023G (Audited)	Annual change 2022G-2023G
Large enterprises	56,310	39,658	(29.6%)
Small and medium enterprises	104,212	85,130	(18.3%)
Total	**160,522**	**124,788**	**(22.3%)**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

Insurance contract liabilities decreased by 22.3% from 160.5 million Saudi riyals as of 31 December 2022G, to 124.8 million Saudi riyals as of 31 December 2023G. This is attributed to the decrease in insurance contract liabilities related to the SME sector by 19.1 million Saudi riyals, in addition to the decrease related to the large corporate sector by 16.7 million Saudi riyals during the period.

Large Enterprises

Insurance contract liabilities related to large enterprises decreased by 29.6% from 56.3 million Saudi riyals on 31 December 2022G, to 39.7 million Saudi riyals on 31 December 2023G. This is mainly due to the decrease in remaining coverage liabilities from insurance contract liabilities of 18.0 million Saudi riyals as of 31 December 2022G, to insurance contract assets of (7.0) million Saudi riyals as of 31 December 2023G. The decrease in remaining coverage liabilities relates to the value excluded from the loss factor, from liabilities of 9.0 million Saudi riyals to assets of 17.8 million Saudi riyals during the same period, due to acquiring the value of insurance contracts by providing more insurance coverage than collecting cash flows from insurance contracts.

The decrease in remaining coverage liabilities was partially offset by the increase in incurred claims liabilities from 38.3 million Saudi riyals as of 31 December 2022G, to 46.6 million Saudi riyals as of 31 December 2023G, mainly related to the increase in the estimated present value of cash flow.

The increase in the estimated present value of cash flow is mainly attributed to the increase in incurred claims and directly related expenses recorded in the income statement, amounting to 20.0 million Saudi riyals during 2023G. This increase was partially offset by a decrease in claims and other directly related expenses paid by 15.8 million Saudi riyals during the period.

Small and Medium Enterprises (SMEs)

SMEs decreased by 18.3% from 104.2 million Saudi riyals on 31 December 2022G, to 85.1 million Saudi riyals on 31 December 2023G. This is mainly due to the decrease in remaining coverage liabilities from insurance contract liabilities of 52.2 million Saudi riyals as of 31 December 2022G, to insurance contract liabilities of 40.6 million Saudi riyals as of 31 December 2023G. The decrease is mainly related to the reduction in the loss factor from 12.7 million Saudi riyals to 4.2 million Saudi riyals, primarily due to recording a reversal related to contracts expected to incur losses of 8.5 million Saudi riyals in FY 2023G.

Additionally, there was a decrease in incurred claims liabilities from 52.0 million Saudi riyals as of 31 December 2022G, to 44.5 million Saudi riyals as of 31 December 2023G, mainly related to the decrease in the estimated present value of cash flow. This decrease is associated with the reduction in incurred claims and directly related expenses from 133.5 million Saudi riyals as of 31 December 2022G, to 114.3 million Saudi riyals as of 31 December 2023G, as well as a decrease in claims and other directly related expenses paid by 5.9 million Saudi riyals during the period.

Refer to the tables shown below for more information.

Table 68: Insurance contract liabilities for large enterprises as of 31 December 2022G

Item (SAR '000)	Remaining coverage liabilities		Incurred claims liabilities		Total
	Exclusion of loss component	Loss factor	Estimation of current value of cash flow	Risk adjustment – for non-financial risks	
Issued insurance contracts:					
Opening balance of insurance contract liabilities	18,549	1,108	62,474	2,177	84,308
Net balance as of 1 January 2022G	**18,549**	**1,108**	**62,474**	**2,177**	**84,308**
Insurance revenues					
New contracts issued and contracts measured under the full retrospective approach at transition	105,432	-	-	-	105,432
Total insurance revenues	**105,432**	**-**	**-**	**-**	**105,432**
Incurred claims and directly related expenses	-	-	105,983	-	105,983
Changes related to previous services - changes in the fulfillment of cash flows related to incurred claims liability	-	-	(3,224)	(1,042)	(4,266)
Contracts expected to incur losses and reversal of those losses	-	7,844	-	-	7,844
Cash flows for policy acquisition	8,356	-	-	-	8,356
Total insurance service expenses	**8,356**	**7,844**	**102,759**	**(1,042)**	**117,917**
Insurance services results	**97,076**	**(7,844)**	**(102,759)**	**1,042**	**(12,485)**
The total amount recognized in comprehensive income					
Received premiums	96,527	-	-	-	96,527
Other directly related paid claims and expenses	-	-	(128,057)	-	(128,057)
Cash flows for policy acquisition	(8,953)	-	-	-	(8,953)
Total cash flows	**87,574**	**-**	**(128,057)**	**-**	**(40,483)**
Net balance as of 31 December 2022G	**9,047**	**8,952**	**37,176**	**1,135**	**56,310**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

Table 69: Insurance contract liabilities for medium and small enterprises as of 31 December 2022G

Item (SAR '000)	Remaining coverage liabilities		Incurred claims liabilities		Total
	Exlusion of loss factor	Loss factor	Estimation of current value of cash flow	Risk adjustment – for non-financial risks	
Issued insurance contracts:					
Opening balance of insurance contract liabilities	30,867	36,980	42,525	1,417	111,789
Net balance as of 1 January 2022G	**30,867**	**36,980**	**42,525**	**1,417**	**111,789**
Insurance revenues					
New contracts issued and contracts measured under the full retrospective approach at transition	121,498	-	-	-	121,498
Total insurance revenues	**121,498**	**-**	**-**	**-**	**121,498**
Incurred claims and directly related expenses	-	-	133,480	-	133,480
Changes related to previous services - changes in the fulfillment of cash flows related to incurred claims liability	-	-	(8,511)	296	(8,215)
Contracts expected to incur losses and reversal of those losses	-	(24,318)	-	-	(24,318)
Cash flows for policy acquisition	14,917	-	-	-	14,917
Total insurance service expenses	**14,917**	**(24,318)**	**124,969**	**296**	**115,864**
Insurance services results	**106,581**	**24,318**	**(124,969)**	**(296)**	**5,634**
The total amount recognized in comprehensive income					
Received premiums	126,211	-	-	-	126,211
Other directly related paid claims and expenses	-	-	(117,202)	-	(117,202)
Cash flows for policy acquisition	(10,952)	-	-	-	(10,952)
Total cash flows	**115,259**	**-**	**(117,202)**	**-**	**(1,943)**
Net balance as of 31 December 2022G	**39,545**	**12,662**	**50,292**	**1,713**	**104,212**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

Table 70: Insurance contract liabilities for large enterprises as of 31 December 2023G

Item (SAR '000)	Remaining coverage liabilities		Incurred claims liabilities		Total
	Exlusion of loss factor	Loss factor	Estimation of current value of cash flow	Risk adjustment – for non-financial risks	
Issued insurance contracts:					
Opening balance of insurance contract liabilities	5,644	8,952	34,904	1,106	50,606
Net balance as of 1 January 2023G	**5,644**	**8,952**	**34,904**	**1,106**	**50,606**
Insurance revenues					
New contracts issued and contracts measured under the full retrospective approach at transition	125,796	-	-	-	125,796
Total insurance revenues	**125,796**	**-**	**-**	**-**	**125,796**
Incurred claims and directly related expenses	-	-	126,009	763	126,772
Changes related to previous services - changes in the fulfillment of cash flows related to incurred claims liability	-	-	(2,206)	(1,100)	(3,306)
Contracts expected to incur losses and reversal of those losses	-	1,870	-	-	1,870
Cash flows for policy acquisition	11,437	-	-	-	11,437

Item (SAR '000)	Remaining coverage liabilities		Incurred claims liabilities		Total
	Exlusion of loss factor	Loss factor	Estimation of current value of cash flow	Risk adjust-ment – for non-finan-cial risks	
Total insurance service expenses	**11,437**	**1,870**	**1,870**	**(337)**	**136,773**
Insurance services results	**114,359**	**(1,870)**	**(1,870)**	**337**	**(10,977)**
The total amount recognized in comprehensive income					
Received premiums	106,072	-	-	-	106,072
Other directly related paid claims and expenses	-	-	(112,829)	-	(112,829)
Cash flows for policy acquisition	(15,168)	-	-	-	(15,168)
Total cash flows	**90,904**	**-**	**(112,829)**	**-**	**(21,925)**
Net balance as at 31 December 2023G	**(17,811)**	**10,822**	**45,878**	**769**	**39,658**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

Table 71: Insurance contract liabilities for medium and small enterprises as of 31 December 2023G

Item (SAR '000)	Remaining coverage liabilities		Incurred claims liabilities		Total
	Exlusion of loss factor	Loss factor	Estimation of current value of cash flow	Risk adjust-ment – for non-finan-cial risks	
Issued insurance contracts:					
Opening balance of insurance contract liabilities	42,948	12,662	52,564	1,742	109,916
Net balance as of 1 January 2023G	**42,948**	**12,662**	**52,564**	**1,742**	**109,916**
Insurance revenues					
New contracts issued and contracts measured under the full retrospective approach at transition	125,084	-	-	-	125,084
Total insurance revenues	**125,084**	**-**	**-**	**-**	**125,084**
Incurred claims and directly related expenses	-	-	114,254	718	114,972
Changes related to previous services - changes in the fulfillment of cash flows related to incurred claims liability	-	-	(11,659)	(1,742)	(13,401)
Contracts expected to incur losses and reversal of those losses	-	(8,470)	-	-	(8,470)
Cash flows for policy acquisition	6,321	-	-	-	6,321
Total insurance service expenses	**6,321**	**(8,470)**	**102,595**	**(1,024)**	**99,422**
Insurance services results	**118,763**	**8,470**	**(102,595)**	**1,024**	**25,662**
The total amount recognized in comprehensive income					
Received premiums	125,299	-	-	-	125,299
Other directly related paid claims and expenses	-	-	(111,331)	-	(111,331)
Cash flows for policy acquisition	(13,092)	-	-	-	(13,092)
Total cash flows	**112,207**	**-**	**(111,331)**	**-**	**876**
Net balance as at 31 December 2023G	**36,392**	**4,192**	**43,828**	**718**	**85,130**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

5.7.1.16 Statutory deposit

According to the requirements of the insurance system in the Kingdom of Saudi Arabia, the Company has deposited the equivalent of 15% of its paid-up capital with a bank designated by the Insurance Authority. This statutory deposit is not available for withdrawal without the approval of the Insurance Authority, and the commission on this deposit is due to the Insurance Authority. On December 12, 2022G, the Company received proceeds against a capital increase of 130 million Saudi riyals. On December 21, 2022G, the Company deposited the additional required statutory deposit of 12 million Saudi riyals.

5.7.1.17 Accrued commissions on statutory deposit and commissions payable to the Insurance Authority

These commissions relate to statutory deposits in accordance with the requirements of the insurance system in the Kingdom of Saudi Arabia. The accrued commissions on statutory deposits and payable to the Insurance Authority decreased from 5.0 million Saudi riyals in 2022 to 1.9 million Saudi riyals as the Company paid 5.0 million Saudi riyals of accrued commissions on statutory deposits to the Insurance Authority in September 2023G. Commissions are recorded as assets and liabilities of the same value so that the total is zero.

5.7.1.18 Accrued expenses and other liabilities

These mainly represent payables to suppliers, audit fee liabilities, and board of directors' fee liabilities. Accrued expenses and other liabilities decreased from 4.5 million Saudi riyals as of 31 December 2022G, to 2.2 million Saudi riyals as of 31 December 2023G. This is mainly attributed to the payment of an amount due to a supplier related to information security, where the balance due to this supplier decreased from 1.5 million Saudi riyals as of 31 December 2022G, to nothing as of 31 December 2023G.

5.7.1.19 End-of-service gratuity provision

Table 72: End-of-service gratuity provision as of 31 December 2022G and 2023G

Item (SAR '000)	31 December 2022G (Revised)	31 December 2023G (Audited)	Annual change 2022G-2023G
Balance at the beginning of the year	5,787	5,172	(10.6%)
Cost of current service	921	865	(6.1%)
Cost of interest	164	246	50.0%
Charged to the income statement	**1,085**	**1,111**	**2.4%**
Charged to the other comprehensive income statement	(1,174)	(473)	(59.7%)
Paid end-of-service gratuity	(526)	(582)	10.6%
Closing balance	**5,172**	**5,228**	**1.1%**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

Accruals are made according to the actuarial valuation under the projected unit credit method, while due obligations are paid when they become due. The amount is recognized in the statement of financial position and the movement in liabilities during the financial period based on their present value.

End-of-service compensation remained relatively stable, with an average of 5.2 million Saudi riyals as of 31 December 2022G, and as of 31 December 2023G. The slight increase is attributed to the decrease in the amount charged to the statement of other comprehensive income.

5.7.1.20 Zakat and income tax

Table 73: Zakat and income tax as of 31 December 2022G and 2023G

Item (SAR '000)	31 December 2022G (Revised)	31 December 2023G (Audited)	Annual change 2022G-2023G
Balance at the beginning of the year	13,250	14,696	10.9%
Provision during the year	1,446	462	(68.0%)
Paid during the year	-	(240)	N.A
Balance at the end of the year	**14,696**	**14,918**	**1.5%**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

The Company has submitted its zakat and tax returns up to the year ended 31 December 2022G, and zakat assessments have been finalized and settled up to 2014. ZATCA raised assessments for the years 2015G to 2018G, with additional zakat of 9.49 million Saudi riyals. The Company appealed to the Tax Violations and Dispute Resolution Committee against the zakat assessment, and the committee issued a decision to reduce the zakat liability by 86 thousand Saudi riyals. However, both the Company and ZATCA escalated the case to the Tax Violations and Disputes Appeal Committee. In November 2023G, the Appeal Committee issued its decision upholding its ruling. ZATCA issued amended assessments based on the Appeal Committee's decision with an additional zakat liability of 9.1 million Saudi riyals. The Company is in the process of requesting ZATCA to settle the due zakat liability through an installment plan. As for the zakat and tax returns for the years 2019G to 2022G, they are currently under review by ZATCA.

The provision for zakat and income tax increased by 1.5% from 14.7 million Saudi riyals on 31 December 2022G, to 14.9 million Saudi riyals on 31 December 2023G, due to the provision during the year, partially offset by payments.

Equity

Table 74: Equity as of 31 December 2022G and 2023G

Item (SAR '000)	31 December 2022G (Revised)	31 December 2023G (Audited)	Annual change 2022G-2023G
Capital	230,000	230,000	0.0%
Accumulated losses	(62,045)	(41,823)	(32.6%)
Total Equity	170,062	190,757	12.1%
Insurance-related end-of-service gratuity remeasurement reserve	2,107	2,580	22.4%
Total equity	**170,076**	**190,757**	**12.2%**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

Based on Capital Section as of 31 December 2021 and 2022G, and on 26 Jumada Al-Awwal 1445H (corresponding to 10 December 2023G), the Board of Directors recommended increasing the Company's capital through issuing priority rights with a total value of 150 million Saudi riyals through offering priority rights shares to reach 380 million Saudi riyals. The Company announced that on 15 Jumada Al-Thani 1445H (corresponding to 28 December 2023G), the financial advisor "Financial Brokerage (Wasatah Capital)" was appointed to manage the subscription to the initial share rights issue.

5.7.1.21 Accumulated losses

Accumulated losses decreased by 32.6% from 62.0 million Saudi riyals on 31 December 2022G, to 41.8 million Saudi riyals as of 31 December 2023G, due to recording a net income after zakat of 20.2 million Saudi riyals in FY 2023G.

Accumulated losses as a percentage of capital decreased from 27.0% on 31 December 2022G, to 18.2% as of 31 December 2023G.

5.7.2 Cash Flow Statement

Table 75: Cash flow statement for FYs ended 31 December 2022G and 2023G

Item (SAR '000)	FY 2022G (Revised)	FY 2023G (Audited)	Annual change 2022G-2023G
Cash flow from operating activities:			
Net income / (loss) attributable to shareholders before zakat and income tax	(4,909)	20,684	(521.3%)
Adjustments for non-cash items:			
Depreciation of property and equipment	760	702	(7.6%)
Amortization of intangible assets	349	473	35.5%
Amortization of right-of-use assets	1,112	774	(30.4%)
Reversal of lease liabilities	(2,250)	-	(100.0%)
Financing costs for lease liabilities	28	24	(14.3%)
Provision for / reversal of the decrease in credit risk of financial assets	782	(745)	(205.0%)

Item (SAR '000)	FY 2022G (Revised)	FY 2023G (Audited)	Annual change 2022G-2023G
Realized gains from investments	(2)	-	(100.0%)
Unrealized gains from investments	(129)	(421)	226.4%
End-of-service gratuity provision	1,085	1,111	2.4%
Changes in operating assets and liabilities:			
Prepaid expenses and other assets	(13,835)	(2,822)	(79.6%)
Accrued expenses and other liabilities	1,366	(2,315)	(269.5%)
Insurance contract liabilities	(35,575)	(35,734)	0.4%
Cash used in operating activities	**(51,218)**	**(18,269)**	**(64.3%)**
Paid end-of-service gratuity	(526)	(582)	10.6%
Paid Zakat	-	(240)	N.A
Net cash used in operating activities	**(51,744)**	**(19,091)**	**(63.1%)**
Cash flows from investing activities:			
Proceeds from sale of investments	666	-	(100.0%)
Deposit of short-term Murabaha deposits	(135,353)	(248,345)	83.5%
Proceeds from maturity / short-term Murabaha deposits	77,908	135,353	73.7%
Increase in the statutory deposit	(12,000)	-	(100.0%)
Purchase of intangible assets	(244)	(471)	93.0%
Purchase of property and equipment	(704)	(33)	(95.3%)
Net cash used in investment activities	**(69,727)**	**(113,496)**	**62.8%**
Cash flows from financing activities:			
Issuance of additional shares	130,000	-	(100.0%)
Cost of capital movement transactions	(9,704)	-	(100.0%)
Payments for financing lease	(800)	(800)	0.0%
Net cash (used in) / generated from financing activities	**119,496**	**(800)**	**(100.7%)**
Net change in cash and cash equivalents	(1,975)	(133,387)	6653.8%
Cash and cash equivalents at the beginning of the year	158,696	156,721	(1.2%)
Cash and cash equivalents at the end of the year	**156,721**	**23,334**	**(85.1%)**

Source: audited financial statements for FYs ended 31 December 2022G and 2023G

Net cash used in operating activities

Net cash used in operating activities decreased from 51.7 million Saudi riyals in FY 2022 to 19.1 million Saudi riyals in FY 2023G, mainly due to:

The increase in net income before zakat from a net loss of 4.9 million Saudi riyals in FY 2022 to a net income of 20.7 million Saudi riyals in FY 2023G, in addition to a decrease in the change in prepaid expenses and other assets by 11.0 million Saudi riyals.

Net cash used in investing activities

Net cash used in investing activities increased from 69.7 million Saudi riyals in FY 2022 to 113.5 million Saudi riyals in FY 2023G, mainly due to the increase in net deposit of short-term Murabaha deposits, which led to a use of 113.0 million Saudi riyals. It is worth noting that the Company shifted its focus from Murabaha deposits due within 3 months from the date of acquisition to Murabaha deposits with a specific Eligibility Date of more than three months and less than a year. This shift led to an increase in cash used in investment and a decrease in the cash balance at the end of the year.

Net cash (used in) / generated from financing activities

Net cash generated / (used) from financing activities decreased from inflows of 119.5 million Saudi riyals in FY 2022 to a use of 800 thousand Saudi riyals in FY 2023G, mainly driven by the capital increase through rights issue by 130 million Saudi riyals in FY 2022G.

Statement of solvency

Table 76: Solvency as of 31 December 2022G and 2023G:

Item (SAR '000)	31 December 2022G	31 December 2023G	Annual change 2022G-2023G
Accepted assets-policyholders	104,330	126,647	21.4%
Accepted assets-shareholders	311,944	304,687	(2.3%)
Other accepted assets	122,766	91,650	(25.3%)
Total assets	**539,040**	**522,984**	**(3.0%)**
Liabilities of policyholders	241,809	219,089	(9.4%)
Liabilities of shareholders	142,474	111,026	(22.1%)
Total liabilities	**384,283**	**330,115**	**(14.1%)**
Total net accepted assets	154,757	192,869	24.6%
Total required margin	40,900	40,004	(2.2%)
Minimum capital requirements	100,000	100,000	0.0%
Increase / (decrease) in net allowable assets over the minimum required margin	**54,757**	**92,869**	**69.6%**

Source: Management information

The increase in net allowable assets above the minimum required margin rose from 54.8 million Saudi riyals as of 31 December 2022G, to 92.9 million Saudi riyals as of 31 December 2023G. This is mainly due to the decrease in total liabilities being greater than the decrease in total assets during FY 2023G.

6. Use of Offering Proceeds and Future Projects

6.1 Net Proceeds of the Offering

The total proceeds from the rights issue offering are estimated at one hundred and fifty million (150,000,000) Saudi Riyals, of which thirteen million (13,000,000) Saudi Riyals will be paid to cover offering expenses, including fees of the Financial Advisor, Lead Manager, Legal Advisor, Auditor, in addition to underwriting, marketing, printing, distribution expenses and other subscription-related expenses.

The Cooperative Insurance Companies Control Law was issued by Royal Decree No. (M/32) dated 2/6/1424H (corresponding to 31/7/2003G) and amended by Royal Decree No. (M/30) dated 27/5/1434H (corresponding to 8/4/2013G), and amended by Royal Decree No. (M/12) dated 23/1/1443H (corresponding to 1/9/2021G). Paragraph (5) of Article Three stipulated that "The capital of an insurance company or reinsurance company may not be amended except with SAMA's approval, and in accordance with the provisions of the Cooperative Insurance Companies Control Law, which set the minimum paid-up capital for an insurance company or reinsurance company at no less than three hundred (300) million Saudi Riyals. Accordingly, the Company's Board of Directors recommended under its resolution dated 26/05/1445H (corresponding to 10/12/2023G) to increase the Company's capital through a Rights Issue by one hundred and fifty million (150,000,000) Saudi Riyals, by issuing fifteen million (15,000,000) ordinary shares at an offer price of ten (10) Saudi Riyals per share, after obtaining all necessary regulatory approvals. The Company has obtained the approval of the Insurance Authority to increase its capital according to letter number (126-24) dated 09/09/1445H (corresponding to 19/03/2024G).

The net proceeds of the offering will amount to one hundred and thirty-seven million (137,000,000) Saudi Riyals, which will be used to support the Company's future plans and enhance its solvency margin, in compliance with the minimum capital requirement for insurance companies.

The company will disclose to the public on Tadawul website before the opening of the trading session, if there is a difference of 5% or more between the actual uses of the offering proceeds compared to what was disclosed in this Prospectus as soon as it becomes aware thereof, in accordance with paragraph (f) of Article Seventy-two (72) of the Rules on the Offer of Securities and Continuing Obligations, which states that (The issuer must disclose to the public, when there is a deviation of 5% or more between the actual use of the proceeds of issuing rights issue shares or issuing shares with suspension of preemptive rights compared to what was disclosed in the relevant prospectus as soon as it becomes aware thereof).

6.2 Use of Offering Proceeds and Future Projects

All insurance companies operating in the Kingdom conduct their activities in accordance with the Insurance Companies Control Law and its implementing regulations and subsequent amendments issued by the Insurance Authority from time to time.

The net proceeds of the offering will be used in general to support the company's future plans and enhance the solvency margin; to meet the solvency margin requirements imposed by the Insurance Authority, and this will be done by using the offering proceeds as follows:

6.2.1 Increasing Investments

The company has an approved investment policy for managing investments in accordance with the implementing regulations of the Cooperative Insurance Companies Control Law issued by SAMA. The company submits reports and recommendations to the Investment Committee, which in turn studies, analyzes, and issues appropriate investment decisions. The Saudi French investment advisor "Capital" is also used according to the investment management agreement signed with the Company.

The Company intends to allocate an amount of one hundred and fourteen million five hundred thousand (114,500,000) Saudi Riyals from the net proceeds of the offering for investment in both:

- Low-risk bonds and sukuk worth ninety million (90,000,000) Saudi Riyals.
- Bank deposits worth fourteen million (14,000,000) Saudi Riyals.
- Investment funds in money markets and stock markets worth ten million five hundred thousand (10,500,000) Saudi Riyals.

All investments will be managed through local and Gulf banks, and the Company intends to make the investments immediately after completing the capital increase process.

The executive regulations of the Cooperative Insurance Companies Control Law - Article Sixty-One - issued by SAMA stipulate the following:

- When formulating its investment policy, the Company must ensure that the maturity period for the invested assets aligns with the Company's obligations according to the issued policies. The Company must submit to SAMA (currently the Insurance Authority) an investment program including asset distribution. If the Authority does not approve the program, the Company must adhere to the instruments and percentages stated in Table (1) of the executive regulations. Investments outside the Kingdom must not exceed twenty percent (20%) of total investments, while adhering to paragraph (2) of Article Fifty-Nine, which stipulates that investments in Saudi Riyals must constitute fifty percent (50%) of the total assets available for investment. If the Company wishes to reduce this percentage, it must obtain prior written approval from SAMA.
- The Company must consider investment concentration risks, ensuring that the concentration percentage does not exceed fifty percent (50%) for each investment instrument in Table No. (1) of the executive regulations.

The executive regulations of the Cooperative Insurance Companies Control Law - Article Sixty-Two - issued by SAMA stipulate the following:

The Company may not use financial instruments such as financial derivatives and off-balance sheet items without obtaining prior written approval from SAMA (currently the Insurance Authority). The Company may also not use these instruments for purposes other than managing the investment portfolio. The following must be taken into consideration:

- The Company must be listed on a major financial market, readily liquidatable in a short time, based on assets listed in the asset valuation table, and have a clear and known pricing method.
- The Company must have sufficient provisions and assets to meet any obligations arising or potential from investing in these instruments.
- The counterparty in the transaction should have acceptable solvency and reputation.

6.2.2 Increasing the statutory deposit

The executive regulations of the Cooperative Insurance Companies Control Law - Article Fifty-Eight - issued by SAMA, stipulate 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) dated 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 thirty-four million five hundred thousand (34,500,000) Saudi riyals, and the Company will allocate an amount of twenty-two million five hundred thousand (22,500,000) Saudi riyals, bringing the total statutory deposit to fifty-seven million (57,000,000) Saudi riyals, after increasing the capital from two hundred and thirty million (230,000,000) Saudi riyals to three hundred and eighty million (380,000,000) Saudi riyals.

Table 77: Expected use of the offering proceeds

Item	Suggested Usage Value (in SAR)	Percentage of Total Offering Proceeds
Bonds and Sukuk	90,000,000	60.0%
Statutory deposit (15% of the paid-in capital increase)	22,500,000	15.0%
Bank deposits	14,000,000	9.3%
Investment funds	10,500,000	7.0%
Estimated offering expenses	13,000,000	8.7%
Total offering proceeds	**150,000,000**	**100%**

The shareholders shall not receive any of the offering proceeds.

7. Expert Statements

Written approval has been obtained from the Financial Advisor, Legal Advisor, Underwriter and the Company's Lead Manager, whose names appear on pages (vi and vii), to include their names, logos and statements with the formula provided in this Prospectus. The written approval of the Company's auditors was also obtained to include their names and logos with the formula provided 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. Board of Directors' Declarations

As of the date of this Prospectus, the members of the Board of Directors declare the following:

- Except as stated in Section (3) "**Company Overview and Nature of Business**", Sub-section (3.11) "**Business Interruption**" of this Prospectus, there has been no interruption in the issuer's business that could affect or have had a significant impact on the financial position during the last (12) months.
- No commissions, discounts, brokerage fees, or any non-cash compensation were granted by the issuer during the three years immediately preceding the date of submitting the application for registration and offering of securities in connection with the issue or offering of any securities.
- Except as stated in Section (3) "**Company Overview and Nature of Business**", Sub-section (3.11) "**Business Interruption**" of this Prospectus, and except as stated in Section (2) "**Risk Factors**", Sub-section (2.1.1) "**Risks Related to the Decrease in Solvency Margin**" of this Prospectus, there has been no material adverse change in the Issuer's financial and commercial position during the three years immediately preceding the date of submitting the application for registration and offering of securities subject to this Prospectus, in addition to the period covered by the auditor's report until the approval of the Prospectus.
- Except as stated on page "iv" of this Prospectus, and except as stated in Section (9) "**Legal Information**", Sub-section (9.5.1) "**Contracts and Transactions with Related Parties**" of this Prospectus, the members of the Board of Directors or any of their relatives do not have any shares or interest of any kind in the Issuer.
- The Company has not maintained treasury shares, and the Company's EGM has not approved the purchase of the Company's shares.

9. Legal Information

9.1 Company's information

9.1.1 Company's name

The Company is registered in the Commercial Register of Joint Stock Companies in Jeddah under the commercial name "Saudi Enaya Cooperative Insurance Co.".

9.1.2 Company Overview

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. (M/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 SAMA's permit No. (TMN/20128/32) issued on 19/09/1433H (corresponding to 07/08/2012G). SAMA's license was renewed on 27/09/1442H (corresponding to 09/05/2021G) for a period of three years, starting from 25/10/1442H (corresponding to 06/06/2021G) and expiring on 24/10/1445H (corresponding to 03/05/2024G). Subsequently, the license was renewed by the Insurance Authority, with the new license effective from 18/09/1445H (corresponding to 28/03/2024G) for a three-year period starting from 25/10/1445H (corresponding to 04/05/2024G) and expiring on 24/10/1448H (corresponding to 01/04/2027G). Pursuant to approval of the Council of Cooperative Health Insurance on the renewal on 12/12/1442H (corresponding to 02/07/2021G) for three years, which expires 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 two hundred and thirty million (230,000,000) Saudi riyals divided into twenty-three million (23,000,000) nominal shares of equal value, with a nominal value of ten (10) Saudi riyals per share, all of which are ordinary cash shares.

9.1.3 Key Changes in the Capital

1. The Company was established as a Saudi joint stock company pursuant to Royal Decree No. (M/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 SAMA approval to reduce the Company's capital under letter No. (371000100389) issued on 14/09/1437H (corresponding to 19/06/2016G) and 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 SAMA approval to reduce the Company's capital under letter No. (41/1093) issued on 29/08/1439H (corresponding to 15/05/2018G) and CMA's approval to reduce the Company's capital on 02/09/1439H (corresponding to 17/05/2018G), and EGM 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 EGM 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 EGM 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 EGM agreed to reduce the Company's capital from one hundred and fifty million (150,000,000) Saudi riyals to one hundred million (100,000,000) Saudi riyals, as on 04/02/1444H (corresponding to 31/08/2022G) the Company obtained SAMA's letter containing its approval to reduce the Company's capital by fifty million (50,000,000) Saudi riyals.
7. On 12/04/1444H corresponding to (06/11/2022G), the EGM 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 subscription 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, i.e. an increase of 130% in the Company's current capital. As on 11/03/1444H (corresponding to 07/10/2022G), the Company obtained SAMA's letter containing its approval to increase the Company's capital by (130,000,000) Saudi riyals.

9.1.4 Company's Purposes

According to Article (3) of the Company's bylaws, the Company may engage in 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 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) "Governmental approvals, licenses, and certificates" 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 ninety-nine (99) Gregorian years, commencing from the date of commercial registration. The Company's duration may be thereafter extended by its EGM resolution at least one year prior to the end of the current duration. According to the Commercial Registration, the Company's current duration shall end on 27/03/1445H (corresponding to 12/10/2023G).

9.2 Board of directors

9.2.1 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 OGM 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 independent Board members may not be less than two members or one third of the board members, whichever is more. Notwithstanding, the Constituent Assembly 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 09/07/1445H (corresponding to 21/01/2024G) the shareholders' OGM elected the Board of Directors members for the current session, which began on 22/01/2024G and ends on 07/01/2027G. The Board of Directors for the said session was formed by the members whose names are shown in the following table:

Table 78: Board of Directors' Declarations

Board members					
Name	Position	Membership status		Nationality	Age
Khalid Abid Gama*	Chairman of Board of Directors	For himself	Independent	Saudi	54
Mohammed Abdullah Al Dar*	Vice Chairman	For himself	Independent	Saudi	49
Abdulrahman Khalil Tolefat	Member	For himself	Independent	Bahraini	49
Khaled Ateeq Aldhaheri	Member	For National Health Insurance Company	Independent	Emirati	46
Sultan Mohammed Abdulrauf*	Member	For himself	Executive	Saudi	56
Paul Glen Schultz	Member	For himself	Independent	British	56

Board members					
Name	Position	Membership status		Nationality	Age
Gunther Saacke	Member	For himself	Independent	Swiss	67
Ibrahim Mohamed AlBalushi	Member	For himself	Independent	Saudi	54

Source: The Company

- The following members were appointed according to the Board of Directors meeting on 13/07/1445H (corresponding to 25/01/2024G) to the following positions in accordance with Article Forty-Six (46) of the Insurance Companies Governance Regulations:
  - Mr. Khalid Abid Gama as Board Chairman.
  - Dr. Mohammed Al Dar as Vice Chairman.
  - Mr. Sultan Abdulrauf as CEO - Managing Director.

The Company complies with the Companies Law, Governance Regulations issued by CMA and Insurance Companies Governance Regulations issued by SAMA, as the Company's articles of association stipulate that the number of board members shall be eight members elected by OGM for a period not exceeding three years. The Corporate Governance Regulation also shows the Company's compliance with 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 board members (whichever is more), and therefore the Company shall comply with Clause (54) of the Insurance Companies Governance Regulations. Currently, there are four independent members in the Company's board of directors out of eight members.

9.2.2 Chairman, Vice Chairman, and Board Secretary

The Company complies with its Articles of Association, Governance Regulations issued by CMA and Insurance Companies Governance Regulations issued by SAMA in terms of mandatory appointment to these positions, as the Company's Board of Directors approved on 13/07/1445H (corresponding to 25/01/2024G) the appointment of the following:

Table 79: Chairman, Vice Chairman, and Board Secretary

Name of appointed person	Position
Khalid Abid Gama as	Chairman of Board of Directors
Mohammed Al Dar	Vice Chairman
Ahmed Samman	Secretary of Board of Directors

On 25/03/2024G, the Company obtained the Insurance Authority's non-objection on the appointment of Chairman of the Board of Directors and Vice Chairman.

According to the Company's Bylaws, the Board of Directors shall have the broadest powers in managing the Company in a manner that achieves its purposes. Within its competencies, the Board may delegate one or more of its members or others to undertake a specific work(s), provided that this does not conflict with the relevant laws and regulations.

Article (20) of the Company's Bylaws also stipulates that the Board of Directors shall appoint a Chairman and a Vice Chairman from among its members. It appoints a CEO, and it may appoint a managing director. No one shall combine the Chairman position with any other executive position in the Company. The chairman shall be entitled to sign on behalf of the Company and implement the board of directors' resolutions. The Chairman shall represent the Company before the judiciary, arbitration bodies, and others. The Chairman may, by a written resolution, delegate some of his powers to otherboard members 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. 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 term of the chairman, his deputy, the managing director and the secretary shall not exceed their term of board membership. They may be re-elected, and the board may dismiss them or any of them at any time without prejudice to the right of those dismissed to compensation if the dismissal occurred for an illegitimate reason or at an inappropriate time.

9.2.3 Board of Directors' Remuneration

1. The remuneration of the Board of Directors members shall be a specific amount, attendance allowance for the sessions, in-kind benefits, or a certain percentage of the net profits. 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. This is after deducting the reserves decided by the General Assembly in application of the provisions of the Cooperative Insurance Companies Control Law, the Companies Law, and the Company's Articles of Association, and after distributing a profit to shareholders of no less than 5% of the Company's paid-up capital. The entitlement to this remuneration shall be proportional to the number of sessions attended by the member, and any determination to the contrary shall be null and void.
3. In all cases, the sum of the remunerations and financial or in-kind benefits that a Board of Directors' member receives may not exceed five hundred thousand Saudi riyals annually (excluding members of the Audit Committee), in accordance with the controls set by CMA.
4. The report submitted by the Board of Directors to OGM shall include a comprehensive statement of all that the board members received during the financial year in terms of remuneration, expense allowances, and other benefits. It shall also include a statement of what the board members received in their capacity as employees or executives, or what they received in return for technical, administrative, or consultancy work. Additionally, it shall include a statement of the number of board sessions and the number of sessions attended by each member from the date of the last General Assembly meeting.

9.2.4 Board of Directors Meetings

According to Article (21) of the Company's Articles of Association, the Board shall meet at the Company's headquarters upon invitation from its Chairman. The Chairman of the Board must call for a meeting when requested by two of the members. The invitation shall be documented in the manner the Board deems appropriate. Board meetings are held periodically and whenever needed, provided that the number of annual Board meetings is not less than four (4) meetings, with at least one meeting every three months.

9.2.5 Board Committees

The Board of Directors has five (5) sub-committees, which are as follows:

Audit Committee

The Board of Directors approved the formation of the Audit Committee on 13/07/1445H (corresponding to 25/01/2024G) for the fifth term. On 22/05/2024G, the Company obtained the Insurance Authority's non-objection on the appointment of the committee members mentioned above.

Table 80: Audit Committee Members

Name	Position
Ibrahim AlBalushi	Chairman
Kenana Al Sharif	Member
Ali Azhari	Member

Source: The Company

The Audit Committee charter was approved by OGM held on 18/10/1442H (corresponding to 30/05/2021G). The Audit Committee held six (6) meetings during the year 2023G, in compliance with Article Fifty-Three (53) of the Audit Committees Regulation in Insurance and/or Reinsurance Companies, which stipulates that the Audit Committee must hold six (6) meetings per year.

Nomination and Remuneration Committee

The Nominations and Remunerations Committee consists of three (3) members, and the members of the Nominations and Remunerations Committee were appointed by the Board of Directors for the fifth term pursuant to the decision of the Company's Board of Directors in its meeting held on 13/07/1445H (corresponding to 25/01/2024G). On 25/03/2024G, the Company obtained the Insurance Authority's non-objection on the appointment of the following members:

Table 81: Nomination and Remuneration Committee Members

Name	Position
Ibrahim AlBalushi	Chairman
Khalid Gama	Member
Mohammed Al Dar	Member

Source: The Company

The committee held three (3) meetings during the FY ending on 31 December 2023G.

Risk Management Committee

The Risk Management Committee is composed of three (3) members, and the members of the Risk Management Committee were appointed by the Board of Directors for the fifth term pursuant to the decision of the Company's Board of Directors in its meeting held on 13/07/1445H (corresponding to 25/01/2024G). On 25/03/2024G, the Company obtained the Insurance Authority's non-objection on the appointment of the following members:

Table 82: Risk Management Committee Members

Name	Position
Gunther Saacke	Chairman
Paul Schultz	Member
Kenana Al Sharif	Member

Source: The Company

The committee held two (2) meetings during the FY ending on 31 December 2023G.

Executive Committee

The Executive Committee consists of five (5) members, and the members of the Executive Committee were appointed by the Board of Directors for the fifth term pursuant to the decision of the Company's Board of Directors in its meeting held on 13/07/1445H (corresponding to 25/01/2024G). On 25/03/2024G, the Company obtained the Insurance Authority's non-objection on the appointment of the following members:

Table 83: Executive Management Members

Name	Position
Mohammed Al Dar	Chairman
Khalid Gama	Member
Gunther Saacke	Member
Khaled Aldhaheri	Member
Sultan Abdulrauf	Member

Source: The Company

The committee held six (6) meetings during the FY ending on 31 December 2023G.

Investment Committee

The Investment Committee consists of three (3) members, and the members of the Investment Committee were appointed by the Board of Directors for the fifth term pursuant to the decision of the Company's Board of Directors in its meeting held on 13/07/1445H (corresponding to 25/01/2024G). On 25/03/2024G, the Company obtained the Insurance Authority's non-objection on the appointment of the following members:

Table 84: Investment Committee Members

Name	Position
Abdulrahman Tolefat	Chairman
Paul Schultz	Member
Sultan Abdulrauf	Member

Source: The Company

The committee held two (2) meetings during the FY ending on 31 December 2023G.

9.2.6 Executive Management

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

Table 85: Executive Management

Name	Position	Nationality	Age	Date of appointment
Sultan Abdulrauf	CEO and Managing Director	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	Master's degree in Business Administration, Financial Accounting and Accounting Management / Bachelor of Business Administration	Saudi	01/09/2022G
Abdullah Amoudi	Human Resources Manager	Bachelor of human resources, FCCA	Saudi	11/02/2024G
Ryan El Nozha	Cyber Security Manager	PhD in Business Administration	Saudi	27/07/2022G
Rabie Rashwan	Customer Care Manager	General Secondary School	Saudi	01/06/2012G
Sami Al Maliki	Commercial Manager	Bachelor of Communications	Saudi	05/05/2020G
Thomas Rain	Assigned Lead Manager	Master of Business Administration	German	05/07/2020G
Khalid Alharbi	Information Technology Manager	Master of Business Administration	Saudi	11/09/2022G

Source: The Company

9.3 Governmental approvals, licenses, and certificates

9.3.1 Table of Approvals and Licenses

The Company has obtained several statutory and operational licenses and certificates from competent authorities. These licenses and certificates are renewed periodically, and those that have expired are in the process of renewal according to standard procedures. The Board members affirm that the company has obtained all necessary licenses and approvals to conduct and continue its business and operations, and those that have expired are in the process of renewal. They are not aware of anything that would prevent the renewal of any expired licenses. The following tables illustrate the current licenses and certificates obtained by the company:

Table 86: Licenses and approvals obtained by the Company

Type of license	Purpose	License/certificate No.	Date of issue	Expiry date	Issuing authority
CR	Company CR no.	4030223528	27/03/1433H (corresponding to 19/02/2012G)	27/03/1446H (corresponding to 30/09/2024G)	Ministry of Commerce
Chamber of Commerce and Industry membership certificate	Company's compliance with the Commercial Register Law, which requires the Company to subscribe to the Chamber of Commerce and Industry	4030223528	27/03/1433H corresponding to (19/02/2012G)	27/03/1446H corresponding to (30/09/2024G)	Jeddah Chamber
Service investment license	Insurance activity practice	112031031036630-01	30/02/1431H corresponding to (14/02/2010G)	13/02/1446H corresponding to (19/08/2024G)	Ministry of Investment
Insurance activity practice permit	Practicing insurance activity in the following branches: Health insurance	TMN/20128/32	19/09/1433H corresponding to (07/08/2012G)	24/10/1448H corresponding to (01/04/2027G)	Insurance Authority
Cooperative Health Insurance Council	Qualification license to practice cooperative health insurance business	132	04/01/1445H (corresponding to 22/07/2023G)	15/01/1446H (corresponding to 21/07/2024G)	Cooperative Health Insurance Council
Zakat and Income certificate	To certify that the Company has submitted its declaration for the period ending on 31/12/2020G	3006469776	08/10/1444H (corresponding to 28/04/2023G)	21/10/1445H (corresponding to 30/04/2024G)	Zakat, Tax and Customs Authority
Social insurance certificate	Company's compliance with GOSI laws	62968873	01/09/1445H (corresponding to 11/03/2024G)	30/09/1445H (corresponding to 09/04/2024G)	GOSI
Saudization Certificate	To certify that the Company is committed to the required Saudization percentage according to the Nitaqat program	96356179-141371	18/07/1445H (corresponding to 30/01/2024G)	18/11/1445H (corresponding to 26/05/2024G)	HRSD

Source: The Company

9.3.2 Continuing Obligations Imposed by Governmental Authorities on the Company

The regulatory authorities below require the Company to comply with some essential requirements as follows:

9.3.2.1 Continuing Obligations as per the Requirements of the Insurance Authority:

Article (76) of the Executive Regulations of the Insurance Companies Control Law states that the Insurance Authority (formerly SAMA) has the right to withdraw the Company's license in the following cases:

- If the Company does not practice the licensed activity within six months from the date of issuing the license.
- If the Company does not fulfill the requirements of the Cooperative Insurance Companies Control Law or its executive regulations.
- If SAMA finds that the applicant has intentionally provided it with incorrect information or data.
- If SAMA 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.
- If the Company goes bankrupt or the self-employed person becomes bankrupt, making them unable to fulfill their obligations.
- If the Company or the self-employed person practices the activity in a manner involving fraud or deception.
- If the capital falls below the prescribed minimum, or if the Company does not meet the solvency requirements stipulated in the Executive Regulations.
- If the insurance activity decreases to a level that SAMA deems its performance ineffective.
- If the Company unjustifiably refuses to pay the claims owed to the beneficiaries.
- If the Company or the self-employed person prevents the inspection team assigned by SAMA from performing its task in examining the records.
- If the Company or the self-employed person refuses to implement a final judgment issued against it in any of the insurance disputes.

9.3.2.2 Continuing Obligations as per the Requirements of the Ministry of Commerce:

1. The Company complies with the Commercial Register Law in terms of registration with the Commercial Registry Department in Jeddah, where the headquarters is located, under Certificate No. (4030223528), issued on 27/03/1433H (corresponding to 19/02/2012G).
2. The Company also complies with the Companies Law in terms of adopting the Company's Articles of Association after obtaining prior approval from the Ministry of Commerce on the draft Articles of Association and the approval of the shareholders in the EGM. The Articles of Association were approved by the Corporate Governance Department at the Ministry of Commerce on 11/05/1444H (corresponding to 05/12/2022G). The Company also complies with requirements of CMA and Saudi Stock Exchange (Tadawul) in terms of uploading a copy of the Articles of Association on the Company's page on Tadawul website.
3. The Company also complies with the Commercial Register Law in terms of obtaining a membership certificate in the Chamber of Commerce under the certificate issued by the "Jeddah Chamber" No. (7001703672) dated 27/03/1433H (corresponding to 19/02/2012G). It expires on 27/03/1446H (corresponding to 30/09/2024G).
4. The Company is also committed to completing the procedures for establishing its branches and complies with the Commercial Register Law in terms of registration with the Commercial Registry Department and obtaining a membership certificate in the Chamber of Commerce and Industry for each branch (for more information, please see subsection (9.4) "**Company Branches**" of section (9) "**Legal Information**" in this Prospectus).

9.3.2.3 Continuing Obligations as per the Requirements of the Ministry of Investment

Due to the ownership of some foreign founding shareholders (non-Saudis and non-GCC citizens) in the Company's capital, the Company has obtained an investment service license No. (112031036630-01) issued by the Ministry of Investment on 30/02/1431H (corresponding to 14/02/2010G) and valid until 13/02/1446H (corresponding to 19/08/2024G).

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 Ministry, (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), (4) the Company shall not suspend practicing the investment activity during the validity of the license period, except in cases of force majeure that are accepted by the Ministry, with the submission of a schedule showing the date of returning to practice the activity within five days from the date of the force majeure occurrence, (5) not using the name or logo of an international or local commercial agency without a license, or using publications, seals, or advertising media with a commercial name different from the name licensed by the Ministry, (6) the product specifications and style shall conform to the approved GCC, Saudi or international specifications, (7) the Company shall notify the Ministry in writing of any amendment to the address, correspondence and contact data, or update of data.

All companies licensed by the Ministry of Investment must 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.

As of the date of this Prospectus, the Company is complying with the requirements of the Ministry and the terms and instructions of the license mentioned above.

9.3.2.4 Continuing Obligations as per the Requirements of the Zakat, Tax and Customs Authority

The Company is 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 has been registered as a "taxpayer" under the distinguished tax number (3006469776). The Company submitted its zakat return for FY ended on 07/06/1444H (corresponding to 31/12/2022G), and has been granted a certificate to complete all its transactions, including the disbursement of its final dues for contracts. The certificate is valid until 21/10/1445H (corresponding to 30/04/2024G).

9.3.2.5 Continuing Obligations as per HRSD Requirements

A file has been opened with HRSD under the unified number (96356179-141371) according to the Saudization certificate obtained from it. As of the date of publishing this Prospectus, the Company benefits from HRSD electronic services. The Company has been classified within the Platinum range according to Nitaqat classification.

9.4 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 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 SAMA approval shall be obtained before opening branches of insurance companies, SAMA requires insurance companies wishing to open branches to comply with 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 SAMA final approval to open one branch according to the following:

Table 87: Details of CR of the Company Branch

Type of license	Purpose	CR	Date of issue	Expiry date	Address
CR	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

Source: The Company

9.5 Summary of Material Contracts

9.5.1 Contracts and Transactions with Related Parties:

The Company, when concluding contracts and agreements with related parties in 2023G, complied with the commercial competitive principles to ensure the rights of shareholders. These contracts were voted on by the Company's General Assembly, which was held on 20/10/1444H (corresponding to 10/05/2023G), as detailed below:

Table 88: Contracts and Transactions with Board Members and Related Parties

Related party	Name	Nature of transaction	Value
Dana Khaled Al-Juffali	Khaled Ahmed Al-Juffali Company	A medical insurance contract for the Company's employees	(SAR 989,534. 99)
	Khaled Ahmed Al-Juffali Industrial Company	A medical insurance contract for the Company's employees	(SAR 299,900.05)
	Khaled Ahmed Al-Juffali Construction Limited Company	A medical insurance contract for the Company's employees	(SAR 134,357.99)
	GAB Corp Saudi Arabia Limited Company	A medical insurance contract for the Company's employees	(SAR 371,452.22)
	Khaled Ahmed Al-Juffali Energy and Utilities Limited Company	A medical insurance contract for the Company's employees	(SAR 13,775)
	Al-Dahna International Marketing Company	A medical insurance contract for the Company's employees	(SAR 57,005.74)
	Lonsdale & Associates Insurance Brokerage Company	A medical insurance contract for the Company's employees	(SAR 539,327.48)
	Khaled Ahmed Al-Juffali Company	A medical insurance contract for the Company's employees	(SAR 642,407.70)
	Khaled Ahmed Al-Juffali Construction Limited Company	A medical insurance contract for the Company's employees	(SAR 145,720.56)
	Lonsdale & Associates Insurance Brokerage Company	A medical insurance contract for the Company's employees	(SAR 30,201.30)
	Saudi Arabian Cyprus Company	A medical insurance contract for the Company's employees	(SAR 53,441.76)
	Saudi Business Machines Ltd (SBM Ltd)	supplying computer equipment, licenses, and other items	(SAR 54,75)
	Lonsdale & Associates Insurance Brokerage Company	A contract for providing insurance brokerage services	(SAR 289,565)
	Al-Juffali Group	Total paid medical claims	(SAR 971,754)

Source: The Company

9.5.2 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.

9.5.3 Lease Contracts

The Company does not own any real estates. As for the sites that the Company occupies to carry out its activities, the Company has concluded three (3) lease contracts, which are considered traditional lease contracts, which stipulate the amount of rent that the Company pays to the lessor annually.

A list of the Company's sites lease contracts and their most important details, is as follows:

Table 89: Current and Renewed Lease Contracts for Sites Occupied by the Company

Lessee	Lessor	Location	Type of property use	Lease duration and renewal mechanism	Annual rental value (SAR)
The Company	Abdullah bin Khalid bin Abdulaziz Al Saud	Jeddah	Commercial	The duration of this contract is (120) days, starting from 29/07/1445H (corresponding to 10/02/2024G) and ending on 03/12/1445H (corresponding to 09/06/2024G). If both parties wish to renew, a new contract shall be written and agreed upon by both parties.	(54,269)
The Company	Abdullah bin Khalid bin Abdulaziz Al Saud	Jeddah	Commercial	The contract duration is (730) days, starting from 11/11/1445H (corresponding to 10/06/2022G) and ending on 03/12/1445H (corresponding to 09/06/2024G). If parties wish to renew, a new contract shall be written and agreed upon by both parties.	(920.000)
The Company	Saad bin Saud bin Abdulaziz Al-Aqeel	Riyadh	Commercial	The contract duration is (1460) days, starting from 01/04/1445H (corresponding to 01/04/2024G) and ending on 05/11/1449H (corresponding to 31/03/2028G). If parties wish to renew, a new contract shall be written and agreed upon by both parties.	(693,600)

Source: The Company

9.6 Trademarks and Intellectual Property Rights

A trademark owned by the Company was registered with the Ministry of Commerce on 14/07/1435H according to certificate number (143413032). It is worth noting that the certificate expires on 20/10/1444H, which means that the trademark registration certificate has expired. However, it should be noted that the Company is in the process of renewing the certificate. The Company relies on its registered commercial name in its commercial register, which is reflected in its logo, to market its services and products. This supports its business and competitive position, and gives it a clear distinction in the market among customers.

Table 90: Details of the Company's Trademark

Trademark	Certificate No.	Owner Company	Date of registration	Start date of protection	End date of protection
عناية السعودية SAUDI ENAYA	143413032	Saudi Enaya Cooperative Insurance Company	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.

9.7 Disputes and Litigation

The Company has been and is still being exposed, in the course of conducting its business, to lawsuits and claims filed by some of its employees related to delayed wage payments. As of the date of preparing this Prospectus, there are three (3) labor lawsuits filed against the Company, with a total claim amount of (1,025,500) Saudi Riyals.

As of the date of preparing this Prospectus, there are (25) claims under consideration, all of which were filed by the Company, totaling (4,236,578.40) Saudi Riyals.

The Company also declares that it is not a party to, and is not aware of, any material lawsuits, claims, or arbitrations that could materially affect its business or financial condition.

9.8 Material information that has changed since the CMA's approval of the last Prospectus

1. **Capital:** On 09/09/1445H (corresponding to 19/03/2024G), the Company obtained approval from the Insurance Authority to increase its capital by one hundred and fifty million (150,000,000) Saudi Riyals, bringing the total capital after the increase to three hundred and eighty million (380,000,000) Saudi Riyals, through a rights issue.
2. **Board of Directors:** The Board of Directors was reconstituted, as on 09/07/1445H (corresponding to 21/01/2024G), OGM elected the members of the Board of Directors for the fifth term, which begins on 22/01/2024G and ends on 07/01/2027G.
3. **Company's Articles of Association:** The Company's Articles of Association were approved by the Corporate Governance Department at the Ministry of Commerce on 11/05/1444H (corresponding to 05/12/2022G).

9.9 Declarations Related to Legal Information

Members of the Board of Directors declare the following:

1. The Prospectus does not violate the relevant laws and regulations in the Kingdom of Saudi Arabia.
2. The Prospectus does not prejudice any of the contract agreements in which the Issuer is a party.
3. All material legal information related to the Issuer has been disclosed in the Prospectus.
4. Notwithstanding the provisions stated on page (123) of this Prospectus in the sub-paragraph ("9.7" **Disputes and Lawsuits**) of this section, 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.
5. The members of the Issuer'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.
6. Notwithstanding any other provisions disclosed in this Prospectus, the Company continues to comply with the requirements of the Insurance Authority until the date of this Prospectus, and they also undertake to continue to comply with them.
7. 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.
8. 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.
9. 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.
10. Notwithstanding any other provisions disclosed in this Prospectus, the Company continues to comply with HRSD requirements until the date of this Prospectus, and they also undertake to continue to comply with them.
11. Notwithstanding any other provisions disclosed in this Prospectus, the Company shall continue to comply with the requirements of the law, regulations and instructions of CMA and Tadawul until the date of this Prospectus, and they also undertake to continue to comply with them.
12. As at the date of this Prospectus, the Company does not have any subsidiaries.

10. Underwriting

The Company and the Lead Manager (Al-Wasatah Financial Company "Wasatah Capital") entered into an subscription agreement to cover the underwiting of fifteen million (15,000,000) ordinary shares, at a price of ten (10) Saudi Riyals per share, with a total value of one hundred and fifty million (150,000,000) Saudi Riyals, representing 100% of the rights issue shares offered for subscription ("Subscription Agreement").

10.1 Underwriter

Al Wasatah Al Maliah ("Wasatah Capital")
Riyadh, Public Al Olaya St., Al Muruj District
Building No. 7459, Ext. 2207
Postal Code: 12283
Kingdom of Saudi Arabia
Tel: +996 (11) 4944067
Fax: +966 (11) 4944205
Website: www.wasatah.com.sa
Email: info@wasatah.com.sa

10.2 Summary of the Subscription Agreement

According to the terms and conditions of the Subscription Agreement:

1. The Company undertakes to the underwriter that on the allocation date, it will issue and allocate to the underwriter all rights shares underwritten in this offering that were not subscribed for by eligible shareholders as additional shares at the offering price.
2. The underwriter undertakes to the Company that on the allocation date, it will purchase the underwritten shares in this offering that were not subscribed for by eligible shareholders as additional shares at the offering price.
3. The underwriter shall receive a specific financial consideration for its subscription commitment, which will be paid from the offering proceeds.
4. The underwriter's obligation to purchase all remaining shares is subject to provisions related to termination of the Agreement, such as the occurrence of any force majeure event as defined in the Agreement, or failure to meet certain conditions precedent related to the offering.
5. The Company will provide a number of guarantees, declarations and undertakings to the underwriter.

11. Exemptions

The Company did not obtain any exemptions from the CMA in connection with the offering.

12. Details on Shares and Offering Terms and Conditions

The Company has filed an application for the registration and offering of the new shares to the CMA and to Tadawul for listing the new shares. All the requirements were fulfilled in accordance with the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

All Eligible Shareholders and holders of acquired Rights must read the subscription terms and conditions carefully before electronic subscription, submission of the subscription application through a Broker, or filling out the Rump Offering application form. The submission of the Subscription Application or the signing and delivery of the Rump Offering Subscription application form constitutes acceptance of the mentioned terms and conditions.

12.1 Offering

Under this Prospectus, fifteen million (15,000,000) ordinary shares will be offered - by issuing rights issue shares - representing 65.22% of the Company's pre-increase capital, at an offering price of ten (10) Saudi Riyals per share with a nominal value of ten (10) Saudi Riyals, and a total offering value of one hundred and fifty million (150,000,000) Saudi Riyals. One share will be issued for every (0.652174) shares owned, in order to increase the Company's capital from two hundred and thirty million (230,000,000) Saudi Riyals to three hundred and eighty million (380,000,000) Saudi Riyals.

12.2 How to Apply for Subscription to the Rights (New Shares)

The Registered Shareholders and those wishing to subscribe to the Rights shall submit the subscription application during the Subscription Period through the investment portfolio on trading platforms through which sale and purchase orders are entered, in addition to the possibility of subscribing through any other means provided by the Broker and shares Custodian in the Kingdom during the Subscription Period. If there is a Rump Offering Period, subscription application forms can also be submitted during such a period by Institutional Investors for any Rump shares only.

By subscribing, the subscriber:

- Agrees to subscribe to the Company's shares in the number of such shares specified in the subscription application form.
- Declares that they have read the Prospectus and understood all of its contents.
- Accepts the Company's Bylaws and the terms mentioned in the Prospectus.
- Declares that it has not subscribed for the same shares under this offering and the Company has the right to reject all of their applications if it is proven that they submitted more than one application.
- Accepts the number of shares allocated thereto and all other subscription instructions and terms mentioned in the subscription application form and the Prospectus.
- Warrants not to cancel or amend the subscription application form after submitting it to the Broker.

Registered shareholders will be able to trade the rights issue deposited in their portfolios through Tadawul system. These rights are an acquired right for all registered shareholders in the Company's Shareholders Register with the Securities Depository Center at the end of the second trading day following the day of EGM for capital increase (Eligibility Date). Each right entitles its holder to subscribe for one new share at the Offering Price. The rights issue will be deposited no later than two business days after the EGM on capital increase. The rights will appear in the registered shareholders' portfolios under a new symbol for the rights issue, and the registered shareholders will be notified of the deposit of the rights in their portfolios.

12.3 Subscription Application

An eligible person who wishes to exercise their full rights and subscribe for all the rights issue shares they are entitled to, must subscribe through the investment portfolio in the trading platforms used to enter buy and sell orders, or through any other means provided by the broker and share custodian.

The number of shares an eligible person is entitled to subscribe for is calculated based on the number of rights they hold. The subscription amount that the subscriber must pay is calculated by multiplying the number of existing rights held before the end of the subscription period by SAR (10).

12.4 Trading, Subscription and Rump Offering Period

Eligible shareholders wishing to subscribe for the rights issue shares must submit subscription applications during the subscription period, which begins after (3) three business days from EGM approval of the capital increase, on •• •• ••/••/1446H (corresponding to ••/••/2024G), and ends on •• ••/••/1446H (corresponding to ••/••/2024G).

The EGM held on •• ••/••/1446H (corresponding to ••/••/2024G) approved the Board of Directors' recommendation to increase the Company's capital through a rights issue. According to this Prospectus, fifteen million (15,000,000) ordinary shares will be offered for subscription in the rights issue, representing approximately (65.22%) of the Company's pre-subscription capital at an Offer Price of ten (10) Saudi Riyals per share, with a nominal value of ten (10) Saudi Riyals per share, and a total Offering value of one hundred and fifty million (150,000,000) Saudi Riyals. The new shares will be issued at a ratio of one share for every right issue. The rights issue shares will be offered for subscription to registered shareholders in the Company's Shareholder Register at the end of the second trading day following the EGM on •• ••/••/1446H (corresponding to ••/••/2024G), and to eligible persons who purchased rights during the rights trading period, including registered shareholders who purchased additional rights in addition to the rights they originally owned.

If the eligible persons do not exercise their rights by the end of subscription period, the remaining unsubscribed shares will be offered to investment institutions during the Rump Offering period.

Registered shareholders will be able to trade the rights issue that were deposited in their portfolios through Tadawul. These rights are a vested right for all registered shareholders in the Company's records at the end of the second trading day following the EGM on capital increase. Each right entitles its holder to subscribe for one new share at the Offer Price. The rights will be deposited after the Assembly, and the rights will appear in the registered shareholders' portfolios under a new symbol for the rights issue, and the registered shareholders will be notified of the deposit of the rights in their portfolios.

The timeline and details for the rights issue process will be as follows:

1. Eligibility Date: End of trading on the day of EGM on •• ••/••/1446H (corresponding to ••/••/2024G).
2. Trading and Subscription Period: The trading and subscription period begins on •• ••/••/1446H (corresponding to ••/••/2024G), with the trading period ending on •• ••/••/1446H (corresponding to ••/••/2024G).The subscription period will continue until the end of •• ••/••/1446H (corresponding to ••/••/2024G). It should be noted that the trading hours for rights issue start from ten (10:00) AM until three (3:00) PM, while subscription hours for rights issue start from ten (10:00) AM until two (2:00) PM.
3. Rump Offering Period: Begins on •• ••/••/1446H (corresponding to ••/••/2024G) from 10:00 AM until 5:00 PM the following day on •• ••/••/1446H (corresponding to ••/••/2024G). During this period, the remaining unsubscribed shares will be offered to a number of institutional investors, who will submit purchase offers for the Rump shares. 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. For share fractions, they will be added to the Rump shares and treated similarly. The subscription price for the new shares unsubscribed during this period will be the minimum Offer Price, and if the price of the unsubscribed shares is higher than the Offer Price, the difference (if any) will be distributed as compensation to the holders of rights who did not subscribe for their rights and to the holders of share fractions, proportional to their respective shareholdings.
4. Final Share Allocation: Shares will be allocated to each investor based on the number of rights they have fully and correctly exercised. For eligible persons with share fractions, the share fractions will be combined and offered to investment institutions during the Rump Offering period. The total price of the remaining offer shares will be paid to the Company, and the remaining proceeds from the sale of the Rump shares and share fractions (exceeding the Offer Price) will be distributed to their respective beneficiaries without calculating any fees or deductions, no later than •• ••/••/1446H (corresponding to ••/••/2024G).
5. Trading of New Shares: Trading of the new subscribed shares on Tadawul will commence after completing all procedures related to registering and allocating the offered shares, with the period between the end of subscription for the rights issue and the deposit of shares in the shareholders' portfolios being 9 working days.

The Company has submitted a request to CMA to register and offer the new shares, and has also submitted a request to Tadawul for their listing.

12.5 Eligible persons not subscribing for New Shares

Registered shareholders who do not participate fully or partially in the subscription for the new shares will be subject to a decrease in their ownership percentage in the Company, in addition to a decrease in the value of the shares they currently own. Meanwhile, registered shareholders who did not exercise their rights to subscribe will retain the same number of shares they owned before the capital increase. Eligible persons not subscribing for the new shares will not receive any benefits or privileges for the rights issue shares they are entitled to, except for receiving a cash compensation from the proceeds of selling the Rump Shares, each according to their respective entitlement.

It should be noted that in the event that investment institutions submit offers to purchase the Rump Shares at the Offer Price only, or if these investment institutions did not subscribe for the Rump Offering, and accordingly the Underwriter purchases the Rump shares at the Offer Price, then the eligible persons not subscribing for shares will not receive any compensation for the rights issue shares they did not exercise. However, if the Rump shares are sold to investment institutions at a price higher than the Offer Price, then the compensation amount for eligible persons who did not participate fully or partially in the subscription for the new shares will be determined based on the following formula:

Compensation Amount per Unsubscribed Share = (Total Rump Offer Price - Total Rump Offer Proceeds) / (Number of Unsubscribed Shares)

12.6 Allocation and Surplus Refund

The Company and the Lead Manager shall open a bank account in which the proceeds shall be deposited.

The Rights Shares shall be allocated to the Eligible Persons based upon the number of Rights that they properly exercised. As for Shareholders entitled to fractional shares, these shall be accrued and offered to Institutional Investors during the Rump offering. The total Offer Price of the of Rump shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of Rump shares and fractional shares (if any) (in excess of Offer Price) shall be distributed to the Eligible Persons not later than •• ••/••/1446H (corresponding to ••/••/2024G). Excess unsubscribed shares shall be purchased at the Offer Price by and allocated to the Underwriter.

Final notice for the number of Shares allocated to each Eligible Person without any charges or withholdings by the Lead Manager is expected to take place by depositing the shares into the accounts of subscribers. Eligible Persons shall contact the Broker through which the application is submitted for further information. Allocation of shares will be announced no later than •• ••/••/1446H (corresponding to ••/••/2024G).

Oversubscribed amounts (all the remaining proceeds resulting from the Offer, in excess of Offer Price) shall be refunded, to Eligible Persons who have not fully or partly participated in the subscription to Rights shares (if any), by Saudi Enaya Cooperative Insurance Company, without any deductions or commissions, no later than •• ••/••/1446H (corresponding to ••/••/2024G). It should also be noted that bank accounts shall be linked to the portfolios, in order to deposit the amounts in the bank accounts of the eligible people who did not exercise their right to susbscribe for the new shares and the beneficiaries of the fractional shares.

12.7 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 Prospectus and prior to the completion of the Offering of any of the following:

- There has been a significant change in material matters provided in this Prospectus.
- Additional significant matters have become known that would have been required to be included in this Prospectus.

An investor who has subscribed for the new shares prior to the publication of the supplementary prospectus may cancel or modify its subscription for the shares prior to the expiration of the offering period.

12.8 Suspension or cancellation of the offering

CMA may at any time issue a resolution to suspend the Offer if it considers that the Offer may result in a breach of Capital Market Law, or its executive regulations or Market Rules. The offering may also be canceled if the EGM did not approve any details of the offering.

12.9 Restrictions on trading in the rights

Except for regulatory restrictions imposed on listed shares in general, there are no restrictions imposed on trading in the rights.

12.10 Q&A related to the Rights

What is a Rights Issue?

A Rights Issue is an offering of tradable securities that give their holders the right to subscribe to New Shares upon approval of capital increase. They are acquired rights for all Shareholders who own shares at the date of EGM on capital increase, and who are registered in the Company's Shareholders Register held with Edaa at the close of the second trading day following the EGM date. Each Right grants its holder the right to subscribe to 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 following the date of the EGM approving the capital increase.

When are the Rights deposited?

Following the EGM 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 Edaa at the close of the second trading day following the EGM. 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 Subscription Period.

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

They are notified through an announcement on Tadawul website as well as by (Tadawulaty) service provided by the Securities Depository Center Company and SMS messages shall be 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 Edaa as at the close of the second trading day after the EGM.

What is the Eligibility Factor?

It is the factor that allows registered shareholders to determine the number of rights they are entitled to in exchange for the shares they own at the close of the second trading day following the EGM. This factor is calculated by dividing the number of new shares by number of the Company's existing shares. Accordingly, the eligibility factor is approximately (0.65217) rights for each one (1) share owned by the registered shareholder on the eligibility date. Based on this, if a registered shareholder owns one thousand (1,000) shares on the eligibility date, they will be allocated (652) rights in exchange for the shares they own.

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?

Any Shareholder whose name appear in the Company's Shareholders' Register at the end of the second trading day after the EGM.

Can Registered Shareholders subscribe to additional shares?

Yes, Registered Shareholders can subscribe to additional shares by purchasing new Rights through Tadawul during the Trading Period.

Is it possible Registered Shareholders to lose their eligibility to subscribe even if they have the right to attend the EGM and vote on raising the capital through a rights issue?

Yes, Shareholders lose their right to subscribe if they sell their shares on the day of the EGM or one working day prior thereto.

How does Subscription take place?

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

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

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

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 total rights that will be deposited are: six hundred and fifty two (652) rights, as each share is approximately eligible for (0.65217) rights. Therefore, five hundred and twenty two (522) rights will be deposited in portfolio (a) and one hundred and thrity (130) rights will be deposited in portfolio (b).

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe, 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 before the end of Subscription Period.

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 subscribe to the remaining part.

When can a Shareholder subscribe for Rights purchased during the Trading Period?

After the completion of rights purchase settlement (i.e. two working days), provided that subscription to the rights will take place during the subscription period.

Can the owner of Rights Shares sell or assign 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 subscribe for the Rights Shares or not. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his/her investment portfolio.

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

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

Who has the right to attend the EGM and vote on increasing the Company'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 EGM on Capital Increase, shall have the right to attend the EGM and vote on increasing the Company's share capital through a Rights Issue.

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

The share price is adjusted by Tadawul before the start of trading on the day, following the EGM.

If an investor buys securities on the date of the EGM, 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 purchasing the shares (i.e., at the end of the second trading day following the date of EGM), 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 EGM. However, he/she may not attend or vote in the EGM 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 shareholding percentage held 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 Subscription Periods?

Trading in and subscription for the Rights shall commence at the same time, i.e. three (3) working days from the date of EGM approval of capital increase, till the end of trading on the sixth day. However, the subscription shall continue until the ninth day, as stated in the Prospectus and the Company's announcements.

Is it possible to subscribe during the weekend?

No.

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

Yes. Investors can subscribe for the Rights Shares upon full purchase of Rights during the Trading Period.

Will there be any other fees for trading in Rights?

The same commissions will be applied to buy and sell transactions as with shares, but without a minimum commission amount, provided that the maximum does not exceed fifteen and a half basis points (0.155%) of the total transaction value.

If the new shares are subscribed to and the rights are sold afterwards, what happens in this case?

If a registered shareholder subscribes and then sells their rights, and does not purchase a number of rights equal to the number of rights they subscribed to before the end of the Trading Period, the subscription application will be rejected entirely if all rights were sold, or partially in proportion to the sold rights. The registered shareholder will be notified, and the rejected subscription amount will be refunded through the shareholder's broker.

Additional support:

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.

12.11 Resolutions and approvals under which the shares shall be offered

The Company's board of directors recommended in its resolution on 27/05/1445H (corresponding to 11/12/2023G) to increase the Company's capital by offering Rights shares at a value of one hundred and fifty million (150,000,000) Saudi riyals in order to support the Company's future plans and enhance the solvency margin, and in compliance with the minimum required capital for insurance companies according to the requirements of the Insurance Authority. For more information (Refer to Section (6) "**Use of Offering Proceeds and Future Plans**").

The Company has obtained the approval of the Insurance Authority to increase its capital according to letter number (126-24) dated 09/09/1445H (corresponding to 19/03/2024G).

Tadawul approved the application for listing the new shares on 28/10/1445H (corresponding to 07/05/2024G). 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 07/03/1446H (corresponding to 10/09/2024G).

On •• ••/••/1446H (corresponding to ••/••/2024G), the Company's EGM agreed to increase the Company's capital by issuing Rights shares ("**Subscription**"), and the subscription amounted to fifteen million (15,000,000) 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 two hundred and thirty million (230,000,000) Saudi riyals to three hundred and eighty million (380,000,000) Saudi riyals.

12.12 Miscellaneous Terms

The Subscription application form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, assigns, wills executors, estate managers and heirs. Except as specifically indicated herein, neither the application nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions, conditions and receipt of any subscription application forms or related contracts shall be governed and construed in accordance with the laws of the Kingdom of Saudi Arabia. This Prospectus may be distributed in Arabic and English. In case of conflict between the two texts, the Arabic text of the Prospectus shall prevail.

12.13 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. Change in the share price as a result of the capital increase

The closing price of the Company's share on the day of EGM on Capital Increase is SAR (••) and it is expected to reach SAR (••) at the opening session next day, and the change represents a decrease of (••%). Failure to subscribe by any of the shareholders registered in the Company's Shareholders Register at the Depository Center at the end of the second trading day following the date of EGM will lead to a decrease in their ownership percentage in the Company.

The method of calculating the Share Price as a result of capital increase is as follows:

First: Calculation of the Company's market value at the close of trading on the date of EGM on Capital Increase

Number of shares at the end of the day of EGM X the closing price for the Company's share on the date of EGM on Capital Increase = the Company's market value at the close of trading on the day of EGM on Capital Increase.

Second: Calculation of the Share Price in the opening session on the day following the EGM on Capital Increase

(The Company's market value at the close of trading on the date of EGM on Capital Increase + Value of Offer Shares) / (Number of shares at the end of the day of EGM on Capital Increase + the number of New Shares offered for subscription) = share price expected for the opening session on the day following the date of EGM on Capital Increase.

14. Declarations Relating to Subscription

14.1 About the Subscription Application and Undertaking

Subscription can be made using trading platforms or any other means provided by the broker to investors. Subscription to New Shares would be through one phase according to the following:

1. During this Period, all Registered Shareholders and New Investors will be allowed to subscribe to the New Shares.
2. The registered shareholder will be able to subscribe directly for a number of shares equal to their entitlement during the subscription period. If the Registered Shareholder buys new Rights, they will be able to subscribe to them after the end of the settlement period (two working days).
3. New Investors will be allowed to subscribe to the New Shares after the settlement of the Rights purchase process (two working days).
4. Subscription will be available online through investment portfolios in trading platforms and applications, through which sale and purchase orders are entered, as well as through other channels and means provided by the broker. Subscription will only be approved for a number of new shares entitled under the priority rights existing in the investment portfolio.

Each Right entitles its holder to subscribe for one new share, at the offering price. The subscriber to the new shares acknowledges the following:

- Acceptance of all terms and conditions of subscription provided in this Prospectus.
- Reading this Prospectus and all its contents, carefully studied the same and understood its content.
- Acceptance of the Company's bylaws.
- Undertaking not to cancel or modify the subscription application after its implementation.

14.2 Allocation Process

The Rights Shares shall be allocated to the Eligible Persons based upon the number of Rights that they properly exercised. As for Shareholders entitled to fractional shares, these shall be accrued and offered to Institutional Investors during the Rump offering. The total Offer Price of the of Rump shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of Rump shares and fractional shares (if any) (in excess of Offer Price) shall be distributed to the Eligible Persons not later than ••/••/1446H (corresponding to ••/••/2024G). Excess unsubscribed shares shall be purchased at the Offer Price by and allocated to the Underwriter.

Eligible Persons shall contact the Broker through which the application is submitted for further information. Allocation of shares will be announced no later than ••/••/1446H (corresponding to ••/••/2024G).

14.3 Saudi Stock Exchange (Tadawul)

Tadawul was established in 2001G as an alternative system to the electronic securities information system, and electronic stock trading in the Kingdom began in 1990G. The trading process is carried out through an integrated electronic system, starting from the execution of the transaction and ending with its settlement. Trading is performed on each Business Day from Sunday to Thursday of each week from 10am to 3pm. During this period, the orders are executed. However, other than those times, orders can be entered, amended and deleted from 09:30 am until 10:00 am.

Transactions are executed through an automated order matching system, and orders are received and prioritized according to price. Generally, market orders are executed first, which are orders containing the best prices, followed by limit orders. In case multiple orders are entered at the same price, they are executed according to the time of entry.

Tadawul distributes a comprehensive range of information through various channels, in particular Tadawul website, which supplies trading data in real time to information providers such as Reuters. Transactions are automatically settled within two business days according to (T+2).

The company should disclose all decisions and important information for investors through "Tadawul" system. Tadawul system is responsible for monitoring the market, with the aim of ensuring fair trading and efficient market operations.

14.4 Trading the Company’s shares in Saudi Stock Exchange (Tadawul)

The application for listing and offering of the new shares has been submitted to Saudi Stock Exchange (Tadawul), and this Prospectus has been approved and all requirements have been met.

The listing and offering are expected to be approved, and trading is expected to commence on Tadawul once the final allocation of the rights has been concluded. An announcement will be made on Tadawul website in due course. The dates and times stated in this Prospectus are only provisional and may be changed subject to approval of CMA.

Although the Current Shares are registered in Tadawul, it will only be possible to trade with the new shares once the allocation of the new shares has been approved and these have been deposited in the subscribers’ portfolios. It is absolutely forbidden to trade in the new shares until the allocation process has been approved.

Subscribers or offer providers in the Rump Offering and who deal in restricted trading activities shall be fully liable for their dealing in such activities, and the Company shall not bear any legal liability in this case.

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 EMG invitation, provided that such period shall not be less than 14 days prior to the date of EGM. These documents shall remain available for examination until the end of the offering:

Documents related to the Company's incorporation and bylaws:

- Company's Commercial Registration Certificate
- Bylaws of the Company.

Approvals related to capital increase shares:

- The Board of Directors' resolution to increase the capital.
- Insurance Authority's approval of the capital increase.
- A copy of the announcement of CMA approval to publish this Prospectus and all supporting documents requested by CMA.
- Tadawul's approval of listing the rights issue shares.
- The EGM resolution approving the capital increase issued on ••/••/1446H (corresponding to ••/••/2024G).

Reports, letters and documents:

- Subscription agreement and subscription management agreement.
- Written consents by the Financial Advisor, Lead Manager, Underwriter, Legal Advisor and auditors to use their names, logos and statements in the Prospectus.

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