

Rights Issue Prospectus for Allied Cooperative Insurance Group Company

Allied Cooperative Insurance Group (ACIG) is a Saudi Joint Stock Company incorporated in accordance with Ministerial Resolution No. (233), dated 16/9/1427H (corresponding to 09/10/2006G) and Royal Decree No. (M/60) promulgated on 18/09/1427 H (corresponding to 11/10/2006 G), license of Ministry of Investment No. (11202910778-01) dated 28/05/1426 H (corresponding to 05/07/2005 G), the Saudi Central Bank license No. (T M N/21/20095), dated 15/05/1430H (corresponding to 10/05/2009G) to practice insurance activity in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations, and it is registered in the commercial register in the city of Riyadh under Certificate No. (1010417178) dated 09/08/1428H (corresponding to 22/08/2007G). Offering of twenty million nine hundred thousand (20,900,000) ordinary shares at an offer price of ten (10) Saudi Riyals per share through issuing Rights shares. It represents an increase of approximately (71.82%) of the Company's current capital, so that the capital after issuing the Rights shares becomes five hundred million (500,000,000) Saudi riyals, and thus the number of shares increases from twenty-nine million and one hundred thousand (29,100,000) ordinary shares to fifty million (50,000,000) ordinary shares.

Trading Period: Starts from *****/*****/***** (corresponding to *****/*****/*****) to *****/*****/***** (corresponding to *****/*****/*****)
 Subscription period: Starts from *****/*****/***** (corresponding to *****/*****/*****) to *****/*****/***** (corresponding to *****/*****/*****)

Allied Cooperative Insurance Group (hereinafter referred to as the "Company" or "Issuer" or "ACIG"), is a Saudi Joint Stock Company incorporated pursuant to the Ministerial Resolution No. 233, dated 16/9/1427H (corresponding to 09/10/2006G) and Royal Decree No. M/60 promulgated on 18/09/1427H (corresponding to 11/10/2006 G), license of Ministry of Investment No. (11202910778-01) dated 28/05/1426H (corresponding to 05/07/2005 G), the Saudi Central Bank license No. (T M N/21/20095), dated 15/05/1430H (corresponding to 10/05/2009G) to practice insurance activity in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations. The Company was registered upon establishment in the Register of Joint Stock Companies in Jeddah under Certificate No. (4030171999) dated 09/08/1428H (corresponding to 22/08/2007G). Its capital upon establishment amounted to one hundred million (100,000,000) Saudi riyals, divided into ten million (10,000,000) shares of equal value, each worth ten (10) Saudi riyals. On 14/07/1435H (corresponding to 13/05/2014G), the Extraordinary General Assembly approved amending Article (4) of the Bylaws relating to the Company's head office by changing it from Jeddah to Riyadh. The Company was registered in the Commercial Registry Office under Certificate No. (1010417178) dated 09/08/1428H (corresponding to 22/02/2007G). The Company's head office is located in Riyadh - Hittin District - Prince Turki bin Abdulaziz Al Awwal Road - P.O. Box 40523 Riyadh 11511.

The Company's current capital is two hundred and ninety-one million (291,000,000) Saudi riyals, divided into Twenty-nine million one hundred thousand (29,100,000) ordinary shares with a nominal value of (10) Saudi Riyals per share, paid in full (referred to individually as "existing share" and collectively as "Existing Shares"). As of at the date of this Prospectus, the Company's Substantial Shareholder (holding 5% or more of Company's shares) is Tharawat Investment Holding Company, which holds (4,364,999) shares representing (15%) of the Company's shares, i.e. (15.0%) of Company's shares. On 04/04/1445H (corresponding to 19/10/2023G), the Board of Directors recommended increasing the Company's capital by offering Rights shares worth two hundred and nine million (209,000,000) Saudi riyals for the purpose of enhancing the solvency margin and supporting the expansion of the Company's activity, after obtaining approval of the Insurance Authority, the Capital Market Authority (hereinafter referred to as "the Authority") and the Saudi Tadawul Group, in addition to the approval of the Extraordinary General Assembly. The Company obtained the Insurance Authority's non-objection to increase the capital on 25/06/1445H (corresponding to 07/01/2024), and the non-objection is valid for one year from its date to complete the capital increase process. On 29/07/1446H (corresponding to 29/01/2025G), the Insurance Authority approved the Company's request to extend the previously granted approval to increase the Company's capital for an additional six months.

On *****/*****/***** (corresponding to *****/*****/*****), the Extraordinary General Assembly approved increasing the Company's capital by through Rights issue, to be done by offering twenty million nine hundred thousand (20,900,000) new ordinary shares (hereinafter referred to as "Rights Shares" or "New Shares") at an Offering Price of ten (10) Saudi riyals per share (hereinafter referred to as the "Offering Price") at a nominal value of ten (10) Saudi Riyals per share, provided that the Company's capital shall be increased after completion of the offering process from two hundred and ninety-one million (291,000,000) Saudi riyals to five hundred million (500,000,000) Saudi riyals, i.e. an increase of approximately (71.82%) of the Company's current capital.

The Rights will be issued as tradable securities (collectively referred to as "Rights" and individually as "Right") to shareholders who own shares at the end of trading on the day of the Extraordinary General Assembly for the capital increase and who are registered in the Company's shareholders register at the Depository Center at the end of the second Trading Day following the day of the Extraordinary General Assembly including the approval of the capital increase on *****/*****/***** (corresponding to *****/*****/*****) ("Eligibility Date") (collectively referred to as "Registered Shareholders" and individually as "Registered Shareholder"). Such Rights will be deposited in the portfolios of the registered shareholders after the Extraordinary General Assembly that approves the capital increase, taking into account the settlement procedures (within a period of two business days) at a number of approximately (0.7182) Rights for each (1) share of the Company's shares, and each right entitles its holder to subscribe to one (1) new share at the Offering Price.

Registered Shareholders and other investors ("New Investors"), who may trade the Rights and subscribed to the New Shares, will be able to trade and subscribe to the Rights in the Saudi Stock Exchange ("Tadawul" or "Exchange") or not to take any action regarding the Rights they own, so that the Trading Period and the subscription period begin three (3) business days after approval of the Extraordinary General Assembly that approved the capital increase, on *****/*****/***** (corresponding to *****/*****/*****) ("Trading Period"), while the subscription period will continue until the end of 10/06/1443H (corresponding to 13/01/2022G) ("Subscription Period"). It is worth noting that the Trading Period and the subscription period will start on the same day, while the Trading Period will continue until the end of the sixth day from the beginning of the period, while the subscription period will continue until the end of the ninth day from the beginning of the same period. Registered shareholders and new investors can trade in the Rights from (10:00 am) to (3:00 pm) during the Trading Period. Registered shareholders and new investors can subscribe to the offering shares between (10:00 am) and (2:00 pm) each day during the subscription period.

The Registered Shareholders will be able to trade the Rights by selling the acquired Rights or part thereof or buying additional Rights through the Exchange. In addition, New Investors will be able to buy and sell the Rights during Trading Period through the Exchange. They also have the right not to take any action regarding the Rights they own. New investors will also be able to buy Rights through the Exchange during the Trading Period and sell the Rights purchased during the Trading Period.

The subscription to New Shares during the Subscription Period 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 than the number of his / her shares during the Subscription Period. If the Registered Shareholder buys new Rights, the Registered Shareholder will be able to subscribe to them by 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 orders are entered, as well as through other channels and means provided by the broker.

In the event that Shares remain unsubscribed for after the end of the Subscription Period (the «Rump Shares»), they will be offered to a number of institutional investors (hereinafter referred to as «Institutional Investors») (this Offering is referred to as the «Rump Offering» and the price at which these shares are offered as «Rump Offer Price»). These institutional investors submit purchase offers for the Rump Shares provided that the quoted price by any of the Institutional Investors Shall not fall below the Offer Price. Offers will be accepted starting (10:00) am on *****/*****/***** (corresponding to *****/*****/*****) until (5:00) pm on *****/*****/***** (corresponding to *****/*****/*****) («Rump Offering Period»). Rump shares will be allocated to the Institutional Investors with the highest bid, to the lowest allocated (provided that the price shall be below the Offer Price) provided that Rump Shares are proportionally allocated among Institutional Investors that tendered offers at the same price. As for fractional shares (if any), they will be added to the Rump Shares and treated the same way. All proceeds resulting from the Rump Offering shall be allocated to the Company and the rest of the proceeds and fractional shares (if any) will be distributed (in excess of the Offer Price, if any) without any fees or deductions, among the eligible persons who have not exercised their right to subscribe in whole or in part, as well as those entitled to fractional shares, each according to what he is entitled to no later than *****/*****/***** (corresponding to *****/*****/*****). In the event that Institutional Investors have not subscribed for all the Rump Shares and fractional shares (if any), then such shares shall be allocated to the Underwriter who will purchase them at the Offer Price (for more information, kindly refer to Section (12) «Information Related to the Shares and Offering Terms and Conditions»). The final allocation process will be announced no later than *****/*****/***** (corresponding to *****/*****/*****) (Allocation Date) (for more information, please refer to Section (12) «Information Related to the Shares and Offering Terms and Conditions»).

Upon the completion of the Offering and Subscription processes, the Company's share capital becomes five hundred million (500,000,000) Saudi Riyals divided into fifty million (50,000,000) ordinary shares. The net Offering Proceeds will be mainly used to support the Company's future plans, to maintain the Company (for more information, kindly refer to Section (6) «Use of the Offering Proceeds»).

The Company has only one class of shares and no share gives its holder any preferential right. The New Shares will be fully paid up and rank identically with the Existing Shares. Each share entitles its holder to one vote, and each shareholder (the «Shareholder») has the right to attend the General Assembly's meetings (referred to as the «General Assembly») (whether ordinary or Extraordinary) and vote in them. Holders of the New Shares will be entitled to receive their portion of any dividends, (if any), declared by the Company after their issuance date.

On 14/08/1428H (corresponding to 27/08/2007G) the Company listed all of its ten million (10,000,000) ordinary shares, with a nominal value of (10) Saudi Riyals per share, on the Main Market, whereby the Founding Shareholders subscribed to (60%) of the capital and (40%) of the capital was offered for subscription by the public. On 17/10/1433H (corresponding to 04/09/2012), the Extraordinary General Assembly approved increasing the Company's capital from one hundred million (100,000,000) Saudi Riyals divided into ten million (10,000,000) ordinary shares to two hundred million (200,000,000) Saudi riyals divided into twenty million (20,000,000) ordinary shares, by issuing Rights based on the recommendation of the Board of Directors on 12/11/1430H (corresponding to 31/10/2009G) and after the approval of the Saudi Central Bank on 11/11/1431H (corresponding to 19/10/2010). On 07/01/1442H (corresponding to 26/08/2020G), the Extraordinary General Assembly approved the reduction of the Company's capital from two hundred million (200,000,000) Saudi Riyals to one hundred and forty-one million (141,000,000) Saudi Riyals, with the number of shares decreased accordingly from twenty million (20,000,000) shares to fourteen million one hundred thousand (14,100,000) shares, based on the recommendation of the Board of Directors dated 21/05/1441H (corresponding to 16/01/2020G), and after the approval of the Saudi Central Bank dated 20/07/1441H (corresponding to 15/03/2020). On 25/05/1443H (corresponding to 29/12/2021G), the Extraordinary General Assembly approved increasing the Company's capital from one hundred and forty-one million (141,000,000) Saudi riyals divided into fourteen million and one hundred thousand (14,100,000) shares to two hundred and ninety-one million (291,000,000) Saudi riyals divided into twenty-nine million and one hundred (29,100,000) ordinary shares, by issuing Rights based on the recommendation of the Board of Directors dated 21/05/1441H (corresponding to 16/01/2020G) and after approval of the Saudi Central Bank dated 14/02/1442H (corresponding to 01/10/2020G).

The Company's outstanding shares are currently traded on the Saudi Stock Exchange («Saudi Tadawul» or «the Market» or the «Exchange») and the Company has applied to the Capital Market Authority of the Kingdom of Saudi Arabia («The Authority») to register and offer the new shares subject to this Prospectus and has also applied to Saudi Stock Exchange Group to accept the listing of such shares. The Company has submitted all required documents and has filled all requirements requested by the relevant authorities. It has also obtained all approvals related to the offering and listing processes including this Prospectus. Trading in New Shares on Tadawul is expected to start upon the final allocation of the New Shares and the refunding of the surplus (for more information, kindly refer to page (xxvi)) «Key Dates and Subscription Procedures»). Trading in the New Shares will be permitted, upon their registration and listing, to Saudi citizens, non-Saudi nationals holding valid residence permits, GCC nationals (the Cooperation Council), as well as Saudi and GCC companies, banks, institutions, investment funds, and to Foreign Investors that are qualified as per the rules regulating foreign investment in securities. Furthermore, other categories of foreign investors will be entitled to acquire the economic benefits associated with the new shares by entering into swap agreements with persons authorized by the CMA (the «Authorized Persons»), knowing that in such case, the Authorized Person is the legal owner who registers the Shares.

This Prospectus has to be read in its entirety and the «Important Notice» section on page (iii) and Section (2) «Risk Factors» as provided herein has to be considered carefully before making any investment decision regarding the Rights or New Shares.

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

Financial Advisor, Lead Manager and Underwriter

الاستثمار كابيتال
Alistithmar Capital



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



ACIG
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Important Notice

Important Notice

This Prospectus (the “**Prospectus**”) provides full details of information relating to ACIG and the Rights Shares offered for subscription. In subscribing to new shares, investors shall be treated as applying on the basis of the information contained in this Prospectus, copies of which are available at the Company’s head office, the Lead Manager, or by visiting the website of the Company (www.acig.com.sa), the financial advisor (www.icap.com.sa), and CMA (www.cma.org.sa).

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

The Company has appointed Alistithmar for Securities and Brokerage Company (Alistithmar Capital) as a financial advisor (“**Financial Advisor**”), lead manager (“**Lead Manager**”), and Underwriter (“**Underwriter**”) regarding the offering of Rights Shares to increase the Company’s capital under this Prospectus.

This Prospectus contains information provided according to the requirements of the Rules on the Offer of Securities and Continuing Obligation issued by the CMA’s Board pursuant to Resolution No. (3-123-2017), dated 09/04/1439H (corresponding to 27/12/2017G), based on the Capital Market Law issued by Royal Decree No. (M/30), dated 02/06/1424H (corresponding to 31/07/2003G), amended by CMA Board Resolution No. (3-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G). The Directors, whose names appear on page (viii) of this Prospectus, collectively and individually, accept full responsibility for the accuracy of the information provided in this Prospectus, and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, that there are no other facts, the omission of which would make any statement herein misleading. Neither the CMA nor the Exchange (Tadawul) takes any responsibility for the content of this Prospectus, and they do not provide any confirmation on its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

While the Company has made all reasonable enquiries to ensure the accuracy of information provided in this Prospectus as of its issuance date, a part of such information is derived from external sources. Whereas none of the Company, its Managers, its Board members, Financial Advisor or any of its Advisors whose names appear on pages (xii-xiii) of this Prospectus have an evident reason to doubt the accuracy of this information, however, such information has not been independently verified, and no representation is made with respect to the accuracy and completeness of any of this information.

The information provided in the Prospectus as of the date hereof is subject to amendment. In particular, the actual financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments such as inflation, interest rates, taxes, or other economic and political factors or other factors beyond the Company’s control (kindly refer to Section (2) “**Risk Factors**” of this Prospectus). Neither the delivery of this Prospectus nor any oral, written information or printed interaction in relation to the Offer Shares is intended to be, nor should be construed as or relied upon in any way as, a promise or a confirmation on future earnings, results or events.

This Prospectus may not be considered as a recommendation given by the Company or its Board members or any of the Company’s Advisors in the subscription of Rights issue shares. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or special investment needs. Each recipient of this Prospectus, before making an investment decision, has to obtain professional advice from a financial advisor licensed by the CMA regarding the Subscription in order to assess the suitability of this investment and the information provided in this Prospectus with respect to his objectives, conditions and financial needs.

The registered shareholders and other investors (“**New Investors**”) who may trade in the Rights and subscribe to New Shares, will be able to trade and subscribe to the Rights Issue on the Saudi Tadawul (“**Tadawul**” or “**Exchange**”). The Trading Period and the Subscription Period shall commence after three (3) days from the approval of the Extraordinary General Assembly on the capital increase, on Monday **/**/1446H (corresponding to **/**/2025G), and the Trading Period ends on **/**/1446H (corresponding to **/**/2025G) “**Trading Period**”, while the subscription period continues until the end of **/**/1446H (corresponding to **/**/2025G) “**Subscription Period**”.

Registered Shareholders will be able to trade Rights Issue during the Trading Period by selling the acquired Rights or part of them or purchasing additional Rights through the Exchange. New Investors will also be able to buy the Rights and sell them in the Market during the Trading Period or subscribe for them during the subscription period. Registered Shareholders and New Investors may trade priority Rights from (10:00) am to (3:00) pm during the Trading Period. Registered Shareholders and New Investors can subscribe to the offering shares between (10:00) am and (2:00) pm every day during the Subscription Period.

Subscription to the New Shares will be available during the Subscription Period at one phase according to the following:

1. During this period, all Registered Shareholders and New Investors will be entitled to subscribe to the New Shares.
2. Registered Shareholders will be entitled to subscribe directly to the number of their shares or less during the Subscription Period, and if they acquire new Rights, they will be able to subscribe to them after the end of the settlement period (two business days after buying the new Rights).
3. The New Investors will be entitled to subscribe to the New Shares after the end of settlement period (two business days).
4. Subscription will be available electronically through the investment portfolios in the trading platforms and applications through which sale and purchase orders are entered, in addition to subscription through other means and channels available to the broker.

If any Shares remain unsubscribed to during the Subscription Period (the “**Rump Shares**”), they will be offered to a number of institutional investors (“**Institutional Investors**”); such offering is referred to as (the “**Rump offering**”).

Institutional Investors have to submit their offers to purchase Rump Shares and receipt of such offers will start at (10:00) AM on **/**/****H (corresponding to **/**/****G) until (5:00) PM on **/**/****H (corresponding to **/**/****G) (the “**Rump Offering Period**”). Rump Shares will be allocated to the Institutional Investors with the highest bid, to the lowest (provided that it is not less than the Offer Price). These shares will be allocated on a pro rata basis (proportionally) to the Institutional Investors who tendered offers at the same price.

As for fractional shares, they will be added to the Rump Shares and be treated similarly, and the total Offer Price of the Rump Shares will be paid to the Company and the rest of the proceeds from the sale of those Rump Shares (exceeding the Offer Price, if any) will be distributed, without calculating or deducting any fees, to the eligible persons, each according to what he may be entitled to no later than **/**/****H (corresponding to **/**/****G), note that the investor who did not subscribe or sell his Rights, and the holders of fractional shares, may not receive any compensation if the sale is made during the Rump Offering Period at the Offer Price. In the event that Institutional Investors have not subscribed to all the Rump Shares and Fractional Shares, Rump Shares will be allocated to the Underwriter who will purchase them at the Offer Price (for more information, kindly refer to Section (12) “**Information Related to the Shares and Offering Terms and Conditions**”). The final allocation of the New Shares will be announced no later than **/**/****H (corresponding to **/**/****G) (the “**Allocation Date**”) (for more information, kindly refer to Section (12) “**Information Related to the Shares and Offering Terms and Conditions**”).

The offering of Rights Issue Shares under this Prospectus is subject to the approval of shareholders, and the issuance of such shares has been approved by the EGA of the Company held on **/**/****H (corresponding to **/**/****G).

The quorum of the Extraordinary General Assembly requires the attendance of shareholders representing at least half of the capital. If the quorum required to hold the meeting is not available, an invitation to a second meeting shall be sent and this invitation to hold the General Assembly and the agenda shall be published at least twenty-one (21) days before the scheduled date of the meeting. It is permissible to suffice to send the invitation on the said date to all shareholders by registered letters only. The second meeting may also be held one hour after the end of the specified period for holding the first meeting, provided that the invitation to hold the first meeting includes an announcement of the possibility of holding this meeting, provided that the second meeting shall be valid if attended by a number of shareholders representing at least a quarter of the capital. If the quorum required for the second meeting is not available, an invitation shall be sent to a third meeting to be held in the same conditions stipulated above, and the third meeting shall be valid regardless of the number of shares represented in it after approval of the Capital Market Authority. The recipient of this Prospectus must also review and abide by all legal and regulatory restrictions related to this Offering and sale of new shares.

Sector and Market information

The information and data related to the Saudi economy, the insurance sector, and market data have been obtained from various sources. While there is no evident reason to doubt the accuracy of this information, it is important to note that the Board members, Shareholders and advisors have not independently verified the accuracy of such information and data. Consequently, no representation is made with respect to the accuracy and completeness of any of this information

Financial Information

The financial statements for the fiscal year ended December 31, 2021G were audited by Dr. Mohammed Al-Amri & Partners and Crowe Solutions Professional Consulting Company - a member of Crowe International, and the financial statements for the two fiscal years ended December 31, 2022G and December 31, 2023G were audited by Al-Kharashi & Partners, Certified Public Accountants and Auditors and Crowe Solutions Professional Consulting Company - a member of Crowe International. The financial statements for the fiscal years 2021G, 2022G and 2023G and the accompanying notes have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Chartered and Professional Accountant (SOCPA).

The Company issues its financial statements in Saudi Riyals. Some financial and statistical information provided in this Prospectus has been subjected to rounding adjustments. Therefore, total figures in certain tables may not equal the addition of the individual items

Forecasts and Forward-Looking Statements

The forecasts set forth in this Prospectus have been prepared on the basis of specific and announced assumptions. The Company's future conditions may differ from the assumptions used therefore, no affirmation or guarantee can be made with respect to the accuracy or completeness of any of these forecasts. The Company affirms that professional due diligence was considered in the statements included herein.

Some forecasts in this Prospectus constitute "**forward-looking statements**" Such statements can generally be identified by the use of forward-looking words such as "**plans**", "**determines**", "**intends**" "**estimates**", "**expects**", "**is expected**", "**may**", "**possibly**", "**will**", "**would be**" or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. Many factors can cause the performance, achievements or results of the Company to be significantly different from any future results, performance, or achievements that may be expressed or implied. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (kindly refer to Section (2) "**Risk Factors**" of this Prospectus). Should any one or more of these factors or risks materialize or any underlying assumptions prove to be inaccurate or incorrect, the Company's actual results may vary substantially from those described in this Prospectus.

In compliance with the requirements of article (29) of Rules on the Offer of Securities and Continuing Obligations, the Company has to submit a supplementary Prospectus to the Capital Market Authority if at any time after the publication of this Prospectus and before the completion of the offering, the Company becomes that: (1) there has been a significant change in material matters contained in the Prospectus or; (2) additional significant matters have become known which would have been required to be included in the Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or amend any information provided in this Prospectus, pertaining to the industry, market, or forward-looking statements whether as a result of new information, future events or otherwise. As a result of the foregoing and other risks, uncertainties and assumptions, expectations for future events and circumstances set out in this Prospectus may not occur as expected by the Company or may not occur at all. Eligible Persons should examine all forward-looking statements in the light of these explanations and not rely primarily on these forward-looking statements.

Company's Directory

#	Name	Position	Nationality	Age	Membership Status	Date of Appointment*	Owned shares			
							Direct	Indirect	Total	Total Percentage
1	Yasser bin Mohammed bin Nasser Al-Jarallah	Chairman of the Board	Saudi	42	Non-executive	06/11/1443H (corresponding to 05/06/2022G)	425,967	-	425,967	1.46%
2	Fayez bin Saleh Abdullah bin Mahfouz	Deputy Chairman of the Board	Saudi	47	Non-executive	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-
3	Ali Yahya Ali AL-Jaafari	Managing Director	Saudi	59	Executive	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-
4	Abdullah bin Abdulrahman bin Abdullah Al Al-Sheikh	Board Member	Saudi	59	Independent	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-
5	Ahmed bin Abdullah bin Manea Al-Hammadi**	Board Member	Saudi	72	Independent	19/03/1445H (corresponding to 04/10/2023G)	-	-	-	-
6	Abdullah bin Ibrahim Al-Ibrahim**	Board Member	Saudi	38	Independent	10/08/1445H (corresponding to 20/02/2024G)	-	-	-	-
7	Abdulrahman bin Hassan Al-Amoudi	Board Member	Saudi	49	Independent	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-
8	Mohammed Ibrahim Mohammed Al-Rasheed	Board Member	Saudi	36	Independent	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-
9	Abdullah Mohammed Abdullah Al Dalan Al-Qahtani	Board Member	Saudi	44	Independent	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-
10	Abdul Latif bin Saud Al-Mandeel***	Board Member	Saudi	61	Independent	21/04/1446H (corresponding to 24/10/2024G)	-	-	-	-
Secretary of the Board										
	Dr. Hisham bin Misfer Albisher	Secretary of the Board	Saudi	40	Non-independent	26/10/1445H (corresponding to 05/05/2024G)	-	-	-	-

Source: The Company

*On 06/11/1443H (corresponding to 05/06/2022G), the Ordinary General Assembly approved the election of the Board of Directors for the term starting from 16/10/1443H (corresponding to 17/05/2022G) for a period of three (3) years ending on 19/11/1446H (corresponding to 17/05/2025G). On 07/11/1443H (corresponding to 06/06/2022G), the Board of Directors decided to appoint Mr. Yasser bin Mohammed bin Nasser Al-Jarallah as Chairman of the Board of Directors, Mr. Fayez bin Saleh bin Mahfouz as Deputy Chairman of the Board of Directors, and Mr. Ali bin Yahya Ali Al-Jaafari as Managing Director. The Saudi Central Bank's non-objection to this appointment was obtained on 24/11/1443H (corresponding to 23/06/2022G). On 26/10/1445H (corresponding to 05/05/2024G), the Board of Directors decided to dismiss the former Secretary of the Board and appoint Dr. Hisham bin Misfer Albisher as Secretary of the Board of Directors to complete the current tenure. The Insurance Authority's no-objection was obtained on 14/11/1445H (corresponding to 22/05/2024G)

** On 19/03/1445H (corresponding to 04/10/2023G), the Board of Directors agreed to accept the resignation of Mr. Mohammed bin Mohsen Balharith as an independent member of the Board of Directors, and to appoint Mr. Ahmed bin Abdullah bin Manea Al-Hammadi as an independent member of the Board of Directors, The approval from the Saudi Central Bank was obtained on 30/03/1445H (corresponding to 15/10/2023G), and the General Assembly meeting held on 19/12/1445H (corresponding to 25/06/2024G) approved it. On 10/08/1445H (corresponding to 20/02/2024G), the Board of Directors approved the resignation of Board Member Dr. Khaled bin Majid Al Rasheed from the Board of Directors and the appointment of Dr. Abdullah bin Ibrahim Al Ibrahim as a Board Member, The approval from the Insurance Authority was obtained on 23/08/1445H (corresponding to 04/03/2024G) and the approval of the General Assembly held on 19/12/1445H (corresponding to 25/06/2024G) on this appointment.

***On 20/04/1446H (corresponding to 23/10/2024), the Board of Directors approved the resignation of the Board Member Mr. Mohammed Jihad Abdulaziz Al Rasheed from the Board of Directors. On 21/04/1446H (corresponding to 24/10/2024G), the Board of Directors approved the appointment of Mr. Abdul Latif bin Saud Al Mandeel as a member of the Board of Directors, after obtaining the non-objection of the Insurance Authority on 08/05/1446H (corresponding to 10/11/2024G). As of the date of this Prospectus, this appointment has not yet been presented to the General Assembly and the approval of the General Assembly held on 05/09/1446H (corresponding to 05/03/2023G) on this appointment.

The Company is in compliance with the Companies Law and the Corporate Governance Regulations issued by the Board of the Capital Market Authority and the Insurance Corporate Governance Regulations issued by the Saudi Central Bank with regard to the Board composition, as the Company's Bylaws state that the Company shall be managed by ten (10) Board members elected by the Ordinary General Assembly for a period not exceeding three (3) years. The Company is also in compliance with the provisions of Article (16) of the Corporate Governance Regulations, which states that the majority of the Board members shall be of non-executive directors and that the number of independent directors shall not be less than two or one-third of the Board members (whichever is greater). Therefore, the Company is in compliance with Clause (54) of the Insurance Companies Governance Regulations, so its Board of Directors currently consists of ten (10) members, including seven (7) independent members. It should be noted that the issues affecting independence according to the Insurance Corporate Governance Regulations, include the following:

1. Being a significant shareholder in the Company or in a related company, working for or representing a significant shareholder
2. Being a member of the Board in a related company or one of its subsidiaries or having been one during the past two years.
3. Being a member of the Board of the Company for more than nine years
4. Hold Being an employee with the Company, with a related company, or with a company that provides services to the Company (e.g.,
5. external auditors, consulting firms, etc.), or having worked with anyone of the above during the past two years. Ing Senior Management position in the Company, or in a related company, or having held one during the past

two years.

6. Being a related person of a member of the Board or senior management of the Company or of a related company.
7. Having a contractual or business relationship with the Company (either directly or through an entity in which he or she is a significant shareholder, a board member, or a manager) which resulted in paying to, or receiving from, the Company the equivalent of two hundred and fifty thousand (250,000) Saudi riyals or more (other than his remuneration as a director of the Board and amounts related to insurance contracts) during the past two (2) years.
8. Being under any financial obligation towards the Company or any member of its Board or senior management that might limit the exercise of independence in judgment and decision making.

Issues affecting the independence mentioned in the Corporate Governance Regulations issued by the Board of the Capital Market Authority are also enumerated for example:

1. If he holds (5%) or more of the shares of the Company or any other company within its group; or is it a relative of who owns such percentages.
2. If he is a relative of any member of the Board of the Company, or any other company within the Company's group.
3. If he is a relative of any Senior Executive of the Company, or of any other company within the Company's group.
4. If he is a Board member of any company within the group of the Company for which he is nominated to be a board member.
5. If he is an employee or used to be an employee, during the preceding two years, of the Company or a company within its group, or if he held a controlling interest in the Company or any party dealing with the Company or any company within its group, such as external auditors or main suppliers during the preceding two years.
6. If he has a direct or indirect interest in the business and contracts executed for the Company's account.
7. If the member of the Board receives financial consideration from the Company in addition to the remuneration for his membership of the Board or any of its committees exceeding an amount of (SAR 200,000) or (50%) of his remuneration of the last year for the membership of the board or any of its committees, whichever is less.
8. If he engages in a business where he competes with the Company or conducts businesses in any of the Company's activities.
9. If he served for more than nine years, consecutive or inconsecutive, as a Board member of the Company (such became mandatory starting from the session of the Board of Directors of the listed joint-stock company that will be after 01/01/2019G).

Company's Address and Representatives

Company's Address

Allied Cooperative Insurance Group (ACIG)

Riyadh - Hittin District - Prince Turki Ibn Abdulaziz Al
Awwal Road,
P.O. Box 40523 Riyadh 11511
Tel: +966 11 4852626
Fax: +966 11 4890555
Website: www.acig.com.sa
E-mail: right_issue@acig.com.sa



Company's First Authorized Representative

Name: Ali Yahya Ali AL-Jaafari

Position: Managing Director
Riyadh - Hittin District - Prince Turki Ibn Abdulaziz Al
Awwal Road,
P.O. Box 40523 Riyadh 11511
Tel: +966 11 4852626 - Extension 4444
Fax: +966 11 4890555
E-mail: aljaafari@acig.com.sa
Website: www.acig.com.sa

Company's Second Authorized Representative

Name: Mohammed Abdullah Al-Qadi

Position: CEO
Riyadh - Hittin District - Prince Turki Ibn Abdulaziz Al
Awwal Rd,
P.O. Box 40523 Riyadh 11511
Tel: +966 11 4852626 - Extension 4000
Fax: +966 11 4890555
E-mail: m.gadi@acig.com.sa

Stock Market

Saudi Exchange Company (Tadawul)

King Fahd Road - Olaya 6897
Unit No.: 15
Riyadh: 12211-3388
Kingdom of Saudi Arabia
Phone: +966 (11) 920001919
Fax: +966 (11) 2189133
Website: www.saudiexchange.sa
E- mail: csc@saudiexchange.sa



Advisors

Advisor, Lead Manager and Underwriter

Alistithmar for Securities and Brokerage

Company (Alistithmar Capital)

King Fahd Branch Road

Al Aqiq - Riyadh 13515

P.O. Box: 6888-114452

Kingdom of Saudi Arabia

Phone: +966 11 2547666

E- mail: Project-Flag@icap.com.sa

Website: www.icap.com.sa



Legal Advisor

Khaligyoun Legal Advisors Company (KLA)

M7 Tower - 8th Floor

As Sahafah- King Fahd Road

P.O. Box 13321

Riyadh, Kingdom of Saudi Arabia

Phone: +966 11 2699973

E-mail: info@klafirm.com

Website: www.klafirm.com



Chartered Accountants

The Company's Auditor for the fiscal years ending on December 31, 2020G, 2021G and 2022G, and the financial period ending on September 30, 2023G

**Crowe Solutions for Professional Consulting
Company - Member of Crowe Global**

Prince Mohammed bin Abdulaziz Road - Al-Olaya
District
P.O. Box 10504 - 12241 - Riyadh 11443
Riyadh, Kingdom of Saudi Arabia
Phone Number: +966112175000
Fax: +966112175000
Website: www.crowe.com/sa
E-mail: m.sultan@crowe.sa



Auditor for the two fiscal years ending December 31, 2022G and 2023G

**Al-Kharashi & Partners Company, Certified Public
Accountants**

Sahab Tower - Takhassusi Road
P.O. Box 8306 - 7424 Riyadh 11492
Kingdom of Saudi Arabia
Tel: +966 920028229
Fax: +966 11 4774924
E-mail: general@alkharashicaa.com
Website: www.alkharashicaa.com



Auditor for the fiscal year ending 31 December 2021

Dr. Mohamed Al-Amri & Co.

78th floor - Moon Tower
P.O. Box 8736, Riyadh 11492
Kingdom of Saudi Arabia
Tel: +966 920024254
Fax: +966 11 2782883
E-mail: m.alkhatieb@bdoalamri.com
Website: www.bdoalamri.com



Note: All of the aforementioned Advisors and Statutory auditors have provided, and have not withdrawn, as of the date of this Prospectus, their written consent to the publication of their names, logos and statements as set forth in this Prospectus. Neither the Advisors nor the auditors or any of their employees or relatives hold any shares or any interest of any kind in the Company as of the date of this Prospectus.

Offer Summary

This offer summary is intended to provide a brief overview of the information contained in this Prospectus. Therefore, this summary does not contain all information that may be of interest to shareholders and other institutional and individual investors, therefore the offer summary information is not sufficient to make an investment decision. Accordingly, recipients of this Prospectus will have to read it entirely before making their decision whether to subscribe to shares or trade in Rights issue shares. On a special note, it is deemed necessary to consider Section (2) "**Risk Factors**" of this Prospectus. Below is a summary of the Offering:

<p>Issuer's Name, Description and Incorporation Information</p>	<p>Allied Cooperative Insurance Group Company is a Saudi public joint stock company, established pursuant to Cabinet Resolution No. (233) dated 16/09/1427H (corresponding to 09/10/2006G), Royal Decree No. (M/60) dated 18/09/1427H (corresponding to 11/10/2006G), Ministry of Investment License No. (11202910778-01) dated 28/05/1426H (corresponding to 05/07/2005G), and Saudi Central Bank License No. (T M N/21/20095) dated 15/05/1430H (corresponding to 10/05/2009G) to practice insurance activity in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations. It is registered in the commercial register in the city of Riyadh pursuant to Certificate No. (1010417178) dated 09/08/1428H (corresponding to 22/08/2007G). (For more information about the Company and its establishment, please see Section (3) "Background and Nature of its Business").</p> <p>The Company's capital upon establishment amounted to one hundred million (100,000,000) Saudi Riyals, divided into ten million (10,000,000) shares of equal value, each worth ten (10) Saudi Riyals, all of which are ordinary cash shares. The current capital amounts to two hundred and ninety-one million (291,000,000) Saudi Riyals, divided into twenty-nine million and one hundred thousand (29,100,000) ordinary shares at a nominal value of (10) Saudi Riyals per share, fully paid.</p>
<p>Issuer's Activities</p>	<p>The Company's activities, as stated by Commercial Registration, are health insurance, general insurance, reinsurance, and insurance agency.</p> <p>As per article three (3) of the Bylaws, the Company's activities are to carry out cooperative insurance business in both general insurance and health insurance. The Company may undertake all work required to achieve its purposes. The Company shall carry on its activities in accordance with the Insurance Companies Control Law and its Implementing Regulations, as well as the regulations issued by the Saudi Central Bank and laws applicable in the Kingdom of Saudi Arabia and after obtaining the necessary licenses from the competent authorities, if any.</p> <p>The Company obtained licenses from SAMA to carry out its activities. (For more information, please refer to subsection (9-5) "Key Licenses, Certifications and Approvals" of section (9) "Legal Information" of this Prospectus)</p>

	Founding Shareholders	Nationality	Number of (Shares)	Value of Shares (SAR)	Ownership Percentage
Founding Shareholders	Islamic Development Bank	International body	2,000,000	20,000,000	20%
	Allied Cooperative Insurance Group (ACIG Bahrain)	Bahraini	2,000,000	20,000,000	20%
	Sanas Trading and Contracting Company, owned by (Prince Saud bin Nayef bin Abdulaziz Al Saud)	Saudi	400,000	4,000,000	4%
	Abu Bakr Abdul Samad Khoja Establishment	Saudi	300,000	3,000,000	3%
	Al-Huda Foundation (Mr. Essam Mohammed Rashad Abdel-Ghani)	Saudi	200,000	2,000,000	2%
	Ahmed Abdulaziz Al Hamdan	Saudi	200,000	2,000,000	2%
	Abdulaziz Abdulrahman Al Hamdan	Saudi	200,000	2,000,000	2%
	Thunayan Sulaiman bin Thunayan	Saudi	200,000	2,000,000	2%
	Saleh Abdulrahman Al-Sulaiman	Saudi	200,000	2,000,000	2%
	Talal Yousef Zamzami Establishment	Saudi	100,000	1,000,000	1%
	Abdulrahman bin Faris Al-Faris	Saudi	100,000	1,000,000	1%
	Ali bin Hassan Al-Jasser	Saudi	100,000	1,000,000	1%
	Total Founding Shareholders		6,000,000	60,000,000	60%
	Public (Shareholders)		4,000,000	40,000,000	40%
	Total		100,000,000	100,000,000	100%
Substantial Shareholders, number of their shares and their ownership percentages before the Offering	Shareholders holding (5%) or more of the Company shares. As of the date of, this Prospectus, the Company has one Substantial Shareholder, which is the Private Tharawat Holding Company, which owns (4,364,999) shares, representing (15%) of the Company's shares.				

Public	<p>Means in the Rules on the Offer of Securities and Continuing Obligations, persons other than the following:</p> <ol style="list-style-type: none"> 1. Affiliates of the Issuer. 2. Substantial shareholders of the Issuer. 3. Directors and senior executives of the Issuer. 4. Directors and senior executives of the Issuer's affiliates. 5. Directors and senior executives of substantial shareholders of the Issuer. 6. Any relatives of persons described at (1), (2), (3), (4) or (5) above. 7. Any company controlled by any persons described at (1), (2), (3), (5) or (6) above. 8. Persons acting in concert, with a collective shareholding of (5%) or more of the class of shares to be listed.
Nature of the Offering	Capital increase through the issuance of Rights Shares.
Purpose of the Issuance of the Proposed Right Issue Shares	The net Offering Proceeds will be used primarily to enhance the solvency margin and support the expansion of the Company's business. (For more information, please see Section (6) " Use of the Offering Proceeds ").

<p>Total Proceeds Expected to be Raised and a Detailed Breakdown and Description of the Proposed Use of the Proceeds</p>	<p>It is expected that the total proceeds from the Subscription in the Rights Shares will two hundred and nine million (209,000,000) Saudi riyals. The net proceeds from the offering after deducting the Offering expenses, the net offering proceeds will be used to support the growth and expansion plans of the Company's activity, enhance the financial solvency margin, and maintain the Company's credit rating. Shareholders will not receive any of the Offering Proceeds (for more information, kindly refer to Section (6) "Use of the Offering Proceeds").</p> <p>The following table outlines the suggested use of the Offering Proceeds:</p> <table border="1" data-bbox="437 600 1409 1294"> <thead> <tr> <th>Description</th> <th>Value (Saudi Riyals)</th> <th>Percentage of the Total Offering Proceeds (%)</th> </tr> </thead> <tbody> <tr> <td>Total Offering Proceeds</td> <td>209,000,000</td> <td>100%</td> </tr> <tr> <td>Estimated Offering Expenses</td> <td>4,750,000</td> <td>2.27%</td> </tr> <tr> <td>Net Offering Proceeds</td> <td>204,250,000</td> <td>97.73%</td> </tr> <tr> <td>Investments to meet solvency requirements</td> <td>145,750,000</td> <td>69.74%</td> </tr> <tr> <td>Increase in statutory deposit</td> <td>31,350,000</td> <td>15.00%</td> </tr> <tr> <td>Upgrade of technological system for insurance and financial transactions</td> <td>15,000,000</td> <td>7.18%</td> </tr> <tr> <td>Promotion of new products (advertising and branding)</td> <td>12,150,000</td> <td>5.81%</td> </tr> <tr> <td>Offering Expenses</td> <td>4,750,000</td> <td>2.27%</td> </tr> <tr> <td>Total Offering Proceeds</td> <td>209,000,000</td> <td>100.00%</td> </tr> </tbody> </table> <p>Source: The Company</p> <p>*The percentage is estimated.</p>	Description	Value (Saudi Riyals)	Percentage of the Total Offering Proceeds (%)	Total Offering Proceeds	209,000,000	100%	Estimated Offering Expenses	4,750,000	2.27%	Net Offering Proceeds	204,250,000	97.73%	Investments to meet solvency requirements	145,750,000	69.74%	Increase in statutory deposit	31,350,000	15.00%	Upgrade of technological system for insurance and financial transactions	15,000,000	7.18%	Promotion of new products (advertising and branding)	12,150,000	5.81%	Offering Expenses	4,750,000	2.27%	Total Offering Proceeds	209,000,000	100.00%
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<p>Offering Expenses</p>	<p>It is expected that the Offering Expenses will amount to approximately Four million seven hundred fifty thousand (4,750,000) Saudi riyals covering the expenses of: the Financial Advisor, Lead Manager, Underwriter, Legal Advisor, Auditor, Marketing, Printing, Distribution Expenses, Media and Public Relations advisor, in addition to the underwriting expenses, marketing, printing, distribution and other expenses related to the Subscription (for more information, kindly refer to Section (6) "Use of the Offering Proceeds").</p>																														
<p>Net Proceeds from the Offering After Deducting the Offering Expenses</p>	<p>The net proceeds of the Offering are expected to amount to approximately Two hundred four million two hundred fifty thousand (204,250,000) Saudi Riyals (for more information, kindly refer to Section (6) "Use of the Offering Proceeds").</p>																														

Total Proceeds Raised on the Most Recent Rights Issue, Its Breakdown and Description as Well as the Use or the Expected Use of Such Proceeds Not Yet Utilized

The total proceeds obtained by the Company in the last Rights issue process amounted to one hundred and fifty million (150,000,000) Saudi riyals. The Extraordinary General Assembly held on 25/05/1443H (corresponding to 29/12/2021G) approved increasing the Company's capital from one hundred and forty-one million (141,000,000) Saudi riyals to two hundred and ninety-one million (291,000,000) Saudi riyals by issuing fifteen million (15,000,000) new Rights shares at a nominal value of ten (10) Saudi riyals per share and an Offering Price of ten (10) Saudi riyals per share, in order to use an amount of twenty-two million five hundred thousand (22,500,000) Saudi riyals as a statutory deposit and invest in the amount of one hundred and twenty-four million five hundred thousand (124,500,000) Saudi riyals. According to paragraph (E) of Article (57) of the Rules on the Offer of Securities and Continuing Obligations, the Authority requires companies listed on the capital market that have previously offered right issue shares to disclose to the public any discrepancy of (5%) or more between the actual use of the proceeds of the issuance of Rights shares versus what was disclosed in the relevant prospectus as soon as it becomes aware. The public has not been disclosed any discrepancy of more than (5%) between the actual use of the proceeds of the issuance of Rights versus what was disclosed in the previous prospectus that was approved on 13/02/1443H (corresponding to 20/09/2021G) as shown in the table below, which includes the planned and actual uses of the offering proceeds, in addition to the actual spending percentage of the planned spending and the reasons for the discrepancy:

	Item	Planned Usage (SAR)	Actual Usage (SAR)	Actual to Planned Spending Ratio (%)	Reason for discrepancy
<p>Total Proceeds Raised on the Most Recent Rights Issue, Its Breakdown and Description as Well as the Use or the Expected Use of Such Proceeds Not Yet Utilized</p>	Increase in Statutory Deposit	22,500,000	13,650,000	60.67%	The Company initially planned to allocate (15%) of the capital increase that was (150) million Saudi riyals, i.e. (22.5) million Saudi riyals. However, after the capital increase, the Company calculated the (15%) ratio based on the capital after the increase, which amounted to (291) million Saudi riyals, and since the value of the statutory deposit was (30) million Saudi riyals before the capital reduction and increase procedures, only an amount of (13.65) million Saudi riyals was used.
	Financial Investments	124,500,000	133,474,000	107.21%	The Company used the unused amount of the increase in the statutory deposit, amounting to (8.85) million Saudi riyals, to increase the Company's own investments. It also used the unused amount of the offering expenses, amounting to (124) thousand Saudi riyals, to increase the Company's own investments.
	Offering Expenses	3,000,000	2,876,000	95.87%	The reason for the lower actual offering expenses than the planned offering expenses is that the Company incurred less expenses such as the auditor's fees (the amount actually used is less than the planned amount by SAR 15,000), the legal advisor's fees (the amount actually used is less than the planned amount by SAR 88,000), the translation of the prospectus (the amount actually used is less than the planned amount by SAR 11,000) and its design (the amount actually used is less than the planned amount by SAR 10,000), so that the total difference between the actual and planned usage is less by SAR 124,000).
	Source: The Company				
<p>Material Changes to the Information Disclosed in the Most Recent Prospectus</p>	The most recent prospectus was published on 13/02/1443H (corresponding to 20/09/2021G). In order to identify the material changes made to the information provided in the most recent prospectus, kindly refer to Paragraph No. (9-11) " Material Information that Changed since the CMA's Approval on the Last Prospectus " of Section No. (9) " Legal Information ".				
<p>Issuer's Capital Before Offering</p>	Two hundred and ninety-one million (291,000,000) Saudi Riyals.				

Total Number of Issuer's Shares Before the Offering	Twenty-nine million one hundred thousand (29,100,000) fully paid ordinary shares.
Nominal Value of Share	Ten (10) Saudi Riyals per share
Capital Increase	The increase in the Company's capital will be from two hundred and ninety-one million (291,000,000) Saudi riyals to five hundred million (500,000,000) Saudi riyals.
Total Number of Offered Shares	Twenty million nine hundred thousand (20,900,000) common shares.
Percentage of Offered Shares to the Capital of the Issuer	About (71.82%) of the current capital.
Offer Price	Ten (10) Saudi Riyals per share.
Total Value of Offer	Two hundred and nine million (209,000,000) Saudi Riyals.
Number of Offer Shares Underwritten	Twenty million nine hundred thousand (20,900,000) Saudi Riyals.
Total Value of the Offer Shares Underwritten	Two hundred and nine million (209,000,000) Saudi Riyals.
Total Number of Shares Issued after Capital Increase	Fifty million (50,000,000) ordinary shares.
Issuer's Capital after Capital Increase	Five hundred million (500,000,000) Saudi Riyals.
Types of Targeted Investors	Registered Shareholders and New Investors
Eligible Shareholders	Shareholders who own shares at the end of trading on the day of the EGA's meeting for the capital increase and who are registered in the Company's Shareholders Register at the Depository Center at the end of trading on the second Trading Day following the EGA's meeting on **/ **/ ****H (corresponding to **/**/****G)
New Investors	All investors whether individual or institutional investors - other than Registered Shareholders - who have purchased Rights Issue during the Trading Period.

Rights Issue	Rights Issue are tradable securities giving their holder the right to subscribe to the New Shares offered, after approval of the capital increase. These securities are considered as acquired Rights to all Registered Shareholders. These Rights may be traded during the Trading Period. Each Right grants its holder the eligibility to subscribe to one New Share at the Offer Price. The Rights Issue will be deposited in the portfolio of Registered Shareholders following the meeting of the EGA related to the capital increase. Said Rights will appear in the portfolios of the Registered Shareholders under a new symbol designated for the Rights Issue. Registered Shareholders will be notified of the deposit of Rights in their portfolios.
Number of Rights Issue issued	Twenty million and nine hundred thousand (20,900,000) rights.
Eligibility Ratio	Each Registered Shareholder is granted with (0.7182) Rights for each (1) share he owns, and this factor results from dividing the number of New Shares by the number of the Company's current shares.
Eligibility Date	Shareholders at the end of the Trading Day of the EGA approving the Capital Increase who are registered in the Company's shareholders register at the Depository Center at the end of the second Trading Day following the EGA approving the Capital Increase on **/**/****H (corresponding to **/**/****G).
Allocation Method and Refund of Excess Funds	Shares will be allocated to each investor based on the number of Rights properly and fully exercised. Fractional shares (if any) will be added together and offered to Institutional Investors during the Rump Offering Period. The Company will receive the total Offering Price of the sale of the Rump Shares. The rest of the proceeds (if any) will be distributed, without calculating any fees or deductions, (the amount exceeding the Offer Price), to those who have not fully or partially subscribed for the New Shares and to the persons entitled to Fractional Shares knowing that the investor who hasn't subscribe or hasn't sell his Rights, and the holders of fractional shares may not receive any compensation if the sale has occurred during the Rump Offering Period at the Offer Price. (For further information, kindly refer to section (12) " Terms, Conditions and Subscription Instructions "). The Subscription Surplus (if any) will be refunded to the subscribers without any commissions or deductions from the Lead Manager.
Date of Refund of Surplus Subscription	The Surplus of Subscription (if any) will be refunded without any commissions or deductions from the Lead Manager no later than Thursday **/**/****H (corresponding to **/**/****G.)

<p>Offer Period</p>	<p>It is to be noted that the Subscription Period starts **/**/****H (corresponding to **/**/****G) and continues until the end **/**/****H (corresponding to **/**/****G). It is permissible during this period for all Rights Issue holders - whether they are Registered Investors or New Investors - to subscribe for Rights Issue.</p> <p>The Offer Period starts **/**/****H (corresponding to **/**/****G) and continues until the end **/**/****H (corresponding to **/**/****G). It is permissible during this period for all Rights Issue holders - whether they are Registered Investors or New Investors - to trade Rights issue</p> <p>It is to be noted that the Subscription and Trading Periods will begin on the same day (3) three working days after the approval of the Extraordinary General Assembly including approval of the capital increase. While the Trading Period continues until the end of the sixth day from the beginning of the period, the Subscription Period continues until the end of the ninth day from the beginning of the same period. Registered Shareholders and New Investors can trade priority Rights from (10:00) am to (3:00) pm during the Trading Period. Registered Shareholders and New Investors can subscribe to the offering shares between (1:00) am and (2:00) pm every day during the subscription period.</p>
<p>Rump Shares</p>	<p>The Shares that have not been subscribed for during the subscription period.</p>
<p>Subscription Method</p>	<p>Subscription applications are submitted electronically through the websites and platforms of electronic brokers that offer such services to subscribers or through any other means provided by brokers.</p>
<p>Rights Subscription Exercise</p>	<p>Eligible Persons are entitled to subscribe for Rights Issue Shares electronically through the electronic websites and platforms of brokers that offer such services to subscribers or through any other means provided by brokers. Eligible Persons can also exercise their Rights as follows:</p> <ol style="list-style-type: none"> 1. Registered Shareholders are entitled during the Subscription Period to exercise the rights granted to them on the Eligibility Date and any additional Rights they have purchased immediately after the Rights purchase process is settled (two business days) during the Trading Period while subscribing for New Shares. They have also the right not to take action regarding their shares. 2. During the Subscription Period, New Investors have the right to exercise the Rights they have purchased immediately after the Rights purchase process is settled (two business days) during the Trading Period while subscribing for New Shares. They have also the right not to take action regarding their shares. <p>In the event that neither Registered Shareholders nor New Investors exercise their Rights to subscribe for the New Shares during the Subscription Period, then, shares associated with such Rights will be offered during the Rump Offering Period.</p>
<p>Indicative Value of the Right</p>	<p>The indicative value of the Right reflects the difference between the market value of the Company's shares during the Trading Period and the Offer Price.</p> <p>Tadawul will calculate and publish the Right's indicative value during the Trading Period on its website, five (5) minutes late. Market information providers will also publish this information, in order for investors to see the Right's indicative value when entering orders.</p>

Right Trading Price	It is the price at which the Right is traded. This price is determined through the market offer and demand mechanism, therefore it may differ from the indicative value of the Right.
Rump Offering	In the event that any shares remain unsubscribed for at the end of the Subscription Period (Rump Shares), those shares will be offered to a number of Institutional Investors (Institutional Investors), and such Institutional Investors have to submit offers to purchase the Rump Shares. Offers will be accepted starting (10) am on **/**/****H (corresponding to **/**/****G) until (5) pm on **/**/****H (corresponding to **/**/****G) (Rump Offering Period). Rump Shares will be allocated to Institutional Investors with the highest bid, to the lowest (provided that it is not less than the Offer Price). The shares will be proportionately allocated among the Institutional Investors that tendered offers at the same price. As for Fractional Shares (if any), they will be added to the Rump Shares and treated similarly.
Allocation Date	Shares will be allocated no later than **/**/****H (corresponding to **/**/****G).
Payment of Compensation (if any)	Cash compensation will be paid to Eligible Persons who have not subscribed wholly or partially for the New Shares and to those who are entitled to fractional shares, without any deductions, at the latest on **/**/****H (corresponding to **/**/****G). It is to be noted that the amounts of compensation represent the remaining proceeds of the sale of the Rump Shares and fractional shares
Adjusted Price	The Company's share price on the Saudi Stock Exchange (Tadawul) has been adjusted to (**)** Saudi Riyals per share, by the end of Trading Day following the Extraordinary General Assembly's meeting approving the Capital Increase. This represents a decrease in the share price by (**)** Saudi Riyals per share.
Trading of New Shares	The New Shares will start being traded in Tadawul upon completion of all procedures related to the registration, allocation and listing the New Shares.
Listing and Trading of Rights	Right Issue are traded in Tadawul and their trading occurs during the Trading Period of Rights Issue. a separate Rights symbol will be designated, distinct from the symbol used for the Company's existing shares on Tadawul's interface. During the Trading Period, the shareholders have several options, including selling the Rights or any part thereof in the Exchange, purchasing additional Rights through the Exchange or abstaining from taking any action regarding the Rights Issue Shares either by selling them or purchasing additional Rights. During the Trading Period, New Investors will have the right to buy Rights in the Exchange, or sell them all or in part, or take no action regarding the Rights acquired during the Trading Period "Tadawul" system will void the Company's Rights symbol of the on the Trading Screen upon the end of the Trading Period. Hence, trading of Rights will cease upon the end of this period.
New Shares Dividends	Holders of the New Shares will be entitled to any dividends announced by the Company after the date their issuance.
Voting Rights	All Company's shares are of one class, and no share gives its holder preferential Rights. New shares will be fully paid and equal to the existing shares. Each share gives its holder the right to one vote, and every Shareholder in the Company has the right to attend the meeting of the General Assembly of Shareholders (whether Ordinary or Extraordinary) and vote in it.

<p>Restrictions Imposed on the Shares or Rights</p>	<p>Except for the regulatory restrictions imposed on listed shares in general, there are no restrictions imposed on trading of the Company's shares. Note that the Company's shares were listed on Tadawul on 14/08/1428H (corresponding to 27/08/2007G) and accordingly the lock-up period of three full financial years, each of which is not less than twelve months, for the Founding Shareholders has expired. Accordingly, all shares are tradable in accordance with the rules, regulations and instructions issued by the Capital Market Authority, however, the Founding Shareholders of the Company must obtain approval of the Insurance Authority to dispose of their shares.</p>
<p>Restrictions Imposed on the Trading of Rights</p>	<p>There are no restrictions imposed on the trading of Rights.</p>
<p>Restriction Imposed on the New Shares as a result of Capital Increase</p>	<p>There are no restrictions imposed on the Shareholders in general and the Founding Shareholders after the Subscription process resulting from the Capital increase.</p>
<p>Shares Previously listed by the Issuer</p>	<p>On 14/08/1428H (corresponding to 27/08/2007G) the Company listed all of its ten million (10,000,000) ordinary shares, with a nominal value of (10) Saudi Riyals per share, on the Main Market, whereby the Founding Shareholders subscribed to (60%) of the capital and (40%) of the capital was offered for subscription by the public. On 17/10/1433H (corresponding to 04/09/2012), the Extraordinary General Assembly approved increasing the Company's capital from one hundred million (100,000,000) Saudi Riyals divided into ten million (10,000,000) ordinary shares to two hundred million (200,000,000) Saudi riyals divided into twenty million (20,000,000) ordinary shares, by issuing Rights based on the recommendation of the Board of Directors on 12/11/1430H (corresponding to 31/10/2009G) and after the approval of the Saudi Central Bank on 11/11/1431H (corresponding to 19/10/2010). On 07/01/1442H (corresponding to 26/08/2020G), the Extraordinary General Assembly approved the reduction of the Company's capital from two hundred million (200,000,000) Saudi Riyals to one hundred and forty-one million (141,000,000) Saudi Riyals, with the number of shares decreased accordingly from twenty million (20,000,000) shares to fourteen million one hundred thousand (14,100,000) shares, based on the recommendation of the Board of Directors dated 21/05/1441H (corresponding to 16/01/2020G), and after the approval of the Saudi Central Bank dated 07/20/1441H (corresponding to 15/03/2020). On 25/05/1443H (corresponding to 29/12/2021G), the Extraordinary General Assembly approved increasing the Company's capital from one hundred and forty-one million (141,000,000) Saudi riyals divided into fourteen million and one hundred thousand (14,100,000) shares to two hundred and ninety-one million (291,000,000) Saudi riyals divided into twenty-nine million and one hundred (29,100,000) ordinary shares, by issuing Rights based on the recommendation of the Board of Directors dated 21/05/1441H (corresponding to 16/01/2020G) and after approval of the Saudi Central Bank dated 14/02/1442H (corresponding to 01/10/2020G).</p>
<p>Conditions for Subscription to Rights Issue Shares</p>	<p>Eligible Persons wishing to subscribe for New Shares have to meet the relevant subscription requirements. To review the Subscription's terms, conditions, and instructions, (and for more information, kindly refer to section (12) "Information Related to the Shares and Offering Terms and Conditions" of this Prospectus.</p>

Risk Factors

Investment in the Rights Issue Shares involves certain risks that can be classified into: (1) Risks related to the Company's Activities; (2) Risks related to the Market and Industry; and (3) Risks related to the New Shares. These risks are described in Section (2) "**Risk Factors**" of this Prospectus, that should be carefully reviewed before making any investment decision in the Rights Issue Shares.

"**Important Notice**" Section as well as Section (2) - "**Risk Factors**" of this Prospectus should be read carefully prior to making a decision to invest in the Rights Issue under this Prospectus.

Key Dates and Subscription Procedures

Event	Date
Date of the EGA's meeting approving the Capital Increase and setting the Eligibility Date and Eligible Shareholders, noting that Eligible Shareholders are the Shareholders who own shares at the end of the Trading Day of the EGA's meeting for the Capital Increase and are registered in the Company's shareholders register at the Depository Center at the end of the second Trading Day following the EGA's meeting for the Capital Increase	**/**/****H (corresponding to **/**/****G)
Trading Period	The Trading Period starts on **/**/****H (corresponding to **/**/****G) and ends on **/**/****H (corresponding to **/**/****G). During this period, all Rights holders - whether they are Registered Shareholders or New Investors - are entitled to trade in the Rights. Registered Shareholders and New Investors can trade Rights from (10:00) am to (3:00) pm during the Trading Period.
Subscription Period	The Subscription Period starts on **/**/****H (corresponding to **/**/****G) and lasts until the end of day **/**/****H (corresponding to **/**/****G). During this period, all Rights holders - whether they are Registered Shareholders or New Investors - are entitled to subscribe for New Shares. Registered Shareholders and New Investors can subscribe to the offering shares between (10:00) am and (2:00) pm every day during the Subscription Period
End of Subscription Period	The Subscription Period and the receipt of subscription requests and applications ends on **/**/****H (corresponding to **/**/****G).
Rump Offering Period	The Rump Offering Period starts at 10:00 am on **/**/****H (corresponding to **/**/****G) and continues until 5pm on **/**/****H (corresponding to **/**/****G)
Final Allocation Notice	On **/**/****H (corresponding to **/**/****G).
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 **/**/****H (corresponding to **/**/****G)
Trading Date of the New Shares	The shares offered for subscription will be traded upon completion of all relevant regulatory procedures. It will be announced later on Tadawul website.

Note: All dates mentioned in the above table are approximate. Actual dates will be announced on the website of the Saudi Stock Exchange (Tadawul) (www.saudiexchange.sa).

Key Announcement Dates

Announcement	Announcing Party	Date
Announcement regarding the invitation of the Extraordinary General Assembly for the capital increase	The Company	On **/**/****H (corresponding to **/**/****G)
Announcement of the Extraordinary General Assembly's meeting result regarding the Capital Increase	The Company	On **/**/****H (corresponding to **/**/****G)
Announcement of the amendment of the Company's share price, the deposit of Rights and the right's indicative value	Tadawul	On **/**/****H (corresponding to **/**/****G)
Announcement of the Trading Period and Subscription Period for the New Shares	The Company	On **/**/****H (corresponding to **/**/****G)
Announcement on adding the Rights	Edaa	On **/**/****H (corresponding to **/**/****G)
Announcement of the commencement of the Rights' Trading Period and the New Shares' Subscription Period	Tadawul	On **/**/****H (corresponding to **/**/****G)
Reminder about the commencement of the Rights' Trading Period and the New Shares' Subscription Period	The Company	On **/**/****H (corresponding to **/**/****G)
Reminder about the last day for Rights Trading and the importance of selling Rights for those who do not wish to subscribe	The Company	On **/**/****H (corresponding to **/**/****G)
Announcement of the: subscription results details of the Rump Shares sale (if any) and the commencement of the Rump Offering Period	The Company	On **/**/****H (corresponding to **/**/****G)
Announcement of the result of the Rump Offering and notification of final allocation	The Company	On **/**/****H (corresponding to **/**/****G)
Announcement of the deposit of the New Shares in the investors' portfolios*	Edaa	On **/**/****H (corresponding to **/**/****G)
Announcement of the distribution of the compensation amounts (if any)	The Company	On **/**/****H (corresponding to **/**/****G)

Note: All dates mentioned in the above timetable are approximate, and the actual dates will be announced on the Saudi Stock Exchange website (www.saudiexchange.sa), in coordination with the Securities Depository Center Company (Edaa) to determine the date of depositing the shares.

*It is worth noting that the period between the end of the subscription to the Rights Issue Shares and the deposit of the shares in the shareholders' portfolios is nine (9) business days.

It should also be noted, as per the provisions of Article 51 of the Rules on the Offer of Securities and Continuing Obligations , that if a disclosure related to the offering is published in a local newspaper after the publication of the Prospectus, the announcement must include the following:

1. Name and commercial registration certificate of the Issuer.
2. The securities that are subject of the relevant application for registration and offer and their value, type and class.
3. The addresses and locations where the public may obtain the Prospectus.
4. The date of publication of the Prospectus.
5. A statement that the disclosure is for information only and does not constitute a solicitation or offer to acquire, purchase or subscribe for securities.
6. The names of the Lead Manager, Underwriter, Financial Advisor and Legal Advisor.
7. A disclaimer as follows: **“The Capital Market Authority and the Saudi Stock Exchange Company take no responsibility for the contents of this disclosure, 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 disclosure”**.

How to Apply for Subscription

Subscription to the Rights Issue Shares is limited to Eligible Persons, whether they are Registered Shareholders or New Investors. In the event that the Rights of Eligible Persons are not exercised, any Rump Shares that were not subscribed for by Eligible Persons shall be offered to Institutional Investors during the Rump Offering Period.

Eligible Persons wishing to subscribe for New Shares can either use trading platforms through which buy and sell orders are entered, or submit their subscription application through the means and services dispensed by the broker to the investors, provided that they have an investment account with one of the brokers who provide these services and that their data have been updated, and that no changes have occurred to their personal information since they subscribed to a recent offering unless these amendments have been communicated to brokers and approved by them.

The Company reserves the right to reject any application for the New Shares subscription in whole or in part if it does not fulfill any of the conditions or requirements of the subscription. It is not permitted to amend or withdraw the subscription application after its submission. The subscription application, upon its submission, constitutes a binding contract between the Company and the Eligible Person (for more information, kindly refer to Section (12) **“Information Related to Shares and Offering Terms and Conditions”**).

What is the Rights Issue?

Rights Issue are tradable securities that give their holder the right to subscribe for the New Shares offered, upon approval of the EGA on the capital increase by issuing new shares. All shareholders registered in the Company's shareholders register at the Depository Center at the end of the second Trading Day following the date of the EGA's meeting approving the capital increase will be entitled to receive said Rights. Each Right grants its holder the eligibility to subscribe for one New Share at the Offer Price.

Who is granted the Rights?

All shareholders registered in the Company's register at the Depository Center at the end of the second Trading Day following the EGA's meeting approving the capital increase.

When are the Rights deposited?

After the EGA convenes and upon its approval on capital increase through the offering of Right Issue Shares, the Rights are deposited as securities in the shareholders portfolios in the Company's shareholders register at the Depository Center at the end of the second Trading Day after the EGA's meeting; and the Rights Issue will be listed in the shareholders' portfolios under a new symbol. These Rights will only be traded or subscribed for at the beginning of the Trading and Subscription Periods.

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

The notification is made through announcements on the Tadawul website, as well as through the (Tadawulaty) service provided by the Securities Depository Center Company (Edaa), and short text messages (SMS) are also sent through brokerage companies.

How many Rights Issues can be acquired by a Registered Shareholder?

The number is subject to the Rights Issue ratio and the number of the current Shares held by the shareholder in the capital as well as in the Company shareholders' register at the Securities Depository Center Company (Edaa) at the end of the second Trading Day following the Extraordinary General Assembly's meeting approving the capital increase.

What is the Subscription Eligibility Ratio?

It is the ratio that enables the Registered Shareholder to know how many Rights he/she is entitled to in relation to the current shares that he/she already owns at the end of the Trading Day of the EGA's. This ratio is calculated by dividing the number of New Shares by the number of the current shares of the Company, and accordingly, the eligibility ratio is (0.718) Rights approximately for everyone (1) share owned by the Registered Shareholder on the Eligibility Date. Thus, if a Registered Shareholder owns (1,000) shares on the eligibility date, then he/she will be allocated (718) Rights in exchange for the shares he/she owns.

Will the name and trading symbol of the Rights vary from the name and symbol of the Company's shares?

Yes, the acquired Rights will be deposited in the investors' portfolios under the original name, adding the Rights Issue term as well as a new symbol for these Rights.

What is the value of the Rights at the beginning of trading?

The opening price of the Right will be the difference between the closing price of the Company's share on the day prior to the inclusion of the Rights and the Offer Price (the indicative value of the Right). For example, if the closing price of a share on the previous day is fifteen (15) Saudi Riyals and the Offer Price is ten (10) Saudi Riyals, the opening price of the Rights upon the commencement of trading will be five (5) Saudi Riyals.

Who is a Registered Shareholder?

Any shareholder owning shares at the end of the Trading Day of the EGA's meeting approving the capital increase and registered in the Company's Shareholders Register at the Depository Center at the end of the second Trading Day following the EGA's meeting held to approve the capital increase.

Can Registered Shareholders subscribe for additional shares?

Yes, Registered Shareholders can subscribe for additional shares by purchasing new Rights during the Trading Period and then subscribe to them during the Subscription Period after completing the purchase and settlement of Rights.

Is it possible for a shareholder to lose his/her eligibility to subscribe even if he/she has the right to attend the Extraordinary General Assembly's meeting and vote on the capital increase through a Rights Issue?

Yes, the Shareholder loses his/her eligibility to subscribe if he/she sells his/her shares on the day of the EGA's meeting approving the capital increase or one business day prior to said meeting.

How is the Subscription process implemented?

The Subscription process is implemented, as is currently being done, through submitting Subscription Applications during the Subscription Period through the investment portfolio on the trading platforms through which the purchase and sell orders are filed. In addition to the possibility of subscription through any other means provided by the broker and the custodian of shares.

What are the Trading and Subscription periods?

Trading and Subscription of Rights begin at the same time after (3) three business days from the approval of the EGA on the Capital Increase, until the end of trading of the sixth day while the subscription continues until the ninth day, according to what is mentioned in this Prospectus and the Company's announcements.

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.

Is it possible to Subscribe more than once and through more than one broker?

Yes, it is possible and the number of New Shares that can be subscribed through each broker will depend on the number of Rights available in the investment portfolio of the relevant broker. In all cases, it must be taken into consideration that the quantity of new subscribed shares does not exceed the number of Rights Issue owned at the end of the Rights Issue's Trading Period, as such will result in cancellation of the Subscription Application.

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

Rights will be deposited in the same portfolio where the Company's Rights-related shares are deposited. For example, if a shareholder holds one thousand (1,000) shares in the Company: (800) shares in portfolio (A) and (200) shares in portfolio (B), then the total Rights amounting to (718) Rights, as each share is eligible for (0.718) Rights. Therefore, (575) Rights will be deposited in portfolio (A) and (143) Rights will be deposited in portfolio (B). Any fractional shares will be added to the rump shares and sold during the Rump Offering Period, and the total proceeds from the Rump Offering to the Company and the remaining proceeds of the offering process (if any) (in excess of the Offering Price) shall be distributed without calculating any fees or deductions to those entitled to them, each according to what he is entitled for..

Are share certificate holders allowed to subscribe and trade?

Yes, holders of share certificates are allowed to subscribe. However, they will not be able to trade unless share certificates are deposited in investment portfolios through the brokers or Depository Center of the Saudi Exchange (Edaa) and submit the required documents, before the end of the Subscription Period.

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

If a Registered Shareholder subscribed for New Shares and then sells the Rights without purchasing a number of Rights equal to the number of exercised Rights, he/she subscribed in before the end of the Trading Period, then the subscription application will be rejected entirely, if all the Rights have been sold, or partially in an amount equal to the number of sold Rights. The Registered Shareholder will be notified and refunded the rejected subscription amount by the broker.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchasers of additional Rights may sell them and purchase other Rights during the Trading Period, only.

Is it possible to sell a part of the Rights Issue?

Yes, the investor can sell a part of these Rights and subscribe for the remaining part.

When can a shareholder subscribe for the Rights Issue, he/she purchased during the Trading Period?

After settlement of the purchase of Rights (which is two business days), provided that the subscription for Rights Issue is completed during the Subscription Period.

Can the Eligible Person sell or assign the Rights after the end of the Trading Period?

No, it is not possible. After the expiry of the Trading Period, the Eligible Person may only exercise the right to subscribe for the Rights Issue Shares or not. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

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

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 Extraordinary General Assembly and vote on increasing the Issuer's capital through offering Rights issue shares?

Any shareholder registered in the Company's Shareholders Register at the Depository Center at the end of the trading session, on the date of the EGA's meeting related to capital increase, shall have the right to attend the EGA's meeting and vote on increasing the Issuer's share capital through Rights Issue.

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

The share price is adjusted by Tadawul before the start of trading on the day, following the EGA's meeting.

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

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

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

The investor's shares will be distributed to their portfolios according to the percentage of ownership in each portfolio. In the event of sharing fractions, these fractions will be aggregated. Whether 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.

Will any other fees be added for Rights Trade?

The same commissions will be applied to purchase and sale transactions as they are for shares, but without a minimum commission payment provided that it does not exceed fifteen and a half basis points (0.155%) of the total transaction's value.

Is it possible to subscribe during the weekend?

No, it is not possible.

Can investors, other than registered shareholders, subscribe for Rights Shares?

Yes, upon full purchase of Rights through Tadawul during the Trading Period.

Additional Help

For any inquiries, please contact the Company at right_issue@acig.com.sa. For legal reasons, the Company will only be able to provide the information contained in this Prospectus and will not be able to advise on the merits of the Rights issue or provide financial, tax or Legal or investment. (For more information, kindly refer to section (12) "**Information Related to the Shares and Offering Terms and Conditions**")

Summary of Key Information

Notice

This summary provides a brief overview of the basic information included in this Prospectus. Since it is a summary, it does not include all information that may be of interest to Shareholders and other institutional and individual investors. Recipients of this Prospectus should read it in full before taking any investment decision related to the New Rights or Shares, without solely relying on the definitions and terms section or the summary of this Prospectus.

Company Overview

Allied Cooperative Insurance Group (ACIG) is a Saudi Joint Stock Company incorporated in accordance with Ministerial Resolution No. (233), dated 16/9/1427H (corresponding to 09/10/2006G) and Royal Decree No. (M/60) promulgated on 18/09/1427 H (corresponding to 11/10/2006 G), license of Ministry of Investment no. (11202910778-01) dated 28/05/1426 H (corresponding to 05/07/2005 G), the Saudi Central Bank license No. (T M N/21/20095), dated 15/05/1430H (corresponding to 10/05/2009G) to practice insurance activity in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations, and it is registered in the commercial register in the city of Riyadh under Certificate No. (1010417178) dated 09/08/1428H (corresponding to 22/08/2007G). The current capital of the Company is two hundred and ninety-one million (291,000,000) Saudi riyals, divided into twenty-nine million and one hundred thousand (29,100,000) ordinary shares at a nominal value of (10) Saudi riyals per share, fully paid.

As of the date of this Prospectus, the Company has one Substantial Shareholder (who owns 5% or more of the Company's shares), which is Tharawat Investment Holding Company, which owns (4,364,999) shares representing (15%) of the Company's shares.

Developments of Capital Structure

- On 14/08/1428H (corresponding to 27/08/2007G) the Company listed all of its ten million (10,000,000) ordinary shares, with a nominal value of (10) Saudi Riyals per share, on the Main Market, whereby the Founding Shareholders subscribed to (60%) of the capital and (40%) of the capital was offered for subscription by the public.
- On 17/10/1433H (corresponding to 04/09/2012), the Extraordinary General Assembly approved increasing the Company's capital from one hundred million (100,000,000) Saudi Riyals divided into ten million (10,000,000) ordinary shares to two hundred million (200,000,000) Saudi riyals divided into twenty million (20,000,000) ordinary shares, by issuing Rights based on the recommendation of the Board of Directors on 12/11/1430H (corresponding to 31/10/2009G) and after the approval of the Saudi Central Bank on 11/11/1431H (corresponding to 19/10/2010G).
- On 07/01/1442H (corresponding to 26/08/2020G), the Extraordinary General Assembly approved the reduction of the Company's capital from two hundred million (200,000,000) Saudi Riyals to one hundred and forty-one million (141,000,000) Saudi Riyals, with the number of shares decreased accordingly from twenty million (20,000,000) shares to fourteen million one hundred thousand (14,100,000) shares, based on the recommendation of the Board of Directors dated 21/05/1441H (corresponding to 16/01/2020G), and after the approval of the Saudi Central Bank dated 20/07/1441H (corresponding to 15/03/2020).

- On 25/05/1443H (corresponding to 29/12/2021G), the Extraordinary General Assembly approved increasing the Company's capital from one hundred and forty-one million (141,000,000) Saudi riyals divided into fourteen million and one hundred thousand (14,100,000) shares to two hundred and ninety-one million (291,000,000) Saudi riyals divided into twenty-nine million and one hundred (29,100,000) ordinary shares, by issuing Rights based on the recommendation of the Board of Directors dated 21/05/1441H (corresponding to 16/01/2020G) and after approval of the Saudi Central Bank dated 14/02/1442H (corresponding to 01/10/2020G).

Main activities of the Company

The Company's activities as per its Commercial Registration are general insurance, health insurance, reinsurance, insurance claims settlement, and insurance agency.

The Company's activities as per its Bylaws according to Article (3) thereof are to practice cooperative insurance business in general insurance and health insurance. The Company may undertake all the work necessary to achieve its objectives. The Company practices its activities in accordance with the Cooperative Insurance Companies Control Law and its Implementing Regulations and the regulations issued by the Central Bank and the regulations and rules in force in the Kingdom of Saudi Arabia and after obtaining the necessary licenses from the competent authorities, if any.

The Company has obtained a license from the Saudi Central Bank to conduct its activity (for more information, please see subsection (9-5) "**Key Licenses, Certifications and Approvals**" of section (9) "**Legal Information**" of this Prospectus).

The Company's products are as follows:

First: Individual products

1. Vehicles:
 - Compulsory Motor insurance
 - ACIG Premium Motor insurance
 - Comprehensive Motor insurance
 - ACIG Flex Motor insurance
 - ACIG Stop Motor insurance
 - ACIG City Motor insurance
 - ACIG One Motor insurance
2. Health insurance for small groups
3. Medical professional errors insurance
4. Travel care insurance
5. Housing insurance
6. Shop owners' insurance
7. Visit insurance
8. Personal accidents
9. General civil liability
10. Domestic workers' insurance
11. Assistance

Second: Corporate Insurance

- Health insurance for companies

Third: Engineering insurance - companies

1. All installation risks insurance
2. Building and contractor machinery insurance
3. Machinery/equipment breakdown insurance in factories
4. Loss of profits insurance due to machinery damage
5. Stock damage insurance
6. Electronic devices insurance

Fourth: Property insurance - companies

1. Fire and Perils Insurance
2. All Risks Property Insurance

Company Vision

To become one of the best Saudi insurance companies by providing security to its customers and adding value to its employees and investors.

Company Mission

Providing Sharia-Compliant insurance solutions with international standards.

Company Strategy

The Company's strategy focuses on the following pillars:

- Diversifying products and sectors by identifying new growth areas, in addition to preparing new competitive products.
- Increasing corporate underwriting, including SMEs, in the field of medical insurance through multiple channels, whether online or offline.
- Increasing corporate underwriting, including SMEs, in the field of motor insurance, and reducing reliance on retail products.
- Striving to achieve customer satisfaction across all touch points.
- Reducing the percentage of expenses in line with the sector average by simplifying operations and reducing the size of employees.
- Upgrading the IT infrastructure and application development function to enhance digital flexibility.
- Improving the performance management system to improve performance and increase employee retention.
- Raising the level of training and implementing the Future Managers Development Program and the Succession Training Program.
- Increasing investment in marketing activities and participation in social responsibility.

Competitive strengths and advantages of the Company

- Our excellent IT system enables our internal team to have greater control and the ability to implement new technologies in a timely manner.
- All retail products are available through our online portal and are easy to use. We are also a leader in online insurance sales.

- We have automated many internal processes to increase efficiency.
- According to our customer satisfaction surveys, our customers are highly satisfied with our services.
- Our reinsurance partners are financially stable companies with strong credit ratings, which provide us with security.
- Our financial performance has improved steadily, with consistent profitability over the past quarters.

An overview of the insurance sector in the Kingdom of Saudi Arabia

The Cooperative Insurance Companies Control Law in the Kingdom was issued in 2003 by Royal Decree No. (M/32) dated 02/06/1424H (corresponding to 31/07/2003G). The law assigned the tasks, including supervision and control of the insurance sector in the Kingdom, to the Saudi Central Bank at that time.

The same role continued as the Insurance Authority works on everything that contributes to the growth and prosperity of the insurance sector and to achieve the goals of Vision 2030 by spreading awareness regarding the importance of insurance in various social and economic aspects, in addition to updating and developing laws, regulations and instructions, based on developing the insurance sector and enhancing its capabilities to confront risks and keep pace with the economic growth in the Kingdom. The Insurance Authority is working to encourage insurance companies to increase their capital through mergers and acquisitions, as mergers contribute to enhancing the competitive capabilities of the insurance sector by creating large insurance entities with great financial solvency through which they are able to compete and provide the best insurance solutions to customers.

As of the date of this Prospectus, the Saudi insurance market consists of (28) insurance companies listed on the Saudi Stock Exchange, in addition to specialized liberal professions companies to support insurance services. The insurance sector in the Kingdom witnessed 6 successful mergers in 2023G.

Source: Annual Report of the Insurance Authority

The Allied Cooperative Insurance Group Company (ACIG) previously signed two non-binding memoranda of understanding with the aim of merging with both the National Insurance Company and then Amana Insurance Company. Economic feasibility studies were conducted, but the merger did not take place and future merger opportunities are being sought.

In general, the insurance sector in the Kingdom can be divided into three main sectors: health insurance, general insurance, and protection and savings insurance, according to the Saudi Insurance Market Report issued by the Insurance Authority for the year 2023G, where the health insurance sector accounted for (59%) of the total insurance premiums subscribed, followed by the general insurance sector at (37.1%) and the protection and savings insurance sector at (3.9%). The insurance sector in the Kingdom witnessed an increase in total subscribed premiums by (22.7%) during 2023G to reach (65.5) billion Saudi riyals compared to (53.4) billion riyals in 2022G. This increase came as a result of the increase in total subscribed health insurance premiums by (21.4%) to about (38.6) billion Saudi riyals by the end of 2023G, while total health insurance premiums in 2022G amounted to (31.8) billion Saudi riyals. The total subscribed premiums in the general insurance sector amounted to (24.3) billion Saudi riyals in 2023G compared to (19.7) billion riyals in 2022G. Likewise, the total subscribed protection and savings insurance premiums amounted to (2.6) billion Saudi riyals in 2023G compared to (1.9) billion riyals in 2022G.

Summary of Financial Information

The summary financial information below is based on the audited financial statements for the fiscal years ended December 31, 2021G, and 2022G, and 2023G, and the accompanying notes, and should therefore be read in conjunction with them.

The financial statements for the fiscal year ended December 31, 2021G were audited by Dr. Mohammed Al-Amri & Partners and Crowe Solutions Professional Consulting Company - a member of Crowe International, and the financial statements for the two fiscal years ended December 31, 2022G and December 31, 2023G were audited by Al-Kharashi & Partners, Certified Public Accountants and Auditors and Crowe Solutions Professional Consulting Company - a member of Crowe International.

The financial statements for the fiscal years 2021G, and 2022G, and 2023G, and the accompanying notes thereto, have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

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

Summary of the Statement of Financial Position

Summary of Financial Position Statement (SAR)	Financial year ended December 31, 2021G Audited	Financial year ended December 31, 2022G Audited
Total investments	263,133,000	500,381,000
Total assets	593,255,000	904,738,000
Total liabilities	561,219,000	742,427,000
Net property Rights	32,036,000	162,311,000
Total liabilities and property Rights	593,255,000	904,738,000

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

Summary of the Statement of Income

Summary of Income Statement (SAR)	Financial year ended December 31, 2021G Audited	Financial year ended December 31, 2022G Audited
Gross Written Premiums	592,588,000	830,694,000
Net Premiums Written	514,057,000	730,454,000
Net Premiums Earned	484,092,000	579,089,000
Total Revenue	489,075,000	598,781,000
Total premiums written Costs & Expenses	512,899,000	547,210,000
Net Subscription Loss	(23,824,000)	51,571,000
Total of Other Operations Expenses	(80,184,000)	(72,303,000)
Total loss for the year	(114,584,000)	(13,300,000)
Total loss attributable to shareholders	(114,584,000)	(13,300,000)
Total Comprehensive Loss for the Year	(133,595,000)	(16,849,000)

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

Summary of Cash Flow Statement

Summary of Cash Flow Statement (SAR)	Financial year ended December 31, 2021G Audited	Financial year ended December 31, 2022G Audited
Net cash generated from / (used in) operating activities	(23,041,000)	123,092,000
Net cash generated from / (used in) investing activities	(66,789,000)	164,956,000
Net cash generated from / (used in) financing activities	(2,134,000)	143,397,000

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

Key Performance Indicators

Key Performance Indicators	Financial year ended December 31, 2021G	Financial year ended December 31, 2022G
Reinsurance ratio	12.52%	11.64%
Net loss ratio	85.10%	82.90%
Assignment ratio	13.30%	12.10%
Net commission ratio	14.50%	14.90%
Net expense ratio	17.40%	14.30%
Unified ratio	117.00%	112.2%
Commission paid as a percentage of gross premiums written	12.67%	10.88%
Commission received as a percentage of premiums ceded	5.98%	3.92%
Net underwriting result as a percentage of gross premiums written	(4.00%)	6.20%
Unearned premiums/Gross premiums written	50.90%	55.00%
Net claims outstanding/Net claims incurred	5.26%	3.65%
Reinsurers' share of outstanding claims and IBNR/ claims outstanding and IBNR	18.60%	17.30%
Deferred policy acquisition costs / Policy acquisition costs	58.70%	66.90%
Reinsurers' share of unearned premiums / Unearned premiums	11.50%	8.40%
Insurance revenue growth rate	N/A	21.19%
Insurance service expenses as a percentage of insurance revenue	109.66%	100.02%
Return on average assets	(19.10%)	(1.80%)
Return on Average Equity	(129.00%)	(13.70%)
Accumulated Losses as a Percentage of Capital	(82.30%)	(45.40%)

Source: Management Information

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

Summary of Financial Position Statement

Summary of Financial Position Statement (SAR)	Financial year ended on December 31, 2022G (Restated)	Financial year ended on December 31, 2023G (Audited)
Total investments	87,099,000	608,791,000
Total assets	762,789,000	929,554,000
Total liabilities	573,842,000	675,211,000
Net property Rights	188,947,000	254,343,000
Total liabilities and property Rights	762,789,000	929,554,000

Source: Audited financial statements for the financial years ending on 31 December 2022G and 2023G.

Income Statement

Summary of Income Statement (SAR)	Financial year ended on December 31, 2022G (Restated)	Financial year ended on December 31, 2023G (Audited)
Result of Insurance Service	(32,918,000)	47,073,000
Net Investment Income	10,815,000	38,245,000
Net financing income/(expense) from issued insurance contracts	4,336,000	(334,000)
Net Result of Insurance & Investment	(18,488,000)	85,503,000
Net profit/(loss) for the year after Zakat and income tax and attributable to shareholders only	(17,344,000)	63,406,000

Source: Audited financial statements for the financial years ending on 31 December 2022G and 2023G.

Summary of Cash Flow Statement

Summary of Cash Flow Statement (SAR)	Financial year ended on December 31, 2022G (Restated)	Financial year ended on December 31, 2023G (Audited)
Net Cash Resulted from (Used in) Operating Activities	111,410,000	139,651,000
Net Cash Resulted from (Used in) Investment Activities	176,590,000	(480,540,000)
Net Cash Resulted from (Used in) Financing Activities	143,397,000	(1,806,000)

Source: Audited financial statements for the financial years ending on 31 December 2022G and 2023G.

Key Performance Indicators

Key Performance Indicators	Financial year ended on December 31, 2022G	Financial year ended on December 31, 2023G
Underwriting Loss Ratio	100.00%	91.60%
Reinsurance Premium Allocation as a Percentage of Insurance Revenue	13.80%	9.50%
Reinsurance Recoverable Amounts as a Percentage of Reinsurance Premium Allocation	64.60%	62.30%
Loss Factor for Residual Coverage Obligations/Insurance Contract Liabilities	4.00%	0.50%
Insurance Services Result Margin	(4.90%)	4.80%
Net Insurance and Investment Result Margin	(2.70%)	8.80%
Net Income Margin	(2.60%)	6.50%
Total Assets / Total Liabilities	132.90%	137.70%
Accumulated Losses as a Percentage of Capital	(49.30%)	(25.40%)
Return on Average Assets	(2.60%)	7.50%
Return on Average Equity	(15.70%)	28.60%

Source: Management Information

Summary of Risk Factors

Potential investors who wish to subscribe for New Shares must carefully consider all the information in this Prospectus, including in particular the risk factors detailed in Section 2, «Risk Factors», before making any investment decision regarding the subscription or trading for the Rights Issue.

1- Risks Related to the Company's Activity and Operations

- Risks Related to Insufficient Capital and Minimum Capital Requirements
- Risks of Accumulated Losses
- Risks Related to Insufficient Provisions and Reserves
- Risks Related to Sanctions, Penalties and Business Suspension by Competent Authorities
- Risks Related to Failure to Obtain or Renew the Required Licenses, Permits and Certificates
- Risks Related to the Inability to Implement Strategy
- Credit Risks
- Risks Related to Credit Rating
- Risks Related to Contingent Liabilities
- Risks Related to the Claims Management Process
- Risks Related to Contracts with Third Parties
- Risks Related to Reinsurance
- Risks Related to Reinsurance Concentration
- Risks Related to Reliance on Brokers and Agents
- Risks Related to Investment
- Risks Related to Concentration of Company's Revenues
- Risks Related to Net Underwriting Losses in Motor Insurance
- Risks Related to Non-compliance with Quality Standards and Specifications Required by Customers
- Risks of Risk Management Policies
- Risks Related to Miscalculation of Risks
- Risks Related to Cancellation or Non-renewal of Insurance Policies
- Risks Related to the Translation of Insurance Documents
- Risks Related to Increasing the Company's Liabilities
- Risks Related to Transactions with Related Parties
- Risks Related to Operating Systems and Information Technology
- Risks Related to Lease Contracts
- Risks Related to Litigation (Lawsuits, Claims, Arbitration and Administrative Proceedings)
- Risks Related to the Protection of Trademarks
- Risks Related to Zakat Differences, Tax Assessments and Potential Zakat Liabilities
- Risks Related to Insufficient Insurance Coverage
- Risks Related to Natural Disasters
- Risks Related to reliance on non-Saudi employees
- Risks Related to Dependence on Key Personnel and Attraction of Competencies
- Risks Related to Employee Misconduct
- Risks Related to Access to Adequate Financing
- Risks Related to False Insurance Claims and Other Fraudulent Activities
- Risks Related to Failure to Apply Loss Limits or Exclusions in Insurance Policies
- Risks Related to the Company's Reputation
- Risks Related to Anti-money Laundering and Counter-terrorism Financing Regulations
- Risks Related to the Outbreak of infectious or malignant diseases, epidemics, or pandemics in general
- Risks Related to Financial Performance

- Risks Related to Internal Control Procedures
- Risks Related to Changes in Important Accounting Standards and New Standards
- Risks Related to the implementation of the Governance Regulations
- Risks Related to Non-compliance with Disclosure of a Difference in the Uses of the Proceeds of the Offering

2- Risks Related to the Market and Industry

- Risks Related to Withdrawal of License to Undertake Insurance Activities
- Risks Related to Approvals for New Products or Renewal of Existing Ones
- Risks Related to Non-compliance with Existing Laws and Regulations and/or Issuance of New Laws and Regulations
- Risks Related to Non-compliance with the Council of Health Insurance Regulations
- Risks Related to the Regulatory Environment
- Risks Related to the application of the Companies Law
- Risks Related to economic conditions and insurance sector conditions
- Risks Related to the Economic Performance of the Kingdom
- Risks Related to Political and Economic Instability in the Middle East
- Risks Related to Restrictions on Insurance Companies Ownership
- Risks Related to Competition
- Risks Related to the Insurance Market Growth
- Risks Related to the Lack of Cultural Awareness of Insurance and Its Importance
- Risks Related to the required reports
- Risks Related to obtaining the necessary approvals to launch new products or renew existing products
- Risks Related to the impact of Client trust's decrease
- Risks Related to Lack of Control Over Prices
- Risks Related to the Insurance Business Cycle
- Risks Related to Adjustments to Accounting for Zakat and Income Tax by the Saudi Central Bank
- Risks Related to Value Added-Tax (VAT)
- Risks Related to the Imposition of New Fees or Taxes
- Risks Related to Compliance with Saudization and GOSI Requirements
- Risks Related to Government Fees Applicable to Non-Saudi Employees
- Risks Related to the Lack of Qualified Local Cadres in the Insurance Sector
- Risks Related to Currency Exchange Rates

3- Risks Related to the Offered Securities

- Risks Related to Potential Fluctuation in the Price of Rights Issue
- Risks Related to Potential Fluctuations in Share Price
- Risks Related to Unprofitability or Sale of Rights
- Risks Related to Future Data
- Risks Related to the Issuance of New Shares
- Risks Related to a Decrease in the Demand for Rights Issue and Company Shares
- Risks Related to Ownership Percentage Decline
- Risks Related to Not Exercising Subscription to Rights Issue in a Timely Manner
- Risks Related to Dividend Distribution to Shareholders
- Risks Related to Speculation in Rights Issue
- Risks Related to the Lack of Shareholders' Awareness of the Trading Mechanism and Exercise of Rights Issue
- Risks Related to Suspending Trading or Cancelling the Company's Shares as a Result of Not Publishing Its Financial Statements within the Statutory Period

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Terms and Definitions

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1- Terms and Definitions

Term	Definition
"ACIG" or the "Company" or "Issuer"	Allied Cooperative Insurance Group -ACIG, a Saudi Joint Stock Company
Merger Agreement	An agreement entered into for the purpose of merging one or more companies with another existing company or merging two or more companies to form a new company.
Underwriting Agreement	Underwriting agreement between the Company and the Underwriter.
Total written insurance premiums	The total insurance contract premiums written during a specific period (whether ceded or not) without deducting the ceded premiums.
Technical reserves/provisions	These are the amounts allocated by the Company to cover expected losses resulting from policies for a type of insurance and the resulting financial obligations.
Insurance premium deficiency reserve	It is an estimated provision determined by the actuary and is based on the expected loss ratio for the remaining part of the risks and usually arises when the actuary believes that the prices of the policies are not sufficient to cover future claims related to them.
Senior Management (or Company Management)	The executive management team or senior executives at the Allied Cooperative Insurance Group Company.
New Shares	Twenty million nine hundred thousand (20,900,000) shares, which will be issued to increase the Company's capital.
Current Shares	The current shares of the Company, amounting to twenty-nine million one hundred thousand (29,100,000) ordinary shares, at a nominal value of ten (10) Saudi Riyals per share and a total value of two hundred and ninety-one million (291,000,000) Saudi Riyals.
Rump Shares	The remaining shares that were not subscribed to during the Subscription Period.
Eligible Persons	All holders of Rights, whether they are registered shareholders or those who purchased Rights during the Trading Period.

Term	Definition
Related Parties	<p>According to the Rules on the Offer of Securities and Continuing Obligations, and the Glossary of Defined Terms Used in the Regulations and Rules of the CMA, Related Parties are considered as the following:</p> <ol style="list-style-type: none"> 1. Affiliates of the Issuer except for wholly owned companies by the Issuer. 2. Substantial shareholders of the Issuer. 3. Directors and senior executives of the Issuer. 4. Directors of affiliates of the Issuer. 5. Directors and senior executives of substantial shareholders of the Issuer. 6. Any relatives of persons described at (1), (2), (3) or (5) above. 7. Any company or entity controlled by any person described at (1), (2), (3), (5) or (6) above.
Reinsurance	The process by which the insurance company or reinsurer insures or reinsures another insurer or reinsurer (the ceding company) against all or part of the insurance or reinsurance risks that the ceding company undertakes to cover, under one or more insurance policies.
Optional reinsurance	A discretionary method of reinsurance on a case-by-case basis in which the reinsurer has the option to accept or reject the risks offered to it.
Pro rata Reinsurance	The method of distributing insurance amounts (whether premiums or claims) between the Company and the reinsurer at a specific and agreed upon percentage.
Unearned Premiums	The portion of written premiums that covers risks relating to subsequent financial periods.
Ceded Premiums	The premiums ceded to reinsurance companies within the context of reinsurance operations
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 exchange for a premium paid by the insured.
Saudi Central Bank or SAMA	The Saudi Central Bank (formerly the Saudi Arabian Monetary Agency) is the responsible entity for supervising the financial sectors authorized to operate in the KSA, such as banks, insurance companies, finance companies, exchange institutions, and credit information companies, previously, his responsibilities included overseeing the insurance sector.
Saudi Central Bank License	The license issued by the Saudi Central Bank No. (TMN/21/20095) dated 21/05/1430H (corresponding to 10/05/2009G) to carry out insurance and reinsurance activities in the classes: general reinsurance, and health insurance.
Instructions for Corporate Advertisements	Issued by the Board of CMA pursuant to its Resolution No. (1-199-2006) dated 18/07/1427H (corresponding to 12/08/2006G) and amended by resolution No. (3-79-2023) dated 19/02/1445H (corresponding to 04/09/2023G).
Litigation	Recourse to courts or judicial committees to reach a settlement of a dispute.

Term	Definition
Saudization/ Localization	Saudization requirements applied in the Kingdom with regard to the labor market.
General Assembly	The General Assembly is held in the presence of the Company's Shareholders in accordance with the provisions of the Companies Law and the Company's Bylaws. It may be ordinary or Extraordinary.
Ordinary General Assembly	Ordinary General Assembly of Shareholders of the Company.
Extraordinary General Assembly	Extraordinary General Assembly of Shareholders of the Company.
The Public	<p>According to CMA rules and regulations, the Public means any person other than the following:</p> <ol style="list-style-type: none"> 1. Affiliates of the Issuer. 2. Substantial Shareholders in the Issuer. 3. Board members and senior executives of the Issuer. 4. Board members and senior executives of the affiliates of the Issuer. 5. Board members and senior executives of the Substantial Shareholders of the Issuer. 6. Any relatives of the persons described at (1, 2, 3, 4 or 5) above. 7. Any Company controlled by any person referred to in (1, 2, 3, 4, 5, or 6) above. 8. Persons acting in concert, with a collective shareholding of (5%) or more of the class of shares to be listed.
Rights Issue	These are tradable securities that entitle their holders to subscribe to new shares upon approval of a capital increase. This is an acquired right for all registered shareholders, noting that the right may be traded during the Trading Period. Each right entitles its holder to subscribe to one new share at the Offering Price. The Rights will be deposited within two days from the date of the Extraordinary General Assembly meeting approving the capital increase. The Rights will appear in the Registered Shareholders portfolios under a new symbol specifying the Rights Issue. Registered Shareholders will be notified of the deposit of Rights in their portfolios.
Government	The Government of the Kingdom of Saudi Arabia, and the word "Government" shall be construed accordingly.
Insurance Policyholders	The person who has concluded an insurance contract and is entitled to financial compensation for certain damages.
Actuary	A consultant who prepares the various statistical theories and probabilities on the basis of which services are priced, liabilities are assessed, and provisions are calculated.
Insurance Claims Settlement Expert	A legal entity that studies, evaluates losses and negotiates settlements on behalf of the insurance company.
Vision 2030	The National Strategic Economic Program aims to reduce dependence on oil and the petrochemical industry, diversify the Saudi economy and develop services.

Term	Definition
SAR or Saudi Riyal or Riyal	The official currency of the Kingdom of Saudi Arabia.
Right Trading Price	It is the price at which the right is traded, noting that it is determined through the mechanism of supply and demand, and therefore it may differ from the indicative value of the right.
Offering/ Subscription Price	Ten (10) Saudi Riyals per share.
Fiscal Year/Fiscal Years	It is the period set to submit the result of the entity's activity. Its beginning and ending are specified in the incorporation contract or the Company's Bylaws, noting that the Company's fiscal year ends on December 31 of each Gregorian calendar year.
Saudi Stock Exchange or Capital Market or Stock Market or Market	Saudi Stock Exchange for trading stocks.
Person	Natural or legal person.
Securities Depository Center Company (Edaa)	A closed joint stock Company wholly owned by the Saudi Tadawul Group (Tadawul), established in 2016 under the Saudi Companies Law issued by Royal Decree No. M/3 on 28/01/1437H (corresponding to 11/11/2015G).
Social Insurance Certificate	Certificate issued by the General Organization for Social Insurance in the Kingdom of Saudi Arabia.
Zakat Certificate	Certificate issued by the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia.
Net Offering Proceeds	The net offering proceeds, after deducting the offering expenses, will amount to two hundred and four million two hundred and fifty thousand (204,250,000) Saudi riyals.
Value-added Tax (VAT)	On 02/05/1438H (corresponding to 30/01/2017G), the Council of Ministers decided to approve the unified agreement for value-added tax for the countries of the Gulf Cooperation Council, which came into effect starting from January 1, 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 the Gulf Cooperation Council countries. The amount of this tax is (5%), and a number of products have been excluded from it (such as basic foods and services related to health care and education). The Board of Directors of the Zakat, Tax and Customs Authority No. (20-3-2) dated 17/10/1441H (corresponding to 09/06/2020G) decided to amend the Value-added Tax Law to become (15%) starting from July 1, 2020G, according to this his powers based on Article Five (5) of the Zakat, Tax and Customs Authority issued by Ministerial Resolution No. (465) dated 20/07/1438H (corresponding to 17/04/2017G) and after reviewing Royal Order No. (A/638) dated 15/10/1441H (corresponding to 07/06/2020G) issued regarding amending Value-added Tax Law to allow the increase of the basic tax rate to (15%) starting July 1, 2020G.

Term	Definition
Regulations for Branches and Points of Sale Annual Expansion for Insurance and/or Reinsurance Companies, Brokerage Companies and Agency Companies	Regulations for the branches and points of sale annual expansion for insurance and/or reinsurance companies, brokerage and agency companies, issued by the Saudi Central Bank on 25/07/1437H (corresponding to 02/05/2016G).
Insurance Depth	The ratio of total insurance premiums written to the gross domestic product.
Reinsurance Commissions	The commission received as a result of reinsurance of another insured against all or part of the risks of insurance or reinsurance.
Offering Period	The period started from *** **/**/****H (corresponding to **/**/****G) and ended *** **/**/****H (corresponding to **/**/****G).
Rump Offering Period	The period from 10:00 a.m. on *** **/**/****H (corresponding to **/**/****G) to 5:00 p.m. on *** **/**/****H (corresponding to **/**/****G).
List of terms used in the Capital Market Authority's regulations and rules	List of terms used in the regulations and rules of the Capital Market Authority issued by the Board of the Capital Market Authority pursuant to Resolution No. (4-11-2004) dated 20/08/1425H (corresponding to 04/10/2004) based on the Capital Market Law issued by Royal Decree No. (M/30) dated 06/02/1424H amended by Resolution No. (3-24-2024) dated 05/07/1445H (corresponding to 17/01/2024G).
Listing Rules	Listing rules issued by the Saudi Stock Exchange (Tadawul) and approved by CMA Board Resolution No. (3-123-2017), dated 09/04/1439H (corresponding to 27/12/2017G), amended by Resolution No. (1-104-2019), dated 01/02/1441H (corresponding to 30/09/2019G), amended by Resolution No. (01/22/2021) dated 12/07/1442H (corresponding to 24/02/2021G), amended by Resolution No. (1-19-2022) On 12/07/1443H (corresponding to 13/02/2022G), amended by Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G), amended by Resolution No. (3-96- 2022) dated 10/02/1444H (corresponding to 06/09/2022G), and amended by Resolution No. (1-108-2022) dated 23/03/1444H (corresponding to 19/10/2022G) and amended by its Resolution No. (4-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G).
Rules on the Offer of Securities and Continuing Obligations	Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority, pursuant to its Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H, (corresponding to 31/07/2003G), amended by Resolution of the Board of the CMA No. (3-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G).
Financial Statements	In this Prospectus, it means the audited financial statements for the fiscal years ending December 31, 2021G, 2022G and 2023G.

Term	Definition
Indicative Right Value	The difference between the market value of the Company's share during the Trading Period and the Offering Price.
Insurance Density	The average individual spending on insurance.
Assignment list for insurance and reinsurance companies and liberal professions	Issued by the Saudi Central Bank on 01/03/1434H (corresponding to 11/17/2012).
Implementing Regulations of the Companies Law for Listed Joint Stock Companies	Issued by the Board of Capital Market Authority pursuant to its Resolution No. (8-127-2016) dated 16/01/1438H (corresponding to 17/10/2016G) based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H amended by Resolution of the Board of the Capital Market Authority No. (2-26-2023) dated 05/09/1444H (corresponding to 27/03/2023G) based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).
Corporate Governance Regulations	The Corporate Governance Regulations in KSA issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017G) dated 16/05/1438H (Corresponding to 13/02/2017G) based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H and amended by Resolution of the Board of the Capital Market Authority No. (8-5-2023G) dated 25/06/1444H (corresponding to 18/01/2023G), based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H.
Insurance Corporate Governance Regulation	Insurance Corporate Governance Regulation issued by the Saudi Central Bank on 08/01/1437H (corresponding to 21/10/2015G).
Underwriter and Lead Manager	Alistithmar for Securities and Brokerage Company (Alistithmar Capital)
Board of Directors (or the Board)	The Board of Directors of the Company elected by the General Assembly of Shareholders in accordance with the provisions of the Company's Bylaws and the requirements of the competent authorities related to membership of the Boards of Directors of joint-stock companies (especially the requirements of the Capital Market Authority and the Insurance Authority) recognized under the regulations in force in the Kingdom of Saudi Arabia, and whose names appear on page (viii).
Council of Health Insurance	A government body to supervise the implementation of the Cooperative Health Insurance Law previously.
Portfolios	An investment instrument that includes a number of assets.
Technical Provisions	Technical provisions are calculated in accordance with the requirements of the Saudi Central Bank and applicable accounting standards, after being approved and adopted by the actuary, in addition to the Company's obligations.

Term	Definition
Non-Binding Memorandum of Understanding	It is an agreement between two or more parties to reflect an initial mutual understanding between the parties regarding a project or partnership and represents a framework for cooperation and negotiation without having any binding legal effect. In the case of ACIG, it is a memorandum concluded between it and another insurance company to confirm and summarize the initial discussions that took place between them regarding the possibility of their merger.
Head Office/ Headquarters	The Company's head office is located in Riyadh - Hittin District - Prince Turki bin Abdulaziz Al Awwal Road, PO Box 40523 - Riyadh 11511.
Registered Shareholder	The investor registered in the Company's securities ownership register.
Substantial Shareholders	Shareholders who own (5%) or more of the Company's shares, and as of the date of publication of this Prospectus, the Company has one Substantial Shareholder, which is the Tharawat Investment Holding Company, which owns (4,364,999) shares representing (15%) of the Company's shares.
Reinsurer	It is the insurance and/or reinsurance company that accepts reinsurance from another insurance company for all or some of the risks it bears.
Eligible Shareholders	They are the shareholders registered in the Company's shareholders register at the close of trading on the eligibility date.
Founding Shareholders	They are the founding shareholders of the Company whose names appear on page (xv).
Financial Advisor	Alistithmar for Securities and Brokerage Company (Alistithmar Capital) which was appointed by the Company as a financial advisor and lead manager in relation to the issuance of Rights as tradable securities.
Eligibility Factor	The result of dividing the number of new shares by the number of existing shares of the Company.
IFRS	International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia, and other standards and publications issued by SOCPA (International Financial Reporting Standards).
Subscriber	Every eligible shareholder who subscribes or applies to subscribe to Rights in accordance with the terms and conditions of the Company's share issuance
Kingdom or Saudi Arabia	Kingdom of Saudi Arabia.
Company Product/s	The insurance products offered by the Company, the details of which are set out in paragraph (3-10) " Products and Services " of Section (3) " Background and Nature of its Business " of this Prospectus.

Term	Definition
Institutional Investors	<p>It includes any of the following parties:</p> <ul style="list-style-type: none"> a. Government bodies or any supranational authority recognized by the CMA or the depository center (Edaa). b. Companies are fully owned by the Government or any Government entity, either directly or through a portfolio managed by a Capital Market Institution authorized conduct managing business. c. Investment companies acting on their own account. d. Capital Market Institutions authorized to deal in securities as principal. e. Clients of a Capital Market Institution are licensed by the Authority to conduct managing activities provided that the offering is made to that capital market institution and that all relevant communications are made through it. The Capital Market Institution must have been appointed on terms which enable it to make decisions concerning the acceptance of an offer of securities on the client's behalf without obtaining prior approval from the client. f. Public and private funds that invest in securities listed on the Exchange. g. Any legal persons allowed to open an investment account in the Kingdom and an account at the depository center (Edaa). h. Companies owned by the government either directly or through a portfolio privately managed. i. Gulf companies and funds if allowed by the terms and conditions of the fund. j. Any registered person with the Capital Market Institution if the offering is made by the authorized person itself. k. Specialized investors. l. Any other person prescribed by the CMA.
General Organization for Social Insurance (GOSI)	General Organization for Social Insurance in the Kingdom of Saudi Arabia.
Insurer	The insurance company that accepts insurance contracts directly from the insured and undertakes to compensate for the risks to which the insured is exposed.
Insured	The natural or legal person who concludes the insurance contract.
Prospectus	This document is prepared by the Company in connection with the offering of Right Issue Shares.

Term	Definition
Nitaqat	<p>The Saudization program (Nitaqat) was approved pursuant to Resolution No. (4040) of His Excellency the Minister of Labor dated 12/10/1432H (corresponding to 10/09/2011G) based on Ministerial Resolution No. (50) dated 21/04/1415H (corresponding to 27/09/1994G). The Ministry of Human Resources and Social Development in the Kingdom launched the program to provide incentives for establishments to employ Saudis. The program evaluates the performance of the facility on the basis of specific ranges (Platinum, Green, and Red) according to the activity and sector under which the Company falls. On 11/10/1442H (corresponding to 23/05/2021G), the Ministry of Human Resources and Social Development launched the developed “Nitaqat” program (a Saudi nationalization scheme), which offers three main advantages: The first: a clear vision and transparent Saudization plan for the next three years in order to increase organizational stability in the private sector. The second: the direct relationship between the number of workforce and the required Saudization percentages for each facility is based on a linear equation that is proportionally related to the number the facility’s workforce, instead of the current Saudization percentage system, based on the classification of establishments into specific and fixed sizes. The third: simplifying the design of the program and improving the customer experience by integrating the categories of activities with common characteristics, to be 32 instead of 85 activities in “Nitaqat”. This program will also contribute to providing more than (340,000) jobs until 2024G.</p>
Bylaws	<p>The Company’s Bylaws approved by the Constituent General Assembly and subsequent amendments. The Company’s Bylaws were issued in their current version based on the decision of the Extraordinary General Assembly dated 25/05/1443H (corresponding to 29/12/2021G). The Bylaws can be viewed at the Company’s headquarters, and an electronic copy can be obtained by visiting the Tadawul website (on the Company’s profile page). It is worth noting that on 05/09/1446H (corresponding to 05/03/2025G), the Extraordinary General Assembly approved the update of the Company’s Bylaws to comply with the Companies Law issued under Royal Decree No. (M/132) dated 01/12/1443H, and to rearrange and renumber its articles to align with the proposed amendments. As of the date of this notice, the approval from the Ministry of Commerce is still pending.</p>
Trading System	Automated system for trading Saudi stocks.
Commercial Registration Law	Commercial Registration Law promulgated by Royal Decree No. (M/1) dated 21/02/1416H (corresponding to 19/07/1995G) and its implementing regulations issued by Ministerial Resolution No. (1003) dated 21/09/1416H (corresponding to 02/11/1996G).
Capital Market Law	The Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G).
Companies Law	The Companies Law in the Kingdom of Saudi Arabia issued pursuant to Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G) and Cabinet Resolution No. (678) dated 29/11/1443H (corresponding to 28/06/2022G).
Health Insurance Law	Cooperative Health Insurance Law No. (71) dated 27/04/1420H (corresponding to 08/11/1999G) promulgated by Royal Decree No. (M/10) dated 01/05/1420H (corresponding to 13/08/1999G).

Term	Definition
Labor Law	The Saudi Labor Law pursuant to Royal Decree No. (M/51) dated 23/08/1426H (corresponding to 27/09/2005G), and any amendments thereto and the decisions and regulations issued in implementation of its provisions.
Cooperative Insurance Companies Control Law and its Implementing Regulations	Cooperative Insurance Companies Control Law issued by Royal Decree No. (M/32) dated 02/06/1424H (corresponding to 31/07/2003G) and 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) and its implementing regulations issued by Ministerial Resolution No. (1/596) dated 01/03/1425H (corresponding to 20/04/2004G).
H	Hijri calendar.
G	Gregorian calendar.
Solvency Margin	The extent to which the Company's assets can be converted into cash (in excess of its liabilities).
Insurance Authority	The Insurance Authority established pursuant to Ministerial Resolution No. (85) dated 28/01/1445H (corresponding to 15/08/2023G) and officially began its work on 09/05/1445H (corresponding to 23/11/2023G) to regulate, supervise and control the insurance sector in KSA. The Insurance Authority assumes the powers related to the insurance sector that were exercised before the implementation of the decision of its establishment by the Saudi Central Bank and the Council of Health Insurance according to a transitional plan, provided that the laws, regulations, rules and instructions issued by the Saudi Central Bank and the Council of Health Insurance related to regulating the insurance sector will remain valid until further instructions are issued to modify or copy them.
Zakat, Tax and Customs Authority	The Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia (The General Authority for Zakat and Tax (GAZT) or the Department of Zakat, and Tax formerly) is one of the government agencies that are organizationally linked to the Minister of Finance, and it is the body entrusted with the work of levying Zakat and tax collection. On 22/09/1442H (corresponding to 04/05/2021G), the Council of Ministers approved the merging of the General Authority of Zakat and Tax (GAZT) and the General Authority of Customs (GAC) to form the " Zakat, Tax and Customs Authority (ZATCA) ".
Saudi Organization for Chartered and Professional Accountants (SOCPA)	Saudi Organization for Chartered and Professional Accountants (formerly the Saudi Organization for Certified Public Accountants) in the Kingdom of Saudi Arabia.
Capital Market Authority or Authority	Capital Market Authority in the Kingdom of Saudi Arabia.
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.

Term	Definition
Unified Policy for Compulsory Motor Insurance	Issued by the Saudi Central Bank pursuant to Governor's Resolution No. (2/S/444) dated 23/06/1444H (corresponding to 16/01/2023G) based on the powers granted to the Saudi Central Bank under the Cooperative Insurance Companies Control Law.
Ministry of Commerce	Ministry of Commerce (formerly Ministry of Commerce and Investment) in the Kingdom of Saudi Arabia.
Ministry of Interior	Ministry of Interior in the Kingdom of Saudi Arabia.
Ministry of Municipal Affairs and Housing	Ministry of Municipal Affairs and Housing in the Kingdom of Saudi Arabia.
Ministry of Human Resources and Social Development	Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia (formerly Ministry of Labor and Social Development).
Brokers	They are market institutions licensed by the Capital Market Authority to practice the activity of dealing in securities as an agent.
Insurance Brokers	A legal person who, for a specific fee, represents existing or potential insured people in attracting and negotiating insurance contracts.
Insurance Agency	A legal person who, for a commission, represents the insured in attracting, negotiating and concluding insurance contracts.
Working Day	Any business day except Friday and Saturday and any day that is an official holiday in the Kingdom of Saudi Arabia or any day on which banking institutions are closed for work in accordance with applicable regulations and other government procedures.
Fire Insurance	Includes standard fire insurance, fire and additional perils insurance, fire insurance (all risks) and consequential loss insurance (business interruption).
Standard Fire Insurance Policy	Insurance coverage includes material losses and damages to the insured's property against fire, explosion and lightning. The basis of compensation is usually either repair, replacement or cash compensation, according to the terms, conditions and exclusions stated in the standard fire insurance policy.
Fire and Additional Perils Insurance	The insurance coverage in this policy extends to include material losses and damages to the insured property against fire, lightning, explosion, earthquakes, storms, floods and water damage (such as burst or overflowing water pipes, main water pipes, water tanks, water equipment and sprinklers). The basis of compensation is usually either repair, replacement or cash compensation, according to the terms, conditions and exclusions specified in the fire and additional risks insurance policy.

Term	Definition
Fire Insurance (All Risks)	The insurance coverage is extended more widely in this policy to include, in addition to material losses and damages to the insured property against fires, lightning, explosions, earthquakes, storms, floods and water damage (such as bursting or overflowing water pipes, main water pipes, water tanks, water equipment and sprinklers), it also includes incidental and unexpected risks including burglary, forced theft and use of force, and the basis of compensation is usually either repair, replacement or cash compensation according to the terms, conditions and exclusions specified in the fire insurance policy for all risks (risks).
Consequential Loss Insurance (Business Interruption)	The insurance coverage of this policy, which requires a valid fire insurance policy to purchase, and that the damage or loss be covered by the same policy, includes the consequential loss coverage, which includes damage or loss resulting from business interruption, such as profits, fixed costs and rent, according to the terms, conditions and exceptions specified in the consequential loss insurance policy (business interruption).
Marine Cargo Insurance	Maritime cargo insurance includes marine freight insurance, land transport insurance and transport liability insurance.
Goods In Transit	Insurance coverage includes compensation for damages and material loss resulting from loss or damage to goods during their transport by sea or air, according to the terms, conditions and exceptions of Goods in Transit policy.
Land Transport Insurance	The insurance coverage includes compensation for damages and material loss resulting from the loss or damage of goods during their transportation by land, according to the terms, conditions and exceptions of the land transport insurance policy.
Transport Liability Insurance	The insurance coverage includes compensation for damages and material loss resulting from the legal liability of the carrier in the event of loss or damage of goods during their transportation, according to the terms, conditions and exceptions of the transport liability insurance policy.
Engineering Insurance	Includes all contractors' risks insurance, all installation risks insurance, contractors' machinery and equipment insurance, machinery breakdown insurance, profit loss insurance due to machinery breakdown, electronic equipment and devices insurance, inventory damage insurance and boiler insurance against water risks (high pressure).
Contractors All Risks Insurance	The insurance coverage includes the value of the project contract, as the coverage includes all damages and losses resulting from accidental incidents that may disrupt or cause the project work to stop suddenly and unexpectedly, as well as the legal liability of the insured to the third party, including bodily injuries, death, and damage to property surrounding the project, according to the terms, conditions, exceptions, and coverage limits specified in the contractors' all-risks insurance policy.

Term	Definition
Erection All Risks Insurance	The insurance coverage includes the value of the installation project contract for generating stations, pumping stations, or transformer stations, etc., as the coverage includes all damages and losses resulting from accidental accidents that may disrupt or cause the project work to stop suddenly and unexpectedly, as well as the legal liability of the insured to the third party, including bodily injuries, death, and damage to property surrounding the project, according to the terms, conditions, exceptions, and coverage limits specified in the all-risk installation insurance policy.
Contractors Machinery and Equipment Insurance	The insurance coverage includes compensation for all damages and losses to the equipment and machinery used in the project and which are in the possession or at the disposal of the contractor, either by financial compensation or by repair or replacement with new ones, according to the terms, conditions and exceptions of the contractors' machinery and equipment insurance policy.
Machinery Breakdown Insurance	The insurance coverage includes compensation for accidental and sudden damages and losses to the machine or machinery and its complete cessation of production, and the compensation is by value or by repair or replacement with new ones, according to the terms, conditions and exceptions of the machinery breakdown insurance policy.
Machinery Breakdown Insurance	The insurance coverage includes compensation for damages and loss of profits resulting from business interruption due to machine or machinery breakdown. This policy coverage applies in the event of a machinery breakdown insurance policy alongside it, according to the terms, conditions and exceptions of the machinery breakdown insurance policy.
Loss of Profit Insurance due to Machinery Breakdown	The insurance coverage includes compensation for accidental and sudden damages and losses to electronic devices and equipment, and the compensation is in value or by repair or replacement with new ones, according to the terms, conditions and exceptions of the electronic devices and equipment insurance policy.
Stock Damage Insurance	The insurance coverage includes compensation for damages and losses that may occur to refrigerated or frozen stock in large refrigerators or deep freezers due to an accidental and sudden incident, according to the terms, conditions and exclusions of the stock damage insurance policy.
Boiler Water Risk Insurance (High Pressure)	The insurance coverage includes compensation for sudden and unexpected material damages and losses (other than fires) against the risks of water boilers and high pressure, including property damage, third party civil legal liability, damages and injuries, according to the terms, conditions and exclusions of the boiler insurance policy.
Miscellaneous Accident Insurance	Personal accident insurance includes treason insurance, cash and money insurance, workers' compensation insurance, general civil liability insurance, medical professional malpractice insurance and travel insurance.

Term	Definition
Personal Accident Insurance	This policy is considered one of the insurance benefits documents, and the amount of the benefit is agreed upon in advance based on the insured's request, and the insurance coverage includes (God forbid) sudden death, bodily injury, temporary disability and total disability for all insured persons under the policy due to an accident, according to the terms, conditions and exceptions specified in the personal accident insurance policy.
Breach of Trust Insurance	The insurance coverage includes covering financial damages that the employer may be exposed to (God forbid) due to breach of trust, fraud and deception by the employees of his establishment, according to the terms, conditions and exceptions specified in the insurance policy against betrayal.
Cash and Money Insurance	The insurance coverage includes covering financial and material damages to cash in transit, insurance against the loss of funds belonging to the insured, or for which he bears responsibility when leaving and entering the workplace, as well as insuring cash and funds in secure safes inside the workplace and outside working hours, according to the terms, conditions and exceptions specified in the cash and funds insurance policy.
Workers Compensation Insurance	This document is considered one of the insurance benefits documents and its coverage includes covering the financial damages incurred by the employer in his capacity as responsible for paying a specific compensation to any of his employees under the Labor Law or more than that according to the benefit amount previously agreed upon, for those who have become disabled or unable to work due to an accident or work-related disease, according to the terms, conditions and exceptions specified in the workers' compensation insurance document.
General Civil Liability Insurance	Insurance coverage includes coverage for damages, material losses, damage, bodily injuries and death to others (third party) due to the legal civil liability of the insured, where the scope of coverage is agreed upon in advance according to the terms, conditions, exceptions and coverage limits specified in the general civil liability insurance policy.
Medical Malpractice Insurance	The insurance coverage, in accordance with the Saudi Commission for Health Specialties regulation within the stipulated limits, includes protecting medical professionals such as doctors of all categories, pharmacists, midwives, nurses, technicians, emergency and ambulance specialists from legal liability towards third parties for risks associated with their work, including errors, negligence or oversight during the practice of the profession, with the possibility of providing the insured with a letter of coverage reinforcement in the event that he is prevented from traveling outside the Kingdom during the filing of any lawsuit against him/her according to the conditions and exceptions specified in the medical professional malpractice insurance policy.

Term	Definition
Travel Insurance	The insurance coverage includes risks related to international travel that may lead to losses due to some accidental incidents such as flight cancellation or missing the departure time due to reasons beyond one's control or loss of luggage or its late arrival at the appropriate time, as well as covering emergency medical expenses, personal accidents and liability towards others and ensuring that the insured is given reassurance and enjoyment of peace of mind while traveling, according to the terms, conditions and exceptions of the travel insurance policy.
Motor Insurance	Includes compulsory insurance (against third parties), comprehensive insurance, ACIG Flex insurance, ACIG Stop insurance, ACIG One insurance and ACIG City insurance.
Compulsory Insurance (Third Party)	The insurance coverage includes damages caused by the insured to the third party, including bodily damages to others inside or outside the vehicle, including blood money, estimated amounts for injuries, medical expenses, and material damages outside the vehicle.
Comprehensive Insurance	It provides the best standards of comprehensive coverage for damages and losses that may result from any risk that causes accidental damage or loss to the vehicle, in addition to covering civil liability towards the third party according to the unified document for compulsory vehicle insurance.
Premium Insurance	It provides comprehensive coverage for the insured vehicle to include liability towards third parties, loss or damage to vehicles from the risks of accidents, theft, fire, and natural disasters, according to the terms and exceptions specified in the insurance policy.
ACIG Flex Insurance	It provides different coverages according to the maximum insurance coverage limit according to your choice (10,000 - 20,000 - 30,000), where repairs are covered in the event of damage to the vehicle or its damage not exceeding the agreed maximum limit, and it also includes coverage of civil liability towards the third party (Third Party).
ACIG Stop Insurance	It provides compensation insurance coverage in the event of damage to the vehicle, as it includes total, economic or technical damage and accidental damage and only includes the insured vehicle and its fixed accessories only, in addition to coverage of civil liability towards non-valid during the period of validity of the policy.
ACIG One Insurance	Provides one-time insurance coverage for various environmental or mechanical accidents, in addition to civil liability coverage for non-valid during the policy period.
ACIG City Insurance	Provides insurance coverage specific to the selected administrative region (within the borders of the Kingdom of Saudi Arabia) only, as the insurance includes the loss of the vehicle or accidental damage as stipulated in the policy, in addition to civil liability coverage for third parties in all regions of the Kingdom of Saudi Arabia valid during the policy period.



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**Risk
factors**

02

2- Risk factors

In addition to the other information included in this Prospectus, all prospective investors in the shares offered for subscription should carefully consider the information in this Prospectus, particularly the risk factors described below, prior to making any decision of purchasing the shares offered for subscription. However, the risks described below are not inclusive of all the risks that the Company may encounter; as there could be other risks currently unknown to the Company, that may affect its operations. The Board Members declare that they are not aware of any other material risks than those set out below that may have an adverse effect on the Company's activity and its financial performance, as of the date of this Prospectus.

An investment in the offered shares is only suitable for investors who are able to assess the risks and benefits of such an investment and who have sufficient resources to bear any loss that may result from such an investment. A prospective investor who is doubtful about investing in the New Shares should seek advice about this investment from a financial advisor licensed by the CMA.

The Board Members also declare, to the best of their knowledge and belief, that there are no material risks other than those indicated in this section that may affect the investors' decision as of the date of this Prospectus. In the event that any of the risks that the Company currently believes to be material do occur, or if any other risks that the Company does not currently consider to be material do occur, the Company's activity, its financial condition, business results, cash flow and prospects may be adversely and substantially affected. The occurrence of one or some of such risks may lead to a decrease of the market price of the Shares, and investors could lose all or part of their investments in the New Shares.

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

2-1 Risks Related to the Company's Activity and Operations

2-1-1 Risks Related to Insufficient Capital and Minimum Capital Require- mints

According to Article Sixty-Six (66) and Article Sixty-Eight (68) of the Implementing Regulations of Cooperative Insurance Companies Control Law issued by SAMA, insurance companies must maintain certain levels of solvency for various types of businesses. According to Paragraph (a) of Clause (2) of Article Sixty-Eight (68) of the Implementing Regulations of Cooperative Insurance Companies Control Law, if the actual solvency margin becomes between (75%) to (100%) of the required solvency margin, then the Company shall work to amend this percentage to become at least (100%) during the next quarter. For non-compliant insurance companies with adequate levels of solvency in accordance with Paragraph (c) of Clause (2) of Article Sixty- Eight (68) of the Regulations, SAMA imposes on them a series of measures to correct their situations, including:

1. Increase of the Company's capital.
2. Adjustment of prices.
3. Reduction of costs.
4. Stop accepting any new subscriptions.
5. Liquidation of some assets.
6. Any other procedure deemed appropriate by the Company and approved by SAMA.

The Company's solvency margin reached (-117%), (87%) and (112%) as of December 31, 2021G, 2022G and 2023G, respectively.

On 04/04/1445H (corresponding to 19/10/2023G), the Board of Directors recommended increasing the Company's capital by offering Rights shares worth two hundred and nine million (209,000,000) Saudi riyals, to enhance the financial solvency margin and support the expansion of the Company's activity (for more information, please see Section (6) "**Use of the Offering Proceeds**" of this Prospectus), noting that this recommendation is conditional on obtaining all necessary regulatory approvals and the approval of the Extraordinary General Assembly. The Company obtained the Insurance Authority's non-objection to increase the capital on 25/06/1445H (corresponding to 07/01/2024G), and the non-objection is valid for one year from its date to complete the capital increase process. On 29/07/1446H (corresponding to 29/01/2025G), the Insurance Authority approved the Company's request to extend the previously granted approval to increase the Company's capital for an additional six months.

In the event that the Company is unable to meet the required solvency requirements, the Central Bank will require it to appoint an advisor (to provide advice as deemed necessary) or withdraw its license and prevent it from selling its insurance products if it does not improve its business's financial condition within a period specified by the Saudi Central Bank, which will negatively and materially affect the Company's business, results of operations, financial condition and prospects.

In addition, Paragraph (5) of Article (3) of the Cooperative Insurance Companies Control Law requires that the capital of insurance companies shall not be less than three hundred million (300,000,000) Saudi Riyals. As of the date of this Prospectus, the Company is no longer in compliance with this requirement, as its current capital amounts to two hundred and ninety-one million (291,000,000) Saudi Riyals, which is less than the minimum limit specified in the Cooperative Insurance Companies Control Law. Although the Company seeks to increase its capital through the issuance of Rights, and thus comply with the minimum capital requirement for insurance companies, there is no guarantee that the Company will be able to achieve the capital increase, nor is there a guarantee that it will not be subject to any measures taken against it by the Insurance Authority for violating the provisions of the Insurance Companies Control Law, which may reach two million (2,000,000) Saudi riyals, with the possibility of imposing a fine not exceeding ten thousand (10,000) Saudi riyals for each day the violation continues, according to Article (2) paragraph (2) of Article (21) of the Cooperative Insurance Companies Control Law, which will have a negative and material impact on its business, financial condition and prospects.

2-1-2 Risks of Accumulated Losses

The Company incurred accumulated losses during the previous years, whereby the Company recorded a net loss of (-114.6 million Saudi riyals) in the fiscal year 2021G, driven by a loss in net underwriting results amounting to (-23.8 million Saudi riyals), in addition to total operating expenses amounting to (-80.2 million Saudi riyals) during 2021G. This led to an increase in accumulated losses to reach (116.0) million Saudi riyals as of December 31, 2021G. The Company's accumulated losses rose to (82%) of the capital as of December 31, 2021G, which exceeds the (50%) permitted in accordance with Article (150) of the previous Companies Law (issued by Royal Decree M/3 dated 28/01/1437H), which stipulates that if the losses of a joint-stock company reach half of the paid-up capital at any time during the fiscal year, any official in the Company or the auditor must, upon being aware of this, inform the Chairman of the Board of Directors. The Chairman of the Board of Directors must immediately inform the members of the Board of Directors, who - within fifteen days of learning of this - must call for an Extraordinary General Assembly to meet within forty-five days from the date of learning of the losses; It shall decide either to increase or reduce the Company's capital - in accordance with the provisions of the law - to the extent that the percentage of losses falls below half of the paid-up capital, or to dissolve the Company before the date specified in its Bylaws. This prompted the Company's auditors to comment on the Company's ability to continue as a going concern. To address the accumulated losses, the Company increased its capital by issuing priority Rights in the amount of (+150.0 million Saudi Riyals) based on the decision of the Extraordinary General Assembly dated 25/05/1443H (corresponding to 29/12/2021G), noting that this capital increase process was completed during the first quarter of 2022G. In addition, the net loss decreased to (-17.3) million Saudi Riyals in the fiscal year 2022G compared to a net loss of (-114.5) million Saudi Riyals for the fiscal year 2021G as a result of measures taken by the management such as addressing the lack of profitability of the motor

insurance portfolio by increasing the volume of subscription in it and adopting more appropriate pricing. Although these measures led to a decrease in the accumulated losses as a percentage of the capital, they still represented (49%) of the capital as of December 31, 2022G. It is worth noting that as of December 31, 2023G, accumulated losses decreased to (25.4%) of the capital, in line with the recorded net income of (63.4) million Saudi riyals in the fiscal year 2023G. Any future accumulation of losses will require the Company to call the Extraordinary General Assembly to take the necessary measures to address these losses, which may negatively affect it, its financial results and prospects. The Company may review its product prices or take measures to reduce expenses, such as reducing the number of employees and reallocating investments from low-income rates to higher-profit-margin investments. If the Company is unable to reduce exposure to losing products and develop a business plan to increase profitable product portfolios, it may again be exposed to an accumulation of losses, noting that accumulated losses exceeding (50%) of the capital will require calling the General Assembly to consider the continuation of the Company and take the necessary measures to address these losses, or the General Assembly may decide to dissolve the Company, in accordance with the provisions of Article (132) of the Companies Law.

2-1-3 Risks Related to Insufficient Provisions and Reserves

The Company maintains provisions to meet and cover financial obligations, in accordance with Article (69) of the Implementing Regulations of the Cooperative Insurance Companies Control Law. These provisions include the following:

- Unearned premium reserves.
- Unpaid claims reserves.
- Claims expense reserves.
- Incurred but not reported claims reserves.
- Unexpired risks reserves.
- Catastrophe risk reserves.
- General expense reserves.
- Reserves related to protection and savings insurance, such as disability, old age, death, medical expenses

Reserves related to protection and savings insurance, such as disability, old age, health, death, medical expenses. The size of the reserves is estimated based on expected trends in the volume and frequency of claims according to the data available at the time. Establishing an appropriate level of claims reserves is an inherently uncertain process due to the difficulty and complexity of making the necessary assumptions. Taking into account that, starting from the beginning of the year 2023G, the method of presenting and measuring technical provisions has been changed according to the International Financial Reporting Standard IFRS 17, and therefore provisions cannot be shown in the previous way according to the IFRS 4 standard, to note that according to the International Financial Reporting Standard IFRS 17 for the year 2023G, the value of the allocations amounted to (610.9) million Saudi riyals (For more details on the change in the measurement and presentation method, please refer to Note No. (3) of the financial statements for the year ending December 31, 2023G). The table below shows the amounts of these provisions as of December 31, 2021G, and 2022G:

Table No. (1): Financial Reserves

Allocations (SAR'000)	Financial Year Ended on 31/12/2021G	Financial Year Ended on 31/12/2020G
Unearned premium reserves	301,744,000	456,741,000
Unpaid claim reserves	34,605,000	34,884,000

Allocations (SAR'000)	Financial Year Ended on 31/12/2021G	Financial Year Ended on 31/12/2020G
Provisions for claims incurred but not reported	80,865,000	124,557,000
Provisions for other technical reserves	1,798,000	2,734,000
Provisions for other accruals and payables	18,955,000	34,372,000

Source: The Company

Since the size of reserves depends on future estimations, it is possible that the Company's reserves may be insufficient in any period. If actual claims exceed the claims' reserve, the Company will have to increase its reserves, such will have a negative and material impact on its business, financial condition and results of operations

2-1-4 Risks Related to Sanctions, Penalties and Business Suspension by Competent Authorities

The Company's business is subject to many regulations and instructions issued by the Insurance Authority, the Capital Market Authority (CMA), the Ministry of Human Resources and Social Development, and other governmental agencies. The Company is subject to inspection visits, which may expose it to sanctions and penalties if it fails to comply with any of these laws, regulations, and instructions, or delays in complying with any of them. The Company may also be exposed to a number of penalties and sanctions by Insurance Authority, CMA and other entities, including suspending all or some of its activities and its share trading which would have a material adverse impact on its business, financial condition and prospects.

It should be noted that the Company has been subject to a number of fines during the past three years until the preparation date of this Prospectus according to the table below:

Table No.(2): Sanctions and Penalties

Competent Authority	Violation	Type of Penalty	Fine Amount
The Year 2021G			
Zakat, Tax and Customs Authority	Violation of the instructions of the Zakat, Tax and Customs Authority due to delay in submitting the withholding tax for the month of October 2021G	Fine	SAR 249
Ministry of Human Resources and Social Development	Violation of the instructions of the Ministry of Human Resources and Social Development due to failure to open a file for the entity at the Labor Office	Fine	SAR 10,000

Competent Authority	Violation	Type of Penalty	Fine Amount
The Year 2021G			
Ministry of Human Resources and Social Development	Violation of the instructions of the Ministry of Human Resources and Social Development due to failure to comply with the implementation of the regulations and decisions issued by the Ministry regulating exceptional circumstances	Fine	SAR 10,000
Ministry of Human Resources and Social Development	Violation of the instructions of the Ministry of Human Resources and Social Development due to failure to wear masks	Fine	SAR 2,000
Ministry of Human Resources and Social Development	Violation of the instructions of the Ministry of Human Resources and Social Development regarding the employment of non-Saudi workers in professions restricted to Saudis	Fine	SAR 4,000
Saudi Central Bank	Violation of supervisory and regulatory instructions related to failure to comply with some controls that fall within the scope of cybersecurity (cybersecurity review, verification and access management, encryption management, cyber incident management).	Fine	SAR 100,000
Saudi Central Bank	Violation of supervisory and regulatory instructions related to failure to establish an actuarial department within the statutory period and failure to appoint a director of the actuarial department linked to the CEO within the specified period	Fine	SAR 160,000
Saudi Central Bank	Violation of supervisory and regulatory instructions by dealing with insurance and reinsurance brokerage companies after the expiration of their permits issued by the Saudi Central Bank	Fine	SAR 40,000

Competent Authority	Violation	Type of Penalty	Fine Amount
The Year 2022G			
Saudi Central Bank	<p>Violation of supervisory and regulatory instructions through:</p> <ol style="list-style-type: none"> 1. The Investment Committee did not hold any meeting during the year 2021G 2. The lack of a copy of the internal governance regulations on the Company's website. 3. The Internal Audit Department did not audit the work of the Customer Care Department on an ongoing basis. 4. Failure to review and update the risk strategy since its approval in 2021G. 5. The Risk Management Department did not assess the Company's ability to bear risks and the extent of its exposure to them during 2021G. 6. The lack of an approved risk plan for the year 2022G. 7. The Company did not exercise reasonable care to maintain sufficient human resources in risk management to enable it to carry out its work. 	No fine was imposed - just a warning	N/A
Saudi Central Bank	Violation of instructions related to cybersecurity risks by not adhering to the controls included in the basic cybersecurity controls.	No fine was imposed - just a warning	N/A
The Year 2023G			
Saudi Central Bank	Violation of supervisory and regulatory instructions. The Company's violation of the statutory periods specified for settling vehicle claims.	Fine	SAR 220,000
Saudi Central Bank	Violation of supervisory and regulatory instructions. The Company violated the statutory periods specified for settling vehicle claims. Violation of instructions for protecting customers due to discrepancies in the information provided by the Company via email in light of the Saudi Central Bank's verification of the Company's commitment to implementing some controls for verifying customers of financial technology companies.	No fine was imposed - just a warning	N/A

Competent Authority	Violation	Type of Penalty	Fine Amount
The Year 2024G			
	Violation of supervisory and regulatory instructions through:		
	<ol style="list-style-type: none"> 1. The Board of Directors' failure to approve the Company's investment policy. 2. Failure to adhere to provisions related to the Company's strategy and compliance management policy. 3. Failure to update the authority matrix. 4. Non-executive Board members' failure to hold closed meetings without the presence of management once a year. 5. Poor performance of the Nominations and Remuneration Committee. 6. The Board's failure to review the minutes of committee meetings. 7. Poor performance of the Risk Management Committee. 8. Poor performance of the Audit Committee. 9. Appointing a Risk Management Manager without obtaining a prior written no-objection. 10. A number of the Company's employees not obtain a general certificate in insurance basics. 		
Insurance Authority		Fine	SAR 360,000
	Violation of supervisory and regulatory instructions by the Company's failure to comply with the provisions of the Insurance Companies Control Law and its Implementing Regulations (failure to cooperate with the inspection team assigned by the Authority during and after the inspection) and failure to comply with the investment regulations (failure to obtain the Authority's approval regarding the investment policy and the substantial amendments made to it - failure of the investment officer to perform his duties - failure of the investment committee to perform its duties)		
Insurance Authority		Fine	SAR 110,000
	Violation of supervisory and regulatory instructions by failing to comply with the controls for verifying clients of financial technology companies.		
Insurance Authority		Fine	SAR 216,000

Competent Authority	Violation	Type of Penalty	Fine Amount
The Year 2024G			
Insurance Authority	Violation of supervisory and regulatory instructions by failing to comply with the Company's commitment to settle individual vehicle claims to a third party within the statutory period of 2024G and failing to verify indicators of fraudulent claims.	Fine	SAR 460,000

Source: The Company

In the event that the Company incurs violations and fines, this will affect the Company's operating expenses and thus negatively and materially affect its business and financial condition (for more details, please review paragraph (9-6) **"Ongoing Obligations Imposed by Governmental Authorities on the Company as the Licensee"** of Section (9) **"Legal Information"**).

2-1-5 Risks Related to Failure to Obtain or Renew the Required Licenses, Permits and Certificates

The Company is subject to a set of rules and regulations that require it to obtain necessary licenses, permits and approvals from the competent regulatory authorities in the Kingdom in order to carry out its activity in the insurance sector. The Company has obtained the necessary licenses, certificates and approvals, which include: the Commercial Registration and Chamber of Commerce and Industry Certificates, the Zakat Certificate, the Value Added Tax Registration Certificate, employment-related certificates (Social Insurance Contribution Certificate - Wage Protection Commitment Certificate - Saudization Certificate - Nitaqat Evaluation Certificate), Salamah certificates and municipal licenses, in addition to the license of the Saudi Central Bank and the Council of Health Insurance. (For more details, please see paragraph (9-5) **"Key Licenses, Certificates and Approvals"** of Section (9) **"Legal Information"**).

The Company, as license holder, must adhere to the terms and conditions of each license and certificate it has obtained otherwise, it may not be able to renew these licenses and certificates or obtain new required ones, from time to time, for the purposes of expanding its activities.

As of the date of preparing this Prospectus, the Company has not obtained the Salamah certificate and renewed the Municipal license for Jeddah branch (Commercial Registration No. 4030299155).

Failure to renew or obtain Salamah certificates constitutes a violation of the Civil Defense System Law issued by Royal Decree No. (M/10) dated 10/05/1406H (corresponding to 21/01/1986G) and amended by Royal Decree No. (M/66) dated 02/10/1424H (corresponding to 26/11/2003G) and amended by Royal Decree No. (M/63) dated 13/09/1436H (corresponding to 02/04/2015G), which requires the Company to comply with security and safety requirements. Failure to comply will expose the Company to the penalties and fines stipulated in Article (30), which stipulates that a penalty shall be imposed on the violator of any provision of this law, its regulations, or the decisions issued based on it by imprisonment for a period not exceeding six months, or a fine not exceeding thirty thousand (30,000) Saudi riyals, or both. The Company's failure to obtain Civil Defense licenses or renew expired ones will also result in the Company being unable to obtaining new municipal licenses or renewing existing licenses. In the event that it is unable to obtain safety licenses from the Civil Defense or renew expired ones, this may lead to the closure of the branch or site headquarters until the regular procedures for obtaining Civil Defense licenses are completed. It is worth noting that the Central Bank has issued Circular No. (44094620) dated 22/12/1444H (corresponding to 07/10/2023G), which requires insurance companies to implement the provisions of the Civil Defense regarding preventive procedures and measures for protection from fire, including issuing an electronic Civil Defense license. In the event that the municipal license is not renewed or extracted as a result of not extracting the Salamah certificate, this will constitute a failure to comply with the requirements of the

Ministry of Municipalities and Housing regarding the renewal of the municipal license for the branch through which the Company practices its commercial activity, which is considered a violation of the Municipal Licensing Procedures law issued by Royal Decree No. (M/59) dated 23/09/1435H (corresponding to 20/07/2014G). The Company may be exposed to the penalties stipulated in Article (2) of the Penalties Regulations for Municipal Violations (issued by Cabinet Resolution No. (92) dated 05/02/1442H (corresponding to 22/09/2020G) and Article (2) of the Executive Rules of the Penalties Regulations for Municipal Violations issued by Ministerial Resolution No. (4300204526) dated 12/03/1443H (corresponding to 18/10/2021G), which stipulates that without prejudice to any more severe penalty stipulated by the law, anyone who commits one (or more) violations will be subject to the following penalties:

1. A fine not exceeding five hundred thousand (500,000) Saudi riyals, and not exceeding one million (1,000,000) Saudi riyals if it is a serious municipal violation. The penalty may be doubled in the event of a repeat violation. The fine shall be multiplied by the number of people who committed the violation. The Prime Minister may, by order, raise the maximum fine stipulated in this paragraph after agreement between the Minister of Municipalities and Housing and the Minister of Finance.
2. Closing the store or facility for a period not exceeding (two weeks). The penalty may be doubled in the event of a repeat violation.
3. Cancelling the municipal license of the store or facility and preventing them from practicing the activity for a period not exceeding (two years) if it is a serious municipal violation.

If any of these penalties are imposed on the Company, its operations, results of operations, and financial condition may be negatively affected.

The Company's failure to obtain or renew the certificates and licenses necessary to practice its activity may result in the suspension or stumbling of the Company's business or the imposition of financial fines on it by government agencies, which will negatively and materially affect the Company's business, financial condition, results of operations and prospects.

2-1-6 Risks Related to Inability to Implement Strategy

The Company's ability to increase its revenues and improve its profitability depends on the extent to which it effectively implements its business plans and successfully achieves its strategy, including, but not limited to, improving the current activities or starting new activities. The Company's ability to expand its business in the future depends on its ability to continue implementing and improving operational, financial and administrative information systems in an efficient and timely manner, as well as on its capacity to increase, train, motivate and maintain its workforce. Furthermore, any business expansion plans that the Company intends to undertake in the future will be subject to estimated costs, specified implementation schedule, and additional financing. If the Company fails to implement the expansion plans according to its specified schedule and in accordance with the estimated costs, or if the desired profitability is not achieved due to various reasons, including a change in the market situation at the time of implementing its projects or a defect in the feasibility study, this will negatively affect its competitive position, its business results, and profitability. The Company's ability to implement its current strategy is subject to various factors, some of which are beyond its control, and there are no guarantees that any defect, failure, or sudden interruption in the work of production lines will not occur during the expansion process, or that appointed employees or adopted systems, procedures, and controls will be sufficient to support future growth, expansion, and successful achievement of its strategy. If the Company fails to implement any part of its strategy for any reason, this will have a negative and material impact on its business, results of operations, financial position and prospects.

2-1-7 Credit Risks

Credit risks arise when a party fails to fulfill a certain financial obligation of the other party. The Company may face credit risks in several temporary or permanent cases, including reinsurers' inability to fulfill their obligations

with respect to settlements, the existence of receivables from customers, the failure of other creditors to fulfill their obligations to the Company, and others. The Table below shows the provision of doubtful debts for the years 2021G, 2022G, 2023G.

Table No. (3): Accounts receivable balances, amounts due from customers and provision for doubtful debts

Details (in Thousands of Saudi Riyals)	2021G	2022G	2023G
Total accounts receivable and amounts due from customers	108,922	126,781	160,853
Provision for doubtful debts	10,507	11,064	31,220
Net accounts receivable and amounts due from customers	98,415	115,717	129,633
Ratio of doubtful debts to balances of receivables from customers	9.65%	8.73%	19.41%

Source: The Company

It is worth noting that the increase in the provision for doubtful debts is primarily attributed to the rise in total subscribed premiums, which in turn led to an increase in total outstanding premiums from SAR (108.9) million in the fiscal year 2021G to SAR (126.8) million in the fiscal year 2022G, resulting in an increase in the balance of the provision for doubtful debts from SAR (10.5) million in the fiscal year 2021G to SAR (11) million in the fiscal year 2022G. As of January 1, 2023G, the Company has implemented the provisioning policy in accordance with the International Financial Reporting Standard (IFRS 9), whereby the Company has applied the expected credit loss model to assess the required provision level for its receivables from policyholders, resulting in an increase in the balance of the provision for doubtful debts to SAR (31.2) million in the fiscal year 2023G.

The Company may face credit risks in several temporary or permanent cases, including reinsurers' inability to fulfill their obligations with respect to settlements and the existence of receivables from customers. If the Company does not take sufficient provisions, the failure of customers to pay may result in risks that significantly affect the Company's profits and business (for more information, please review of Section No. (5) "**Financial Information and Management's Discussion and Analysis**"). Pursuant to Article (5) of the Unified Compulsory Motor Insurance Policy issued by the Saudi Central Bank, insurance companies are required to indemnify third party/parties (other than the insured) for the consequences of accidents covered under the insurance policy against third parties. Insurance companies have the right to seek recovery from the insured, the driver or the person causing the accident to recover the amount it had paid to the third party. Therefore, recovery from the insured, the driver or the person causing the accident to recover the paid amounts results in risks of procrastination and failure by some people to repay the amounts due from them, which will adversely affect the Company's financial condition and results of operations.

2-1-8 Risks Related to Credit Rating

As of the date of this Prospectus, the Company has not applied for a credit rating. If the Company applies for a credit rating, there is no guarantee that the Company will obtain such rating. In case the credit rating is obtained, the Company also does not guarantee that it would be good if the Company's risks are high, which may have a material adverse impact on the Company, its financial condition and results of operations.

2-1-9 Risks Related to Contingent Liabilities

Some contingent liabilities may arise for the Company that may result from any other obligations or costs related to the Company's activity. The Company has potential obligations and commitments represented by bank guarantees, and the value of these potential obligations and commitments amounted to three million and forty-five thousand (3,045,000) Saudi Riyals, four million and eight hundred and nine thousand (4,809,000) Saudi Riyals, and four million and three hundred and twenty-nine thousand (4,329,000) Saudi Riyals, as of December 31, 2021G, December 31, 2022G, and December 31, 2023G, respectively (for more information, please see the "**Statement of Financial Position**" paragraph of Section No. (5) "**Financial Information and Management's Discussion and Analysis**").

The Company also operates in the insurance sector and is subject to legal procedures in the normal course of its business. It is also not possible to predict or determine the final results of all legal procedures that may result in potential liabilities for the Company. If these obligations are fulfilled, this will have a negative and material impact on the Company's business, financial condition and results of operations.

2-1-10 Risks Related to Claims Management Process

Pricing of the Company's insurance products, as well as reserves for claims, is dependent on the period and efficiency of notification of claims, processing of claims, and compensation of policyholders. Efficient and effective claims management depends, among other things, on having well-trained personnel who make accurate and timely decisions regarding claims processing.

Inefficiencies in the administration and payment of claims can lead to incorrect compensation decisions, wrong decisions about the creation of the claim's reserves and/or payment, increased fraud, incorrect management information about the reserve and pricing. This leads to additional claims and related costs and expenses for processing claims, as well as an increase of risks involved in unsuitable technical claims and/or pricing models. These risks increase when the period between the claim and its payment increases.

If the Company's administrative handling of claims proves to be inefficient or ineffective or is exposed to costs or expenses that exceed expected rates, the Company may have to change pricing models and/or increase prices, which may result in loss of the Company's business and an increase in technical claims reserves. These additional costs or the effects of inflation may harm the Company's profitability, which will have a negative and material impact on the Company's business, results of operations, financial position and prospects.

2-1-11 Risks Related to Contracts with Third Parties

The Company has concluded contracts and agreements with third parties operating in the insurance field, such as insurance brokerage contracts and reinsurance contracts, in addition to other collection, consulting and actuarial service contracts (for more information, kindly refer to Paragraph Paragraph (9-7) "**Summary of Material Contracts**" of Section (9) "**Legal Information**" of this Prospectus), and the Company relies on the capacity and ability of those parties to fulfill their obligations under the terms and conditions of those contracts and agreements.

Most agreements with third parties are subject to the Assignment Regulations for Insurance and Reinsurance Companies and Professionals issued by the Saudi Central Bank and other regulations issued by the Insurance Authority, which require insurance companies and professional owners to obtain the approval of the Insurance Authority before undertaking any assignment of essential tasks. The Company relies on the ability of these parties to provide services on an ongoing and reliable basis, especially with regard to information technology services, claims settlement and actuarial consulting services. The Company's ability to grow and meet the needs

of its customer base is also based on its ability to rely on effective and experienced external sources to perform a number of specialized functions or services. However, it cannot be assured that these parties will live up to the Company's expectations in providing its services, and the Company does not have any direct operational or financial control over its main service providers or external source partners, nor can it predict with certainty the unexpected termination of any of its external source contracts. In the event that the Company or its contracting parties are unable to abide by the terms of these contracts, or in the event of any future disputes or lawsuits and the Company losing these disputes, this will negatively affect its financial condition, cash flows, operational results and prospects.

2-1-12 Risks Related to Reinsurance

In the context of its risk mitigation and capital management strategy, the Company needs to reinsure its insurance portfolio to reduce certain risks it may be exposed to with respect to motor insurance and other insurance products. Under these reinsurance arrangements, the Company transfers the risks covered in the insurance documents to the reinsurer or such risks are born by the insurer which require insurance premiums for providing reinsurance.

Based on its activities, the Company must reinsure its insurance portfolio in accordance with the provisions of Article (40) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, as follows:

1. Retain at least thirty percent (30%) of its total insurance premium. The Company is currently adhering to this condition.
2. Reinsure thirty percent (30%) of its total premium in the Kingdom. The company is committed to this.

According to the provisions of Article (21) of the Cooperative Insurance Companies Control Law, the Saudi Central Bank may impose a fine that may reach SAR (2,000,000) on companies that do not adhere to the above-mentioned ratios. Therefore, if the Company does not adhere to these ratios, it may be subject to that fine, which will negatively affect its business, operations' results, financial condition and prospects.

The Company's ability to contract with reinsurance companies at suitable expenses is subject to several factors often beyond the Company's control, such as market circumstances that are beyond the Company's control which determine the availability of suitable reinsurance and its costs, as well as the receipt of due amounts from reinsurers in the future, and the financial strength of reinsurers. Similar to the insurance sector, the reinsurance sector is a periodic sector and is exposed to significant losses in the market, which could adversely affect reinsurance prices, which could lead to changes in prices or the desire for reinsurance of some future risks. Additional regulatory changes in reinsurance may lead to incompatibility between the regulatory requirements for insurance companies and coverage available with the reinsurers. If the event of any of these incidents or any substantial changes in reinsurance prices, the Company may have to bear additional reinsurance expenses or to obtain re-insurance under unsuitable terms or may not be able to obtain appropriate re-insurance coverage, thereby increasing the risks retained and the potential increased losses. Knowing that transactions with reinsurers outside the Kingdom involve additional risks related to political and economic conditions, and regulatory changes in the insurance sector in the regions to which they belong to, and if these factors affect the ability of these companies to settle their shares of future claims, this will have a negative and material impact on the Company's business, operations' results, financial position and prospects.

2-1-13 Risks Related to Reinsurance Concentration

The Company deals with a number of reinsurers to secure its insurance portfolio, which may expose it to the risk of the other party's default. The value of reinsured premiums with the five largest main reinsurers amounted

to (66,520,000) Saudi riyals, representing (84.70%) of the total reinsured premiums as of December 31, 2021G, compared to (94,586,000) Saudi riyals, representing (94.36%) of the total reinsured premiums as of December 31, 2022G. While the value of reinsured premiums with the five main reinsurers amounted to (89,801,000) Saudi Riyals, representing (93.69%) of the total reinsured premiums as of December 31, 2023G (for more information, please see subparagraph (9-7-5) “**Reinsurance Contracts**” of paragraph (9-7) “**Summary of Material Contracts**” of Section (9) “**Legal Information**”)

In the event of the insolvency or bankruptcy of one of the reinsurers, this will have a negative impact on the Company’s business, financial condition, results of operations and prospects.

2-1-14 Risks Related to Reliance on Brokers and Agents

The Company relies on brokers and agents as major distributors for marketing its products, as the value of the insurance policies concluded by the Company through brokers and agents amounted to (313,225,000) Saudi Riyals representing (52.86%) of the total written premiums as of December 31, 2021G, (498,491,000) Saudi Riyals representing (60.01%) of the total written premiums as of December 31, 2022G, and (751,564,000) Saudi Riyals representing (71.76%) of the total written premiums as of December 31, 2023G.

Given the Company’s reliance on brokers and agents as primary distribution channels to market its products, any interruption or termination of these arrangements would have a significant negative impact on the Company’s sales, which would have material negative effects on the Company’s business, financial condition and results of operations. It may also not be able to renew its contracts with current insurance brokers and agents if the Insurance Authority prevents one or more brokers from providing brokerage services or for any other reason, which will force the Company to appoint other new brokers or it may not be able to renew its current contracts with the same terms and conditions, which will negatively affect its operations and business and thus will be reflected in its financial results.

2-1-15 Risks Related to Investment

The Company’s operational results partially depend on the performance of its investment portfolio. Investment results are subject to many investment risks, including risks associated with general economic conditions, market fluctuations, volatility of interest rates, liquidity and credit risks. The value of investments amounted to (50,721,000) Saudi riyals as of December 31, 2021G and (67,099,000) Saudi riyals as of December 31, 2022G, compared to (43,463,000) Saudi riyals as of December 31, 2023G. The Company’s investments are subject to many articles of the Implementing Regulations of the Cooperative Insurance Companies Control Law, especially Articles (59), (60) and (61) thereof, which require insurance companies to develop a written investment policy approved by the Board of Directors and approved by the Insurance Authority to regulate investment operations and methods of managing investment portfolios. This policy also aims to set rules for distributing investment assets, taking into account the risks surrounding the Company and the region in which it operates. The Company must also take appropriate measures to manage these risks, and there must be, as a minimum, an analysis of the following risks: Market risks - Credit risks - Interest rate risks - Currency exchange rate risks - Liquidity risks - Operational risks - Country risks - Legal risks - Reinsurance risks - Technology risks. According to the Implementing Regulations of the Cooperative Insurance Companies Control Law, the Company must take into account when developing its investment policy that the maturity period of the invested assets be parallel to the Company’s obligations according to the issued policies and that it must submit to the Insurance Authority the investment program including the distribution of assets for approval by it. The Company has developed an investment policy and submitted it to the Insurance Authority for approval. As of the date of this Prospectus, the Company has not obtained the approval of the Insurance Authority for the investment policy, noting that the Company has previously been subject to penalties and fines as a result of its failure to comply with the supervisory and regulatory instructions issued by

the Insurance Authority (for more information on these penalties and fines, please refer to Risk Factor No. (2-1-4) **“Risks Related to Sanctions, Penalties and Business Suspension by Competent Authorities”** in this section). In addition, the Company has changed its investment strategy from medium and high risk investments such as stocks, real estate funds and sukuk to focus the investment strategy on short-term investments that are low risk, which mainly include short-term Murabaha deposits with a maturity not exceeding three (3) months, amounting to (3) million Saudi Riyals, (451.1) million Saudi Riyals and (565.3) million Saudi Riyals during the fiscal years 2021G, 2022G and 2023G respectively (for more information, please see the **“Statement of Financial Position”** paragraph of Section No. (5) **“Financial Information and Management’s Discussion and Analysis”**). These deposits are subject to interest rates, and any decrease in interest rates may affect the Company’s profitability and reduce cash flows. Interest rates are also affected by many factors, including factors related to government, monetary and tax policies, international and local economic conditions, and other factors beyond the Company’s control. This will have a material and negative impact on the Company’s business, results of operations, financial condition and prospects. The Company’s inability to balance its investment portfolio and match it with its requirements will lead to poor investment performance of the portfolio and may lead to the liquidation of its investments at inappropriate times and prices. Managing these investments requires an effective management system, follow-up and a high ability to select the quality and diversity of investments. In the event that the Company’s returns resulting from investments decrease, or in the event that the Company fails to diversify its investment portfolio to mitigate interest rate risks and reduce its concentration and reliance on term deposits, this will lead to the Company incurring losses that may negatively and materially affect its financial position, financial condition, results of operations and prospects.

2-1-16 Risks Related to Concentration of Company’s Revenues

In terms of insurance sectors, the Company’s revenues were mainly concentrated from the vehicle insurance sector during the years 2021G, 2022G and 2023G.

The total value of the subscribed premiums from this sector amounted to (383,498,000) Saudi riyals, representing (64.72%) of the total subscribed premiums for the year 2021G, compared to (566,972,000) Saudi riyals, representing (68.25%) of the total subscribed premiums for the year 2022G, and (790,400,000) Saudi riyals, representing (75.46%) of the total subscribed premiums for the year 2023G. The Company’s revenues are also concentrated in terms of the category of insured customers, as the value of premiums subscribed by individuals amounted to (387,140,000) Saudi riyals, representing (65.33%) of the Company’s total revenues for the year 2021G, and (575,129,000) Saudi riyals, representing (69.23%) of the total revenues for the year 2022G, compared to (787,746,000) Saudi riyals, representing (75.21%) of the total revenues for the year 2023G. (For more information, please see paragraph (3-14) **“Distribution of the Company’s Revenues”** of Section (3) **“Background and Nature of its Business”**). In the event of occurrence of any factors that may affect the Company’s revenues from the vehicle insurance sector, or revenues from individuals, if the Company is unable to achieve its plan to diversify its portfolios and products, such as the entry of competitors or resorting of customers to other insurance companies that offer products and services at lower prices, this will affect the Company’s market share and consequently its revenues. The Company may incur expenses to market its products and attract new customers, which will have a negative impact on its financial condition, results of operations and prospects.

2-1-17 Risks Related to Net Underwriting Losses in Motor Insurance

In light of the Company’s revenues being largely dependent on the motor insurance sector, there are risks related to the Company incurring losses in net underwriting in this sector. The net underwriting losses in the motor insurance sector amounted to (64,516) thousand Saudi Riyals, (65,219) thousand Saudi Riyals, and (27,257) thousand Saudi Riyals as of December 31, 2021G, December 31, 2022G, and December 31, 2023G, respectively. The Company faces the risk of loss ratio for motor insurance when assessing and accepting insurance risks. If the Company is unable to assess the management of the risks of the adequacy of premiums charged to policyholders

by comparing the volume of claims paid with the premiums earned, this will be negatively and directly reflected in the Company's profitability and solvency margin rate, which will negatively and materially affect the Company's financial performance, results of operations, and prospects.

2-1-18 Risks Related to Non-compliance with Quality Standards and Specifications Required by Customers

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

2-1-19 Risks of Risk Management Policies

The Company follows certain policies to manage, measure, and control risks in line with the Implementing Regulations of the Cooperative Insurance Companies Law and the Risk Management in Insurance Companies Regulations issued by the Saudi Central Bank, which are periodically assessed and updated. Failure to properly implement and update the policies, or the inability of the management to identify risks and evaluate them in a timely manner will expose the Company to various risks, including but not limited to, non-compliance with the Cooperative Insurance Companies Control Law and its regulations, which may expose the Company to various measures as provided in the Law, including the withdrawal of the Company's license. The Company is subject to the supervision of the Insurance Authority in implementing the Cooperative Insurance Companies Control Law and its Implementing Regulations, which may impose fines on the Company or require it to take corrective measures in accordance with what is indicated in risk factor No. (2-1-4) above "**Risks Related to Sanctions, Penalties and Business Suspension by Competent Authorities**" (for more details, please see subparagraph (9-6-7) "Ongoing Obligations as Required by the Insurance Authority" of paragraph (9-6) "**Ongoing obligations imposed by governmental authorities on the Company as a "licensee"**" of Section (9) "**Legal Information**"). In the event that any fines or penalties are imposed against the Company, this will have a material and negative impact on its business, results of operations, financial condition and prospects.

2-1-20 Risks Related to Miscalculation of Risks

The Company conducts a detailed risk assessment before issuing insurance documents for the submitted applications. This assessment is carried out by experts who use specific programs to estimate potential losses and risks, with the help of an independent actuary, who studies risk development patterns and prospects based on historical performance. Inaccurate estimation of potential risks may lead to financial losses for the Company that affect its future performance

2-1-21 Risks Related to Cancellation or Non-renewal of Insurance Policies

The Company operates in a competitive insurance market. As the duration of insurance policies issued by the Company are generally short in their terms, the Company may not be able to continue renewing insurance policies issued or to be issued in the future as expected. In case of non-renewal or cancellation of policies by policyholders, the level of written premiums of the Company in the coming years would be negatively and substantially affected, which would affect the Company's business results.

2-1-22 Risks Related to the Translation of Insurance Documents

Some of the Company's insurance policies are written in Arabic and translated from English. However, the

translation of some provisions in the insurance policies provided by the Company may be inaccurate in terms of clarifying some terms included in the policy, leading to a different interpretation of meanings between the parties. This is especially significant since the Courts in the KSA rely on the Arabic text in the event of any dispute arising between the Company and any of its clients, which may expose the Company to entering into disputes with customers, which will have a substantial and negative impact on the Company's business, operations' results, financial condition and prospects.

2-1-23 Risks Related to Increasing the Company's Liabilities

The increase in the Company's liabilities may pose a risk to the general financial position of the Company and its financial solvency. The table below shows the percentage of liabilities and accumulated surplus out of total assets, liquidity rate and cash rate for the years 2021G, 2022G and 2023G:

Table No. (4): Data related to the increase in the Company's liabilities

Data	2021G	2022G	2023G
The percentage of liabilities and accumulated surplus from total assets	57%	45%	32%
Total assets	120%	188%	316%
Liquidity rate	106%	176%	316%

Source: The Company

Accordingly, the increase of the Company's liabilities will adversely affect its financial condition and will thus make it difficult for the Company to fulfill its obligations, and will have a negative impact on the Company's business, financial condition, operations' results and prospects.

2-1-24 Risks Related to Transactions with Related Parties

The Company has transactions with related parties as outlined in the table below:

Table No. (5): Transactions with Related Parties

Related Party Transactions for the Fiscal Year Ended December 31, 2021G							
Related Party	Nature of Relation-ship	Nature of Transactions	Value of Transactions (SAR)	Balance as of December 31, 2021G (SAR)		Percentage of Total Value of Contracts and Transactions (%)	Percentage of Total Value of Revenues (%)
				Debtor	Creditor		
ACIG Bahrain	Shareholder	Payment of outstanding claims	1,985,000	1,985,000	-	-	-
Board Members	Shareholders	Insurance Premiums	145,000	-	-	0.01%	0.01%
Subsidiaries	Clients	Insurance Premiums	305,000	-	-	-	-
Total			2,435,000	1,985,000	-	0.01%	0.01%
Transactions with Related Parties for the Financial Year Ending on December 31, 2022G							
Related Party	Nature of Relation-ship	Nature of Transactions	Value of Transactions (SAR)	Balance as of December 31, 2022G (SAR)		Percentage of Total Value of Contracts and Transactions (%)	Percentage of Total Value of Revenues (%)
				Debtor	Creditor		
ACIG Bahrain	Shareholder	Payment of outstanding claims	1,985,000	1,985,000	-	-	-
Total			1,985,000	1,985,000	-	-	-
Transactions with Related Parties for the Financial Year Ending on December 31, 2023G							
Related Party	Nature of Relation-ship	Nature of Transactions	Value of Transactions (SAR)	Balance as of December 31, 2023G (SAR)		Percentage of Total Value of Contracts and Transactions (%)	Percentage of Total Value of Revenues (%)
				Debtor	Creditor		
NA							
Total			NA				

Source: The Company

(For more details on transactions with related parties, please see subparagraph (9-7-1) “**The Company’s Agreements and Transactions with Related Parties**” of paragraph (9-7) “**Summary of Material Contracts**” of Section (9) “**Legal Information**”).

It is worth noting that the Company is committed to implementing Articles (27) and (71) of the Companies Law, as the General Assembly held on 06/11/1443H (corresponding to 05/06/2022G) approved the transactions that took place during the year 2021G between the Company and Al-Bihar International Company, in which the Board Member, Eng. Mohammed Hani Al-Bakri, has an indirect interest, which are insurance policies for a period of one year. The total insurance premiums subscribed during the year 2021G amounted to one hundred and eight

thousand (108,000) Saudi riyals without preferential conditions. As for the rest of the years covered by this Prospectus, there are no transactions with related parties that require the approval of the General Assembly.

These are included in the business and contracts that are made to meet personal needs (concluding personal insurance policies) and were made under the same conditions and terms that the Company follows with all those dealing with it. In the event that the members of the Board of Directors violate the provisions imposed by the Companies Law in terms of disclosing direct or indirect interest in the business and contracts made on behalf of the Company, the Company has the right to demand before the competent judicial authority to nullify the contract and oblige him to pay any profit or benefit that he has achieved from that. Also, in the event that the General Assembly refuses to grant a license for a transaction in which a member of the Board of Directors has a direct or indirect interest, the member of the Board of Directors must submit his resignation within a period determined by the Assembly, otherwise his membership in the Board will be deemed terminated, unless he decides to withdraw from the work or contract before the expiry of the period determined by the Assembly. In the event that any contracts are concluded with related parties in the future, there is no guarantee that the contracts with related parties will be renewed in the future upon the expiry of their terms, as the Company's Board of Directors or the General Assembly may not agree to renew those contracts, or the related parties may not agree to renew them in accordance with the terms of the insurance policies determined by the Company. Therefore, failure to renew those contracts may have a negative impact on the Company's profitability and consequently on its business, prospects, financial condition and results of operations.

2-1-25 Risks related to Operating Systems and Information Technology

The Company's IT systems support all of its business and are essential to providing the Company's services to its customers. As the insurance sector relies heavily on electronic systems, this increases the exposure of insurance companies - including the Company - to the risks of hacking and cyber-attacks, as well as deliberate breaches of data, networks and software. Furthermore, the increased use of cloud services for data storage may increase the Company's exposure to the risk of IT system failure in general. For example, a cyberattack on the insurance network may result in a company being unable to provide services to its customers, which could damage its reputation, cause loss of revenue, or expose it to financial penalties. Therefore, any failure to protect or use data properly may result in loss of or unauthorized access to customer data. The Company's IT systems are also subject to external and internal risks, such as harmful programs, code defects and attempts of penetrating the Company's networks and lack of required updates and modifications, data breaches and human errors. All that poses a direct risk to the Company's services and data. Other threats include equipment malfunction, stealing customer information, fire, explosion, floods, severe weather conditions, power outages and other problems that may occur during upgrades or making other major changes in the network. In the event of a partial or total collapse occurring in any of the IT or communications systems, the Company's business activities may stop or get severely affected. Also, any system failure, accident or penetration can cause an interruption of the Company's operations or affect its capacity to provide services to the customers and thus will negatively affect its revenues and operations. These disturbances may also affect the Company's image and reputation and reduce its customer's trust, which may result in the loss of some of its customers. In addition, the Company may have to bear additional costs to repair any damage caused by these disturbances. Since the Company is subject to the supervision of the Insurance Authority, which plays a supervisory role and conducts inspection visits to verify any violations committed, the Insurance Authority may find a violation of the instructions related to cybersecurity risks, which may lead to the imposition of fines or the obligation to take corrective measures (for more details about violations of instructions related to cybersecurity risks previously committed by the Company, please review Risk Factor No. (2-1-4) above "**Risks Related to Sanctions, Penalties and Business Suspension by Competent Authorities**" in addition to subparagraph (9-6-7) "**Ongoing obligations as required by the Insurance Authority**" of paragraph (9-6) "**Ongoing obligations imposed by governmental authorities on the Company as a "licensee"**" of Section (9) "**Legal Information**"). In all cases this will have a negative and material impact on the Company's business, results of operations, financial position and prospects..

2-1-26 Risks Related to Lease Contracts

The Company concluded (10) lease contracts as a lessee (for additional information, please refer to Sub-paragraph (9-7-2) "**Lease Contracts**" from Paragraph (9-7) "**Summary of Material Contracts**" of Section (9) "**Legal Information**" of this Prospectus). The inability of the Company to maintain the continuity of the lease contracts related to these sites and to renew them in the same current terms or preferential terms, or its inability to use the leased premises for its intended purpose for any reason, will force it to vacate the leased premises and find other more suitable places to carry out its activity, with no guarantee of similar favorable lease terms. In the event of the occurrence of any of the aforementioned risks associated with lease contracts for the leased premises, it may affect the Company's expected business results, and its operational and financial statements.

It is worth noting that Cabinet Resolution No. (292) dated 16/05/1438H (corresponding to 13/02/2017G) was issued, which stipulates that a lease contract not registered in the electronic network shall not be considered a valid contract producing its administrative and judicial effects. Whereas the electronic network for rental services was launched in cooperation between the Ministries of Justice and Housing on 17/05/1439H, and a circular from the Ministry of Justice was issued approving the application of this to all contracts concluded after 04/05/1440H (corresponding to 10/01/2019G). As of the date of preparing this Prospectus, the Company is committed to documenting all lease contracts. However, if any lease contracts are concluded in the future without documenting them electronically on the Ejar network, and if any dispute arises between the Company and any of the lessors regarding lease contracts that are not electronically registered, it may not be considered by the Saudi courts. Therefore, the Company, as a plaintiff, may not be able to protect its Rights in the event that any of the lessors breach their contractual obligations, and this will have a negative and material impact on the Company's business and prospects.

2-1-27 Risks Related to Litigation (Lawsuits, Claims, Arbitration and Administrative Proceedings)

As of the date of preparing this Prospectus, the Company is not a party to any dispute or claim except those related to disputes with insurance policyholders that fall within the normal course of its business. As of February 2025, the number of claims filed against the Company by insurance policyholders amounted to (636) claims with a total value of (33,433,982.26) Saudi Riyals. The Company has filed (380) claims as the plaintiff against policyholders with a total value of (6,865,460.99) Saudi Riyals. The Company may also be exposed in the course of its business to cases and claims related to its insurance operations and disputes and claims related to insurance coverage. The Company does not guarantee that there will be no dispute between it and some policyholders. This may lead to cases being filed with the competent judicial authorities, either by the Company or against it. As a result, the Company may be subject to legal claims from government agencies and departments and investigations in the context of the new controls on the insurance sector in the Kingdom. Naturally, the Company cannot predict the results of existing claims or future claims if they occur, nor does the Company guarantee that such claims will not have a material impact on its business, financial condition and results of operations. The Company also cannot accurately predict the cost of lawsuits or legal proceedings that it may file or that may be filed against it, or the final results of such lawsuits or the judgments issued therein and the compensations and penalties they include. Accordingly, any negative results of such cases will negatively affect the Company.

2-1-28 Risks Related to the Protection of Trademarks

The Company's ability to market its insurance products and develop its business depends on the use of its name and logo. The Company registered its logo as a trademark with the Ministry of Commerce (before the authority to register trademarks was transferred to the Saudi Authority for Intellectual Property) (for more information, please see paragraph (9-8) "**Trademark and Intellectual Property Rights**" of Section (9) "**Legal Information**").

The website is registered with the Saudi Network Information Center, which provides protection from possible infringement by third parties. If the Company does not register another logo as a trademark in the future, it will be unable to prevent infringement of its Rights in this regard, which will negatively affect its logo and make its business more expensive and thus affect the Company's operating results. The Company's business will be further affected if it has to compete with similar trademarks in the main markets in which it operates and in which it does not have registered property Rights.

Failure to register the trademark will expose its related interests to risks, which will have a negative and material impact on the Company's business, financial position and results of operations. Note that to defend its trademark, the Company may be forced to defend its trademark through costly legal proceedings, potentially substantial damage to the brand's reputation, which will have a negative impact on the Company's ability to attract new customers, leading to a decline in the Company's revenues, which will negatively and significantly affect the Company's business, financial condition, results of its operations, and prospects.

2-1-29 Risks related to Zakat Differences, Tax Assessments and Potential Zakat Liabilities

The Company is in compliance with the requirement of submitting its Zakat returns for the fiscal year ending on December 31, 2023G, and has obtained the final Zakat certificate from the Zakat, Tax and Customs Authority, No. (1112050032) dated 28/10/1445H (corresponding to 07/05/2024G), which is valid until 02/11/1446H (corresponding to 30/04/2025G). It is worth noting that the Company faces potential risks of requiring additional amounts by the Zakat, Tax and Customs Authority as follows:

- Deducting the cost of obtaining the deferred insurance policy from the Zakat base (for the fiscal year 2021G-2022G):

The Company deducted the costs of obtaining the deferred insurance policies from the Zakat base for the fiscal year 2021G and the fiscal year 2022G, which amounted to approximately (44.05) million Saudi riyals and approximately (60.46) million Saudi riyals, respectively. Note that the Company did not deduct the costs of obtaining the deferred insurance policies from its Zakat base during the fiscal year 2023G due to their reclassification within reinsurance contract assets after applying the International Financial Reporting Standard 17. Accordingly, the Zakat, Tax and Customs Authority may require to paying an amount of (2.69) million Saudi riyals for the fiscal years 2021G and 2022G.

- Deduction of investments in the Kingdom of Saudi Arabia (for the fiscal year 2021G-2022G):

In accordance with the laws and regulations in force in the Kingdom (applicable to the fiscal years 2019G-2023G), investments can generally be deducted to the extent that they are held for non-commercial and long-term purposes, provided that such investments are subject to Zakat. In the fiscal year 2021G and fiscal year 2022G, the Company deducted investments in the Kingdom of Saudi Arabia related to listed securities, unlisted securities and the listed local real estate fund from its Zakat base, which amounted to approximately (30.7) million Saudi Riyals (fiscal year 2021G) and approximately (29.3) million Saudi Riyals (fiscal year 2022G), noting that no Zakat was paid at the level of the listed fund. During the fiscal year 2023G, the Company fully derecognized its listed securities and the listed local real estate fund while reclassifying the unlisted securities to investments measured at fair value through other comprehensive income that are not held for trading purposes. The Company faces the risk that the Zakat, Tax and Customs Authority may object to the deduction of the above investments in line with applicable regulations, which may result in additional Zakat exposure of approximately SAR (1.54) million.

- Deduction of term deposits (FY 2023G):

The Company deducted SAR (565.3) million from its Zakat base for term deposits in FY 2023G, noting that the regulations in effect from FY 2019G-2023G do not include any provision regarding the Zakat treatment of investments in term deposits compared to the Zakat regulations previously issued in FY 2017G, which specifically stipulated that term deposits are not allowed as a deduction from the Zakat base. The Zakat, Tax and Customs

Authority may not allow the deduction of term deposits. On this basis, there is a risk that this deduction will be rejected, on the grounds that these items are not an allowed deduction from the Zakat base, which may lead to an additional claim of approximately (14.5) million Saudi Riyals.

– Obligations subject to Zakat:

In accordance with the laws and regulations in force in the Kingdom (applicable to the fiscal years 2019G-2023G), and the procedures followed by the Zakat, Tax and Customs Authority, loans and liabilities (including accounts payable, accrued expenses, etc.) that have completed the year must be added to the Zakat base. Any loans or liabilities arising during the year for the purpose of financing assets/investments deductible from Zakat must also be added to the Zakat base. Accordingly, current assets such as cash, advance payments, receivables, etc. are not considered eligible/deductible assets for Zakat purposes.

Whereas the Zakat, Tax and Customs Authority considers (as a starting point) the relevant balances of the financial statements by looking at the opening or closing balance of the relevant liability item as having completed the fiscal year, the taxpayer is then required to provide evidence to support otherwise. Furthermore, the current regulations provide for a cap rule (whereby the total loans/liabilities added to the Zakat base should not exceed the total deductible assets/investments). The potential liabilities balances that appear to have completed the financial year without being added to the Zakat base by the Company are (104) thousand Saudi Riyals, (134) thousand Saudi Riyals and (104) Saudi Riyals for the financial years 2021G, 2022G and 2023G respectively.

– Inaccurate reporting of investment income:

The Company achieved income from investments that were considered outside the scope of VAT, amounting to (3.9) million Saudi Riyals, (10.6) million Saudi Riyals and (38.2) million Saudi Riyals for the financial years 2021G, 2022G and 2023G respectively. According to the VAT Law and its Implementing Regulations, the implicit margin should be considered as a VAT-exempt supply of financial services. Therefore, there is a risk that failure to report these exempt supplies in the VAT return may be considered non-compliance with the VAT system in the Kingdom of Saudi Arabia and may result in penalties of up to (50) thousand Saudi Riyals per period/per instance of non-compliance.

– Adjustment of Input VAT relating to Exempt Supplies (FY 2021G-2023G):

As per the VAT regulations, any VAT paid on expenses incurred directly in connection with the supply of exempt sales should not be claimed as VAT in the relevant VAT returns. Furthermore, any VAT paid on joint expenses that are not directly attributable to the exempt or taxable supplies should be allocated on a proportional deduction basis. However, since the Company has not declared any exempt sales in the relevant VAT returns, the VAT paid by the Company on directly attributable expenses as well as joint expenses incurred in the course of providing exempt supplies has not been withheld/adjusted in the relevant VAT returns during the period under review. This may pose a risk to the Company that the competent authority may not accept the VAT paid claimed by the Company on purchases as well as directly attributable withheld purchases along with penalties. It is worth noting that the value of Zakat and income tax paid as of December 31, 2023G amounted to (6,659,000) Saudi Riyals. The Company has not received any Zakat assessments since its inception until now, but it has an additional tax assessment due to the disallowance of a portion of pre-incorporation expenses and withholding tax.

The Company filed an objection to this additional assessment to the Initial Tax Objection Committee after the end of the year, and a negative decision was received from the Initial Tax Objection Committee, where the Company filed an appeal before the Supreme Committee for Objections. The Supreme Committee for Objections issued its decision in favor of the Company regarding Zakat and rejected the appeal related to withholding tax. It is also worth noting that during the year 2023G, the Company received a final assessment notice from the Zakat, Tax and Customs Authority regarding the results of the examination for the period October 2020G, and it was found that the fines due are (271,603.77) Saudi Riyals. Based on the above, the Company cannot predict the outcome of the studies and reviews by the Zakat, Tax and Customs Authority, or whether the Zakat, Tax and Customs Authority

will accept its Zakat and tax estimates or will require it to pay any differences in the future. If the Zakat, Tax and Customs Authority requires the Company to pay such differences, this will have a material adverse effect on the Company's profits, results of operations, financial condition and prospects.

2-1-30 Risks Related to Insufficient Insurance Coverage

The Company has provided necessary insurance coverage by concluding a number of insurance policies to ward off some risks and preserve its assets and property, (for more information on insurance coverage, please refer to subparagraph (9-9) "**Insurance**" of Section (9) "**Legal Information**" of this Prospectus).

The concluded insurance contracts include deductible amounts and factors excluded from the insurance coverage, in addition to other restrictions related to the insurance coverage to be negotiated with insurance companies. The Company's ability to obtain the compensation due to it by the relevant insurance company depends on its financial solvency and ability to meet the value of this compensation. Hence, insurance may not cover all the losses incurred by the Company, and no guarantee is given to the Company that it will not incur losses that exceed the limits of insurance policies or that are outside the scope of coverage included in such policies. It is possible that situations may arise in which the value of the claim exceeds the value of the insurance maintained by the Company, or that the compensation claim submitted by the Company to the relevant insurance company will be rejected, or that the claim and compensation period may be prolonged. The Company's inability to renew the aforementioned insurance policies may lead to the lack of adequate insurance coverage for an accident, and thus the Company may lose the capital invested in any of these properties that are damaged or destroyed, and it may also lose the future revenues expected from them, which will negatively affect the Company's business, its prospects, operations' results and financial condition

2-1-31 Risks Related to Natural Disasters

All insurance companies are exposed to losses resulting from unpredictable events that may affect many risks covered by the Company, in particular wide-scale weather events with regard to vehicle insurance or epidemics in case of health insurance. Other events that can affect the Company and insurance policies include natural and unnatural events, including, but not limited to, snow or sand and storms, floods, winds, fires, explosions, earthquakes, industrial accidents and terrorist actions.

The size of the Company's losses as a result of these disaster events depends on the frequency and severity of each event and reinsurance arrangements made by the Company. Despite the Company's efforts to reduce its exposure to these events, determine appropriate price for them, or establish appropriate conditions for risk insurance, these efforts may not always succeed. In addition, any disaster that may affect the Company's offices or any other sites will negatively affect the Company's business, financial position, and prospects

2-1-32 Risks related to reliance on non-Saudi employees

As of February, 2025G, the total number of the Company's employees was (259), including (207) Saudi employees and (52) non-Saudi employees, i.e. a Saudization rate of (80%). The Company is classified as a medium-sized entity (Category C) practicing the activity of (business services). The Company is currently included in the (Platinum) range of the developed Nitaqat program (for more information, please see paragraph (3-16) "**Employees and Saudization**" of Section (3) "**Background and Nature of its Business**").

It may be challenging for the Company to maintain and retain the same percentage of Saudi employees in the future, and thus it will not meet the requirements of the developed Nitaqat program "**Nitaqat Mutawar Program**". If the Company is unable to continue to comply with the requirements of the "**Nitaqat**" program, it may be classified under the red category. In that case, the Company may be exposed to a number of penalties, including.

- Disallow the change of expatriate employees' occupations.
- Disallow the transfer of expatriate employees services.
- Disallow the issuance of new visas.
- Disallow the issuance of work permits for expatriate employees.
- Disallow the renewal of work permits for current expatriate employees.

In addition, the government is taking measures to regulate the employment of non-Saudi employees in the Kingdom in accordance with the Labor and Residency Regulations in the Kingdom of Saudi Arabia. These measures include taking strict measures against non-Saudi employees who do not work for their sponsor and whose work's nature does not match their job requirements (as stated in their work permit), especially after the abolition of the sponsor system (starting from the second quarter of 2021G), which will allow the foreign employee upon the expiration of their employment contract to move from one entity to another without the employer's approval, as part of the **"Improving the Contractual Relationship"** initiative for employees in private sector establishments. The initiative also limits transfer mechanisms during the validity of the contract, provided that the notice period and specified controls are adhered to it. The exit and return service allows the expatriate employee to travel outside the Kingdom upon submitting the request and notifying the employer electronically, while the final exit service enables the expatriate employee to leave immediately after the end of the contract, by electronically notifying the employer without requiring his approval, in addition to the possibility of leaving the Kingdom and bearing all the consequences of the termination of the contract. It should be noted that all of these services are available through the «Absher» platform and the «Qiwa» platform of the Ministry of Human Resources and Social Development.

It should be noted that a decision was issued by the Insurance Authority in December 2023G, stipulating the localization of all insurance product sales positions as of April 15, 2024G, from the standpoint of supporting and enhancing the effectiveness of the insurance sector and in an effort to support and empower national competencies and capabilities in the insurance sector. Therefore, there is no guarantee that the Company will be able to secure the necessary national labor force or employ the required number of foreign employees under favorable conditions to the Company. The Company may also face challenges in retaining its Saudi national employees, if the number of Saudi employees decreases, this will lead to a decrease in its overall Saudization rate. The occurrence or realization of any of the events referred to above will have a significant negative impact on the Company's business, financial condition, results of its operations and prospects

2-1-33 Risks Related to Dependence on Key Personnel and Attraction of Competencies

The Company depends on the experiences and capacities of leading personnel. Therefore, the Company's success may depend on its ability to ensure the continuity of such competencies and to find alternatives if they leave the Company. The Company's success relies on maintaining its relationships with brokers by ensuring long-term retention of staff and on its ability to attract and retain new qualified employees.

There is no guarantee that the Company can retain the services of its employees or improve the level of their skills, as it depends on the expertise and capabilities of the leading employees. Therefore, the Company's success may depend on the extent of its ability to ensure the continuity of these competencies, and on finding alternatives if they leave the Company. The Company's success depends on services provided to its customers, maintaining them, and working to develop the quality of customers' service, which can be achieved by applying continuous organizational and development plans for the Company's operations in all administrative sectors under the supervision of leading employees at the level of Senior Executives, which requires working to maintain employees and ensure their continuity, attracting new qualified employees, and ensuring their continuity.

The Company may also need to increase salaries to ensure long-term retention of its personnel and attract new well-qualified staff which will negatively affect the Company's financial position. All of this may make it difficult for

the Company to retain some employees, and the Company's loss of services of one or more members of its senior management or divisions and departments may hinder the implementation of its business strategy, and this will have a negative impact on its business, financial condition, and results of its operations.

2-1-34 Risks Related to Employee Misconduct

Although the Company has an internal work organization approved by the Ministry of Human Resources and Social Development No. (757278) dated 25/11/1444H (corresponding to 14/06/2023G), the Company cannot guarantee that employees' misconduct or mistakes will be avoided. Such as fraud, intentional errors, embezzlement, fraud, theft, forgery, misuse of its property, and acting on its behalf without obtaining the required administrative authorizations. Consequently, these actions may result in consequences and responsibilities for the Company, or regulatory penalties, or financial liability, which will negatively affect the Company's reputation, operations, and financial position

2-1-35 Risks Related to Access to Adequate Financing

The Company's ability to obtain sources of financing for its business depends on several factors, including factors related to its ability to obtain regulatory approvals in addition to its financial condition and creditworthiness. In the future, if the Company needs to inject a large amount to finance the expansion of its activities and products or improve its solvency, it will encounter challenges in obtaining financing sources and, if obtained, they may be at unfavorable costs and conditions. If the Company needs to increase its capital to obtain additional financing, the ownership percentages of the current Shareholders may decrease. The difficulty of obtaining appropriate financing in the future may negatively affect the Company, its financial performance and business plan.

2-1-36 Risks Related to False Insurance Claims and Other Fraudulent Activities

The Company is vulnerable to fraud and deception from various sources, such as suppliers, intermediaries/brokers, customers and other parties. Sources include customers who may provide incorrect statements or fail to fully disclose covered risks before purchasing insurance coverage and policyholders who submit fraudulent or exaggerated claims. It should be noted that the technical methods applied to practice fraud and deception are constantly evolving, which makes it difficult to detect these practices.

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

2-1-37 Risks Related to Failure to Apply Loss Limits or Exclusions in Insurance Policies

The Company may not be able to apply, as deemed appropriate, different provisions of its insurance policies, such as limits on losses or exclusions from coverage that have been negotiated to limit the risks of these policies. As the practices of the sector change, and the legal, social and other conditions alter, unexpected and unintended problems related to claims and coverage may arise, which may negatively affect the Company's business either by expanding coverage beyond its prospects, or by increasing the size or number of claims. It is very difficult to predict the effects of claims and coverage problems, and this may harm the Company's business.

The insurance policies issued by the Company also include conditions requiring immediate notification of claims and the Company's right to refuse coverage in case of violation of that condition, in addition to restrictions that reduce the period during which the policyholder may file a claim against the Company for breach of contract or any other claim. A court or regulatory authority may cancel or invalidate any exception, and legislation may be

issued to limit the use of insurance policy's supplements and limits on losses in a way that negatively affects the Company's losses, which may have a negative and material impact on the Company's business, financial position or results its operations. In some cases, these changes may not become apparent until the Company issues the insurance policies that are affected by those changes. Subsequently, the full scope of liability under the Company's insurance contracts may not be known for many years after the contract is issued. Therefore, failure to apply the loss limits or exceptions will have a material adverse effect on the Company's business, financial condition and prospects.

2-1-38 Risks Related to the Company's Reputation

The reputation of the Company is of utmost important for attracting and retaining new clients and establishing a strong relationship with counterparties. The Company's reputation can be harmed in the future as a result of several factors, including but not limited to, a decrease or adjustment of its financial results, legal or regulatory actions against the Company, or behavior of any of its employees that may cause the Company to violate the applicable legal requirements. Any damage to the Company's reputation will adversely affect its business, financial condition, operations' results, profitability of shares and prospects.

2-1-39 Risks Related to Anti-money Laundering and Counter-terrorism Financing Regulations

The Company is currently complying with Anti-Money Laundering and Counter - Terrorism regulations issued by the Saudi Central Bank, the Anti-Money Laundering Law and its Implementing Regulations, and the Law of Combating Terrorism and its Implementing Regulations 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. Failure to comply with Anti-Money laundering and Combating Terrorist Financing Regulations renders the Company subject to legal accountability and thus leads to the imposition of fines and/or penalties that the Company shall bear, and consequently, will have a negative material impact on the Company's business, financial condition, operations' results, and prospects.

2-1-40 Risks Related to the Outbreak of infectious or malignant diseases, epidemics, or pandemics in general

Outbreaks of infectious or deadly diseases, epidemics or pandemics, such as previously known as COVID-19, or the emergence of other public health concerns, whether in the Kingdom of Saudi Arabia or elsewhere, may have a material adverse effect on the economy, financial markets, and business activities locally and globally. In the event of an outbreak of any of these diseases, the Company will have to take preventive measures imposed by the World Health Organization and the Government, which may lead to disruptions in the conduct of its business and commercial activity. The spread of the Coronavirus (COVID-19) which started in December 2019G, negatively affects global economies, financial markets, global demand for oil and its prices, and the general environment in which the Company operates due to preventive measures that have been taken to curb the spread of the virus. It imposed strict decisions in this regard, resulting in, but not limited to, imposing a partial or total curfew in some cities and governorates of the Kingdom during the year 2020G, closing airports and malls and all activities within them, with the exception of grocery stores and pharmacies, and reducing the number of working hours for some sectors and forcing some of them to work remotely. All of these restrictions have caused damage to all economic sectors, hence the need for insurance or the occurrence of insurance claims for the damages resulting from these measures.

Given that there is no guarantee that this virus or its variants will not spread again, or the spread of any other disease

or epidemic, the Company cannot estimate the number of losses resulting from that if it occurs. The Company does not guarantee that there will be no consequences in the future that will negatively and materially affect the Company's business, financial condition, operations' results and prospects

2-1-41 Risks related to Financial Performance

The Company's financial performance during the previous years witnessed instability, as the Company achieved a net loss of (114,584,000) Saudi riyals during the year 2021G, and the accumulated losses amounted to (116,015,000) Saudi riyals, representing (82%) of the capital; and with the receipt of the capital increase amounts of (150,000,000) Saudi riyals during the first quarter of the year 2022G, the percentage of accumulated losses decreased to (49%) of the capital as of March, 31 2022G. During the year 2022G, the Company achieved a net loss of (17,344,000) Saudi riyals, and the percentage of accumulated losses amounted to (49%) of the capital. As for the year 2022G, the Company achieved a net loss of (63,406,000) Saudi riyals, and the percentage of accumulated losses amounted to (25%) of the capital. As a result of this financial performance, the Company faced regulatory risks represented by doubts about continuity due to accumulated losses exceeding (50%) of the Company's capital. The Company also faced other risks such as claims payment risks, low liquidity, non-compliance with the solvency margin, and the risk of insufficient liquidity for the Company to invest in, in addition to pricing risks and competition risks. It is worth noting that on 25/06/1445H (corresponding to 07/01/2024G), the Company received the Insurance Authority's non-objection to increase the Company's capital by two hundred and nine million (209,000,000) Saudi riyals through the offering of Rights issue shares, and the non-objection is valid for one year from its date to complete the capital increase process. On 29/07/1446H (corresponding to 29/01/2025G), the Insurance Authority approved the Company's request to extend the previously granted approval to increase the Company's capital for an additional six months.

The Company relies on the use of the proceeds of the offering to implement a business plan based on assumptions, the most important of which are increasing investments, digital transformation, using the latest technologies, and developing the customer experience, in addition to reducing operating costs, gradual growth in written insurance premiums, and improving the technical performance of the main sectors, thus improving its financial performance. There is no guarantee that the Company will fully implement the submitted plan.

If the Company is unable to implement the business plan in accordance with the expected assumptions, the Company's financial performance will be negatively affected, which will have a negative and material impact on the Company's business, results of operations, financial condition, and prospects.

2-1-42 Risks related to Internal Control Procedures

The Company's control procedures are reviewed on an ongoing basis by the Audit Committee and the Internal Audit Department. The Audit Committee supervises the Company's internal control procedures by reviewing the periodic reports of the Internal Audit Department and the reports issued by the supervisory and regulatory authorities. The Audit Committee's procedures also include meeting with the external auditor and the actuary and reviewing the reports issued by them, in addition to following up on the executive management's measures to address the observations that are discovered and setting the necessary controls in line with the Company's control system.

The Company's internal control system is based on the risk assessment, the internal audit management plan, and the internal audit department reports submitted to the Audit Committee, in addition to the audit process carried out by the external auditor on a quarterly and annual basis. Therefore, any weakness or decline in the level of internal control may lead to a breach of the integrity and security of the Company's information and a breach of its commitment to internal laws, regulations and policies. The Company is also subject to the supervision and

oversight of the Insurance Authority in its operations. If the Insurance Authority finds a violation or deficiency in the Company's internal control, this may lead to the imposition of fines or the obligation to take corrective measures (for more details, please review risk factor No. (2-1-4) above "**Risks Related to Sanctions, Penalties and Business Suspension by Competent Authorities**". This is in addition to subparagraph (9-6-7) "**Ongoing obligations as required by the Insurance Authority**" of paragraph (9-6) "**Ongoing obligations imposed by governmental authorities on the Company as a "licensee"**" of Section (9) "**Legal Information**", which will affect the effectiveness and efficiency of the Company's decisions, and this will have a material negative impact on the Company's business, financial condition, results of operations and prospects.

2-1-43 Risks related to Changes in Important Accounting Standards and New Standards

Changing the generally accepted International Financial Reporting Standards (IFRS) to amended 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 the fiscal years may not be Periods beginning after January 1, 2023G that are prepared and presented under revised or new international accounting standards are readily comparable to those of previous financial periods included in this Prospectus that were prepared and presented under currently generally accepted International Financial Reporting Standards (IFRS). Effective January 1, 2023G, the Company has adopted International Financial Reporting Standard (17) "**Insurance Contracts**" and International Financial Reporting Standard (9) "**Financial Instruments**" as adopted in the Kingdom of Saudi Arabia, which has resulted in a change in the description of items in the income statement and a reclassification on the statement of financial position in addition to an impairment of the value of financial assets (for more information, please see subsection (5-5) "**Significant Accounting Policies**" of Section (5) "**Financial Information and Management's Discussion and Analysis**"). The Company's application of International Financial Reporting Standard (17) "**Insurance Contracts**" and International Financial Reporting Standard (9) "**Financial Instruments**" as of January 1, 2023G has had an impact on equity as well as assets and liabilities (for more information, please see paragraph (5-5) "**Significant Accounting Policies**" of Section (5) "**Financial Information and Management's Discussion and Analysis**"). The changes or the mandatory application of some new standards to the financial statements may have a negative impact on the Company's financial results and financial position.

2-1-44 Risks related to the Implementation of the Governance Regulations

Following the issuance of the new Companies Law, the Corporate Governance Regulations issued by the Board of the Capital Market Authority were amended pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G) by Resolution No. (5-8-2023) dated 25/06/1444H (corresponding to 18/01/2023G), which the Company must comply with its provisions (for more information, please see subparagraph (9.6.5) "Ongoing Obligations as Required by the Capital Market Authority" of paragraph (9.6) "Ongoing Obligations Imposed by Governmental Authorities on the Company as Licensee" of Section (9) "Legal Information"). In addition, the Company is subject to the governance regulations previously issued by the Central Bank, noting that the authority to monitor their implementation is vested in the Insurance Authority as of the date of this Prospectus. Therefore, any violation of these rules and procedures or failure to implement them exposes the Company to accountability by the Capital Market Authority or the Insurance Authority, which will have a negative and material impact on the Company's business, financial condition, results of operations and prospects.

2-1-45 Risks related to Non-compliance with Disclosure of a Difference in the Uses of the Proceeds of the Offering

In accordance with paragraph (f) of Article (57) of the Rules on the Offer of Securities and Continuing Obligations, the issuer must disclose to the public when there is a difference of (5%) or more between the actual use of the proceeds of the issuance of Rights issue shares versus what was disclosed in the relevant prospectus as soon

as it becomes aware of it. It is worth noting that during the year 2022G, the Company completed the process of offering Rights issue shares in accordance with the prospectus approved by the Capital Market Authority on 13/02/1443H (corresponding to 20/09/2021G), without the Company disclosing at a later time that there was a difference of more than (5%) between the actual use of the proceeds of the priority Rights issue versus what was disclosed in the previous prospectus. This leads to the Company being considered non-compliant with the provisions of Paragraph (f) of Article (57) of the Rules on the Offer of Securities and Continuing Obligations, and the approval of the General Assembly was not obtained to change the uses of the proceeds of the offering. In the event that there is a difference in the Company's actual uses of the planned offering proceeds under this Prospectus by more than (5%) without disclosing this to the public, then the Company is considered non-compliant with the provisions of the Rules on the Offer of Securities and Continuing Obligations, which exposes it to accountability by the Capital Market Authority. In addition, changing the use of the proceeds of the offering without obtaining the approval of the General Assembly entails legal risks in the event that the shareholders protest against the Company, additionally, the risks of incurring any penalties or fines from the Capital Market Authority, which will have a negative and material impact on the Company's business, financial condition, results of operations and prospects.

2-2 Risks Related to the Market and Industry

2-2-1 Risks Related to Withdrawal of License to Undertake Insurance Activities

The Company obtained a license from the Saudi Central Bank No. (T M N/21/20095) dated 15/02/1430H (corresponding to 10/05/2009G) which ends on 12/05/1448H (corresponding to 23/10/2026G) to carry out insurance activity in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations in the branches: general insurance, health insurance

Article 76 of the Implementing Regulations of the Insurance Companies Control Law states that the Saudi Central Bank has the right to withdraw the license of the Company in the following cases:

1. no business activities for a period of six months from the issuance date of the license.
2. Non-compliance with the law and these implementing regulations.
3. Providing the Central Bank with false information in its licensing application.
4. Conducting its business and affairs in a manner that threatens to make it insolvent or that it is hazardous to its policyholders, stockholders, or the public.
5. Insolvency, or its assets are not sufficient for carrying on its business.
6. The business is fraudulently conducted.
7. The paid-up capital falls below the prescribed minimum limit or failure to fulfill the provisions of article Article 68.
8. The business or volume of activities falls to a limit that SAMA finds unviable to operate number.
9. Refusal or delay of payments due to beneficiaries without cause.
10. Refusal to be examined or to produce its accounts, records, or files for examination by SAMA.
11. If the Company refrains from implementing a final ruling issued in any insurance dispute

If the license is withdrawn from the Company, it will not be able to continue its operation in the KSA, which will have a negative impact on its business and will thus adversely affect its business operations' results, financial condition, prospects, and its share price in the market. Accordingly, the shareholders may lose part or all of their investment in the Company.

2-2-2 Risks Related to Approvals for New Products or Renewal of Existing Ones

Based on the Cooperative Insurance Companies Control Law and Implementing Regulations for offering new insurance products, the Company is required to obtain the Saudi Central Bank's approval (previously) and the Insurance Authority (currently) (the authorities of the Saudi Central Bank were transferred to the Insurance Authority as of the date of this Prospectus) (final or temporary) before marketing or offering any new product, noting that the approval process for the Company's insurance products takes place in three stages, which are: (1) submitting a request for approval of the product (2) reviewing the form (3) granting final or temporary approval for the product or reject it.

The Company has obtained a license from the Saudi Central Bank to practice insurance activity in general insurance and health insurance, so that the Company provides various types of insurance coverage to its customers. The Company is currently permitted to provide (41) insurance products and has obtained the final approvals related to these products.

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

2-2-3 Risks Related to Non-compliance with Existing Laws and Regulations and/or Issuance of New Laws and Regulations

The Company is subject to the applicable laws and regulations in the Kingdom, particularly those related to the insurance sector, including the Companies Law and the Cooperative Insurance Companies Control Law and its Implementing Regulations. It was also subject to the supervision of the Saudi Central Bank, which was responsible for regulating the insurance sector in the Kingdom, including policies, rules, licensing, competition, investment allocations, service standards, technical standards, and settlement arrangements.

In order to organize, regulate and supervise the insurance sector in the Kingdom in a way that supports and enhances its effectiveness, and to develop insurance awareness, protect the Rights of the insured and beneficiaries, stabilize the insurance sector, contribute to financial stability, strengthen, develop the insurance sector, and work to consolidate the principles of the insurance contractual relationship, the Insurance Authority was established under Ministerial Resolution No. (85) dated 28/01/1445H (corresponding to 15/08/2023G), which officially began its work on 09/05/1445H (corresponding to 23/11/2023G). It is expected that changes will occur in terms of unifying the regulatory procedures for the insurance sector under one entity that acts as a regulator for the sector, this sector is currently regulated by the Central Bank and the Council of Health Insurance, in addition to the transfer of all communication channels related to regulation and compliance to the Insurance Authority. Although laws, regulations, rules and instructions issued by the Central Bank and the Council of Health Insurance related to regulating the insurance sector are still in effect, new instructions may be issued by the Insurance Authority to amend applicable laws, regulations, rules and instructions. It is worth noting that according to Article (58) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the statutory deposit ratio for insurance companies is (10%) of the paid-up capital, and the Insurance Authority may raise this ratio to a maximum of (15%) according to the risks facing the Company. As of the date of preparing this Prospectus, the Company's statutory deposit is (15%) of its capital, equivalent to (43.65) million Saudi riyals, according to the requirements of the Insurance Authority. When the Company's capital increases, it will be forced to allocate an amount equivalent to (15%) of its new capital, unless the Insurance Authority decides to reduce the statutory deposit ratio to (10%) of the capital. Allocating a larger percentage of the capital as a statutory deposit will have an impact on the funds available for investment by the Company, which will have an impact on the Company's business.

Since the Saudi insurance market is considered an emerging market that is constantly evolving, this may limit the Company's ability to respond to market opportunities and may force it to bear significant annual expenses to comply with the regulatory laws and regulations. Therefore, there can be no guarantee that the applicable laws

or regulatory framework will not undergo further changes or be interpreted in a manner that may materially or negatively impact on the Company's business, financial condition, or operations 'results. Failure to comply with the applicable laws, regulations and instructions will subject the Company to regulatory penalties including fines, suspension of operations, and withdrawal of its license to carry out insurance activities, which would negatively impact on the Company's business, financial position, and prospects.

As a listed company, the Company is also subject to the laws, rules, and requirements of the CMA and the Saudi Exchange (Tadawul). The CMA requires listed companies to comply with the Rules on the Offer of Securities and Continuing Obligations and special instructions issued by the CMA and the Listing Rules issued by Tadawul. In particular, listed companies are required to periodically disclose significant and financial developments and the Board of Directors report. Insurance companies shall also be committed to announcing their financial results in accordance with templates approved by the CMA, which shall include clear data on the surplus (deficit) of insurance operations minus the returns of policyholder's investments, the total written insurance premiums, net insurance premiums, net claims incurred, the net profits (losses) of policyholder's investments, and net profits (losses) of shareholders investments, and compare this data with the corresponding quarterly or annual period. In accordance with the Continuing Obligations of Listed Companies Manual, the annual financial results published on Tadawul website must be derived from the audited financial statements approved by the Company's external auditor designated by the Assembly and approved by the Board. Announcements must be made using the announcement templates given in the Instructions of Companies' Announcement of their Financial Results. Furthermore, the Company must also submit a statement of all the reasons and factors related to the change in the financial results of the current fiscal year along with the comparison period, and the reasons must include all items of the financial results announcement

It should be noted that with regard to the solvency of public joint stock companies, on 23/01/1438 H (corresponding to 24/10/2016G) the Authority's Board issued a resolution No. (1-130-2016) amending the procedures and instructions for companies whose shares are listed on the market and whose accumulated losses amounted to (50%) or more of its capital in light of the Companies Law, and its name was amended to become «Procedures and Instructions for Listed with Accumulated Losses reaching to (20%) or More of Their Share Capital,» which came into force on 25/07/1438 H. (corresponding to 22/04/2017 G), and amended by the resolution of the Capital Market Authority Board No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G). The Authority also obligated companies listed on the financial market to follow the «Instructions for Listed Companies 'Announcements» issued by the Authority's Board pursuant to Resolution No. (1-199-2006) dated 18/07/1427 H (corresponding to 12/08/2016 G) and amended pursuant to its Resolution No. (3-79-2023) and dated 19/02/144 H (corresponding to 04/09/2023G). The Company's failure to comply with these regulations, rules and requirements will expose it to penalties, including fines, suspension of stock trading and delisting of the Company's shares on the Saudi Exchange (Tadawul), which will negatively and fundamentally affect the Company's business, financial condition, results of its operations and prospects.

Based on the above, the Company is subject to the supervision of a number of government agencies in the Kingdom, including, but not limited to, Insurance Authority, Capital Market Authority, Ministry of Commerce and others. Therefore, these agencies may find any violation committed by the Company that requires the imposition of a penalty or fine or obligating the Company to take corrective measures (for more details on the violations committed by the Company in the past, please refer to Risk Factor No. (2-1-4.) above "**Risks related to Penalties, Sanctions and Suspension of Business by the Competent Authorities**" in addition to Paragraph (9-6) "**Ongoing Obligations Imposed by Governmental Authorities on the Company as the Licensee**" of Section (9) "**Legal Information**"). Accordingly, the Company is subject to the risks of changes in the laws, regulations, circulars and policies in the Kingdom. The legislative and regulatory environment in the Kingdom is witnessing the issuance of many laws and regulations, which are continuously developed and improved. In addition, the costs of compliance with these laws are considered high, but in the event of introducing changes to the current laws or regulations or issuing new laws or regulations, this will lead to the Company incurring additional unexpected financial expenses for purposes related to compliance with these regulations and meet the requirements of these laws, or may be

subject to penalties and fines imposed by the competent supervisory authorities in the event of its continued failure to comply with these regulations and laws, which will negatively affect its business, results of operations, financial position and prospects.

2-2-4 Risks Related to Non-compliance with the Council of Health Insurance Regulations

After the approval of the Insurance Authority, the health insurance products provided by the Company are subject to supervision by the Insurance Authority (after this supervision was the responsibility of the Health Insurance Council). The requirements of the Cooperative Health Insurance Law and its regulations require compliance with special requirements for providing health products, including providing a specialized medical team to give approvals within a period not exceeding (60) minutes. These requirements also require 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 (45) days. If the Company fails to comply with these requirements, it will be subject to regulatory penalties, including withdrawal of the license to provide health service products, which will negatively affect the Company's operations, financial position and prospects.

2-2-5 Risks Related to the Regulatory Environment

The Company's work is subject to applicable Laws in the Kingdom. The regulatory environment in which the Company operates is subject to change. Regulatory changes resulting from political, economic, technical and environmental factors may have a significant impact on the Company's operations by restricting the development of the Company and the increase of its customers, reducing the Company operations and sales of its services or creating additional competition. The Company may consider it necessary or appropriate to modify its operations in accordance with these Laws and may bear additional costs in this regard, which would have a substantial negative impact on the Company's operations, financial position, and prospects.

2-2-6 Risks Related to the Application of the Companies Law

The Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443 H (corresponding to 30/06/2022G), which entered into force on 26/06/1444 H (corresponding to 19/01/2023G), imposes some legal requirements that imposes certain regulatory requirements that the Company must comply with, and this requires the Company to take the necessary actions and measures to implement these requirements, . Accordingly, the Company has amended its Bylaws to comply with the Companies Law, in accordance with the resolution of the Extraordinary General Assembly held on 05/09/1446H (corresponding to 05/03/2025G). The Companies Law also imposes strict penalties for violating its provisions that may reach five hundred thousand (500,000) Saudi Riyals, according to Article (262). Furthermore, Article (263) of the Companies Law also stipulates that the penalties will be doubled in the event of repeated violations. Note that the requirements of the Companies Law have never been violated during the previous three years, but the Company may be subject to such penalties in the event of non-compliance with these rules and provisions, which would have the effect It negatively and materially affected the Company's business, financial condition and results of operations

2-2-7 Risks related to Economic Conditions and Insurance Sector Conditions

The financial performance of insurance companies depends largely on the local economic conditions within the Kingdom as well as the global economic conditions that affect its economy. The unstable global economic conditions and the significant drop in oil prices may be a factor affecting the Kingdom's economy. Since the Company's economic performance is linked to some extent with the economic situation in the Kingdom and in the world, then its financial results will be affected by the changes that may occur that result in a decrease in the demand for its products and services. In addition, the trends of premiums and claims in the insurance markets are volatile in nature, and unexpected events such as natural disasters, high inflation rates and competition may

affect the size of future claims, which will negatively affect the profits and returns of insurance companies. The decrease of oil prices will significantly affect the local income, economic activity and the income of individuals, and consequently the ability of individuals and companies to obtain insurance products such as those offered by the Company. Hence, there will be a decrease in the Company's sales which will negatively impact the Company's financial position. In addition, the rise in leases, which are hugely affected by economic changes in the Kingdom, will lead to higher costs incurred by the Company, which may change the location of its branches, and the transition period to other branches will lead to a slowdown in its business until the completion of the transfer process, thus negatively affecting its sales and business results.

2-2-8 Risks Related to the Economic Performance of the Kingdom

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

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

2-2-9 Risks Related to Political and Economic Instability in the Middle East

Some countries in the Company's business and the results of its operations Middle East are currently suffering from economic, political or security instability, which may negatively affect the Kingdom's economy and consequently the ability of the Company's customers to renew their relationship with it and its inability to attract new customers and thus negatively affect its revenues, profits and results of operations. There is no guarantee that the negative developments in relations with the countries which are witnessing unstable political conditions, or economic and political conditions in those countries, or in other countries that will not negatively affect the Kingdom's economy or foreign direct investment therein or the financial markets in the Kingdom in general, and these factors may negatively and significantly affect its financial position and prospects.

Any major unexpected changes in the political, economic, or legal environment in the Kingdom and/or any other country in the Middle East, including, but limited to, normal market fluctuations, economic stagnation, insolvency, high unemployment rates, technological transformations, and other developments, may negatively and substantially affect the Company's business, results of operations, financial condition, and prospects.

2-2-10 Risks Related to Restrictions on Insurance Companies Ownership

Ownership of shares in insurance companies is subject to some restrictions imposed by the Cooperative Insurance Companies Control Law and its Implementing Regulations. Pursuant to Article (9) of the Cooperative Insurance Companies Control Law and Article (39) of its Implementing Regulations, the Insurance Authority's (currently) written approval is required for any mergers, acquisition, transfer of ownership, and opening of new branches by any company or reinsurance services. In compliance with Article (38) of the Implementing Regulations, 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. Said person

shall notify the Insurance Authority in writing of his ownership percentage or any change therein within five working days from the date of such event.

These restrictions will reduce the Company's chances of attracting financial or strategic investors in the event of the Central Bank's refusal or delay in issuing the required approval or imposing conditions that the Company is not able to fulfill, which will result in a fundamentally negative impact on the Company's operations and prospects.

2-2-11 Risks Related to Competition

The insurance sector's environment is an increasingly competitive one as the number of licensed insurance companies, as of the date of this Prospectus, has reached (28) companies that are competing to increase their shares in the market. The Company's share represents (1.6%) of the insurance market for the year 2023G. This is according to the Saudi Insurance Market Report for 2023G issued by the Insurance Authority and the financial statements of insurance companies for 2023G published on the Saudi Stock Exchange website. The competitive position of the Company will depend on many factors, including its financial position, the geographical scope of its business, business relations with customers, the volume of written insurance premiums, insurance's terms and conditions, provided services and products, ability to design insurance programs according to the requirements of the market, quick payment of claims, Company's reputation, experience and efficiency of the employee and their presence in the local market.

It cannot be guarantee that the Company will be able to achieve or maintain any particular level of premiums in this competitive environment. Therefore, it is likely that the intense competition will have a material negative impact on the Company's business, prospects and financial condition through:

- Decrease margins and profitability.
- Hindering the growth of the Company's customer base.
- Decrease market share.
- Increasing in turnover of senior management members and sales personnel.
- Elevating operating expenses, such as sales and marketing expenses
- Increasing the costs of obtaining insurance policies.
- There is no guarantee that the Company will consistently be able to compete with other companies, potentially leading to reduction of the Company's share in the market and thus negatively affect the Company's profits and financial results.

2-2-12 Risks Related to the Insurance Market Growth

The growth of the insurance market in the Kingdom is influenced by several factors or events and the Company expects that the growth will be high or at least stable at a minimum, especially considering that the main impact on the insurance industry in the Kingdom is a result of an increase in the number of insured, in line with economic and population growth in the Kingdom of Saudi Arabia, as well as the ongoing development in the field of social care, demographic changes, and new decisions regarding the opening of the insurance market in the Kingdom for foreign companies, and allowing them to open branches in the Kingdom upon receiving approval of the Insurance Authority. The overall sector growth is generally considered hypothetical based on uncertain future expectations and beyond the Company's control. If the insurance sector or the various insurance categories do not witness the expected growth according to the Company's prospects, this will negatively affect the Company's revenues, returns, and business results.

2-2-13 Risks Related to the Lack of Cultural Awareness of Insurance and Its Importance

The society's perception of the insurance sector is a key factor for the success of this sector. However, there are

risks of such perception in general; as society sees that this sector does not play a fundamental role or operates in a range of services that are not compliant with the principles of solidarity and Shariah. Society may lose confidence in the sector, which may negatively affect the Company's business, financial position, and prospects.

2-2-14 Risks Related to the Required Reports

The Insurance Companies Control Law and its Implementing Regulations require the Company to submit financial statements and annual reports to the Insurance Authority prepared on specific statutory accounting principles, and other information including information about the Company's general business operations, capital structure, ownership and financial position of the Company, including an annual statement of total urgent commissions paid. The Company will be subject to regulatory actions, sanctions and fines if the Insurance Authority believes that the Company has failed to comply with any applicable laws, regulations and instructions. Hence, any failure to comply with such laws, regulations and instructions results in imposing significant restrictions on the Company's ability to conduct its business or significant penalties that could negatively affect the Company's results of operations and financial condition. The Company could also be subject to penalties and fines if it fails to meet the requirements of the Capital Market Authority, the Rules on the Offer of Securities and Continuing Obligations and the disclosures required by the Saudi Exchange. This may negatively and substantially affect the Company's business, financial position and prospects.

2-2-15 Risks Related to Obtaining the Necessary Approvals to Launch New Products or Renew Existing Products

Based on the Cooperative Insurance Companies Control Law and its Implementing Regulations for the launch of new insurance products, the Company must obtain approval of the Saudi Central Bank (whose powers have been transferred to the Insurance Authority as of the date of this Prospectus) for launching any insurance products prior to marketing and launching them under the Cooperative Insurance Companies Control Law and its Implementing Regulations. As of the date of preparing this Prospectus, the Company has obtained approvals from the Saudi Central Bank to sell (41) insurance products.

Any delay in obtaining approvals for new products or renewing approvals for existing products by the Insurance Authority will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2-1-16 Risks Related to the Impact of Client Trust's Decrease

Client trust in the insurance sector around the world is of great importance in enhancing the strength of this sector. On the other hand, any decrease in the client's trust in the insurance industry in general, or in the Company in particular, may result in an increase of insurance policy cancellations and refunds, which will negatively affect the Company's sales, and thus its financial conditions.

2-2-17 Risks Related to Lack of Control Over Prices

The Company is committed to follow the recommendations of the Saudi Central Bank (formerly, and the Insurance Authority currently) and the actuarial advisor regarding the pricing of insurance policies. The Company annually submits (based on the pricing adequacy report issued by the actuarial consultant) quotations to the Insurance Authority.

Actuarial consultants issue pricing adequacy reports by studying the insurance portfolio owned by the Company and based on actuarial data that takes into account the performance of these insurance policies (while taking into account the performance of the insurance portfolio in general). The recommendations of the actuarial

consultant at that time may require changing the prices of the insurance policies for the Company's portfolio, and such for the possible change of the insurance portfolio's performance. The increase of prices of one of the Company's products will lead the Company being unable to attract new clients and lose its current clients which will negatively affect the Company's share in the market, business, financial condition, operations' results, profitability of its shares and its prospects.

2-2-18 Risks Related to the Insurance Business Cycle

The global insurance industry has witnessed periodic changes with significant fluctuations in operating results due to competition, catastrophic events, economic and social conditions and other factors beyond the control of Companies working in the insurance industry. That may result in periods of price competition due to the excess supply, and other periods during which companies can receive better premiums. In addition, the increase in the frequency and severity of losses that affect the insured may have a significant impact on the aforementioned business cycle. It is expected that the Company's insurance business cycles will be negatively affected as a result of these factors, resulting in a negative impact on the Company.

2-2-19 Risks Related to Adjustments to Accounting for Zakat and Income Tax by the Saudi Central Bank

The financial statements for the fiscal years ending on December 31, 2021G, 2022G, and 2023G along with the notes attached thereto included in this Prospectus, have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA) based on the instructions issued by the Central Bank on 20/11/1440H (corresponding to 23/07/2019G) which provide for updating the accounting policies for accounting for Zakat and income tax in the income statement, instead of previously calculating them on a quarterly basis through shareholders' equity in previously retained earnings. The Company has retrospectively adjusted the effect in line with International Financial Reporting Standards (IFRS) (for additional information please refer to Section No. (5) "**Financial Information and Management Discussion and Analysis**").

2-2-20 Risks Related to Value Added-Tax (VAT)

On 02/05/1438H (corresponding to 30/01/2017G), the Council of Ministers approved the Unified Agreement for Value Added Tax for the GCC, which came into force as of January 1, 2018G. This Law imposes an added value of (5%) on some products and services as a new tax added to other 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), an increase in the value added tax rate was approved from (5%) to (15%), and it took effect on 10/11/1441H (corresponding to 01/07 /2020G).

Accordingly, the Company has to adapt to the changes resulting from the implementation of VAT, which includes its collection and delivery. Any violation or incorrect application of the Tax Law by the Company's management will expose it to fines or penalties or may lead to damage to its reputation. This will also increase costs and operating expenses, which could compromise the Company's competitive position and the level of demand for its products, which will have a negative and material impact on the results of the Company's operations and prospects.

2-2-21 Risks Related to the Imposition of New Fees or Taxes

Although the Company is not currently subject to any kind of taxes other than the income tax, Zakat and VAT at a rate of (15%) on the services fees provided by the Company, other fees or may be imposed on companies by the government in the future. Accordingly, if new corporate taxes or fees are imposed other than those currently applied, this will negatively affect the Company's net profits.

2-2-22 Risks Related to Compliance with Saudization and GOSI Requirements

The Ministry of Human Resources and Social Development has implemented the “**Nitara**” program, which is designed to encourage companies to employ Saudi citizens and increase their percentage of total employees working for the Company. According to this program, the Company’s compliance with Saudization requirements is measured against the percentage of Saudi citizens working for the Company compared to the average percentage of Saudization rate in companies operating in the same sector. Although the Company has reached a Saudization percentage of (80%) as of February 2025G, it is currently placed under the “**Platinum**” category of the Developed Nitaqat program “**Nitaqat Mutawar Program**”. However, there can be no guarantee, that the Company will continue to maintain the required Saudization percentage within the legally prescribed levels, which could expose the Company to penalties for non-compliance with the resolution issued in this regard. These penalties include the suspension of issuing work visas for foreign employees needed by the Company, stopping the transfers of sponsorships for non-Saudi employees, and/or excluding the Company from participating in government tenders, which would negatively affect the Company’s business and operations’ results.

2-2-23 Risks Related to Government Fees Applicable to Non-Saudi Employees

During 2016G, the government approved a series of decision aimed to implement comprehensive reforms in the labor market in the KSA, including the approval of imposing additional charges for every non-Saudi employee working for a Saudi entity as of 01/01/2018G at the rate of four hundred (400) Saudi Riyals per month for each non-Saudi employee in 2018G, increased to six hundred (600) Saudi Riyals per month in 2019G, and then to eight hundred (800) Saudi Riyals per month in 2020G. Such an increase has led to an increase in the Company’s costs which will negatively and substantially affect its operation, financial performance, and operations’ results.

In addition, the government has imposed “**Iqama**” (residency) issuance and renewal fees for dependents and companions of non-Saudi employees (accompanying fees), which became effective as of 01/07/2017G, noting that they gradually increased from one hundred SAR (100) per month for each dependent in 2017G, until it reached SAR (400) per month for each dependent in 2020G. Consequently, the total fees that the non-Saudi employee will bear on behalf of his family will lead to an increase in his cost of living and will push him to seek work in other countries where the cost of living is lower. In such case, the Company will face difficulty in maintaining its non-Saudis employees and will be forced to directly or indirectly bear these costs or part of them by raising non-Saudis’ employees and salaries, which will result in an increase in its costs and will negatively affect the results of its operations.

It is worth mentioning that on 18/03/1442H (corresponding to 04/11/2020G), the Ministry of Human Resources and Social Development in the KSA launched an initiative to improve the contractual relationship which came on effect on 29/07/1442H (corresponding to 14/03/2021G). This initiative aims to support the vision of the Ministry of Human Resources and Social Development in building an attractive labor market, empowering and developing human competencies as well as a work environment, and abolishing the sponsorship system. The initiative provides three main services: the job mobility service, the improvement of exit, return and final exit mechanisms, The initiative’s services cover all foreign employees in private sector establishments within specific guidelines that take into account the Rights of both parties to the contractual relationship and the terms of the contract between the employer and the foreign employee. The job mobility service allows the foreign employee to move to another job upon the termination of his employment contract without the need for the employer’s approval. Accordingly, when this initiative enters into force, the Company does not guarantee that it will retain its non-Saudi employees and renew their contracts on satisfactory conditions to them, which will encourage them to move to another job according to the above-mentioned mechanisms. If the Company fails to retain its of non-Saudi employees or find replacements for them with the same skills and experience required, such will lead to an increase in its financial cost, which would negatively and substantially affect the Company’s business, financial results and prospects.

2-2-24 Risks Related to the Lack of Qualified Local Cadres in the Insurance Sector

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

2-2-25 Risks Related to Currency Exchange Rates

Risks related to currency exchange rates are attributed to fluctuations in financial investments due to changes in exchange rates. Companies that are exposed to such risks often have dealings with parties outside the Kingdom in the currency of those parties knowing that most of the Company's transactions are conducted in Saudi Riyals and all of its revenues are generated from clients in the local market and currency. However, if the Company receives any amount from sales of its products or conducts any transactions in a foreign currency, it may be exposed to risks related to currency exchange rates. In the event of any significant fluctuations in exchange rates, this could have negatively affected the Company's financial performance.

2-3 Risks Related to the Offered Securities

2-3-1 Risks Related to Potential Fluctuation in the Price of Rights Issue

The Rights' market price may be subject to significant fluctuations due to the change in factors affecting the Company's Shares. These fluctuations may be significant due to the difference between the permissible daily fluctuation rate (which is 10% increase or decrease from the closing price of the previous day) In addition, the trading price of Rights depends on the trading price of the Company's Shares and the market's perception of the fair price of the Rights. These factors may negatively affect the trading price of the Rights

2-3-2 Risks Related to Potential Fluctuations in Share Price

The market price of the Company's Rights during the Offering period may not be indicative of the market price of the Company's Shares after the Offering. In addition, the Company's share price may not be stable and could be significantly affected by fluctuations resulting from a change of market conditions in connection with the Rights Issue or the Company's existing Shares. These fluctuations may also result from several factors including, but not limited to market conditions related to shares, poor performance of the Company, inability to implement future plans, entry of new competitors into the market, announcements by the Company or its competitors concerning mergers, acquisitions or strategic alliances changes made in the vision or estimations of experts and securities analysts concerning the market.

There is no guarantee that the market price of the Company's Shares will not fall below the Offer Price. If this occur after the investors subscribe for New Shares, such subscription may not be canceled nor amended; subsequently, the investors may immediately incur losses. Moreover, there is no guarantee that a Shareholder will be able to sell his Shares at a price equal or higher than the Offer Price after subscribing for the New Shares.

Moreover, selling substantial quantities of Shares by the shareholders after the offering, or the expectation that

these sales will occur, may negatively affect the share price in the market. In addition, investors may not be able to sell their Shares in the market without such negatively adversely affecting the share's price

2-3-3 Risks Related to Unprofitability or Sale of Rights

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

2-3-4 Risks Related to Future Data

The future results and performance data of the Company cannot be actually predicted and may differ from those contained in this Prospectus. As for the Company's achievements and ability to improve determine the actual results, which can't be expected or determined. The inaccuracy of the data and results is one of the risks that the shareholder must be aware of so that it doesn't impact his investment decision. In the event that future results and performance data are substantially different from the information included in this Prospectus, such will lead to shareholders losing part or all of their investments in the Company's shares.

2-3-5 Risks Related to the Issuance of New Shares

The issuance of any new shares (other than the Rights Issue mentioned in this Prospectus) by the Company depends on the approval of the EGA of shareholders. In the event that the Company decides to issue New Shares as Rights Issue to increase its capital, and the EGA of shareholders approves this decision, and shareholders do not exercise their Rights of subscribing to the New Shares, the ownership of shares will proportionately decrease, along to their associated voting Rights and entitlement to dividends which will affect the market price of the share.

2-3-6 Risks Related to a Decrease in the Demand for Rights Issue and Company Shares

There is no guarantee that there will be sufficient demand for the Rights Issue during the Trading Period to enable the Rights Issue holder (whether it is a Registered Shareholder or a new investor) to sell Rights and make a profit, or to sell the Rights in general. Moreover, there is no guarantee that there will be sufficient demand for the Company's shares by institutional investors during the Rump Offering Period. If institutional investors do not submit purchase offers for the Rump Shares at a high price, there may not be sufficient compensation to be distributed to Rights Issue holders who did not exercise their right to subscribe or to holders of fractional shares. Furthermore, there is no guarantee that there will be sufficient demand in the market for the shares obtained by a subscriber either through the exercise of the Rights Issue, the Rump Offering or through the open market.

2-3-7 Risks Related to Ownership Percentage Decline

If the holders of the Rights Issue do not fully subscribe for the New Shares, their ownership percentage and voting Rights will be reduced. In the event that the registered holder of the Rights Issue wishes to sell its Rights during the Trading Period, there can be no guarantee that the returns he receives will be sufficient to fully compensate him for the decrease of its ownership percentage in the Company's capital as a result of its capital increase. There is also no guarantee that there will be a compensation amount distributed to eligible shareholders who did not exercise their right to subscribe or to holders of fractional shares in the event that the investment institutions during the remaining offering period did not submit offers for the remaining shares at a high price, or if the compensation amount (if any) is sufficient to compensate for the decrease in the percentage of ownership in the Company's capital.

2-3-8 Risks Related to Not Exercising Subscription to Rights Issue in a Timely Manner

The subscription phase starts on **/**/****H (corresponding to **/**/****G) and ends on **/**/****H (corresponding to **/**/****G). Right owners and financial intermediaries shall take appropriate measures to follow all necessary instructions before the end of the Subscription Period. If Eligible Persons are not able to properly exercise their subscription Rights by the end of the Subscription Period according to the Rights Issue they hold, there can be no guarantee that a compensation amount will be allocated to Eligible Persons who have not participated or who did not carry out the procedures to exercise the subscription properly nor to the owners of fractional shares.

2-3-9 Risks Related to Dividend Distribution to Shareholders

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

The Company does not guarantee any dividends distribution on the shares will actually be made, nor does it guarantee the amount that will be distributed in any given year. The distribution of dividend is also subject to some conditions and restrictions stipulated in the Company's By-laws.

2-3-10 Risks Related to Speculation in Rights Issue

Speculation in Rights Issue is subject to risks that could cause substantial losses. The permissible daily fluctuation range for Rights Issue trading price exceeds the permissible daily fluctuation range for the market price (which represents in 10% increase and decrease of the closing price of the previous day). There is a direct relationship between the Company's share price and the Right's indicative value. Accordingly, the indicative value of Rights reflects the difference between the market value of the Company's share during the Trading Period and the Offer Price. If the shareholder doesn't sell, he will have two options, either to exercise these Rights to subscribe for the New Shares before the end of the Subscription Period, or to refrain from exercising these Rights. In the event of not exercising the Rights, the investor may be subject to a loss or decrease in the value of his investment portfolio, or profit if he sells shares during the Rump Offering Period at a price higher than the Offer Price. Therefore, investors must review the full details of the mechanism of listing and trading new Rights and Shares and their method of operation, and become familiar with all the factors affecting them, in order to ensure that any investment decision is based on full awareness, (for additional information, please refer to Section No. (12) «Information Related to Shares and Terms and Conditions of the Offering» of this Prospectus).

2-3-11 Risks Related to the Lack of Shareholders' Awareness of the Trading Mechanism and Exercise of Rights Issue

Trading Rights Issue is a new market for some investors in Tadawul, and as a result, many investors may not be familiar with the trading mechanism in it, which reflects negatively on their desire to invest in and trade Rights. If this happens, their percentage of ownership in the Company will decrease, which will lead to a negative impact on those who did not exercise their subscription Rights, especially if no compensation is distributed to them, particularly when the investment institutions do not submit their offers at a price higher than the Offer Price of ten (10) Saudi Riyals during the remaining offering period.

2-3-12 Risks related to Suspending Trading or Cancelling the Company's Shares as a Result of Not Publishing Its Financial Statements within the Statutory Period

In the event that the Company fails to publish its financial information within the statutory period (thirty days from the end of the financial period for the initial financial statements, and three months from the end of the financial period for the annual financial statements), the procedures for suspending the listed securities will be applied in accordance with the listing rules which states that the Market suspends the trading of securities for a period of one trading session following the end of the statutory period. If the financial information is not published within twenty trading sessions following the first suspended trading session, Saudi Stock Exchange (Tadawul) will announce the re-suspension of the Company's securities until it announces its financial results. In case the suspension of trading the Company's shares continues for a period of six months, and the Company didn't take the appropriate measures to rectify the suspension, the Authority may cancel the listing of the Company's securities in accordance with Paragraph (g) of Article (36) of the Listing Rules. The Saudi Stock Exchange (Tadawul) will lift the suspension after one trading session has passed following the announcement of the Company's financial results. However, if the Company delays or fails to announce its financial results, or if it fails to publish them within the abovementioned statutory period, the Company's shares will be suspended, or the listing of its shares will be cancelled. Such will negatively and substantially affect the interest of the Company's shareholders and reputation and the operations' results in addition, the Authority may cancel the offering of the Company's Rights Issue Shares if it deems that the offering may not be in the interest of the shareholders



ACIG
التأمين امان



**Background and
Nature of its Business**

03

3- Background and Nature of its Business

3-1 Company Overview

- Allied Cooperative Insurance Group (ACIG) is a Saudi Joint Stock Company incorporated in accordance with Ministerial Resolution No. (233), dated 16/9/1427H (corresponding to 09/10/2006G) and Royal Decree No. (M/60) promulgated on 18/09/1427 H (corresponding to 11/10/2006 G), license of Ministry of Investment no. (11202910778-01) dated 28/05/1426 H (corresponding to 05/07/2005 G), the Saudi Central Bank license No. (T M N/21/20095), dated 15/05/1430H (corresponding to 10/05/2009G) to practice insurance activity in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations, and it is registered in the commercial register in the city of Riyadh under Certificate No. (1010417178) dated 09/08/1428H (corresponding to 22/08/2007G). The Company was registered upon establishment in the Register of Joint Stock Companies in Jeddah under Certificate No. (4030171999) dated 09/08/1428H (corresponding to 22/08/2007G).
- The Company's current capital is two hundred and ninety-one million (291,000,000) Saudi riyals, divided into Twenty-nine million one hundred thousand (29,100,000) ordinary shares with a nominal value of (10) Saudi Riyals per share, full paid .
- The Company's head office is located in Riyadh - Hittin District - Prince Turki bin Abdulaziz Al Awwal Road, PO Box 40523 - Riyadh 11511.

3-2 Substantial Shareholders

- As of the date of this Prospectus, the major shareholders of the Company (those who own 5% or more of the Company's shares) are Private Wealth Investment Holding Company, which owns four million, three hundred and sixty-four thousand, nine hundred and ninety-nine (4,364,999) shares, representing (15%) of the Company's shares prior to the offering.

3-3 Major changes in the Company's capital

- On 14/08/1428H (corresponding to 27/08/2007G) the Company listed all of its ten million (10,000,000) ordinary shares, with a nominal value of (10) Saudi Riyals per share, with a total value of one hundred million (100,000,000) Saudi Riyals, on the Main Market, whereby the Founding Shareholders subscribed to (60%) of the capital and (40%) of the capital was offered for subscription by the public.
- On 17/10/1433H (corresponding to 04/09/2012G), the Extraordinary General Assembly approved increasing the Company's capital from one hundred million (100,000,000) Saudi Riyals divided into ten million (10,000,000) ordinary shares to two hundred million (200,000,000) Saudi riyals divided into twenty million (20,000,000) ordinary shares, by issuing Rights based on the recommendation of the Board of Directors on 12/11/1430H (corresponding to 31/10/2009G) and after the approval of the Saudi Central Bank on 11/11/1431H (corresponding to 19/10/2010).
- On 07/01/1442H (corresponding to 26/08/2020G), the Extraordinary General Assembly approved the reduction of the Company's capital from two hundred million (200,000,000) Saudi Riyals to one hundred and forty-one million (141,000,000) Saudi Riyals, with the number of shares decreased accordingly from twenty million (20,000,000) shares to fourteen million one hundred thousand (14,100,000) shares, based on the recommendation of the Board of Directors dated 21/05/1441H (corresponding to 16/01/2020G), and after the approval of the Saudi

Central Bank dated 20/07/1441H (corresponding to 15/03/2020).

- On 25/05/1443H (corresponding to 29/12/2021G), the Extraordinary General Assembly approved increasing the Company's capital from one hundred and forty-one million (141,000,000) Saudi riyals divided into fourteen million and one hundred thousand (14,100,000) shares to two hundred and ninety-one million (291,000,000) Saudi riyals divided into twenty-nine million and one hundred (29,100,000) ordinary shares, by issuing Rights based on the recommendation of the Board of Directors dated 21/05/1441H (corresponding to 16/01/2020G) and after approval of the Saudi Central Bank dated 14/02/1442H (corresponding to 01/10/2020G).

3-4 Main activities of the Company

- The Company operates under Commercial Registration Certificate in Riyadh City No. (1010417178) dated 09/08/1428H (corresponding to 22/08/2007G). The Company's activities as per its Commercial Registration are general insurance, health insurance, reinsurance, insurance claims settlement, and insurance agency. The Company's activities as per its Bylaws according to Article (3) thereof are to practice cooperative insurance business in the general insurance and health insurance. The Company may undertake all the work necessary to achieve its objectives. The Company practices its activities in accordance with the Cooperative Insurance Companies Control Law and its Implementing Regulations and the regulations issued by the Central Bank and the regulations and rules in force in the Kingdom of Saudi Arabia and after obtaining the necessary licenses from the competent authorities, if any.
- The Company also practices its activities under the Saudi Central Bank License No. (T M N / 21/20095) dated 15/05/1430H (corresponding to 10/05/2009G), which was renewed on 22/04/1445H (corresponding to 06/11/2023G) for a period of three years starting from 13/05/1445H (corresponding to 27/11/2023G) and ending on 12/05/1448H (corresponding to 23/10/2026G), to practice insurance activity in accordance with the provisions of the Cooperative Insurance Companies Control System and its executive regulations in the branches: general insurance and health insurance.
- The Company's products are as follows:

First: Individual products

1. Vehicles:
 - Compulsory Motor insurance
 - ACIG Premium Motor insurance
 - Comprehensive Motor insurance
 - ACIG Flex Motor insurance
 - ACIG Stop Motor insurance
 - ACIG City Motor insurance
 - ACIG One Motor insurance
2. Health insurance for small groups
3. Medical professional errors insurance
4. Travel care insurance
5. Housing insurance
6. Shop owners' insurance
7. Visit insurance
8. Personal accidents
9. General civil liability
10. Domestic workers insurance
11. Assistance

Second: Corporate insurance

Health insurance for companies

Third: Engineering insurance - companies

1. All installation risks insurance
2. Building and contractor machinery insurance
3. Machinery/equipment breakdown insurance in factories
4. Loss of profits insurance due to machinery damage
5. Stock damage insurance
6. Electronic devices insurance

Fourth: Property insurance - companies

1. Fire and Perils Insurance
2. All Risks Property Insurance

3-5 Founding Shareholders**3-5-1 Ownership at incorporation**

The Company's capital was set at one hundred million (100,000,000) Saudi Riyals upon establishment, divided into ten million (10,000,000) shares of equal value, each worth ten (10) Saudi Riyals. The founding shareholders, numbering (12) shareholders, subscribed to six million (6,000,000) shares worth sixty million (60,000,000) Saudi Riyals, representing (60%) of the total capital. This amount was deposited in the bank, while the remaining four million (4,000,000) shares were offered to the public for public subscription at a nominal value of ten (10) Saudi Riyals per share and a total value of forty million (40,000,000) Saudi Riyals, representing (40%) of the Company's shares.

The table below shows the Company's ownership at incorporation:

Table No. (6): Ownership structure upon incorporation

Founding Shareholders	Nationality	Number of (Shares)	Value of Shares (SAR)	Ownership Percentage
Islamic Development Bank	International body	2,000,000	20,000,000	20%
Allied Cooperative Insurance Group (ACIG Bahrain)	Bahraini	2,000,000	20,000,000	20%
Sanas Trading and Contracting Company, owned by (His Royal Highness Prince Saud bin Nayef bin Abdulaziz)	Saudi	4,000,000	4,000,000	4%
Abu Bakr Abdul Samad Khoja Establishment	Saudi	3,000,000	3,000,000	3%

Founding Shareholders	Nationality	Number of (Shares)	Value of Shares (SAR)	Ownership Percentage
Al-Huda Foundation (Mr. Essam Mohammed Rashad Abdel-Ghani)	Saudi	200,000	2,000,000	2%
Ahmed Abdulaziz Al Hamdan	Saudi	200,000	2,000,000	2%
Abdulaziz Abdulrahman Al Hamdan	Saudi	200,000	2,000,000	2%
Thunayan Sulaiman bin Thunayan	Saudi	200,000	2,000,000	2%
Saleh Abdulrahman Al-Sulaiman	Saudi	200,000	2,000,000	2%
Talal Yousef Zamzami Establishment	Saudi	100,000	1,000,000	1%
Abdulrahman bin Faris Al-Faris	Saudi	100,000	1,000,000	1%
Ali bin Hassan Al-Jasser	Saudi	100,000	1,000,000	1%
Total Founding Shareholders		6,000,000	60,000,000	60%
Public (Shareholders)		4,000,000	40,000,000	40%
Total		10,000,000	100,000,000	100%

Source: The Company

3-5-2 Lock -up Period

The Company's shares were listed on Tadawul on 14/08/1428H (corresponding to 27/08/2007G). Accordingly, the lock-up period of three full fiscal years, each of which is not less than twelve months, for the Founding Shareholders has expired. Accordingly, all shares are tradable in accordance with the rules, regulations and instructions issued by the Capital Market Authority. However, the Founding Shareholders of the Company must obtain approval of the Insurance Authority to dispose of their shares. With the exception of the Founding Shareholder Abdulaziz Abdulrahman Al-Hamdan, who still owns (14) shares representing (0.000048%) of the total shares of the Company, no other Founding Shareholder owns any shares in the Company as of the date of this Prospectus.

3-6 Company Vision

To become one of the best Saudi insurance companies by providing security to its customers and added value to its employees and investors.

3-7 Company Mission

Providing Sharia-Compliant insurance solutions with international standards.

3-8 Company Strategy

The Company's strategy focuses on the following pillars:

- Diversifying products and sectors by identifying new growth areas, in addition to preparing new competitive products.
- Increasing corporate underwriting, including SMEs, in the field of medical insurance through multiple channels, whether online or offline.
- Increasing corporate underwriting, including SMEs, in the field of motor insurance, and reducing reliance on retail products.
- Striving to achieve customer satisfaction across all touch points.
- Reducing the percentage of expenses in line with the sector average by simplifying operations and reducing the size of employees.
- Upgrading the IT infrastructure and application development function to enhance digital flexibility.
- Improving the performance management system to improve performance and increase employee retention.
- Raising the level of training and implementing the Future Managers Development Program and the Succession Training Program.
- Increasing investment in marketing activities and participation in social responsibility.

3-9 Competitive strengths and advantages of the Company

- Our excellent IT system enables our internal team to have greater control and the ability to implement new technologies in a timely manner.
- All retail products are available through our online portal and are easy to use. We are also a leader in online insurance sales.
- We have automated many internal processes to increase efficiency.
- According to our customer satisfaction surveys, our customers are highly satisfied with our services.
- Our reinsurance partners are financially stable companies with strong credit ratings, which provides us with security.
- Our financial performance has improved steadily, with consistent profitability over the past quarters.

3-10 Products and Services

The Company provides insurance services in accordance with the license granted to it by the Saudi Central Bank, and the activities related to it in the Kingdom of Saudi Arabia. Its activity includes the following branches: general insurance and health insurance. It is worth noting that the Company provides its products through (41) insurance policies. The Company has obtained final approvals from the Saudi Central Bank (this authority has been transferred to the Insurance Authority as of the date of preparing this Prospectus) for all these products as shown in the table below:

Table No.(7): Summary of the Company's Products and Services

No.	Product Name	Product Description	Product Identification Number	Saudi Central Bank Letter Number	Saudi Central Bank Approval Date of the Product
1	Insurance against damage to the Boiler and pressure Vessels	Damage (other than fire) to the boiler or pressure vessel described in the schedule attached to this policy and other property of the insured. This policy is designed to cover explosion (sudden and violent rupture or tearing of the permanent structure of the boiler or other apparatus by the force of internal steam or fluid pressure) and collapse (sudden and serious distortion of any part of the boiler or other apparatus by bending or crushing resulting from steam or fluid pressure).	A-ACIG-1-C-16-001	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
2	Accidental Damage Insurance Construction plant and Equipment	Insurance covers accidental damage to machinery and equipment resulting from fire, water, collision, overturning, falling, storms, theft or damage.	A-ACIG-1-C-16-002	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
3	Insurance of buildings and contractors' machinery Contractors All Risk	Insurance covers engineering projects involving the construction of buildings and other civil engineering works. Coverage is provided for physical damage to contract works and third-party liability arising out of contract works.	A-ACIG-1-C-16-003	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
4	Deterioration of Stock Insurance covers damage to goods stored	Deterioration of Stock Insurance covers damage to goods stored in a cold store that occurs due to temperature changes resulting from refrigeration equipment failure or accidental damage.	A-ACIG-1-C-16-004	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
5	Insurance of All Installation Risks	Insurance covers electronic equipment such as computers, printers, scanners, industrial electronic machines, servers and data storage equipment. It is a comprehensive all-risk policy, and it broadly covers physical damage to electronic equipment (which can include system software) due to sudden and unexpected events.	A-ACIG-1-C-16-005	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
6	Stock Damage Insurance Erection All Risks	The installation of covers protects against any sudden and unexpected loss or damage. Third party liability due to construction work is also covered.	A-ACIG-1-C-16-006	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)

No.	Product Name	Product Description	Product Identification Number	Saudi Central Bank Letter Number	Saudi Central Bank Approval Date of the Product
7	Insurance of Loss of Profit Following Machinery Breakdown	Loss of Profit Insurance Coverage against Loss of Profit Following Machinery Breakdown provides coverage against loss of gross profit due to business interruption due to an indemnified accident under Machinery Breakdown Insurance. Loss of gross profit is the result of a decrease in sales volume due to reduced production and increased labor cost.	A-ACIG-1-C-16-007	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
8	Machinery Breakdown Insurance	Machinery Breakdown Insurance provides coverage against sudden and accidental damage.	A-ACIG-1-C-16-008	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
9	Business Interruption Insurance Fire Coverage Business Interruption Following Fire	Business Interruption Insurance Fire provides coverage against loss of gross profit due to business interruption due to a loss indemnified under fire insurance. Loss of gross profit is the result of a decrease in sales volume due to decreased production and increased operating cost.	A-ACIG-1-C-16-009	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
10	Business Interruption Following Fire and Allied Peril	Business Interruption Following Fire and Allied Peril provides coverage against loss of gross profit due to business interruption caused by a loss indemnified under fire and allied perils insurance. Loss of gross profit is a result of reduced sales volume due to reduced production and increased cost of operation.	A-ACIG-1-C-16-001	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
11	Fire Insurance	Covers loss and damage to property due to fire only.	A-ACIG-1-B-16-012	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
12	Home Insurance	This is a package policy offered to homeowners. It has different sections covering building, contents, personal accident and liability.	A-ACIG-1-I-16-013	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
13	Property All Risk Insurance	Property All Risk insurance covers loss or damage to the insured property resulting from or arising from any accidental cause except those specifically excluded.	A-ACIG-1-C-16-014	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)

No.	Product Name	Product Description	Product Identification Number	Saudi Central Bank Letter Number	Saudi Central Bank Approval Date of the Product
14	Shop Owner's Insurance Package	This is a package policy offered to homeowners. It has different sections covering construction, equity, personal accident, transit, money and liability.	A-ACIG-1-I-16-015	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
15	Goods In Transit Insurance	Insurance covers loss or damage to insured goods during carriage by road and/or rail due to fire/lightning, theft, accidents or any other unforeseen incidental circumstances unless specifically excluded in the policy.	A-ACIG-1-C-16-016	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
16	Land Transit-One Year Cover	The annual policy is intended to cover risks for a period of time, usually one year and all shipments must fall within the terms and conditions of the policy. Coverage against loss or damage to the insured goods during carriage by road and/or rail due to fire/lightning, theft, accident or any other unforeseen incidental circumstances unless specifically excluded in the policy	A-ACIG-1-C-16-017	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
17	Land Transit-Open Cover	Land Transit insurance covers loss or damage to goods/merchandise while they are in transit from one place to another, under an open cover insurance policy, valid for one year, and provides automatic coverage for all goods shipped during that time period.	A-ACIG-1-C-16-018	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
18	Land Transit-Single Shipment	Land Transit-Single Shipment insurance covers the loss or damage of goods/merchandise while they are in transit from one place to another.	A-ACIG-1-B-16-019	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
19	Marine Cargo-Single Shipment	A single voyage policy provides protection for specific voyages and covers the cargo within a single shipment.	A-ACIG-1-B-16-020	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
20	Marine Cargo-Open Cover	An open marine cargo policy is an agreement between the insured and the insurance company to insure all goods in transit that fall within that agreement (usually one year).	A-ACIG-1-C-16-021	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)

No.	Product Name	Product Description	Product Identification Number	Saudi Central Bank Letter Number	Saudi Central Bank Approval Date of the Product
21	Comprehensive General Liability	Commercial general liability (CGL) insurance is a type of policy that provides coverage for a company's liability for bodily injury, personal injury, and property damage caused by a company's operations or products or injuries that occur on the Company's premises.	A-ACIG-1-C-16-022	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
22	Fidelity Guarantee	Fidelity Guarantee covers loss resulting from theft of company funds, securities or property (goods held in trust) by an employee, partner, contractor or volunteer.	A-ACIG-1-C-16-023	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
23	Medical Malpractice Insurance	Medical malpractice insurance covers healthcare professionals against claims for injury and medical negligence. Medical malpractice insurance policies are often carried by doctors, nurses, physical therapists, and other medical professionals as a means of protection against certain liability and damage claims.	A-ACIG-1-I-16-024	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
24	Money Insurance	This policy provides coverage against loss of money in transit or on insured premises. Money includes cash, cheques, postal or money orders, stamps and bills of exchange. It covers loss due to theft, accidental damage and emergencies not specifically excluded.	A-ACIG-1-C-16-025	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
25	Personal Accident Insurance	Personal accident insurance is designed to financially compensate the insured person (or his legal heirs) if an accident results in injury, disability or death to the insured during the insurance period. Coverage is provided on a period-long basis and covers the insured in a global coverage.	A-ACIG-1-B-16-026	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
26	Debtor's Public Liability	This policy covers the legal liability of the insured to pay compensation to others, for causing any accidental bodily injury to others (including death, illness or disability) as well as compensation for any loss or damage to third party property, arising in the course of performing the insured's business and activities.	A-ACIG-1-B-16-027	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)

No.	Product Name	Product Description	Product Identification Number	Saudi Central Bank Letter Number	Saudi Central Bank Approval Date of the Product
27	Workmen's Compensation	Workers' compensation is a form of insurance payment to employees in the event of their injury at work or illness due to their work. Workers' compensation includes payments to employees to cover their wages when they are unfit for work, medical expenses and rehabilitation.	A-ACIG-1-C-16-028	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
28	Group Travel Insurance	A group travel insurance policy can cover up to ten or more people on a single policy - and everyone named on the policy will get the same level of cover. It covers things like holiday cancellations, medical emergencies and lost or stolen luggage.	A-ACIG-1-C-16-029	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
29	Travel Care Insurance	Travel insurance is a coverage designed to protect against risks and financial losses that may occur while traveling. Risks range from minor inconveniences such as missed flights and stolen luggage to more serious issues including medical emergencies.	A-ACIG-1-I-16-030	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
30	Carrier's Liability	Carrier Liability Insurance covers unexpected expenses and financial liabilities incurred while transporting goods and other items.	A-ACIG-1-C-16-031	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
31	Comprehensive Domestic Helper Insurance	This policy ensures the Rights of both the sponsor and the worker, and the main coverage of this policy is to reimburse the sponsor's recruitment fees in the event of refusal/runaway of the domestic help, refusal to work, illness/serious illness/traveling back home due to a serious illness to any of the relatives.	A-ACIG-1-I-19-032	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
32	Comprehensive vehicle insurance Motor-Commercial Vehicle	This policy covers accidental loss or damage to the insured car/vehicle due to an insured peril. It also covers bodily injury and property damage caused by a third party.	A-ACIG-1-C-16-033	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
33	Comprehensive vehicle insurance Motor-Private Vehicle Insurance	This policy covers accidental loss or damage to the insured car/vehicle due to an insured peril. It also covers bodily injury and property damage caused by a third party.	A-ACIG-1-I-13-034	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)

No.	Product Name	Product Description	Product Identification Number	Saudi Central Bank Letter Number	Saudi Central Bank Approval Date of the Product
34	Third Party Liability	Under the Third Party Liability Insurance policy, third party compensation (bodily injury and property damage to a third party) is covered.	A-ACIG-1-B-13-035	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
35	Visitors Insurance Policy	The maximum benefit per person throughout the policy term, which includes the minimum limits specified in this policy, is SAR 100,000, and covers examination and treatment of emergency cases.	A-ACIG-2-B-16-036	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
36	Corporate Group Medical Insurance	Medical insurance covers the costs of medical treatment and provides medical care and facilities during the recovery period for the corporate sector in accordance with the rules and regulations of the Council of Cooperative Health Insurance (CHI).	A-ACIG-2-C-13-037	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
37	Motor Vehicles Financially Leased to Individuals Policy	This policy covers accidental loss or damage to the insured car/vehicle due to an insured risk. It also includes bodily injury and property damage by a third party. Under this type of insurance, the lessor will be required to insure the rented car on an annual basis throughout the term of the finance lease contract.	A-ACIG-1-I-21-038	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
38	COVID19 Risks Insurance for Visitors arriving to Saudi Arabia	In accordance with the recommendations and instructions of the Central Bank, the insurance policies for visitors and arrivals from outside Saudi Arabia from non-Saudis have been updated to include coverage for the risks of infection with the Corona virus, as the insurance coverage provides the costs of treating infected cases, the costs of quarantine procedures for infected people, and evacuation.	A-ACIG-2-C-B-039	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
39	Travel Care Insurance	Travel insurance is coverage designed to protect against risks and financial losses that may occur while traveling. Risks range from minor inconveniences such as missed flights and stolen luggage delays to more serious issues including medical emergencies.	F-ACIG-1-C-21-040	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)

No.	Product Name	Product Description	Product Identification Number	Saudi Central Bank Letter Number	Saudi Central Bank Approval Date of the Product
40	Medical Malpractice Insurance-Groups	Medical malpractice insurance covers healthcare professionals against claims for injury and medical negligence. Medical malpractice insurance policies are often carried by doctors, nurses, physical therapists, and other medical professionals as a means of protection against certain liability and damage claims	F-ACIG-1-C-22-041	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)
41	Travel care products -retail Insurance	Travel insurance is coverage designed to protect against risks and financial losses that may occur while traveling. Risks range from minor inconveniences such as missed flights and stolen luggage delays to more serious issues including medical emergencies.	P-ACIG-1-I-22-042	Approved by email.	10/01/1443H (corresponding to 18/08/2021G)

Source: The Company

3-11 Future Projects

The Company is continuously evaluating opportunities to provide new products, whether individual, commercial, family or general, to meet the requirements of individual, corporate and institutional customers, in accordance with the provisions of the Cooperative Insurance Companies Control Law and its Implementing Regulations. As of the date of this Prospectus, there is no intention to offer new insurance products or examine potential products to be offered in the future.

3-12 Reinsurers

The Company deals with several reinsurance companies rated by Standard & Poor's (S&P), AM Best and Fitch Ratings, with a rating not less than stable. These companies are approved by the Insurance Authority (formerly the Saudi Central Bank) under the scope of classified local and international reinsurance companies with which Saudi insurance companies can deal. Note that the Insurance Authority (formerly the Saudi Central Bank) approves reinsurers rated by Moody's Investor Service and Fitch Ratings. If the Company wishes to deal with reinsurers not approved by the Insurance Authority, it must obtain written approval from the Authority. The ratings indicate the strength of the reinsurance company's financial position and its efficiency in covering claims, in addition to the quality of its service and the strength of its reinsurance programs.

The table below shows a list of the most important reinsurers with whom the company dealt during the financial period ending on June 30, 2024:

Table No. (8): Reinsurers

The Classified Company	Classification	Nationality	Reinsurer Name
2023G			
Standard & Poor's (S&P)	A+	Bahrain	Hannover Re
AM BEST	A+	United States of America	Factory Mutual Insurance Company
Standard & Poor's (S&P)	A+	Germany	HDI Global Network AG - Hannover
Standard & Poor's (S&P)	A-	United Arab Emirates	Africa Re
Standard & Poor's (S&P)	A-	Saudi Arabia	Saudi Re

Source: The Company

The Company has contracted with several global reinsurance companies (for more information, please see subparagraph (9.7.5) "Reinsurance Contracts" of paragraph (9.7) "Summary of Material Contracts" of Section (9) "Legal Information") to reduce the risks of insurance business and ensure the stability of operations and sources of capital, in addition to reducing the risks of losses and stabilizing profitability.

3-13 Marketing and Distribution

The Company markets its products in support of the Company's vision and objectives and to develop the value of its products and services for current and potential customers. It seeks to develop sales volume through its geographical spread in the Kingdom of Saudi Arabia, where it provides its products and services from its headquarters in Riyadh in addition to (7) branches distributed in various cities of the Kingdom.

The table below shows the company's business records:

Table No. (9): The Company's Commercial Registration

#	Commercial Name Issuing Authority	Certificate No	Issuance Date	Expiry Date	Issuing Entity
1	Allied Cooperative Insurance Group Company (ACIG)	1010417178	09/08/1428H (corresponding to 22/08/2007G)	09/08/1447H (corresponding to 28/01/2026G)	Ministry of Commerce - Commercial Registry Riyadh Office
Company Branches					
2	Allied Cooperative Insurance Group Company (ACIG)	2050240129	03/06/1439H (corresponding to 19/02/2018G)	15/06/1447H (corresponding to 06/12/2025G)	Ministry of Commerce - Commercial Registry Dammam Office

#	Commercial Name Issuing Authority	Certificate No	Issuance Date	Expiry Date	Issuing Entity
Company Branches					
3	Allied Cooperative Insurance Group Company (ACIG)	2051220376	03/06/1439H (corresponding to 19/02/2018G)	03/06/1447H (corresponding to 24/11/2025G)	Ministry of Commerce - Commercial Registry Al Khobar Office
4	Allied Cooperative Insurance Group Company (ACIG)	4030171999	27/11/1435H (corresponding to 22/09/2014G)	27/11/1451H (corresponding to 01/04/2030G)	Ministry of Commerce - Commercial Registry Jeddah Office
5	Allied Cooperative Insurance Group Company (ACIG)	4030299155	03/06/1439H (corresponding to 19/02/2018G)	15/06/1447H (corresponding to 06/12/2025G)	Ministry of Commerce - Commercial Registry Jeddah Office
6	Allied Cooperative Insurance Group Company (ACIG)	4650548859	02/06/1439H (corresponding to 18/02/2018G)	14/06/1447H (corresponding to 05/12/2025G)	Ministry of Commerce - Commercial Registry Medina Office
7	Allied Cooperative Insurance Group Company (ACIG)	4700106472	03/06/1439H (corresponding to 19/02/2018G)	15/06/1447H (corresponding to 06/12/2025G)	Ministry of Commerce - Commercial Registry Yanbu City Office
8	Allied Cooperative Insurance Group Company (ACIG)	5855035150	12/09/1431H (corresponding to 22/08/2010G)	22/09/1447H (corresponding to 11/03/2026G)	Ministry of Commerce - Commercial Registry Khamis Mushayt Office

Source: The Company

3-14 Distribution of company revenues

The Company's revenues are distributed according to insurance sectors, geographical areas and customer categories as shown in the tables below:

Table No. (10): Distribution of revenues by type of insurance

Type of insurance	31, December 2021G		31, December 2022G		31, December 2023G	
	Revenue (SAR)	Percentage (%)	Revenue (SAR)	Percentage (%)	Revenue (SAR)	Percentage (%)
Medical Insurance	159,483,000	26.91%	215,209,000	25.91%	179,098,000	17.01%
Motor Insurance	383,498,000	64.72%	566,972,000	68.25%	790,400,000	75.50%
General Insurance	49,607,000	8.37%	48,514,000	5.84%	77,905,000	7.40%
Total	592,588,000	100%	830,694,000	100%	1,047,403,000	100%

Source: The Company

Table No. (11): Distribution of revenues by geographic regions

Geographical areas	31, December 2021G		31, December 2022G		31, December 2023G	
	Revenue (SAR)	Percentage (%)	Revenue (SAR)	Percentage (%)	Revenue (SAR)	Percentage (%)
Eastern Region	60,034,000	10.13%	96,617,000	11.63%	131,076,000	12.51%
Central Region	218,504,000	36.87%	317,610,000	39.16%	390,406,000	37.27%
Western Region	232,903,000	39.30%	310,683,000	37.31%	357,714,000	34.15%
Other Regions	81,147,000	13.69%	105,784,000	11.91%	168,207,000	16.06%
Total	592,588,000	100%	830,694,000	100%	1,047,403,000	100%

Source: The Company

Table No. (12): Distribution of revenues according to the classification of insured

Classification of the Insured	31, December 2021G		31, December 2022G		31, December 2023G	
	Revenue (SAR)	Percentage (%)	Revenue (SAR)	Percentage (%)	Revenue (SAR)	Percentage (%)
Individuals	387,140,000	65.33%	575,129,000	69.23%	787,746,000	75.21%
Entities and Companies						
Micro-enterprises	67,357,000	11.37%	113,272,000	13.64%	104,315,000	9.96%
Small-sized enterprises	64,161,000	10.83%	53,780,000	6.47%	67,686,000	6.46%
Medium-sized enterprises	44,134,000	7.45%	36,644,000	4.41%	37,791,000	3.61%
Large enterprises	29,796,000	5.03%	51,869,000	6.24%	49,865,000	4.76%
Total	592,588,000	100%	830,694,000	100%	1,047,403,000	100%

Source: The Company

3-15 Business Interruption

There has been no interruption in the Company's business that could or has adversely affected the current situation during the last twelve (12) months.

3-16 Employees and Saudization

As February, 2025, the total number of the Company's employees is (259), including (207) Saudi employees and (52) non-Saudi employees. According to the Saudization certificate, the Saudization rate is (80%), and the Company is classified as a medium-sized entity (Category C) practicing the activity of (business services). The Company is currently included in the (Platinum) range of the developed Nitaqat program. The table below shows the distribution of the number of employees by nationality during the three years under review:

Table No. (13) Distribution of the number of employees by nationality

Nationality	2021G		2022G ^ρ		2023G	
	Number	Ratio	Number	Ratio	Number	Ratio
Saudis	200	74.90%	179	70.75%	190	73.64%
Non-Saudis	67	25.10%	74	29.25%	68	26.36%
Total	267	100%	253	100%	258	100%

Source: The Company



ACIG
التأمينات



Organization and Administrative Structure

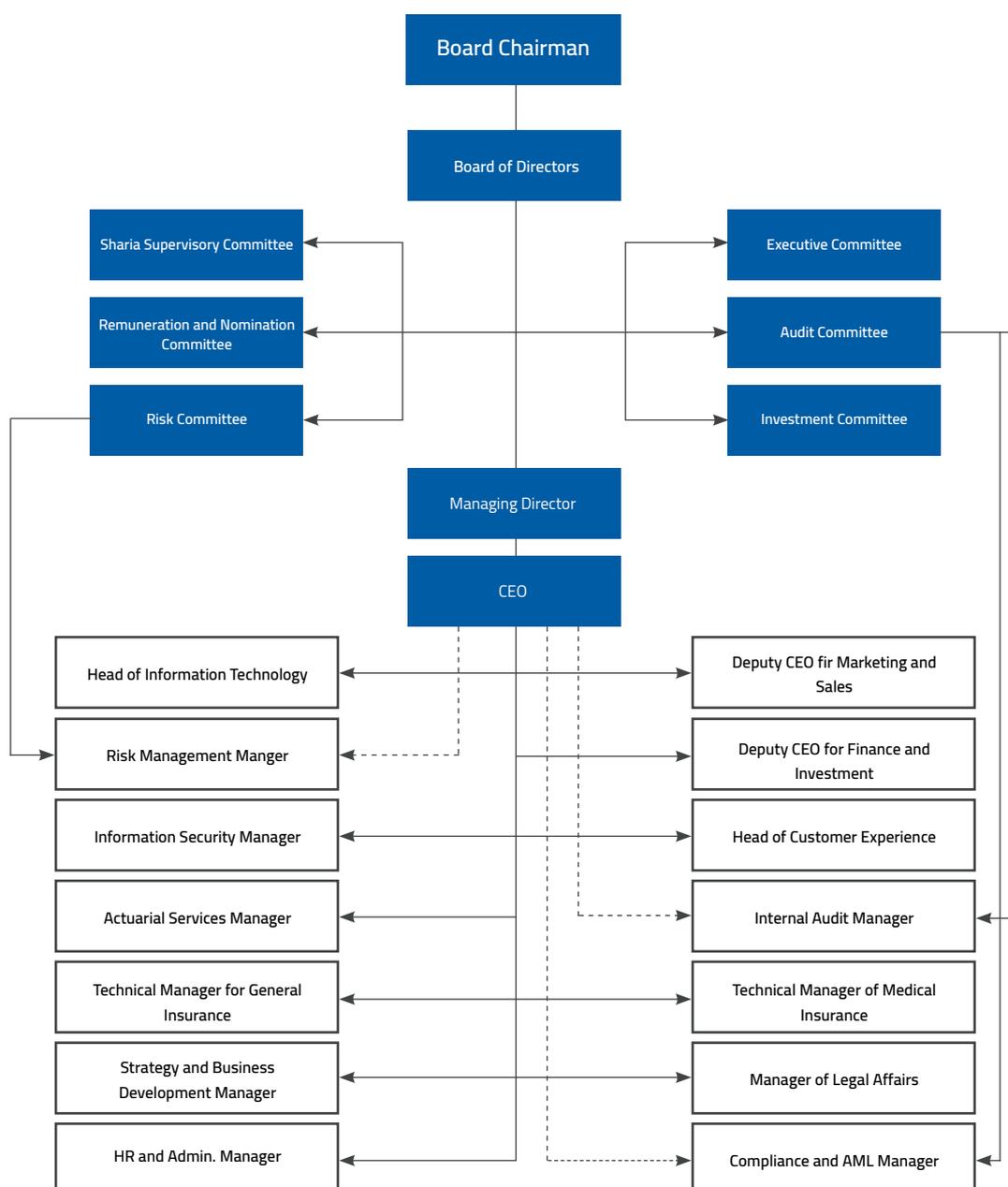
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4- Organization and Administrative Structure

4-1 Organization Structure

The Company has an organizational structure approved by the Board of Directors pursuant to Resolution No. (435/03/2023) dated 13/08/1444H (corresponding to 05/03/2023G) as follows:

Figure No. (1): Organization Structure



Source: The Company

4-2 Board of Directors

- In accordance with Article (15) of the Bylaws, the Company is managed by a Board of Directors consisting of ten (10) members elected by the Ordinary General Assembly for a period not exceeding three (3) years, and the composition of the Board of Directors must reflect an appropriate representation of independent members and in all cases, the number of independent Board members may not be less than two or one-third of the Board members, whichever is more. As an exception to this, the Constituent Assembly appoints the members of the first Board of Directors for a period not exceeding three (3) years starting from the date of issuance of the Ministry of Commerce's decision to establish the Company.
- On 06/11/1443H (corresponding to 05/06/2022G), the Ordinary General Assembly approved the election of the Board of Directors for the term starting from 16/10/1443H (corresponding to 17/05/2022G) for a period of three (3) years ending on 19/11/1446H (corresponding to 17/05/2025G). On 07/11/1443H (corresponding to 06/06/2022G), the Board of Directors decided to appoint Mr. Yasser bin Mohammed bin Nasser Al-Jarallah as Chairman of the Board of Directors, Mr. Faiz bin Saleh bin Mahfouz as Deputy Chairman of the Board of Directors, and Mr. Ali bin Yahya Ali Al-Jaafari as Managing Director. The Saudi Central Bank's non-objection to this appointment was obtained on 24/11/1443H (corresponding to 23/06/2022G).
- On 26/10/1445 AH (corresponding to 05/05/2024G), the Board of Directors decided to dismiss the former Secretary of the Board and appoint Dr. Hisham bin Misfer Albisher as Secretary of the Board of Directors to complete the current session. The Insurance Authority's no-objection was obtained on 14/11/1445H (corresponding to 22/05/2024G).
- The table below shows the composition of the current Board of Directors:

Table No. (14): Formation of the Board of

#	Name	Position	Nationality	Age	Membership Status	Date of Appointment	Shares owned			
							Direct	Indirect	Total	Total percentage
1	Yasser bin Mohammed bin Nasser Al-Jarallah	Chairman of the Board	Saudi	42	Non-Executive	06/11/1443H (corresponding to 05/06/2022G)	425,967	-	425,967	1.46%
2	Fayez Saleh Abdullah bin Mahfouz	Vice Chairman of the Board	Saudi	47	Non-Executive	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-
3	Ali Yahya Ali AL-Jaafari	Managing Director	Saudi	59	Executive	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-
4	Abdullah bin Abdulrahman bin Abdullah Al Al-Sheikh	Board Member	Saudi	59	Independent	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-
5	Ahmed bin Abdullah bin Manea Al Hammadi*	Board Member	Saudi	72	Independent	19/03/1445H (corresponding to 04/10/2023G)	-	-	-	-

#	Name	Position	Nationality	Age	Membership Status	Date of Appointment	Shares owned			
							Direct	Indirect	Total	Total percentage
6	Abdullah bin Ibrahim Al-Ibrahim**	Board Member	Saudi	38	Independent	10/08/1445H (corresponding to 20/02/2024G)	-	-	-	-
7	Abdulrahman bin Hassan Al-Amoudi	Board Member	Saudi	49	Independent	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-
8	Mohammed Ibrahim Mohammed Al-Rasheed	Board Member	Saudi	36	Independent	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-
9	Abdullah Mohammed Abdullah Al-Dalan Al-Qahtani	Board Member	Saudi	44	Independent	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-
10	Abdul Latif bin Saud bin Abdul Latif Al-Mandil***	Board Member	Saudi	61	Independent	21/04/1446H (corresponding to 24/10/2024G)	-	-	-	-
Secretary of the Board										
	Dr. Hisham bin Misfer Albisher	Secretary of the Board	Saudi	40	Non - Independent	26/10/1445H (corresponding to 05/05/2024G)	-	-	-	-

Source: The Company

* On 19/03/1445H (corresponding to 04/10/2023G), the Board of Directors agreed to accept the resignation of Mr. Mohammed bin Mohsen Balharith as an independent member of the Board of Directors, and to appoint Mr. Ahmed bin Abdullah bin Manea Al-Hammadi as an independent member of the Board of Directors, The approval from the Saudi Central Bank was obtained on 30/03/1445H (corresponding to 15/10/2023G), and the General Assembly meeting held on 19/12/1445H (corresponding to 25/06/2024G) approved it. On 10/08/1445H (corresponding to 20/02/2024G), the Board of Directors approved the resignation of Board Member Dr. Khaled bin Majid Al Rasheed from the Board of Directors and the appointment of Dr. Abdullah bin Ibrahim Al Ibrahim as a Board Member, The approval from the Insurance Authority was obtained on 23/08/1445H (corresponding to 04/03/2024G) and the approval of the General Assembly held on 19/12/1445H (corresponding to 25/06/2024G) on this appointment.

**On 10/08/1445H (corresponding to 20/02/2024G), the Board of Directors approved the resignation of Board Member Dr. Khaled bin Majid Al Rasheed from the Board of Directors and the appointment of Dr. Abdullah bin Ibrahim Al Ibrahim as a Board Member, This was after obtaining the no-objection from the Insurance Authority on 23/08/1445H (corresponding to 04/03/2024G) and the approval of the General Assembly held on 19/12/1445H (corresponding to 25/06/2024G) for this appointment.

*** On 20/04/1446H (corresponding to 23/10/2024), the Board of Directors approved the resignation of the Board Member Mr. Mohammed Jihad Abdulaziz Al Rasheed from the Board of Directors. On 21/04/1446H (corresponding to 24/10/2024G), the Board of Directors approved the appointment of Mr. Abdul Latif bin Saud Al Mandeel as a member of the Board of Directors, after obtaining the non-objection of the Insurance Authority on 08/05/1446H (corresponding to 10/11/2024G). As of the date of this Prospectus, this appointment has not yet been presented

to the General Assembly and the approval of the General Assembly held on 05/09/1446H (corresponding to 05/03/2023G) on this appointment.

4-3 Board Committees

Six (6) committees emerge from the Board of Directors, which are: (1) Audit Committee, (2) Nominations and Remuneration Committee, (3) the Risk Committee, (4) the Executive Committee, and (5) Investment Committee and (6) Sharia Supervisory Committee. These committees assist the Board of Directors to perform its duties and responsibilities and raise the level of supervision, control and decision-making controls within the corporate governance framework.

4-3-1 Audit Committee

On 7/11/1443H (corresponding to 06/06/2022G), the Board of Directors decided to recommend to the General Assembly to form the Audit Committee and appoint the Chairman and members of the Audit Committee, which consists of (4) members for a period of three (3) years starting from 06/11/1443H (corresponding to 05/06/2022G) and ending on 19/11/1446H (corresponding to 17/05/2025G). The Ordinary General Assembly held on 26/12/1443H (corresponding to 25/07/2022G) approved the formation of the Audit Committee in accordance with the recommendation of the Board of Directors, after obtaining the approval of the Central Bank on 24/11/1443H (corresponding to 23/06/2022G) as shown in the following table

Table No. (15): Audit Committee Members

Name	Position	Membership Status
Abdul Allah bin Abdul Rahman Al Sheikh	Chairman of the Committee	Independent from within the Board
Bassam bin Mohammed Al-Baqawi	Member of the Committee	Independent from outside the Board
Ibrahim bin Ahmed Al-Azaq	Member of the Committee	Independent from outside the Board
Al-Hanouf bint Abdul Jabbar Al-Abdul Jabbar	Member of the Committee	Independent from outside the Board

Source: The Company

▪ Tasks, Powers and Competencies of the Audit Committee

According to the second clause of the Company's Audit Committee's regulations and rules of work, the Board of Directors appoints the Audit Committee ("Committee") to support the Board in performing its supervisory duties related to the following matters:

1. The integrity of the Company's financial statements, financial reporting procedures, internal accounting systems and financial control regulations in the Company.
2. The annual independent review of the Company's financial statements, the use of external auditors, the evaluation of the qualifications of external auditors and ensuring their independence and performance.
3. The Company's compliance with legal and regulatory requirements, including the Company's disclosure policy controls and procedures.

4. The Company's compliance with the Company's established code of conduct.
5. The Committee is responsible for reviewing and ensuring the following:
 - Whether the Company follows appropriate accounting policies and makes judgments and estimates.
 - Appropriateness, taking into account the opinions of the external audit office in this regard.
 - Options for processing financial information in accordance with accepted accounting principles.
 - The robustness of the accounting policies followed, and any changes implemented, for each year in all departments of the Company.
 - Any significant amendments that are necessary to be made based on the results of the audit. Ensure the effectiveness and efficiency of the study of the internal control system.
 - Study the internal audit reports and follow up on the implementation of corrective measures for the notes contained therein.
6. Recommend to the Board of Directors the appointment of legal accountants and determine their fees, taking into account when recommending the appointment to ensure their independence.
7. Study the initial and annual financial statements before presenting them to the Board of Directors and expressing an opinion and recommendation thereon
8. Study the accounting policies followed and express an opinion and recommendation thereon to the Board of Directors.
9. Appoint and dismiss the Director of the Compliance Department or the Compliance Officer after obtaining the institution's written no objection.
10. Appoint and dismiss the Director of the Internal Audit Department or the Internal Auditor after obtaining the institution's written no objection.
11. Study the compliance plan, approve it and follow up on its implementation.
12. Determine the monthly salary, incentive bonus and other remuneration for the internal audit department or the internal auditor in line with the Company's internal regulations approved by the Board.
13. Determine the value of the monthly salary, incentive bonus and other remuneration for the compliance department or the compliance officer in line with the Company's internal regulations approved by the Board.
14. Ensure the availability of a written list of professional conduct rules after its approval by the Company's Board of Directors to ensure that the Company's activities are carried out in a fair and ethical manner.
15. Follow up on important lawsuits filed by or against the Company with the compliance manager or compliance officer and submit periodic reports on them to the Board of Directors.

According to the third clause, the powers of the Audit Committee were determined as follows:

1. Hire external experts and consultants as necessary to carry out the tasks and duties assigned to it, provided that they are hired based on acceptable justifications.
2. Contact management and employees to obtain any information related to its work.
3. Establish procedures for dealing with employees concerned with accounting, internal control and auditing affairs.
4. Establish procedures for receiving, filing and resolving complaints received by the Company regarding accounting, internal control and auditing affairs.
5. Recommend the appointment of the external auditor and his continuation in his duties and supervise what he does.
6. Recommend all conditions and fees related to auditing tasks, and policies for hiring external auditors to perform services other than auditing tasks.
7. Investigate any activities within the limits of its powers, and within the framework of its investigations, it may do the following:

- Seek to obtain any information it needs from all employees of the Company, and all employees must cooperate with the committee and answer all its inquiries.
- Consulting with legal experts and independent professionals from outside the Company. Those who are assisted by the committee in this regard from outside the Company may attend meetings as necessary.
- Inviting any of the Company's employees to attend the committee meeting upon its request.

4-3-2 Nominations and Remuneration Committee

- On 07/11/1443H (corresponding to 06/06/2022G), the Board of Directors decided to form the Nominations and Remunerations Committee and appoint the Chairman and members of the Nominations and Remunerations Committee for a period of three (3) years starting from 06/11/1443H (corresponding to 05/06/2022G) and ending on 19/11/1446H (corresponding to 17/05/2025G). On 18/11/1443H (corresponding to 17/06/2022G), the Board of Directors decided (by circulation) to reconstitute the Nominations and Remunerations Committee and the approval of the Central Bank was obtained on 24/11/1443H (corresponding to 23/06/2022G).
- On 08/09/1445H (corresponding to 18/03/2024G), the Board of Directors approved the resignation of Dr. Khaled bin Majid Al Rasheed from the membership of the Nominations and Remuneration Committee and the appointment of Dr. Abdullah bin Ibrahim Al Ibrahim to the membership of the committee, subject to the non-objection of the Insurance Authority, which was obtained on 17/09/1445H (corresponding to 27/03/2024G).
- On 20/04/1446H (corresponding to 23/10/2024G), the Board of Directors approved the resignation of Board Member Mr. Mohammed Jihad Abdulaziz Al-Rasheed. On 21/04/1446H (corresponding to 24/10/2024G), the Board of Directors approved the appointment of Mr. Abdul Latif bin Saud Al-Mandil as a member of the Nominations and Remuneration Committee, after obtaining the Insurance Authority's no-objection on 08/05/1446H (corresponding to 10/11/2024G).
- The current Nominations and Remuneration Committee is composed as shown in the following table:

Table No. (16): Members of the Nominations and Remuneration Committee

Name	Position	Membership Status
Abdulrahman bin Hassan Al-Amoudi	Chairman of the Committee	Independent from within the Board
Abdullah bin Ibrahim Al-Ibrahim	Committee Member	Independent from within the Board
Abdul Latif bin Saud b Abdul Latif in Al-Mandeel	Committee Member	Independent from within the Board

Source: The Company

▪ Competence of the Nomination and Remuneration Committee

Paragraph (II) of Clause (1) of the Company's Nominations and Remuneration Committee's Charter defines its tasks as follows:

1. Ensuring that the compensation structure of the Company's senior executives supports and reflects the Company's objectives in a competitive manner, and is linked to achieving core performance objectives, based on measures consistent with the Company's short, medium and long-term interests.

2. Reviewing and approving recommendations related to the Company's executive remuneration.
3. Submitting recommendations to the General Assembly regarding candidates for Board membership in accordance with the approved policies and standards.
4. Annually reviewing of the required skills for membership of the Board of Directors and its committees, preparing a description of the capabilities and qualifications required for membership of the Board and its committees, and determining the time that the member must allocate to the work of the Board and/or the Board's committees.
5. Reviewing the annual compensation of the members of the Company's senior management.
6. Evaluating and monitoring the independence of the members of the Board and its committees and ensuring that there is no conflict of interest, including annually ensuring the independence of independent members.
7. Developing clear policies for compensation and rewards for members of the Board of Directors, its committees and members of senior management.
8. Periodically evaluating the performance of members of the Board and its committees.
9. Supervising the induction program and periodic training for members of the Board of Directors.
10. Recommending the appointment and dismissal of members of senior management.
11. Developing policies and procedures for the succession of the CEO and senior members of senior management and monitoring the implementation of their succession plans and procedures.
12. Recommending to the Board on matters related to nominations and remunerations.
13. Reviewing the structure of the Board of Directors, its composition and committees, identifying weaknesses therein periodically and proposing the necessary steps to address them.
14. Submitting recommendations to the Board of Directors regarding the remuneration of Board members after the approval of the General Assembly.
15. Ensuring that an annual review of the Company's remuneration and compensation practices is conducted by the internal auditor or a specialized external party independently and without interference from the Company's executive management.
16. Ensure that no part of the Board of Directors' remuneration and compensations is linked to the Company's business volume.
17. Studying applications for candidacy for membership in the Board of Directors and documenting all relevant observations and recommendations.
18. Discussing management reports on the development of the Company's policies and strategy related to the (Human Capital) Department and ensuring their implementation and effectiveness.
19. Discussing compensation reports for the executive management team.
20. Developing systematic and transparent policies, standards and procedures for nomination for membership in the Board of Directors approved by the General Assembly and provided to the Corporation (currently the Insurance Authority).

4-3-3 Risk Management Committee

- On 07/11/1443H (corresponding to 06/06/2022G), the Board of Directors decided to form the Risk Management Committee and appoint its Chairman and members, which consists of (3) members for a period of three (3) years starting from 06/11/1443H (corresponding to 05/06/2022G) and ending on 19/11/1446H (corresponding to 17/05/2025G), after obtaining the approval of the Central Bank on 24/11/1443H (corresponding to 23/06/2022G).
- On 05/02/1444H (corresponding to 01/09/2022G), the Board of Directors approved the resignation of Dr. Khaled bin Majid Al Rasheed from the membership of the Risk Management Committee to join the membership of the Sharia Supervisory Committee. The Board of Directors also decided, pursuant to the minutes of the same meeting, to appoint Mr. Mohammed bin Ibrahim Al Rasheed as a member of the Risk Management Committee to replace Dr. Khaled bin Majid Al Rasheed, and the Board approved the appointment of Eng. Abdullah bin Mohammed Al Qahtani as a member of the Risk Management Committee. The approval of the Saudi Central Bank was obtained on 06/04/1444H (corresponding to 02/10/2022G).

- On 19/03/1445H (corresponding to 04/10/2023G), the Board of Directors approved the resignation of Mr. Mohammed bin Mohsen Balharith from the Risk Management Committee. The approval of the Saudi Central Bank was obtained to appoint Mr. Mohammed Jihad Al-Rasheed as Chairman of the Risk Management Committee on 16/04/1445H (corresponding to 31/10/2023G).
- On 20/04/1446H (corresponding to 23/10/2024G), the Board of Directors approved the resignation of Board Member Mr. Mohammed Jihad Al-Rasheed. On 21/04/1446H (corresponding to 24/10/2024G), the Board of Directors approved the appointment of Mr. Abdul Latif bin Saud Al-Mandil as a member of the Risk Management Committee, after obtaining the Insurance Authority's no-objection on 08/05/1446H (corresponding to 10/11/2024G).
- On 19/05/1446H (corresponding to 21/11/2024G), the Board of Directors decided to appoint Mr. Yasser bin Mohammed Al-Bishr as Chairman of the Risk Management Committee, after obtaining the Insurance Authority's no-objection on 25/05/1446H (corresponding to 27/11/2024G).
- The Risk Management Committee is currently composed as shown in the table below:

Table No. (17): Members of the Risk Management Committee

Name	Position	Membership Status
Yasser bin Mohammed Al-Bishr	Chairman of the Committee	Independent from outside the board
Mohammed Ibrahim Al-Rasheed	Committee Member	Independent from within the Board
Abdullah Mohammed Al-Qahtani	Committee Member	Independent from within the Board
Abdul Latif bin Saud bin Abdul Latif Al-Mandeeel	Committee Member	Independent from within the Board

Source: The Company

▪ Competences of the Risk Management Committee

According to Clause (d) of the Company's Risk Management Committee Charter, the Committee's main responsibilities are:

1. Preparing a risk management strategy that is consistent with the Company's obligations to shareholders and regulatory requirements.
2. Approving risk management policies and procedures to be submitted to the Board of Directors.
3. Approving the risk appetite framework to be submitted to the Board of Directors
4. Carrying out all tasks assigned to the Risk Management Committee in accordance with the risk appetite framework.
5. Reviewing underwriting policies and guidelines as well as other areas related to the Company's risk management.
6. Understanding and review the risks associated with the Company's activities.
7. Determining the Company's risk tolerance and risk appetite.
8. Regularly reassessing the Company's risk tolerance and exposure.
9. Verifying the effective implementation and operation of risk management control systems.

10. Approving the implementation of the necessary measures to mitigate the identified risks.
11. Regularly reassessing the Company's reinsurance structure and strategy to assess its suitability and efficiency.
12. Verifying the appointment of security managers who will be tasked with implementing security guidelines, including physical security and IT security, and obtain periodic reports on security-related activities.

4-3-4 Executive Committee

- On 07/11/1443H (corresponding to 06/06/2022G), the Board of Directors decided to form the Executive Committee and appoint the Chairman and members of the Executive Committee for a period of three (3) years starting from 06/11/1443H (corresponding to 05/06/2022G) and ending on 19/11/1446H (corresponding to 17/05/2025G). On 18/11/1443H (corresponding to 17/06/2022G), the Board of Directors decided (by circulation) to reconstitute the Executive Committee and the approval of the Central Bank was obtained on 24/11/1443H (corresponding to 23/06/2022G).
- On 19/03/1445H (corresponding to 04/10/2023G), the Board of Directors approved the resignation of Mr. Mohammed bin Mohsen Balharith from the Executive Committee. On 16/04/1445H (corresponding to 24/10/2023G), the Saudi Central Bank approved the appointment of Mr. Ahmed Abdullah Al Hammadi as a member of the Executive Committee.
- The Executive Committee currently consists of the following:

Table No. (18): Executive Committee Members

Name	Position	Membership Status
Fayez bin Saleh bin Mahfouz	Chairman of the Committee	Non-executive from within the Board
Ali bin Yahya Ali Al-Jaafari	Committee Member	Executive from within the Board
Ahmed Abdullah Al-Hammadi	Committee Member	Independent from within the Board

Source: The Company

▪ Competences of the Executive Committee

According to Clause (Fifth) of the Executive Committee's Charter, the tasks and responsibilities of the Executive Committee are:

1. Examining the topics assigned to it by the Board and submitting the recommendations it deems appropriate regarding them to the Board and taking decisions in accordance with the powers granted to it by the Board.
2. Reviewing and grant credits to the Company's clients according to the powers granted to it.
3. Examining the strategic and operational plans and budgets and express objections and initial approval thereof before presenting them to the Board.
4. Evaluating the performance of the Executive Management in monitoring and managing credit risks and market risks.
5. Recommending the estimated budgets and changes thereto and reviewing the performance against the estimated budgets.
6. Approving the expenses of administrative and capital costs that exceed the limits of the powers of Executive Management.
7. Deciding on the reports of the Executive Management on operations and strategic and organizational plans and review them.

4-3-5 Investment Committee

- On 07/11/1443H (corresponding to 06/06/2022G), the Board of Directors decided to form the Investment Committee and appoint the Chairman and members of the Investment Committee for a period of three (3) years starting from 06/11/1443H (corresponding to 05/06/2022G) and ending on 19/11/1446H (corresponding to 17/05/2025G). On 18/11/1443H (corresponding to 17/06/2022G), the Board of Directors decided (by circulation) to reconstitute the Investment Committee and the approval of the Central Bank was obtained on 24/11/1443H (corresponding to 23/06/2022G) as shown in the following table.

Table No. (19): Investment Committee Members

Name	Position	Membership Status
Ali bin Yahya Ali Al-Jaafari	Chairman of the Committee	Executive from the Board
Fayez bin Saleh bin Mahfouz	Committee Member	Non-Executive Board member
Abdulrahman bin Hassan Al-Amoudi	Committee Member	Independent Board member

Source: The Company

▪ Composition of the Investment Committee

According to Clause (D) of the Company's Investment Committee Charter, the powers and responsibilities of the Investment Committee are:

- Verifying that the investment policy has been prepared in line with the Company's overall business strategy as well as regulatory guidelines.
- Obtaining the Board of Directors' approval of the investment policy.
- Reviewing the investment strategy on a semi-annual basis or as necessary taking into account changes in business requirements and market conditions.
- Determining whether to appoint independent investment advisor(s) and, if so, review the selection of such advisors based on the management team's insights.
- Approving the appointment or dismissal of any investment advisor(s) as recommended by the management team.
- Evaluating the performance of the investment advisor(s) and investment/fund managers.
- Recommending to the Board of Directors the appointment and dismissal of the investment advisor(s).
- Delegating the implementation of decisions to the management team when needed.
- Determining the implementation method for the investment portfolio as a whole and for each sector.
- Reviewing the decisions taken by the management team and the investment advisor(s) and, when necessary, communicate directly with third parties to ensure the protection of the Company's interests.
- Submitting quarterly reports to the Board of Directors on the performance of the Company's investments in terms of risks, returns, allocations and any relevant major developments.
- Taking any other action or assume any other powers and responsibilities that may be assigned or delegated to the Committee from time to time by the Board of Directors.
- The Committee has the authority to obtain advice and assistance from legal advisors, accountants or other internal or external advisors and to approve fees and other retention conditions related to any such advisors, consultants and external advisors.
- The Committee shall review its performance annually and may assess the adequacy of this Charter as well as recommend proposed changes to the Board of Directors for approval.

4-3-6 Sharia Supervisory Board

- On 19/01/1444H (corresponding to 17/08/2022G), the Board of Directors decided to form the Sharia Supervisory Board,
- which is composed of (4) members according to the following table:

Table No. (20): Members of the Sharia Supervisory Board

Name	Position	Membership Status
Yousef bin Abdullah Al-Shabili	Chairman of the Committee	From Outside the Board
Mohammed bin Abdullah Al-Amer	Committee Member	From Outside the Board
Ibrahim bin Abdullah Al-Ibrahim	Committee Member	From Outside the Board
Khaled bin Majed Al-Rasheed Al-Amro	Committee Member	From Outside the Board

Source: The Company

- On 08/09/1445H (corresponding to 18/03/2024G), the Board of Directors approved the resignation of Dr. Khaled bin Majid Al Rasheed from the membership of the Sharia Committee due to special circumstances.
- Duties, powers and competencies of the Sharia Supervisory Board**

According to Clause (Second) of the Charter of the Sharia Committee, this committee is responsible for the following tasks:

- Explaining the Sharia rulings on transactions presented to the committee and issuing what is necessary regarding them.
- Contributing to what serves the development of the Company's performance from a Sharia perspective and preserving its Sharia identity.
- Enhancing the Company's participation in introducing cooperative insurance and contributing to its development.
- Reviewing all insurance products that the Company wishes to issue and verifying their compliance with Sharia controls.
- Setting Sharia controls to dispose of amounts excluded as a result of a Sharia violation.
- Answering Sharia inquiries received regarding the Company's products and transactions.
- The committee issues an annual final report that includes the committee's decisions issued in the insurance products presented to it.

4-4 Executive Management

The executive management of the Company is vested in the Managing Director, who holds this position as of the date of preparing this Prospectus Mr. Ali Yaya Al-Jaafari... The position of Chief Executive Officer is held by Mohammed Abdullah Al-Qadi, while the position of Chief Financial and Investment Officer is held by Tawfiq Ali Al-Kuli. The table below shows the members of the Executive Management:

Table No. (21): Members of the Executive Management

Name	Position	Nationality	Age	Appointment date	Date of approval of the appointment by the Central Bank or the Insurance Authority (whichever is applicable)	Owned shares			
						direct		Indirect	
						Number	Ratio	Number	Ratio
Ali bin Yahya Al-Jaafari	Managing Director	Saudi	59	06/06/2022G	23/06/2022G	-	-	-	-
Mohammed Abdullah Al-Qadi	Chief Executive Officer	Saudi	60	17/08/2022G	30/08/2022G	-	-	-	-
Hassan Awadh Al-Hazmi	Vice President for Marketing & Sales	Saudi	49	01/07/2009G	13/11/2012G	-	-	-	-
Tawfiq Ali Al-Kuli	Chief Financial & Investment Officer	Saudi	41	04/04/2021G	14/09/2022G	-	-	-	-
Talal Ali Al-Zahrani	Head of Customer Experience	Saudi	40	11/02/2013G	23/07/2017G	-	-	-	-
Sufyan Abdullah Al-Hujaian	Manager of Internal Audit	Saudi	30	04/07/2021G	17/06/2024G	-	-	-	-
Hisham bin Misfer Al-Beshir	Legal Affairs Manager	Saudi	40	28/04/2024G	02/05/2024G	-	-	-	-
Hamad Mohammed Faleh Al-Badna Al-Mutairi	Compliance & AML Manager (Acting)	Saudi	36	15/08/2024G	15/08/2024G	-	-	-	-
Abdullah Ahmed Abdullah bin Mashhour	IT Manager	Saudi	53	27/02/2022G	27/01/2022G	-	-	-	-
Mohammed Samir Kayani	Actuary	Pakistani	30	01/05/2024G	01/03/2024G	-	-	-	-
Mohammed bin Mohsen Balharith	Manager of Risk Management Department	Saudi	51	08/10/2023G	01/06/2023G	-	-	-	-

Name	Position	Nationality	Age	Appointment date	Date of approval of the appointment by the Central Bank or the Insurance Authority (whichever is applicable)	Owned shares			
						direct		Indirect	
						Number	Ratio	Number	Ratio
Hanan Ali Al-Ahmari	Manager of Human Resources and Administration	Saudi	48	01/04/2008G	22/08/2023G	-	-	-	-
Nahid Mohammed Al-Mutairi	Technical Manager of Medical Insurance (Acting)	Saudi	48	14/01/2024G	11/08/2024G	-	-	-	-
Vacant	Technical Manager - General	-	-	-	-	-	-	-	-
External party	Head of Information Security*	-	-	-	-	-	-	-	-
Abdulmajeed Omar Al-Omair	Manager of Strategy and Business Development (Acting)	Saudi	30	21/02/2021G	04/08/2024G	-	-	-	-

Source: The Company

* The task of the Cybersecurity Awareness Platform was assigned to an external party and the Insurance Authority's no-objection was obtained on 20/07/1445H (corresponding to 01/02/2024G).

4-5 Compensation and remuneration of members of the Board of Directors and senior executives

- The remuneration for the members of the Board of Directors shall be distributed in accordance with the controls stipulated in Article (19) of the Company's Bylaws, such that the annual remuneration for the Chairman of the Board of Directors for the services he performs shall be an amount of one hundred and eighty thousand (180,000) Saudi Riyals annually. The minimum remuneration for each member of the Board of Directors for the services he performs shall be an amount of one hundred and twenty thousand (120,000) Saudi riyals annually, with the maximum amount being five hundred thousand (500,000) Saudi riyals annually. This shall be in consideration of their membership in the Board of Directors and their participation in its work, including additional remuneration in the event that the member participates in any of the committees emanating from the Board of Directors.

- If the remuneration is a certain percentage of the Company's profits, this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the General Assembly in application of the provisions of the Cooperative Insurance Companies Control Law, the Companies Law, and the company's Bylaws, and after distributing a profit to shareholders of no less than (5%) of the Company's paid-up capital, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member, and any estimate to the contrary is void.
- In all cases, the total amount of financial or in-kind remuneration and benefits received by a member of the Board of Directors shall not exceed five hundred thousand (500,000) Saudi riyals annually (with the exception of members of the Audit Committee), in accordance with the controls set by the Capital Market Authority.
- The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all remuneration, expense allowances and other benefits received by the Board members during the fiscal year. It must also include a statement of what the Board members received in their capacity as employees or managers or what they received in exchange for technical, remuneration or consulting work. It must also include a statement of the number of Board meetings and the number of meetings attended by each member from the date of the last General Assembly meeting.
- The Board of Directors' report also included the Executive Management Remuneration Regulations, disclosing the remunerations of the Executive Management members in an appropriate manner and in compliance with any instructions and regulations issued by the regulatory and supervisory authorities in force in the Kingdom of Saudi Arabia, as this report shows the remunerations and benefits for five senior executives who received the highest remunerations from the Company.
- The table below shows the value of compensation and remuneration received by the Board of Directors' senior executives during the years 2021G, 2022G and 2023G:

Table No. (22): Compensation and remuneration of members of the Board of Directors and senior executives

Distributions (SAR)	2021G	2022G	2023G
Board Members	1,308,612	1,914,334	6,276,742
Five Senior Executives (Those who received the highest remuneration and compensations)	5,759,357	3,273,993	3,600,430
Committee Members	450,676	492,060	764,535
Total	7,518,645	5,680,387	10,641,707

Source: The Company

4-6 Employees

4-6-1 Employee stock programs in existence prior to the filing of the application for registration and the offering of Rights subject to this Prospectus

The company currently does not have any stock allocation program for its employees.

4-6-2 Arrangements involving employees in capital

There are no arrangements involving employees in the Company's capital as of the date of this Prospectus.



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**Financial information
and management
discussion and analysis**

05

5- Financial information and management discussion and analysis

5-1 Introduction

The “**Management Discussion and Analysis of Financial Position and Results of Operations**” section reviews an analytical presentation of the operational performance and financial position of United Cooperative Insurance Group (a Saudi joint stock company) during the fiscal years ended December 31, 2021G, 2022G and 2023G.

The Company’s financial statements for the fiscal year ended December 31, 2021G were reviewed and audited by Crowe Solutions for Professional Consulting (a member of Crowe International) and Dr. Mohammed Al-Amri & Co (a member of BDO International). The Company’s financial statements for the fiscal years ended December 31, 2022G and 2023G were reviewed and audited by Crowe Solutions for Professional Consulting (a member of Crowe International) and Al-Kharashi & Co (Certified Accountants and Auditors).

Neither Crowe Solutions for Professional Consulting (a member of Crowe International), Al-Kharashi & Co. (Chartered Accountants and Auditors), nor any of their relatives or affiliates have any share or interest of any kind in the Company that may affect their independence, and written consent has been given regarding the publication of their name, logo and statement without retraction until the date of preparing the prospectus.

The amounts mentioned in the prospectus are presented in Saudi Riyals and all amounts mentioned in this section have been rounded to the nearest thousand Riyals unless otherwise stated, the numbers and percentages have been rounded to the nearest decimal point. Therefore, the calculation of the percentages of increase or decrease of the amounts mentioned (which are shown in millions of Saudi Riyals and rounded to the nearest integer) may differ from what is shown in the tables. Accordingly, all ratios, indicators, annual expenditures and compound annual growth rates are based on rounded numbers.

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

5-2 Board of Directors’ approval of the financial statements

The Board of Directors acknowledge that the financial information contained in this section has been obtained from the Company’s audited financial statements for the fiscal years ended December 31, 2021G, 2022G and 2023G, which were prepared on a consolidated basis in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Certified Public Accountants (collectively referred to as “**IFRS as endorsed in the Kingdom of Saudi Arabia**”) and have been extracted without material modifications from the audited financial statements and that they include financial information presented on a consolidated basis in a manner consistent with the format followed in the issuer’s annual financial statements.

The Company does not have any outstanding debt instruments, approved debt instruments that have not been issued, term loans, loans secured by personal guarantees, loans secured by mortgages or unsecured loans.

- The Company does not have any other loans or indebtedness, including bank overdrafts, any obligations under acceptance, any acceptance credit or any leased purchase obligations, and any loans or indebtedness whether secured by personal guarantees or not, secured by mortgages or unsecured by mortgages.
- The issuer does not have any capital covered by an option.
- The Company has sufficient financial resources to meet its working capital needs for the 12-month period from the date of this Prospectus.
- The Company does not have any shares subject to options as of the date of this Prospectus.
- There are no seasonal factors or economic cycles related to the activity that may affect the business and financial position of the Company.
- The Company does not have any information about any governmental, economic, financial, monetary, political policies or any other factors that have affected or may affect the Company's operations directly or indirectly.
- There are no mortgages, Rights or encumbrances on the Company's properties until the date of preparing this Prospectus.
- There has been no material negative change in the Company's financial and commercial position during the three years immediately preceding the date of submitting the registration application and offering the securities subject to this Prospectus, in addition to the end of the period covered by the auditor's report until the date of approving this Prospectus.
- The Company does not own any contractual securities or other assets whose value is subject to fluctuations or whose value is difficult to ascertain, which would significantly affect the assessment of the financial position.
- The Company has not granted any commissions, discounts, brokerage fees or any non-cash compensation during the three years immediately preceding the date of submitting the registration application and offering the securities subject to this Prospectus in connection with the issuance or offering of any securities, to any of the Board of Directors, proposed Board of Directors, senior executives, those offering the securities or experts.
- The basic information disclosed in this Prospectus has been made based on the information available.
- Other than what is stated in the subsections "**Contingent Liabilities**" in Table No. (58) and Table No. (86) on pages (195) and (229) of this Section (5) "**Financial Information and Management's Discussion and Analysis**", the Company does not have any potential liabilities, guarantees or any significant fixed assets that it intends to purchase or lease.

5-3 About the Company

United Cooperative Insurance Group Company (hereinafter referred to as the "**Company**" or "**ACIG**") is a Saudi joint stock company established in the Kingdom of Saudi Arabia under Commercial Registration No. 1010417178 dated 09/08/1428H, corresponding to 22/08/2007G. The registered office of the Company is located in Hittin District, Prince Turki Bin Abdulaziz Road, Riyadh.

The Company's activities are to conduct cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. On 04/04/2009G, the Company obtained a license from the Saudi Central Bank ("**SAMA**") to engage in insurance in the Kingdom of Saudi Arabia. The Company commenced its commercial operations on 01/07/2009G. The Company was listed on the Saudi Stock Exchange (Tadawul) on 27/08/2007G.

On 21/5/1441H corresponding to 16/1/2020G, the Board of Directors recommended reducing the Company's capital to extinguish the accumulated losses, which amounted to 29.8% as of December 31, 2019G. The Company obtained the approval of the Saudi Arabian Monetary Agency (currently the Saudi Central Bank) to reduce the capital from (200) million Saudi Riyals to (141) million Saudi Riyals pursuant to letter No. (41050316) dated 20/7/1441H (corresponding to 15/3/2020G). The Company also obtained the approval of the Capital Market Authority on 24/9/1441H (corresponding to 17/5/2020G) to reduce the aforementioned capital, and during the Extraordinary General Assembly meeting (first meeting) held on 07/01/1442 AH (corresponding to 26/8/2020G), the Company's shareholders approved this recommendation and the changes that followed it. Accordingly, the Company's capital was reduced from (200) million Saudi riyals to 141 million Saudi riyals at a reduction rate of 29.5% by canceling (5.9) million shares out of the Company's total shares of (20) million shares, i.e. at a cancellation rate of (1) share for every (3.3898) shares of the Company's shares, so that the Company's capital after the reduction becomes (141) million Saudi riyals divided into (14.1) million shares with a nominal value of (10) Saudi riyals.

On 21/5/1441H corresponding to 16/1/2020, the Board of Directors recommended increasing the Company's capital through a Rights issue with a total value of (150) million Saudi Riyals and a total share of (15) million shares. On 14/2/1442H (corresponding to 1/10/2020G), the Company obtained a letter of no objection from the Saudi Arabian Monetary Agency (currently the Saudi Central Bank). On 27/4/1443H (corresponding to 2/12/2021G), it received the approval of the Saudi Central Bank to extend the previously granted approval to increase the Company's capital. The Capital Market Authority also approved on 13/2/1443H (corresponding to 20/9/2021G) the aforementioned increase in capital.

During the Extraordinary General Assembly Meeting (Second Meeting) held on 25/5/1443H (corresponding to 29/12/2021G), the Company's shareholders approved this recommendation and its subsequent changes. Accordingly, the Company's capital was increased from (141) million Saudi riyals divided into (14.1) million shares to become the capital after the offering (291) million Saudi riyals with a number of shares amounting to (29.1) million shares with an increase rate of (106.38%) and an Offering Price of (10) Saudi riyals per share. The eligibility factor was determined by granting each registered shareholder (1.0638) Rights for every single share he owns.

The Company also announced the Trading Period of the priority Rights amounting to 15 million Rights starting from 30/5/1443H (corresponding to 01/03/2022G) until 7/6/1443H (corresponding to 10/1/2022G). The closing date for the subscription to the new shares has been set on 10/6/1443H (corresponding to 13/1/2022G). The Company received the proceeds from the Rights issue on 7/3/2022G and the amount of the new capital was presented in the condensed priority financial statements for the three-month period ended 31/3/2022G.

As of December 31, 2023G, the Company's authorized, subscribed and paid-in capital amounted to SAR 291 million divided into (29.1) million shares with a par value of SAR (10) per share. As of 04/04/1445H (corresponding to 19/10/2023G), the Company announced on the Saudi Stock Exchange (Tadawul) platform the Board of Directors' recommendation to increase the Company's capital by an amount of (209) million Saudi riyals through a Rights issue. On 25/6/1445H (corresponding to 7/1/2024G), the Company obtained the approval of the Insurance Authority to increase the capital by an amount of (209) million Saudi Riyals, so that the capital after the increase would become (500) million Saudi Riyals, through the offering of priority Rights shares, and the approval is valid for one year from its date to complete the capital increase process. On 29/7/1446H (corresponding to 29/1/2025G), the Insurance Authority approved the Company's request to extend the previously granted approval to increase the Company's capital for an additional six months.

As of the date of the condensed priority financial statements for the financial period ending June 30, 2024G, the Company is in the process of fulfilling the regulatory requirements related to the capital increase, and the purpose of the capital increase is to support the Company's future plans and enhance the solvency margin.

The Company has 3 registered branches as shown below:

Branch	Commercial registration number	place of issue	Date
ACIG Branch	2051043671	Al Khobar	12 Ramadan 1439H
ACIG Branch	5855035150	Khamis Mushayt	12 Ramadan 1439H
ACIG Branch	4030204059	Jeddah	12 Ramadan 1439H

The Board of Directors has approved the distribution of the surplus from insurance operations in accordance with the Insurance Executive Regulations issued by the Insurance Authority, so that the Company's shareholders receive 90% of the annual surplus from insurance operations and the policyholders receive the remaining 10%. Any deficit arising from insurance operations is transferred to the shareholders' operations in full. After applying IFRS 17, the surplus due is included in the insurance contract liabilities under the item of liabilities for claims incurred.

Termination of Merger

The Company signed a non-binding Memorandum of Understanding ("MoU") with Amana Cooperative Insurance Company on 07/02/1444H (corresponding to 03/09/2022G) to evaluate the potential merger between the two companies. According to the aforementioned announcement, the two companies will conduct technical, financial, legal and actuarial due diligence and enter into non-binding discussions on the terms and conditions of the potential merger. The two companies have agreed from the outset to use a valuation methodology based on the book value of equity (after any due diligence adjustments agreed upon by both parties).

The Company announced on 28/12/2023G the termination of the non-binding Memorandum of Understanding and all negotiations related to the merger process with Amana Cooperative Insurance Company based on the desire of both parties after conducting the necessary studies. This termination will not have any significant financial impact.

5-4 Preparation Basis

(A) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA). The Company has applied IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" as endorsed in the Kingdom of Saudi Arabia and the resulting changes to significant accounting policies are described in Section 5 - Significant Accounting Policies and Section 6 - Explanation of Transition to IFRS 17, IFRS 9 and Other Changes.

This is the first annual set of financial statements of the Company in which IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" as adopted in the Kingdom of Saudi Arabia have been applied and the resulting changes to significant accounting policies are explained in Section 5. The Company's statement of financial position is presented by liquidity. Excluding financial assets, fixtures, furniture and equipment, right-of-use assets, intangible assets, statutory deposit, income accrued on statutory deposit, provision for end-of-service benefits and income accrued to the Insurance Authority, and all other assets and liabilities of a short-term nature.

As required by the Saudi Arabian Insurance Regulations (Implementing Regulations), the Company maintains separate records for “**Insurance Operations**” and “**Shareholders**” Operations accounts. Accordingly, assets, liabilities, revenues and expenses attributable to either operation are recorded in the respective accounts. Notes 26 and 28 to the financial statements show the Statement of Financial Position, income statement, statement of comprehensive income and statement of cash flows for insurance operations and shareholders operations, separately. The accounting policies adopted for insurance operations and shareholders’ operations are in accordance with the International Financial Reporting Standards (IFRS) as approved by the Saudi Organization for Certified Public Accountants (SOCPA).

The statement of financial position, income statement, comprehensive income and cash flow statements for insurance operations and shareholders’ operations are presented in Note 30 to the financial statements as supplementary financial information to comply with the requirements of the Insurance Executive Regulations and are not required under IFRS. The Executive Regulations require a clear separation between the assets, liabilities, revenues and expenses of insurance operations and shareholders’ operations. Accordingly, the statements of financial position, comprehensive income and cash flows prepared for insurance operations and shareholders’ operations as referred to above reflect only the assets, liabilities, revenues, expenses and comprehensive profits and losses of the relevant operations.

(B) Basis of Measurement

The Company reported a net profit for the year ended 31 December 2023G of SAR 65.3 million (a loss of SAR 21.06 million was reported for the year ended 31 December 2021G). As of that date, the Company’s accumulated losses as of 31 December 2023G amounting to 25.4% of its capital (49%: 31 December 2022G) and the Company’s solvency margin amounted to 112% (31 December 2022G: 87%G). The main reason for achieving profit during the year is the increase in the automotive business segment. During the year, the Company adjusted the prices of the automotive business line to improve net written premiums and control expenses and loss ratios. Due to the improvement in the solvency margin compared to the previous year, the Company will be able to continue as a going concern for the foreseeable future. Accordingly, the financial statements have been prepared on a going concerning basis.

The Company announced on the Tadawul platform the Board of Directors’ recommendation to increase capital by an amount of 209 million through the issuance of Rights shares and adding them to the current shareholders’ shares. The Company obtained the approval of the Insurance Authority to increase the capital on January 7, 2024G. Accordingly, the ratio of accumulated losses to capital will be 14.8%.

These financial statements have been prepared on the going concerning basis and the historical cost basis except for the measurement of investments held at fair value through other comprehensive income and defined benefit obligations for employees, which are recognized at the present value of future obligations using the projected unit credit method. The Company’s statement of financial position is not presented using the current/non-current classification.

(C) Functional and presentation currency

These financial statements are presented in Saudi Riyals, and all amounts are rounded to the nearest thousand, unless otherwise stated.

(D) Fiscal year

The Company has a fiscal year ending December 31.

(E) Critical accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses and the accompanying disclosures, including the disclosure of contingent liabilities. Actual results may differ from these estimates.

1. Unit of account

Judgement involves identifying portfolios of contracts, as required by IFRS 17 (i.e. those with similar risks and managed together). Grouping insurance contracts issued at initial recognition into groups of onerous contracts, groups of contracts that are not highly likely to become onerous, and groups of onerous contracts and other contracts. A similar aggregate assessment is required for reinsurance contracts to be held. Potential areas of judgement include:

- Identifying groups of contracts within portfolios and whether the Company has reasonable and supportable information to conclude that all contracts within the group may fall into the same group, as required by IFRS 17; and
- Judgements may be applied at initial recognition to distinguish between non-onerous contracts (those that are not high likely to become onerous) and other contracts.

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

2. Discount rates

Under the bottom-up approach, the discount rate is determined as the risk-free yield, adjusted for differences in the liquidity characteristics of the financial assets used to derive the risk-free yield and the cash flows of the related liabilities (known as the “liquidity premium”). Management uses judgment to assess the liquidity characteristics of the cash flows of the liabilities

3. Methods used to measure risk adjustment for non-financial risks

Judgement is involved in assessing the most appropriate method for estimating the risk adjustment for non-financial risks and also in selecting the most appropriate confidence level to which the risk adjustment for non-financial risks should be consistent. The risk adjustment for non-financial risks is the compensation required to bear the risk of uncertainty about the amount and timing of cash flows that arise from non-financial risks when fulfilling an insurance contract. Because risk adjustment represents compensation for uncertainty, estimates of expected positive and negative outcomes are made in a manner that reflects the Company’s degree of risk aversion.

4. Measuring the expected credit loss allowance

Assessing whether the credit risk on financial assets has increased significantly since initial recognition and incorporating forward-looking information into the measurement of expected credit losses requires the use of complex models and significant assumptions about future economic conditions and credit behavior. The Company considers a financial asset to be in default when it is likely that the borrower will not repay its credit obligations to

the Company in full, without the Company resorting to measures such as realizing security (if any). When applying the accounting requirements for measuring expected credit losses, a number of factors are taken into account, for example:

- Determining the criteria for a significant increase in credit risk.
- Determining the criteria and definition of default.
- Selecting appropriate models and assumptions for measuring expected credit losses.
- Establishing groups of similar financial assets for the purposes of measuring expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company takes into account reasonable, supportable, relevant and available information without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

5. Fair value of financial instruments

The fair value of financial instruments traded in active markets is based on their quoted market prices at the reporting date. When the fair values of financial assets and financial liabilities recorded in the statement of financial position are not derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where this is not available, judgments must be made to determine fair values.

6. Going concern principle

The Company's management has assessed its ability to continue as a going concern company and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements will continue to be prepared on the going concerning basis.

7. Liability for claims incurred

The ultimate cost of outstanding claims is estimated using a set of standard actuarial claims forecasting techniques, such as the Chain Ladder and Bornhuetter-Ferguson methods.

The main assumption underlying these methods is that the Company's experience in developing past claims can be used to forecast the development of future claims and therefore the ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), claims figures based on the development observed in previous years and expected loss ratios. The development of historical claims is primarily analyzed by accident years but can also be further analyzed by geographic region as well as by business lines and significant claim types.

Large claims are usually treated separately, either by keeping them at nominal loss equivalent estimates or by forecasting them separately to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those embedded in the historical claims' development data on which the forecasts are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future (for example, to reflect one-time events and changes in external or market factors such as public attitudes towards claims, economic conditions, claims inflation levels, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate claims cost, which represents the

most likely outcome of the expected value from the range of possible outcomes, taking into account all the uncertainties involved .

Estimates of salvage and subrogation recoveries are considered as a provision in measuring the ultimate claims cost.

Other key conditions that affect the reliability of the assumptions include changes in interest rates, delays in settlement and changes in foreign exchange rates.

5-5 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are summarized below. These policies have been consistently applied throughout the years of presentation except for the new IFRSs and IFRIC interpretations and amendments thereto, which have been adopted by the Company as described below:

(A) New IFRSs, Interpretations of the International Financial Reporting Interpretations Committee and amendments thereto, adopted by the Company

- Narrow amendments to IAS 1, Practice Statement 2 and IAS 8
- Amendments to IAS 12 - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction.
- Amendments to IAS 12 - International Tax Reform - Rules for the Pillar 2 Model IFRS 17 - Insurance Contracts (see 3(b)(i))
- IFRS 17 - Insurance Contracts (see Section 5(c)(i))
- IFRS 9 - Financial Instruments (see Section 5(c)(ii))
- These amendments had no impact on the Company's financial statements.

(B) New accounting standards/amendments and interpretations to IFRSs not yet effective.

The following new accounting standards, interpretations and amendments have been issued by the International Accounting Standards Board (IASB) that will be effective for future accounting periods. The Company intends to adopt these new amended standards and interpretations, if any, when they become effective.

	Effective from the annual period beginning on or after:
IFRS S1 General requirements for disclosure of financial information related to sustainability	January 1, 2024
IFRS S2 - Climate-related disclosures	January 1, 2024
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	January 1, 2024
Lease Liability in Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024
Non-Current Liabilities with Commitments (Amendments to IAS 1)	January 1, 2024

	Effective from the annual period beginning on or after:
Supplier Financing Arrangements (Amendments to IAS 7 and IFRS 7)	January 1, 2024
Statement of Cash Flows (Amendments to IAS 7)	January 1, 2024
Non-interchangeability (Amendments to IAS 27)	January 1, 2024

(C) Accounting policies, including key judgements and estimates

A. IFRS 17 - Insurance Contracts

IFRS 17 replaces IFRS 4 - Insurance Contracts for annual periods beginning on or after 1 January 2023G. The Company has restated the comparative figures for 2022G and applied the transition provisions to IFRS 17. The nature of the changes in accounting policies is summarized as follows:

Changes in classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts. IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

Under IFRS 17, the Company's insurance contracts issued, and reinsurance contracts held are eligible for measurement using the premium allocation approach. The premium allocation approach simplifies the measurement of insurance contracts compared with the general model in IFRS 17.

The measurement principles under the "**premium allocation approach**" differ from the measurement under the "**earned premium approach**" used by the Company under IFRS 4 in the following key areas:

- Liabilities for remaining coverage reflect premiums received less deferred insurance acquisition cash flows and less amounts recognised in insurance services revenue provided.
- Measurement of liabilities for remaining coverage includes an adjustment for the time value of money and the impact of financial risks when the premium maturity date and the related service period are more than 12 months.
- Measurement of liabilities for remaining coverage includes an explicit risk adjustment assessment for non-financial risks when a group of contracts is onerous in order to account for the loss component (previously these components may have formed part of the unexpired risk reserve provision).
- Measurement of liabilities for claims incurred (previously: outstanding claims, claims incurred but not reported and other technical reserves, claims accrued and surplus distribution) is determined on a probability-weighted discounted expected value basis and includes an explicit adjustment for non-financial risks. Liabilities include the Company's obligation to pay other incurred insurance expenses.
- Measurement of assets for remaining coverage (which reflects reinsurance premiums) is adjusted (Paid for retained reinsurance) to include a loss recovery element to reflect the expected recovery of onerous contract losses, as these contracts reinsure onerous direct contracts.
- The Company capitalizes insurance acquisition cash flows for all product lines. The Company allocates insurance acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those directly attributable to the group and future groups that are expected to arise from the renewal of contracts in that group. When

insurance acquisition cash flows are paid (or when a liability is recognized through the application of another IFRS) before the related group of insurance contracts is recognized, an insurance acquisition cash flow asset is recognized. When insurance contracts are recognized, the portion of the insurance acquisition cash flow asset is derecognized and included in the measurement at initial recognition of the insurance liability for the remaining coverage of the related group. For further details, see paragraph (5-6).

Unit of Account and Measurement Model

The Company deals in products related to motor insurance, medical lines and other general lines. The Company has defined the portfolios of insurance contracts issued based on products that include medical malpractice, workers compensation / product liability / commercial general liability / other general accident products, all other general accident products (including travel), automotive retail TPL, automotive fleet TPL, automotive outlets TPL, automotive retail comprehensive, property, marine, construction all risks / all installation risks, all other engineering products for medical SMEs, medical group, medical visit visa. The reinsurance portfolios include proportional, general accident share and surplus, travel share and surplus, marine share and surplus, marine share and surplus, each portfolio is divided into groups of contracts issued during the underwriting year (annual groups) namely:

- (1) contracts that are onerous at initial recognition.
- (2) contracts that at initial recognition have no significant potential to become onerous subsequently. 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 subsequently reviewed. The general measurement model is the default model for measuring insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty associated with the insurance contracts.

Liabilities for residual coverage include:

- Cash flows to fulfil, which consist of:
 - Discounted estimates of future cash flows.
 - Risk adjustment, which is the compensation required to bear the uncertainty.
 - Contractual service margin, which is the unearned profit recognized when services are provided.

The premium allocation approach is a simplified approach to measuring liabilities for residual coverage, which an entity may choose to use when the premium allocation approach provides a measurement that is not materially different from that under the general measurement model or if the coverage term of each contract in the Company's insurance contracts is one year or less. Under the premium allocation approach, liabilities for residual coverage are measured as the amount of premiums received, less the net amount of premiums and acquisition cash flows recognized in profit or loss over the expiring portion of the coverage period on a time-pass basis.

The Company uses the premium allocation approach model to measure contracts with a coverage term of one year or less. The Company adopts the premium allocation approach to measure liabilities for residual coverage for all portfolios. This is mainly based on the cash flow eligibility test and the coverage period for most contracts is one year or less. Some contracts have a coverage period of more than one year, but they pass the eligibility test.

Initial and Subsequent Measurement

The Company uses the premium allocation approach model to measure contracts with a coverage period of one year or less on contracts that pass the eligibility test. The group of insurance contracts issued is initially recognized as the closest of the following:

- The beginning of the coverage period.
- The date on which the first payment from the policyholder is due or actually received, if there is no due date.
- When the Company determines that a group of contracts is becoming onerous.

For insurance contracts issued, on initial recognition, the Company measures the liability for remaining coverage at the amount of premiums received, less than any cash flows paid for the acquisition.

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

- a. Liabilities for remaining coverage; and
- b. Liabilities for claims incurred, which comprise the fulfilment cash flows relating to past service allocated to the Group at the reporting date.

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

- a) Increase in premiums received in the period, excluding amounts relating to premium receivables included in liabilities for claims incurred.
- b) Decrease in insurance acquisition cash flows paid in the period.
- c) Decrease in the amount of expected premium payments recognized as insurance revenue for services provided in the period.
- d) Increase in the amortization of insurance cash acquisition acquisition flows in the period recognized as insurance service expense.

An insurance contract may contain one or more components that would be within the scope of another standard if they were separate contracts. IFRS 17 defines investment components as amounts that an insurance contract requires an insurer to pay to the policyholder in all circumstances, regardless of whether an insured event has occurred. For example, an insurance contract may contain an investment component or a service component (or both). Non-insurance components may need to be separated for reporting purposes under IFRS 17 if they are considered separately. Based on the Company's assessment, there are no investment components within insurance contracts issued by the Company.

Only contracts that meet the recognition criteria individually at the end of the reporting period are included in groups. When contracts meet the recognition criteria in groups after the reporting date, they are added to groups in the reporting period in which they meet the recognition criteria, subject to annual grouping restrictions. The composition of groups is not reassessed in subsequent periods.

Contract modification and derecognition

An insurance contract is derecognized when it:

- Expired (i.e. when the obligation specified in the insurance contract expires, is discharged or cancelled); or
- The contract is modified, and certain additional criteria are met.

When the Company modifies an insurance contract as a result of an agreement with counterparties or a change in regulations, the Company handles the changes in cash flows resulting from the modification as changes in free cash flow estimates, unless the conditions for derecognition of the original contract are met. The Company derecognizes the original contract and recognizes the modified contract as a new contract if any of the following conditions are met:

- a. The modified terms were included at the inception of the contract and the Company has concluded that the modified contract:
 - i. is not within the scope of IFRS 17.
 - ii. results in different separable components.
 - iii. gives rise to different contract boundaries; or
 - iv. belongs to a different group of contracts.
- b. The original contract is an insurance contract with direct participation features, but the modified contract no longer meets this definition, or vice versa; or
- c. The original contract was accounted for under the partial partnership arrangement, but the modification means that the contract no longer meets the eligibility criteria for this approach.

When an insurance contract accounted for under the premium allocation approach is derecognized, adjustments are made to the cash flows to eliminate the related Rights and obligations and the effect of the derecognition is recognized as the following amounts that are charged directly to profit or loss:

- a. If the contract is terminated, that is, the net difference between the derecognized portion of the liability for the remaining coverage of the original contract and any other cash flows arising from the termination.
- b. If the contract is transferred to a third party, that is, the net difference between the derecognized portion of the liability for the remaining coverage of the original contract and the premium charged by the third party.
- c. If the original contract is modified resulting in its derecognition, that is, the net difference between the derecognized portion of the liability for the remaining coverage and the entity's notional premium that would have been collected had it entered into a contract with identical terms to the new contract at the date of the contract modification, less any additional premiums charged for the modification.

Liabilities for claims incurred

The Company estimates liabilities for claims incurred and expenses as cash flows for fulfillment of claims and expenses incurred. Cash flows for settlement are an unbiased, probability-weighted estimate of the present value of future cash flows, within the contractual limits of a group of contracts, that will arise when the entity satisfies its obligations under insurance contracts, including risk adjustment for non-financial risks. The Company presents the full change in risk adjustment as part of the results of insurance services.

The Company's insurance claims liabilities are to cover the estimated obligation for cash flows associated with losses incurred as of balance sheet date, including claims not yet reported and loss adjustment expenses incurred in respect of insurance contracts written and reinsurance contracts issued by the Company. The ultimate cost of claims liabilities is estimated using generally accepted standard actuarial techniques.

The key assumption underlying these methods is that a company's past claims development experience can be used to predict the development of future claims and hence ultimate claims costs. As such, these methods extrapolate the development of losses paid and incurred, average costs per claim (severity) and average number of claims (frequency) on the basis of observed development in previous years and expected loss rates. Historical claims development is analyzed by accident year for business segments with homogeneous risks.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future (for example, to reflect one-off events, changes in external or market factors such as general claims attitudes, economic conditions, claims inflation levels and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) to arrive at an estimated ultimate claims cost that presents

a probability-weighted expected value outcome from a range of possible outcomes, taking into account all the uncertainties involved.

The Company has elected not to adjust the liabilities for the remaining coverage for the effect of the time value of money, as it expects the time between the provision of each portion of coverage and the related premium due date to be one year or less.

Contract boundaries

The Company uses the concept of contract boundaries to determine the cash flows to be considered when measuring a group of insurance contracts.

Cash flows are within the boundaries of an insurance contract if they arise from Rights and obligations that exist during the period in which the policyholder is obligated to pay premiums, or the Company has a material obligation to provide the policyholder with insurance contract services. The objective obligation ends when:

- a. The Company has the practical ability to reprice the policyholder's risks or change the level of benefits so that the price fully reflects those risks; or
- b. Both of the following criteria are met:
 - The Company has the practical ability to reprice the contract or portfolio of contracts so that the price fully reflects the reassessed risks of that portfolio.
 - The pricing of premiums up to the date of the reassessment of risks does not reflect the risks relating to periods beyond the date of the reassessment.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance and financial risks, are considered; other risks, such as expiration or surrender and expense risks, are not included. Cash flows outside the boundaries of insurance contracts relate to future insurance contracts and are recognized when those contracts meet the recognition criteria.

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

Application of the measurement model

The Company applies the premium allocation approach to all insurance contracts issued and reinsurance contracts held with a coverage period of less than one year. For insurance contracts issued and reinsurance contracts held with a coverage period of more than one year, the Company tests the eligibility of the premium allocation approach to confirm the applicability of the premium allocation approach. If the eligibility test for the premium allocation approach is passed, the Company applies this approach to the insurance contracts issued and reinsurance contracts held that pass this test.

In measuring the liabilities for remaining coverage, the premium allocation approach is largely similar to the accounting treatment previously adopted by the Company under IFRS 4. However, in measuring the liabilities for claims incurred, the Company immediately discounts cash flows that are expected to occur more than one year after the date the claims are incurred and includes an explicit risk adjustment for non-financial risks.

Insurance acquisition costs and direct attributable expenses

The Company recognizes the following acquisition cash flows within the insurance contract limits that arise from the sale, underwriting and initiation of a group of insurance contracts:

- (a) Costs directly attributable to individual contracts and groups of contracts; and before the group of insurance contracts is recognized.
- (b) Costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to the measurement of the group of insurance contracts.

Before recognizing a group of insurance contracts, the Company may pay acquisition costs directly attributable to its establishment. When these prepaid costs are recoverable on termination of the insurance contracts, they are recorded as an asset in prepaid insurance acquisition cash flows within other assets and allocated to the carrying amount of the group of insurance contracts when the insurance contracts are subsequently recognized. Acquisition costs are generally capitalized and recognized in the income statement over the life of the contracts. However, for contracts under the premium allocation approach, there is an option to recognize any insurance acquisition cash flows as an expense when the Company incurs those costs. The Company chose not to adopt this option.

Other operating expenses

Other operating expenses include non-attributable expenses that are administrative and not related to insurance contracts.

Value added taxes

Transaction-based taxes (such as premium taxes, value added taxes, goods and services taxes) and fees that arise directly from insurance contracts or related to them on a reasonable and consistent basis. They are not included in insurance contract liabilities and are shown separately in accruals and other payables.

Insurance revenue

Given that the Company provides services under a group of insurance contracts, it reduces the liability for the remaining coverage and recognizes insurance revenue. The amount of insurance revenue recognized in the reporting period represents the transfer of promised services in an amount that reflects the portion of the consideration that the Company expects to receive for those services.

For groups of insurance contracts measured under the premium allocation approach, the Company recognizes insurance revenue based on the passage of time over the coverage period of the group of contracts. Insurance revenue is adjusted to allow for the possibility of policyholders defaulting on future premium payments. The probability of default is derived from the expected loss model set out in IFRS 9.

The recovery of insurance acquisition cash flows is determined by allocating the portion of premiums that relate to the recovery of those cash flows based on the passage of time over the expected coverage of the group of contracts.

Insurance service expenses

Insurance service expenses include:

- a. Claims incurred for the period.
- b. Other expenses incurred are directly attributable.
- c. Amortization of insurance acquisition cash flows.
- d. Changes related to past service - changes in future cash flows related to liabilities for claims incurred.
- e. Changes related to future service - changes in future cash flows that result in onerous contract losses or the reversal of those losses.

For contracts measured under the premium allocation approach, amortization of insurance acquisition cash flows is based on the passage of time. Other expenses not included in the above categories are included in other operating expenses in the income statement.

Insurance finance income or expense

Insurance finance income or expense includes the change in the carrying amount of a group of insurance contracts arising from:

- a. The effect of the time value of money and changes in the time value of money, and
- b. The effect of financial risks and changes in financial risks

For contracts measured under the premium allocation approach, the principal amounts included in insurance finance income or expense are:

- a. Accumulated interest on liabilities for claims incurred, and
- b. The effect of changes in interest rates and other financial assumptions.

Net income (expense) from reinsurance contracts held

The Company presents the financial performance of its reinsurance contract pools separately between amounts recoverable from reinsurers and allocation of premiums to reinsurance contracts held, which includes the following amounts:

- a. Reinsurance expenses.
- b. Recoveries of claims incurred.
- c. Other insurance service expenses directly incurred.
- d. Effect of changes in reinsurers' non-performance risk.

For reinsurance group of contracts held that are measured under the premium allocation approach, the Company recognizes reinsurance expenses on a time-based basis over the coverage period of the group of contracts.

Non-contingent ceded commissions on claims on underlying contracts issued reduce ceded premiums and are accounted for as part of reinsurance expenses

Onerous Contract

For insurance contracts measured under the premium allocation approach, the Company assumes that these contracts are not onerous upon initial recognition, unless facts and circumstances indicate otherwise. For non-onerous contracts, the Company assesses the likelihood of changes in applicable facts and circumstances occurring in subsequent periods when determining whether the contracts have a significant likelihood of becoming onerous. In addition, if facts and circumstances indicate that certain contracts are onerous, an additional assessment is made to distinguish between onerous and non-onerous contracts. Once a group of contracts is determined to

be onerous upon initial or subsequent assessment, the loss is recognized immediately in the income statement in insurance services expense. The loss component is then amortized in the income statement over the coverage period to offset claims incurred in insurance services expense. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage period has changed, the Company remeasures it and adjusts the loss component as required until the loss component is reduced to zero.

The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by reinsurance.

Risk Adjustment for Non-Financial Risks

The risk adjustment for non-financial risks is applied to the present value of estimated future cash flows and reflects the compensation the Company requires to bear the uncertainty about the amount and timing of cash flows from non-financial risks such as the Company fulfilling its insurance contracts. The Company has selected a confidence level based on the 65th percentile for the allocation of claims reserves, considering that the confidence level is sufficient to cover the sources of uncertainty about the amount and timing of cash flows.

(ii) IFRS 9 - Financial Instruments

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

Financial assets - Classification

At initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

Financial assets at amortized cost

Debt instruments:

A financial asset is measured at amortized cost if it meets the following conditions and is not designated at fair value through profit or loss:

- The asset is held within a business model whose objective is achieved by collecting 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

A debt instrument is measured at fair value through other comprehensive income only if it meets the following conditions and is not designated as of 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 recorded in other comprehensive income. Interest income and foreign exchange gains and losses are recognized in the income statement.

For equity investments that are not held for trading, the Company may irrevocably select to present subsequent changes in fair value in other comprehensive income. This selection is made on each instrument individually basis at initial recognition.

Financial assets at fair value through profit or loss

All other financial assets are classified as of fair value through profit or loss. In addition, on initial recognition, the Company may irrevocably designate a financial asset that meets the requirements to be measured at amortised cost, at fair value through other comprehensive income or 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 after initial recognition, except in the period after the Company changes its business model for managing financial assets.

Business Model Assessment

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

- The stated policies and objectives of the portfolio and the application of those policies in practice.
- Whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of financial assets to the duration of the liabilities that fund those assets or generating cash flows through the sale of assets.
- How the performance of the portfolio 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 the business model) and how those risks are managed.
- How the business managers are compensated - for example, whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.
- The frequency, volume and timing of sales in prior periods, the reasons for those sales and its expectations of future sales activity. However, information about sales activity is not considered isolated, but as part of a comprehensive assessment of how the Company's stated objective for managing financial assets is achieved and how cash flows are generated.

For the purpose of assessing whether the contractual cash flows are only payments of principal and interest, the principal is the fair value of the financial asset at initial recognition. Interest is consideration for the time value of money, credit and other basic lending risks associated with the principal outstanding during a given period and other basic lending costs (e.g., liquidity risk and administrative costs), together with the profit margin.

As a next step in the classification process, the Company assesses the contractual terms of the financial assets to determine whether they meet the SPPI test. "Principal" is defined for the purposes of this test as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (e.g., if there is a repayment of principal or amortization of a premium/discount).

Financial assets - Measurement

Upon 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 that are directly attributable to the acquisition of the financial asset. Transaction costs for financial assets at fair value through profit or loss are recorded in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments:

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

- **Amortised cost:** Assets held to collect contractual cash flows where those cash flows represent solely payments of principal and interest and are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss on disposal is recognised immediately in the income statement and presented in other gains/(losses) together with foreign exchange gains and losses.
- **Fair value through other comprehensive income:** Assets held to collect contractual cash flows and for the sale of financial assets where the cash flows of the assets represent solely payments of principal and interest are measured at fair value through other comprehensive income. Movements 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 recognised in the income statement. When a financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement and recognised 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 charges 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 amortised cost or FVOCI are measured at FVTPL. Gains or losses on a debt investment that is subsequently measured at FVTPL are recognised in the income statement and presented net within other gains/(losses) in the period in which they arise.

Equity instruments

The Company subsequently measures all equity investments at fair value. If the Company's management elects 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 after disposal of the investments. Dividends from these investments continue to be recognized in the condensed initial income statement as investment income when the Company's right to receive payments is established.

Changes in the fair value of financial assets measured at fair value through profit or loss are recognized in investment income in the condensed interim statement of income as appropriate. Impairment losses (and reversals 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

The allowance for expected credit losses is based on credit losses that are expected to arise over the life of the asset (lifetime expected credit loss); unless there has been a significant increase in credit risk since inception, in which case the allowance is based on 12-month expected credit losses. Lifetime expected credit losses represent the expected credit losses that may result from all possible default events over the expected life of the financial asset, while 12-month expected credit losses are the lifetime expected credit losses that are expected to occur within 12 months of the balance sheet date. Both lifetime expected credit losses and 12-month expected credit losses will be calculated on an individual basis depending on the nature of the underlying portfolio of financial instruments.

The Company recognizes loss allowances for expected credit losses 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 losses, except for the following, which are measured as 12-month expected credit losses:

- 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 debt securities to have low credit risk when their credit risk rating is equivalent to the globally understood definition of “investment grade”. Expected credit losses for other receivables are measured using a simplified impairment model and are determined using a matrix that uses the Company’s historical credit loss experience.

Financial assets classification

The Company classifies its investment portfolio as 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 for which there has been no significant deterioration in credit quality since initial recognition.

Stage 2 - underperforming financial assets for which there has been a significant deterioration in credit quality since initial recognition, but which are not credit impaired.

Stage 3 - non-performing financial assets for which there has been a significant deterioration in credit quality since initial recognition and which have become credit impaired.

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 credit-impaired when one or more events that have a detrimental effect 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 a past-due event (more than 90 days).
 - It has become probable that the borrower or issuer will enter bankruptcy or other financial restructuring; or
 - The disappearance of an active market for security because of financial difficulties.

In assessing whether an investment in sovereign debt is credit-impaired, the Company considers the following factors:

- Market assessment of creditworthiness as reflected in bond yields.
- Rating agencies' assessments of creditworthiness.
- The country's ability to access capital markets to issue new bonds.
- The potential for debt restructuring, resulting in debt holders suffering through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as a "lender of last resort" to that country, as well as the intention of governments and agencies to use these mechanisms, as reflected in public statements. This includes assessing the depth of those mechanisms and, regardless of political intent, whether there is capacity to meet the required standards.

Definition of Default

In assessing whether an issuer is in default, the Company considers indicators that are:

- Qualitative - for example, covenant breaches.
- Quantitative - for example, the past due and non-payment status of another obligation of the same issuer to the Company.
- Based on data developed internally and obtained from external sources.

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

ECL methodology and measurement

ECL is calculated based on the probability of default, loss given default and exposure at default. ECL is discounted at an appropriate rate to obtain the present value of ECL.

ECL is a weighted estimate of credit losses. It is 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 entity 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 probability of default within a given period of time.

Loss Given Default

Loss given default inputs are determined by financial instrument class based on historical experience of loss 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 Estimate

In estimating ECL, the Company reviews macroeconomic developments occurring in the economy and market in which it operates. On a periodic basis, the Company analyzes the relationship between key economic trends and its estimate of the probability of default. The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. Based on reports from economists and consideration of a variety of actual and forecasted external information, the Company formulates a “base case” view of the future direction of relevant economic variables as well as a representative set of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The external information includes economic data and forecasts published by government agencies, monetary authorities in the Kingdom, academic forecasters and selected private segment companies. The base case represents the most likely outcome and is consistent with the information the Company uses for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and pessimistic outcomes. Periodically, the Company conducts stress testing for more severe shocks to calibrate its identification of these other representative scenarios.

Presentation of expected credit losses in the interim condensed statement of financial position

Loss allowances for expected credit losses are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: As a deduction from the gross carrying amount of the assets.
- Debt instruments measured at fair value through other comprehensive income: No loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and recognised in the fair value reserve.

Financial liabilities

Classification and derecognition 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 considering any discount or premium and costs that are an integral part of the effective interest rate. A liability is classified as of fair value through profit or loss if it is classified as held for trading or is a derivative or is designated as such upon initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and the net gain or loss, including any interest expense, is recognized in the income statement. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

– Investment Income

Investment income from debt instruments classified as held-to-maturity investments and Murabaha deposits is accounted for on an effective interest basis.

– Dividend Income

Dividend income from equity instruments classified as investments at fair value through other comprehensive income is recognized when the right to receive payment is established.

– Offsetting

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

– Intangible assets

Computer software is stated at historical cost. It has a finite useful life and is stated at cost less accumulated amortization and impairment losses. The Company amortizes computer software with a finite useful life on a straight-line basis over the following periods:

Assets	Years
IT and Software Development	4

– Property and equipment.

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

Assets	Years
Vehicles	4
Furniture, fixtures and office equipment	7
Computer equipment	4
Leasehold improvements	4

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the statement of insurance operations and accumulated surplus.

Normal maintenance and repairs that do not significantly extend the estimated useful life of an asset are charged to the statement of shareholders' operations as incurred. Major improvements and renovations, if any, are capitalized and replaced assets are Disposed.

The residual values and useful lives of assets are reviewed at each reporting date and adjusted if appropriate. The carrying amounts of these assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If there is any indication that this may occur, and where the carrying amounts exceed the estimated recoverable amount, the asset is written down to its recoverable amount. The Company does not expect to make any significant changes to the depreciation policy.

– Impairment of financial assets

Assets with indefinite useful lives - for example, land - are not depreciated and are tested annually for impairment. An asset subject to depreciation is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

– Leases

Definition of a lease:

Under IFRS 16, a contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether a contract contains a lease based on the new definition of a lease. The Company has elected to apply practical expedients to assess which transactions are leases on transition to IFRS 16.

As a lessee:

The Company leases its offices and, as a lessee, previously classified leases as operating leases based on its assessment of whether the lease transfers substantially all the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases - that is, these leases are included on the balance sheet.

The Company recognizes right-of-use assets and lease liabilities at the commencement date of the lease. Right-of-use assets are initially measured at cost, subsequently at cost less accumulated depreciation and impairment losses and adjusted for certain measurements of the lease liability. The cost of right-of-use assets includes the initial measurement of the lease liability adjusted for lease payments made at or before the commencement date, any initial direct costs incurred, and an estimate of decommissioning costs, less any lease incentive received. The estimated useful life of right-of-use assets is determined taking into account the term of the lease.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate (if the interest rate implicit in the lease is not available). Lease liabilities are subsequently increased by the interest expense on the lease liabilities and decreased by the lease payments made.

It is remeasured when there is a change in future lease payments arising from a change in an index rate, a change in the estimate of the amount expected to be paid under a residual value guarantee, or, where applicable, changes in the assessment of whether a purchase or extension option is reasonably certain not to be exercised. The lessee generally recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The lessor's accounting under IFRS 16 is not significantly different from the current accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

– **Employees' end of service benefits**

The Company operates an end of service benefits plan based on the prevailing Saudi labor laws. The accruals are calculated based on the present value of expected future payments in respect of services rendered by employees up to the end of the reporting period using the projected unit credit method. Expected future wage and salary levels, employees' departure experience and service periods are taken into account. Expected future payments are discounted using market yields at the end of the reporting period for high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The obligation to pay benefits is eliminated when due. Remeasurements (actuarial gains/losses) resulting from experience adjustments and changes in actuarial assumptions are recognized in the statement of other comprehensive income.

– **Zakat and Income Tax:**

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority. Zakat is calculated on the Saudi shareholders' share of equity or net income using the basis determined under the Zakat regulations. Income taxes are calculated on the foreign shareholders' share of adjusted net income for the year. Zakat and income tax are accrued on a quarterly basis. All amounts payable, if any, are accounted for upon completion of the final assessments when such amounts are determined.

Zakat expense is charged to profit or loss. Zakat is not recognized as income tax, and therefore no deferred tax is recognized in relation to Zakat.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required by the Saudi Income Tax Law.

– **Distribution of Dividends:**

Distribution of dividends to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

– **Cash and cash equivalents:**

Cash and cash equivalents consist of cash on hand and balances with banks including Murabaha deposits maturing within less than three months from the date of acquisition.

– **Term deposits:**

Short-term deposits consist of term deposits with banks with maturities of more than three months and less than one year from the date of acquisition.

– **Statement of cash flows:**

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

– Statutory deposit:

In accordance with the Cooperative Insurance Companies Control System issued by the Insurance Authority, the Company is required to maintain a deposit in a bank account equivalent to 10% of the Company's paid-up capital. This statutory deposit cannot be withdrawn without the approval of the Insurance Authority. The statutory deposit is classified as a financial asset and is stated at amortized cost.

– Other accruals and payables:

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 probable and can be measured reliably. No provisions are recorded for future operating losses. Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not invoiced by the supplier.

– Withholding tax:

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia, including dividend payments to non-resident shareholders, as required by the Saudi Income Tax Law.

– Value Added Tax:

Expenses and assets are recognized net of the amount of value added tax, except for:

- When the value added tax incurred on the purchase of assets or services is not recoverable from the tax authority, in which case the value added tax is recognized as part of the cost of acquiring the asset or as part of an expense item, where applicable.
- When presenting receivables and payables with the amount of value added tax included. The net amount of VAT recoverable from or due to the Authority is included as part of receivables or payables in the statement of financial position.

– Operating Segments:

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

- Medical insurance provides health insurance coverage.
- Motor insurance provides insurance coverage for motor.
- Property insurance provides property insurance coverage.
- Engineering insurance provides engineering and contracting coverage.
- Other insurance provides marine and other general insurance coverage.

Unit performance is evaluated based on profit or loss, which is measured, in some respects, differently from profit or loss in the financial statements.

No transactions occurred between segments during the year. If any transaction occurred, transfer prices between business segments were determined on an arm's length basis in a manner similar to transactions with third parties.

Shareholders' income is a non-operating unit. Income earned from time deposits and investments is the only income-producing activity. Certain direct operating expenses and other general expenses are allocated to this unit on an appropriate basis. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the chief executive officer who makes strategic decisions.

5-6 Explanation of the transition to IFRS 17, IFRS 9 and other changes

As mentioned in Note 2, these are the Company's first financial statements prepared in accordance with the requirements of IFRS 17 and IFRS 9.

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

In preparing the opening statement of financial position for IFRS 17 and IFRS 9, the Company has adjusted the amounts previously reported in the financial statements under IFRS 4 and IAS 39.

The reclassification changes in the statement of financial position were introduced by IFRS 17

Previously disclosed items: insurance premiums receivables - net, deferred policy acquisition costs, insurance operations surplus payable, unearned premiums, outstanding claims, claims incurred but not reported, insurance premium deficit reserve, claims handling reserve are presented together by portfolio in a single line called insurance contract liabilities. Previously disclosed items: reinsurers' share of unearned premiums, reinsurers' share of outstanding claims, reinsurers' share of claims incurred but not reported, and reinsurers' balances payable are presented together by portfolio in a single line called reinsurance contract assets or liabilities.

The presentation is done through portfolios consisting 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.
- Reinsurance contract portfolios that are assets.
- Insurance contract portfolios that are liabilities. And
- Reinsurance contract portfolios that are liabilities.

Impact of remeasurement on the statement of financial position when applying IFRS 17

Effect on Equity:

Drivers of change in Equity	Impact on equity upon transition to IFRS 17 on 1 January 2022
Changes in the measurement of insurance contract liabilities	(7,924)
Changes in the measurement of reinsurance contract assets	1,068
Total impact	(6,856)

Impact on insurance contract liabilities:

Drivers of change	Impact on liabilities upon transition to IFRS 17 on 1 January 2022
Loss element in onerous contracts	(14,410)
Expenses deferral	10,077
Risk adjustment	(3,716)
Insurance financing income	2,073
Change in provision for insurance premiums before they are due (primarily IFRS 9)	(1,948)
Total impact	(7,924)

Impact on reinsurance contract assets:

Drivers of change	Impact upon transition to IFRS 17 on 1 January 2022
Risk Adjustment	343
Loss Recovery Component	998
Insurance Financing Income	(201)
Reinsurer Default Provision	(72)
Total Impact	1,068

Impact of reclassification on the statement of financial position upon application of IFRS 9

The following table and the accompanying notes below set out the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities, including expected credit losses, as of 1 January 2022G:

Financial assets	Classification under IAS 39	New classification under IFRS 9	Carrying value under IAS 39	New carrying amount under IFRS 9
Cash and cash equivalents				
Insurance operations:	amortized cost	amortized cost	52,973	52,934
Investments:				
Shareholder Operations:				
Equity	Available for sale	Fair value through other comprehensive income	30,721	65,830
Sukuk	Available for sale	amortized cost	20,000	20,000
Term deposits				
Insurance operations:	held to maturity	amortized cost	182,367	182,127

Sukuk including remaining financial assets classified at amortized cost meet the criteria for held to collect business model. There are no changes in the classification of financial liabilities on the transition from IAS 39 to IFRS 9.

Impact of remeasurement on the statement of financial position upon

application of IFRS 9 Impairment of financial assets

The following table reconciles the impairment allowance and provision recorded in accordance with the requirements of IAS 39 as of 31 December 2021G with the opening balance of the allowance for expected credit losses in accordance with IFRS 9 as of 1 January 2022G. All financial assets were in stage 1 at the date of transition and at the reporting date:

details	January 1, 2022 G (under IAS 39)	Reclassification	remeasurement	January 1, 2022G (under IFRS 9)
Financial assets at amortized cost (IFRS 9)				
Cash and cash equivalents	-	-	(39)	(39)
Term deposits	-	-	(240)	(240)
Total	-	-	(279)	(279)

Impact on Equity:

Drivers of change in Equity	Impact on equity upon transition to IFRS 9 on 1 January 2022G
impairment of financial assets	(279)
Impact of reclassification of financial assets	35,141
Total impact	34,862

Statement of financial position Reconciliation as of 01 January 2022

Thousand Saudi Riyals						
January 01, 2022						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Assets						
Reinsurance contract assets	-	43,729	1,068	-	-	44,797
Cash and cash equivalents	52,941	-	-	-	(7)	52,934
Term deposits	182,367	-	-	-	(240)	182,127
Premiums and reinsurance receivables, net	98,415	(98,415)	-	-	-	-
Reinsurers' share of unearned premiums	34,703	(34,703)	-	-	-	-
Reinsurers' share of outstanding claims	12,955	(12,955)	-	-	-	-
Reinsurers' share of claims incurred but not reported	8,498	(8,498)	-	-	-	-

Thousand Saudi Riyals						
January 01, 2022						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Deferred policy acquisition costs	44,053	(44,053)	-	-	-	-
Due from a related party	1,985	-	-	-	-	1,985
Property and equipment, net	5,411	-	-	-	-	5,411
Intangible assets, net	5,585	-	-	-	-	5,585
Right-of-use assets, net	3,229	-	-	-	-	3,229
Available-for-sale investments	50,721	-	-	(20,000)	35,109	65,830
Debt instruments at amortized cost	-	-	-	20,000	-	20,000
Prepaid expenses and other receivables	60,521	-	-	-	-	60,521
Statutory deposit	30,000	-	-	-	-	30,000
Commission payable on statutory deposit	1,871	-	-	-	-	1,871
Total assets	593,255	(154,895)	1,068	-	34,862	474,290
Liabilities						
Insurance contract liabilities	-	370,629	7,924	-	-	378,553
Reinsurance contract liabilities	-	960	-	-	-	960

Thousand Saudi Riyals						
January 01, 2022						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Policyholders' claims payable	20,789	(20,789)	-	-	-	-
Accruals and other payables	18,955	(18,955)	-	-	-	-
Reinsurance balances payable	24,749	(24,749)	-	-	-	-
Unearned commission income	1,261	(1,261)	-	-	-	-
Unearned premiums	301,744	(301,744)	-	-	-	-
Premium deficit reserve	35,727	(35,727)	-	-	-	-
Other technical reserves	1,798	(1,798)	-	-	-	-
Outstanding claims	34,605	(34,605)	-	-	-	-
Incurred but not reported claims	80,865	(80,865)	-	-	-	-
Employee termination benefits	12,968	-	-	-	-	12,968
Lease liabilities	2,983	-	-	-	-	2,983
Accumulated surplus payable	5,991	(5,991)	-	-	-	-
Zakat and income tax	16,913	-	-	-	-	16,913
Commission payable on statutory deposit in favor of the Saudi Central Bank	1,871	-	-	-	-	1,871

Thousand Saudi Riyals						
January 01, 2022						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
	561,219	(154,895)	7,924	-	-	414,248
Equity						
Capital	141,000	-	-	-	-	141,000
Accumulated losses	(116,015)	-	(6,856)	-	(247)	(123,118)
Fair value reserve for investments	8,588	-	-	-	35,109	43,697
Total shareholders' equity	33,573	-	(6,856)	-	34,862	61,579
Employee termination benefits remeasurement reserve	(1,537)	-	-	-	-	(1,537)
Total equity	32,036	-	(6,856)	-	34,862	60,042
Total liabilities and equity	593,255	(154,895)	1,068	-	34,862	474,290

Statement of financial position reconciliation as of 31 December 2022G

Thousand Saudi Riyals						
December 31, 2022						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Assets						
Reinsurance contract assets	-	61,861	645	-	-	62,506
Cash and cash equivalents	484,418	-	-	-	(87)	484,331

Thousand Saudi Riyals						
December 31, 2022						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Term deposits	-	-	-	-	-	-
Premiums and reinsurance receivables, net	115,717	(115,717)	-	-	-	-
Reinsurance share of unearned premiums	38,335	(38,335)	-	-	-	-
Reinsurance share of outstanding claims	17,334	(17,334)	-	-	-	-
Reinsurance share of claims incurred but not reported	10,299	(10,299)	-	-	-	-
Deferred policy acquisition costs	60,463	(60,463)	-	-	-	-
Due from a related party	1,985	-	-	-	-	1,985
Property and equipment, net	4,596	-	-	-	-	4,596
Intangible assets, net	6,046	-	-	-	-	6,046
Right-of-use assets, net	3,309	-	-	-	-	3,309
Available-for-sale investments	49,319	-	-	(20,000)	37,780	67,099
Debt instruments at amortized cost	-	-	-	20,000	-	20,000
Prepaid expenses and other receivables	66,925	-	-	-	-	66,925
Statutory deposit	43,650	-	-	-	-	43,650

Thousand Saudi Riyals						
December 31, 2022						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Commission payable on statutory deposit	2,342	-	-	-	-	2,342
Total assets	904,738	(180,287)	645	-	37,693	762,789
Liabilities						
Insurance contract liabilities	-	535,123	11,702	-	-	546,825
Reinsurance contract liabilities	-	-	-	-	-	-
Policyholders' claims payable	23,782	(23,782)	-	-	-	-
Accruals and other payables	34,372	(34,372)	-	-	-	-
Reinsurance balances payable	23,916	(23,916)	-	-	-	-
Unearned commission income	983	(983)	-	-	-	-
Unearned premiums	456,741	(456,741)	-	-	-	-
Premium deficit reserve	7,454	(7,454)	-	-	-	-
Other technical reserves	2,734	(2,734)	-	-	-	-
Outstanding claims	34,884	(34,884)	-	-	-	-
Incurred but not reported claims	124,557	(124,557)	-	-	-	-
Employee termination benefits	13,072	-	-	-	-	13,072

Thousand Saudi Riyals						
December 31, 2022						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Lease liabilities	2,122	-	-	-	-	2,122
Accumulated surplus payable	5,987	(5,987)	-	-	-	-
Zakat and income tax	9,481	-	-	-	-	9,481
Commission payable on statutory deposit in favor of the Saudi Central Bank	2,342	-	-	-	-	2,342
	742,427	(180,287)	11,702	-	-	573,842
Equity						
Capital	291,000	-	-	-	-	291,000
Accumulated losses	(132,191)	-	(11,057)	-	(90)	(143,338)
Fair value reserve for investments	5,934	-	-	-	37,783	43,717
Total shareholders' equity	164,743	-	(11,057)	-	37,693	191,379
Employee termination benefits remeasurement reserve	(2,432)	-	-	-	-	(2,432)
Total equity	162,311	-	(11,057)	-	37,693	188,947
Total liabilities and equity	904,738	(180,287)	645	-	37,693	762,789

Impact of reclassification on the income statement upon adoption of IFRS 17

The descriptions of the items in the income statement have changed significantly compared to the previous year. The Company previously reported the following items:

- Gross written premiums
- Reinsurance premiums ceded
- Excess loss expenses
- Changes in unearned premiums, net
- Reinsurance commissions earned
- Other underwriting income
- Gross claims paid
- Reinsurers' share of outstanding claims
- Changes in outstanding claims, net
- Changes in incurred but not reported claims, net
- Changes in premium deficit reserve
- Changes in other technical reserves
- Costs of acquisition of insurance policies
- Provision for doubtful accounts receivable
- General and administrative expenses

Instead, IFRS 17 requires separate presentation of:

- Insurance service revenue
- Insurance service expenses
- Reinsurance premium allocation
- Recoverable amount from reinsurance
- Net investment income
- Other operating expenses

Remeasurement impact on the statement of comprehensive income upon application of IFRS 17 for the year ended 31 December 2022G.

The remeasurement impact on the statement of comprehensive income upon application of IFRS 17 is in the following accounts:

- Unattributed expenses including expenses amortization of SAR 55.09 million.
- Loss provision from onerous contracts of SAR 21.86 million.
- Credit loss provision impact on liabilities for remaining coverage of SAR 4.27 million

Impact of reclassification on the statement of comprehensive income upon adoption of IFRS 9 for the year ended 31 December 2022G

- Under IFRS 9, the net impairment loss is disclosed separately in the statement of income. Under IAS 39, the impairment loss is disclosed as part of net investment income.
- Investment income from financial assets at amortised cost and financial assets at fair value is presented separately in the statement of income instead of previously as a single line item.

Income statement reconciliation for the year ended December 31, 2022G

Thousand Saudi Riyals						
For the year ended December 31, 2022						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Revenue						
Gross premiums written	830,694	(830,694)	-	-	-	-
Reinsurance premiums ceded						
-Domestic	(1,288)	1,288	-	-	-	-
-Foreign	(95,438)	95,438	-	-	-	-
	(96,726)	96,726	-	-	-	-
Increase in loss expenses						
-Domestic	(1,406)	1,406	-	-	-	-
-Foreign	(2,108)	2,108	-	-	-	-
	(3,514)	3,514	-	-	-	-
Net premiums written	730,454	(730,454)	-	-	-	-
Changes in unearned premiums, net	(151,365)	151,365	-	-	-	-
Net premiums earned	579,089	(579,089)	-	-	-	-
Reinsurance commissions earned	3,928	(3,928)	-	-	-	-
Other underwriting revenue	15,764	(15,764)	-	-	-	-
Total revenue	598,781	(598,781)	-	-	-	-
Underwriting costs and expenses						

Thousand Saudi Riyals						
For the year ended December 31, 2022						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Revenue						
Total claims paid	495,929	(495,929)	-	-	-	-
Reinsurers' share of claims paid	(53,440)	53,440	-	-	-	-
Net claims paid	442,489	(442,489)	-	-	-	-
Changes in outstanding claims, net	(4,100)	4,100	-	-	-	-
Changes in claims incurred but not reported, net	41,891	(41,891)	-	-	-	-
Net claims incurred	480,280	(480,280)	-	-	-	-
Change in other technical reserves	936	(936)	-	-	-	-
Change in premium deficiency reserve	(28,273)	28,273	-	-	-	-
Policy acquisition costs	90,388	(90,388)	-	-	-	-
Other underwriting expenses	3,879	(3,879)	-	-	-	-
Total underwriting costs and expenses	547,210	(547,210)	-	-	-	-
Net underwriting income	51,571	(51,571)	-	-	-	-
Insurance revenue	-	688,574	-	(15,763)	-	672,811
Insurance service expenses	-	(617,830)	(55,099)	-	-	(672,929)

Thousand Saudi Riyals						
For the year ended December 31, 2022						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Insurance service result before reinsurance contract	-	70,744	(55,099)	(15,763)	-	(118)
Amounts recoverable from reinsurance	-	59,880	-	-	-	59,880
Reinsurance premium allocation	-	(92,680)	-	-	-	(92,680)
Net expenses/ (income) from reinsurance contracts held	-	(32,800)	-	-	-	(32,800)
Insurance service result	-	37,944	(55,099)	(15,763)	-	(32,918)
Financing income/ (expense) from insurance contracts issued	-	-	4,336	-	-	4,336
Financing income/ (expense) from reinsurance contracts held	-	-	(721)	-	-	(721)
Net insurance financing income/ (expense)	-	-	3,615	-	-	3,615
Net insurance result	-	37,944	(51,484)	(15,763)		(29,303)
(Expenses) / Income from other operations						
Provision for doubtful debts	(557)	557	-	-	-	-

Thousand Saudi Riyals						
For the year ended December 31, 2022						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
General and administrative expenses	(82,364)	60,318	-	-	-	(22,046)
Commission income on deposits	8,610	-	-	-	-	8,610
Investment income	2,013	-	-	-	-	2,013
Other income	(5)	15,763	-	-	-	15,758
Net impairment loss on financial assets	-	-	-	-	192	192
Total other operating expenses	(72,303)	76,638	-	-	192	4,527
Total loss for the period before Zakat, income tax and distribution of surplus	(20,732)	63,011	(51,484)	(15,763)	192	(24,776)
Reversal of Zakat for the period	7,432	-	-	-	-	7,432
Loss for the year	(13,300)	63,011	(51,484)	(15,763)	192	(17,344)
(Loss) / Other comprehensive income						
Items that may not be reclassified to income statements in the subsequent period						
Available for sale investments:						
- Net change in fair value						
- Actuarial losses on employee termination benefits	(2,654)	2,634	-	-	-	(20)
Total (Loss) / Comprehensive income for the period	(895)	-	-	-	-	(895)
(Expenses) / Income from other operations	(15,954)	65,645	(51,484)	-	192	(18,259)

Income statement reconciliation for the year ended December 31, 2021G

Thousand Saudi Riyals						
For the year ended December 31, 2021						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Revenue						
Gross premiums written	592,588	(592,588)	-	-	-	-
Reinsurance premiums ceded						
-Domestic	(1,728)	1,728	-	-	-	-
-Foreign	(72,464)	72,464	-	-	-	-
	(74,192)	74,192	-	-	-	-
Increase in loss expenses						
-Domestic	(1,736)	1,736	-	-	-	-
-Foreign	(2,603)	2,603	-	-	-	-
	(4,339)	4,339	-	-	-	-
Net premiums written	514,057	(514,057)	-	-	-	-
Changes in unearned premiums, net	(29,965)	29,965	-	-	-	-
Net premiums earned	484,092	(484,092)	-	-	-	-
Reinsurance commissions earned	4,698	(4,698)	-	-	-	-
Other underwriting revenue	285	(285)	-	-	-	-
Total revenue	489,075	(489,075)	-	-	-	-
Underwriting costs and expenses						
Total claims paid	430,130	(430,130)	-	-	-	-
Reinsurers' share of claims paid	(37,488)	37,488	-	-	-	-

Thousand Saudi Riyals						
For the year ended December 31, 2021						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Net claims paid	392,642	(392,642)	-	-	-	-
Changes in outstanding claims, net	7,464	(7,464)	-	-	-	-
Changes in claims incurred but not reported, net	11,744	(11,744)	-	-	-	-
Net claims incurred	411,850	(411,850)	-	-	-	-
Change in other technical reserves	(684)	684	-	-	-	-
Change in premium deficiency reserve	26,211	(26,211)	-	-	-	-
Policy acquisition costs	75,100	(75,100)	-	-	-	-
Other underwriting expenses	422	(422)	-	-	-	-
Total underwriting costs and expenses	512,899	(512,899)	-	-	-	-
Net underwriting income	(23,824)	23,824	-	-	-	-
Insurance revenue	-	557,137	-	(1,948)	-	555,189
Insurance service expenses	-	(616,846)	8,049	-	-	(608,797)
Insurance service result before reinsurance contract	-	(59,709)	8,049	(1,948)	-	(53,608)

Thousand Saudi Riyals						
For the year ended December 31, 2021						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Recoverable amounts from reinsurance	-	47,511	-	-	-	47,511
Allocation of reinsurance premiums	-	(71,302)	-	-	-	(71,302)
Net expenses / (income) from reinsurance contracts held	-	(23,791)	-	-	-	(23,791)
Insurance service result		(83,500)	8,049	(1,948)		(77,399)
Financing income / (expenses) from insurance contracts issued	-	-	2,073	-	-	2,073
Financing income / (expenses) from reinsurance contracts held	-	-	(201)	-	-	(201)
Net insurance financing income / (expenses)	-	-	1,872	-	-	1,872
Net insurance result	-	(83,500)	9,921	(1,948)	-	(75,527)
(expenses) / income from other operations						
Provision for doubtful debts	(1,784)	1,784	-	-	-	
General and administrative expenses	(82,469)	60,318	-	-		(22,151)

Thousand Saudi Riyals						
For the year ended December 31, 2021						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Commission income on deposits	1,941	-	-	-	-	1,941
Investment income	2,004	-	-	-	-	2,004
Other income	124	15,763	-	-	-	15,887
Net impairment loss on financial assets	-	-	-	192	-	192
Total other operating expenses	(80,184)	77,865	-	192	-	(2,127)
Total loss for the period before Zakat, income tax and distribution of surplus	(104,008)	18,189	9,921	192	-	(77,654)
Zakat charge for the year	(10,576)	-	-	-	-	(10,576)
Loss for the year	(114,584)	18,189	9,921	192	-	(88,230)
(Loss) / Other comprehensive income						
Items that may not be reclassified to income statement in subsequent period						
Available for sale investments:						
- Net change in fair value	1,462	-	-	-	-	1,462
- Actuarial losses on employee termination benefits	(473)	-	-	-	-	(473)
Total (Loss) / Comprehensive income for the period	(113,595)	18,189	9,921	192	-	(87,241)

Source: Management Information

Statement of cash flows reconciliation for the year ended December 31, 2022G

Thousand Saudi Riyals						
For the year ended December 31, 2022						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Cash flows from operating activities						
Income/(Loss) before Zakat and income tax	(20,732)	63,011	(51,484)	(15,763)	192	(24,776)
Adjustments to non-cash items:						
Depreciation of property and equipment	1,556	-	-	-	-	1,556
Amortization of right-of-use assets	2,667	-	-	-	-	2,667
Finance cost on lease liability	119	-	-	-	-	119
Amortization of intangible assets	1,308	-	-	-	-	1,308
Employee termination benefits	2,111	-	-	-	-	2,111
Interest income from financial assets measured at amortized cost	-	-	-	-	(8,610)	(8,610)
Other investment income	-	-	-	-	(2,013)	(2,013)
Provision for doubtful debts	557	(557)	-	-	-	-
Net (Loss)/Recovery of provision for expected credit losses on financial assets	-	-	-	-	(192)	(192)

Thousand Saudi Riyals						
For the year ended December 31, 2022						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	

Changes in operating assets and liabilities:

Insurance contract liabilities	-	-	168,272	-	-	168,272
Reinsurance contract assets	-	-	(17,709)	-	-	(17,709)
Reinsurance contract liabilities			(959)			(959)
Insurance and reinsurance premiums receivable	(17,859)	17,859	-	-	-	-
Reinsurers' share of unearned premiums	(3,632)	3,632	-	-	-	-
Reinsurers' share of outstanding claims	(4,379)	4,379	-	-	-	-
Insurers' share of incurred but not reported claims	(1,801)	1,801	-	-	-	-
Deferred insurance policy underwriting costs	(16,410)	16,410	-	-	-	-
Prepaid expenses and other receivables	(7,461)	-	-	-	-	(7,461)
Claims of policyholders	2,993	(2,993)	-	-	-	-
Other accruals and payables	15,417	(15,417)	-	-	-	-
Reinsurance balances payable	(833)	833	-	-	-	-

Thousand Saudi Riyals						
For the year ended December 31, 2022						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Unearned commission income	(278)	278	-	-	-	-
Unearned premiums	154,997	(154,997)	-	-	-	-
Outstanding risk reserves	(28,273)	28,273	-	-	-	-
Other technical reserves	936	(936)	-	-	-	-
Outstanding claims	279	(279)	-	-	-	-
Incurred but not reported claims	43,692	(43,692)	-	-	-	-
Paid employee termination benefits						
Surplus paid to policyholders	(2,902)	-	-	-	-	(2,902)
Reinsurance balances payable	(4)	4	-	-	-	-
Zakat and income tax paid during the year	-	-	-	-	-	-
Net cash (used in) / from operating activities	122,067	(82,391)	98,120	(15,763)	(10,623)	111,410
Cash flows from investing activities:						
Purchase of property and equipment	(741)	-	-	-	-	(741)
Purchase of intangible assets	(1,769)	-	-	-	-	(1,769)
(Maturity) / Deposit of term deposit	182,367	-	-	-	(240)	182,127

Thousand Saudi Riyals						
For the year ended December 31, 2022						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Interest income from financial assets measured at amortized cost	-	-	-	-	8,610	8,610
Other investment income	-	-	-	-	2,013	2,013
Proceeds from sale of investments measured at fair value through other comprehensive income	(1,252)	1,252	-	-	-	-
Increase in statutory deposit	(13,650)	-	-	-	-	(13,650)
Net cash (used in) / from investing activities	164,955	1,252	-	-	10,383	176,590
Cash flows from financing activities:						
Lease liability payments	(3,727)	-	-	-	-	(3,727)
Capital issuance	150,000	-	-	-	-	150,000
Payment of Rights issue expenses	(2,876)	-	-	-	-	(2,876)
Net cash (used in) / from financing activities	143,397	-	-	-	-	143,397
Net change in cash and cash equivalents	431,448	(81,139)	98,119	(15,763)	(1,268)	431,397

Thousand Saudi Riyals						
For the year ended December 31, 2022						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Cash and cash equivalents at the beginning of the year	52,973	-	-	-	(39)	52,934
Cash and cash equivalents at the end of the year	484,421	(81,139)	98,119	(15,763)	(1,307)	484,331

Source: Management Information

Statement of cash flows reconciliation for the year ended December 31, 2021

Thousand Saudi Riyals						
For the year ended December 31, 2021						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Cash flows from operating activities						
Income/(loss) before Zakat and income tax	(104,008)	18,189	9,921	(1,948)	192	(77,654)
Adjustments to non-cash items:						
Depreciation of property and equipment	1,783	-	-	-	-	1,783
Depreciation of right-of-use assets	2,011	-	-	-	-	2,011
Finance cost on lease liability	143	-	-	-	-	143
Amortization of intangible assets	1,039	-	-	-	-	1,039
Employee termination benefits	2,184	-	-	-	-	2,184

Thousand Saudi Riyals						
For the year ended December 31, 2021						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Interest income from financial assets measured at amortized cost	-	-	-	-	-	-
Other investment income	-	-	-	-	-	-
Provision for doubtful debts	1,784	(1,784)	-	-	-	-
Net (loss)/ recovery of provision for expected credit losses on financial assets	-	-	-	-	(193)	(193)
Changes in operating assets and liabilities:						
Insurance contract liabilities	-	-	23,870	-	-	23,870
Reinsurance contract assets	-	-	24,797	-	-	24,797
Reinsurance contract liabilities	-	-	960	-	-	960
Insurance and reinsurance premiums receivable	(1,561)	1,561	-	-	-	-
Reinsurers' share of unearned premiums	(7,310)	7,310	-	-	-	-
Reinsurers' share of outstanding claims	(1,047)	1,047	-	-	-	-

Thousand Saudi Riyals						
For the year ended December 31, 2021						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Insurers' share of incurred but not reported claims	(478)	478	-	-	-	-
Deferred policy acquisition costs	(12,394)	12,394	-	-	-	-
Prepaid expenses and other receivables	4,288	-	-	-	-	4,288
Policyholders' claims payable	10,647	(10,647)	-	-	-	-
Other accruals and payables	(5,149)	5,149	-	-	-	-
Reinsurance balances payable	8,088	(8,088)	-	-	-	-
Unearned commission income	(165)	165	-	-	-	-
Unearned premiums	37,275	(37,275)	-	-	-	-
Outstanding risk reserve	26,211	(26,211)	-	-	-	-
Other technical reserves	(684)	684	-	-	-	-
Outstanding claims	8,511	(8,511)	-	-	-	-
Incurred but not reported claims	12,222	(12,222)	-	-	-	-
Employee termination benefits paid	(3,695)	-	-	-	-	(3,695)
Surplus paid to policyholders	(418)	418	-	-	-	-
Zakat and income tax paid during the year	(2,318)	-	-	-	-	(2,318)

Thousand Saudi Riyals						
For the year ended December 31, 2021						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Net cash (used in) / from operating activities	(23,041)	(57,343)	59,548	(1,948)	(1)	(22,785)
Cash flows from investing activities:						
Purchase of property and equipment	(1,880)	-	-	-	-	(1,880)
Purchase of intangible assets	(1,873)	-	-	-	-	(1,873)
(Maturity) / Deposit of term deposit	(63,036)	-	-	-	(240)	(63,276)
Interest income from financial assets measured at amortized cost	-	-	-	-	-	-
Other investment income	-	-	-	-	-	-
Proceeds from sale of investments measured at fair value through other comprehensive income	-	-	-	-	-	-
Increase in statutory deposit	-	-	-	-	-	-
Net cash (used in) / from investing activities	(66,789)	-	-	-	(240)	(67,029)
Cash flows from financing activities:						

Thousand Saudi Riyals						
For the year ended December 31, 2021						
	Early adoption of IFRS 17 and IFRS 9	IAS 17		IFRS 9		After the adoption of IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
Lease liability payments	(2,134)	-	-	-	-	(2,134)
Issuance of capital	-	-	-	-	-	-
Payment of Rights issue expenses	-	-	-	-	-	-
Net cash (used in) / from financing activities	(2,134)	-	-	-	-	(2,134)
Net change in cash and cash equivalents	(91,964)	(57,343)	59,548	(1,948)	(241)	(91,948)
Cash and cash equivalents at the beginning of the year	144,937	-	-	-	(55)	144,882
Cash and cash equivalents at the end of the year	52,973	(57,343)	59,548	(1,948)	(296)	52,934

Source: Management Information

5-7 Results of operations for the fiscal years ended December 31, 2021G and 2022G in accordance with IFRS 4

Key Performance Indicators

The following table shows the key performance indicators for the fiscal years ending December 31, 2021G and 2022G:

Table No. (23): Key Performance Indicators for the Fiscal Years Ending December 31, 2021G and 2022G

key performance indicators	Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)
Net Loss Ratio	85.10%	82.90%

key performance indicators	Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)
Attribution Ratio	13.30%	12.10%
Net Commission Ratio	14.50%	14.90%
Expense Ratio	17.40%	14.30%
Consolidated Ratio	117.00%	112.20%
Net Underwriting Results as a Percentage of Gross Premiums Written	(4.00%)	6.20%

Source: Management Information

Income Statement

The following table shows the income statement for the fiscal years ending December 31, 2021G and 2022G:

Table No. (24): income statement for the fiscal years ending December 31, 2021G and 2022G

Thousand Saudi Riyal	Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)	Annual Change 2021-2022G
Revenue			
Gross premiums written	592,588	830,694	40.2%
-Domestic	(1,728)	(1,288)	(25.5%)
-Foreign	(71,636)	(94,763)	32.3%
Local-Foreign Reinsurance Broker	(828)	(676)	(18.4%)
Gross premiums ceded	(74,192)	(96,726)	30.4%
Domestic	(1,736)	(1,406)	(19.0%)
Foreign	(2,603)	(2,108)	(19.0%)
Total excess loss on premiums	(4,339)	(3,514)	(19.0%)
Net premiums written	514,057	730,454	42.1%
Change in net unearned premiums	(29,965)	(151,365)	405.1%
Net premiums earned	484,092	579,089	19.6%
Commissions earned from reinsurance	4,698	3,928	(16.4%)
Other underwriting income	285	15,764	5431.2%

Thousand Saudi Riyal	Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)	Annual Change 2021-2022G
Net revenue	489,075	598,781	22.4%
Total claims paid	430,130	495,929	15.3%
Less: Reinsurers' share of claims paid	(37,488)	(53,440)	42.6%
Net claims paid	392,642	442,489	12.7%
Changes in outstanding claims, net	7,464	(4,100)	(154.9%)
Changes in claims incurred but not reported, net	11,744	41,891	256.7%
Net claims incurred	411,850	480,280	16.6%
Changes in other technical reserves	(684)	936	(236.8%)
Change in additional deficit premiums	26,211	(28,273)	(207.9%)
Policy underwriting costs	75,100	90,388	20.4%
Other underwriting expenses	422	3,879	819.2%
Total underwriting costs and expenses	512,899	547,210	6.7%
Net underwriting results	(23,824)	51,571	(316.5%)
Provision for doubtful debts	(1,784)	(557)	(68.8%)
General and administrative expenses	(82,469)	(82,364)	(0.1%)
Commission income on Deposits	1,941	8,610	343.6%
Gains from investments	2,004	2,013	0.4%
Other income (expenses)	124	(5)	(104.0%)
Total other operating expenses	(80,184)	(72,303)	(9.8%)
Total (loss) / income for the year before Zakat, income tax and distribution of surplus	(104,008)	(20,732)	(80.1%)
Zakat charged for the year	(10,576)	7,432	(170.3%)
Total (loss) for the year	(114,584)	(13,300)	(88.4%)

Source: Audited financial statements for the fiscal years ended December 31, 2021G and 2022G and management information

The Company provides insurance services primarily in the motor, medical, property and accidents segments

Total loss for the year decreased by 88.4% from SAR 114.6 million in FY21 to SAR 13.3 million in FY22, mainly due to net revenue of SAR 109.7 million in line with management's strategy to grow the portfolio, a slight improvement in the net loss ratio from 85.1% to 82.9%, and the release of premium deficiency reserve of SAR 28.3 million during FY22. In addition to the net underwriting results that turned from a loss of SAR 23.8 million in FY 2021G to a net profit of SAR 51.6 million in FY 2022G. the Company incurred a loss for the year ended December 31, 2022G of SAR 13.3 million (December 31, 2021G: SAR 114.5 million). Up to that date, the Company's accumulated losses as of December 31, 2022G amounted to 45.4% of its capital (December 31, 2021G: 82%) and the Company's solvency margin amounted to 87% (December 31, 2021G: -117%). The main reason for these losses is the unexpected increase in the number of car accidents and the average cost of car claims (in addition to the increase in the cost of underwriting insurance policies for this segment) across the Kingdom of Saudi Arabia. As a result of these factors, the Company recorded a reserve for insurance premiums deficit and claims incurred but not reported as of the year-end for the automotive business segment, amounting to SAR 7.45 million (December 31, 2021G: SAR 35.7 million) and SAR 96.3 million (December 31, 2021G: SAR 53.1 million), respectively, in addition to insurance policy underwriting costs amounting to SAR 74.9 million (December 31, 2021G: SAR 62.9 million).

Considering the above, several strategic options including capital restructuring were considered by the Board of Directors to ensure the appropriateness of the Company's continuity assumption. Among these strategic options, the Board of Directors approved an action plan on 12/21/2021G. The plan is based on adjusted prices for the automotive business line to improve net written premiums and control expenses and loss ratios. Furthermore, the shareholders decided, at the Extraordinary General Assembly Meeting held on 05/25/1443H (corresponding to 12/29/2021), to increase the capital by SAR 150 million (representing 15 million shares) through the issuance of priority Rights shares to enhance its liquidity position. The above issuance process was completed during 2022G and the total proceeds from the issuance were received in March 2022G

Net underwriting results increased by 316.5%, with the Company achieving negative net underwriting results of SAR 23.8 million in FY21 and increasing to positive net underwriting results of SAR 51.6 million in FY22, mainly due to net revenues from SAR 489.1 million in FY21 to SAR 598.8 million in FY22

Total other operating expenses decreased by 9.8% from SAR 80.2 million in FY21 to SAR 72.3 million in FY22, mainly due to the increase in commission income on deposits.

Net Revenue

Table No. (25): Net Revenues for the Fiscal Years Ending December 31, 2021G and 2022G

Thousand Saudi Riyal	Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)	Annual Change 2021-2022G
Gross premiums written	592,588	830,694	40.2%
Gross premiums ceded	(74,192)	(96,726)	30.4%
Gross premiums loss excess	(4,339)	(3,514)	(19.0%)
Net premiums written	514,057	730,454	42.1%
Change in net unearned premiums	(29,965)	(151,365)	405.1%

Thousand Saudi Riyal	Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)	Annual Change 2021-2022G
Net premiums earned	484,092	579,089	19.6%
Commissions earned on reinsurance	4,698	3,928	(16.4%)
Other underwriting income	285	15,764	5431.2%
Net revenue	489,075	598,781	22.4%

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

Net revenues increased by 22.4% from SAR 489.1 million in FY21 to SAR 598.8 million in FY22, mainly due to an increase in gross written premiums from SAR 592.6 million in FY21 to SAR 830.7 million in FY22, in addition to an increase in other underwriting income from SAR 285 thousand in FY21 to SAR 15.8 million in FY22. This increase was partially offset by an increase in the change in net unearned premiums from SAR 30.0 million in FY21 to SAR 151.4 million in FY22.

Total written insurance premiums

Total written insurance premiums for each operating segment by type of policyholders

Table No. (26): Total insurance premiums written for each operating segment by type of policyholders for the fiscal years ending December 31, 2021G and 2022G

Thousand Saudi Riyal	Medical	Motor	Property and Accidents	Total
Individuals	2,489	374,577	10,074	387,140
Micro-Companies	60,300	5,990	1,067	67,357
Small companies	58,004	1,741	4,416	64,161
Medium companies	25,209	789	18,136	44,134
Large companies	13,481	401	15,914	29,796
Total insurance premiums written 2021	159,483	383,498	49,607	592,588
Individuals	2,982	553,709	18,438	575,129
Micro-enterprises	102,781	9,596	895	113,272
Small companies	47,674	2,032	4,074	53,780
Medium companies	23,789	852	12,003	36,644
Large companies	37,982	783	13,104	51,869

Thousand Saudi Riyal	Medical	Motor	Property and Accidents	Total
Total insurance premiums written 2022G	215,208	566,972	48,514	830,694

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

The Company exclusively underwrites insurance policies in the Kingdom of Saudi Arabia, with a primary focus on the following operating segments: 1- Motor, which represents 68.3% of total written premiums in fiscal year 2022G, 2- Medical, which represents 25.9% of total written premiums in fiscal year 2022G, in addition to 3- Property and Accidents, which represents 5.8% of total written premiums in fiscal year 2022G.

Total written premiums increased by 40.2% from SAR 592.6 million in FY21 to SAR 830.7 million in FY22, mainly due to the increase in total written premiums in the motor segment, which increased by 47.8% from SAR 383.5 million in FY21 to SAR 567.0 million in FY22, in addition to the increase in total written premiums in the medical segment by 34.9% from SAR 159.5 million in FY21 to SAR 215.2 million in FY22.

Motor

The motors insurance segment represents 68.3% of total insurance premiums written in FY22. Total insurance premiums written for the motors segment increased from SAR 383.5 million in FY21 to SAR 567.0 million in FY22, mainly due to the increase in total premiums written for the individual segment, mainly in third-party insurance, where the individual segment increased from SAR 374.6 million in FY21 to SAR 553.7 million in FY22. The increase was in line with the Company's strategy to increase its motors insurance portfolio by increasing the volume of insurance subscriptions. This was in conjunction with an increase in the average insurance policy prices across the segment in Saudi Arabia as a result of an increase in the volume and cost of claims in the Saudi market during the period. Third-party insurance represents 87.3% of total motors insurance premiums underwritten in FY22, increasing from SAR 320.5 million in FY21 to SAR 494.7 million in FY22. Total motors insurance premiums from the comprehensive insurance product increased from SAR 63.0 million in FY21 to SAR 72.2 million in FY22.

Medical

The medical insurance segment represents 25.9% of total written insurance premiums in FY22. Total written insurance premiums for the medical segment increased from SAR 159.5 million in FY21 to SAR 215.2 million in FY22, mainly as a result of the Company's management's efforts to expand the micro-enterprise segment, which increased from SAR 60.3 million in FY21 to SAR 102.8 million in FY22, in addition to the increase in the large enterprises segment from SAR 13.5 million in FY21 to SAR 38.0 million in FY22. This increase was in line with the Company's strategy to increase the size of the medical underwriting portfolio.

Property and Accidents

The Property and Accidents segment represents the general accident segment and other segments such as marine insurance, property and other segments, representing 5.8% of the total written insurance premiums in the FY22. The total written insurance premiums for the Property and Accidents segment decreased slightly from SAR 49.6 million in the FY21 to SAR 48.5 million in the FY22 due to a decrease in other segments from SAR 29.0 million in the FY21 to SAR 22.8 million in the FY22. This decrease was partially offset by an increase in the General Accident segment from SAR 20.6 million in the FY21 to SAR 25.8 million in the FY22. The decrease in gross written premiums in the Property & Accidents segment was due to the decrease in medium-sized establishments from

SAR 18.1 million in FY21 to SAR 12.0 million in FY22, in addition to the decrease in gross written premiums for large establishments from SAR 15.9 million in FY21 to SAR 13.1 million in FY22. These decreases were partially offset by an increase in gross written premiums for the individual segment, which increased from SAR 10.1 million in FY21 to SAR 18.4 million in FY22.

Total ceded premiums

The Company reinsures its medical underwriting portfolio through a proportional reinsurance agreement with a single reinsurer, while general accidents and the rest of the other lines of business listed under "Others" are reinsured through multiple proportional agreements.

Total ceded premiums increased from SAR 74.2 million in FY21 to SAR 96.7 million in FY22, mainly due to an increase in the medical segment of SAR 31.7 million, partially offset by a decrease in the general accident and other segments of SAR 9.1 million. Total ceded premiums for the medical segment increased at a higher rate than the increase in total written premiums for the medical segment, resulting in an increase in the ceding ratio for the medical segment from 24.8% in FY21 to 33.1% in FY22. This was mainly driven by the Company increasing the ceding ratio in the medical segment proportional reinsurance treaty from 35% in FY21 to 45% in FY22.

Total Excess Loss of Premiums

The total excess loss of premiums is largely related to the motor segment. The total excess loss of premiums decreased from SAR 4.3 million in FY21 to SAR 3.5 million in FY22, mainly due to a decrease in the motor segment of SAR 549 thousand and the property and accidents segment of SAR 266 thousand.

Change in net unearned premiums

The change in net unearned premiums increased from a negative change of SAR 30.0 million in FY21 to a larger negative change of SAR 151.4 million in FY22, mainly due to a change in the motor segment of SAR 111.6 million and the medical segment of SAR 5.4 million. The increase in the change in net unearned premiums is mainly due to the increase in gross written premiums by SAR 238.1 million during the period in addition to the timing of policy underwriting as premiums are earned over time.

Net premiums earned

Table No. (27): Net insurance premiums earned by business segment for the fiscal years ending December 31, 2021 and 2022G

Thousand Saudi Riyad	Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)	Annual Change 2021-2022G
Motor	351,412	423,842	20.6%
Medical	118,802	137,495	15.7%
General Accident	12,086	15,595	29.0%
Other	1,792	2,157	20.4%
Total Net Premiums Earned	484,092	579,089	19.6%

Thousand Saudi Riyad	Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)	Annual Change 2021-2022G
As a % of Total			
Motor	72.6%	73.2%	0.7%
Medical	24.5%	23.7%	(0.8%)
General Accident	2.5%	2.7%	0.2%
Other	0.4%	0.4%	(0.10%)

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

Net earned premiums increased by 19.5% from SAR 484.1 million in FY21 to SAR 579.1 million in FY22, mainly due to an increase in the motor segment by SAR 72.4 million in FY22, in addition to an increase in the medical segment by SAR 18.7 million in FY22.

The increase in total net earned premiums during FY22 was due to an increase in gross written premiums from SAR 592.6 million in FY21 to SAR 830.7 million in FY22. Part of the increase in gross written premiums was offset by an increase in both total reinsurance premiums and an increase in unearned premiums during the period.

Details of the movement in business segments are discussed in the **“Gross written premiums by operating segment by policyholder type”**.

Commissions earned from reinsurance

Commissions earned from reinsurance are entirely related to the general accident and other segments grouped under **“other”**. In accordance with the terms of the current agreement concluded for the medical segment, the Company does not earn any reinsurance commission on the reinsured medical insurance portfolio. Commissions earned from reinsurance decreased from SAR 4.7 million in FY21 to SAR 3.9 million in FY22, mainly due to lower ceded premiums and the attribution ratio in the general accident and other segments during the same period.

Other underwriting income

Other underwriting income is mainly related to Hajj and Umrah income and ports income. Other underwriting income increased from SAR 285 thousand in FY21 to SAR 15.8 million in FY22, mainly due to the increase in the general accident segment of Hajj and Umrah by SAR 10.3 million and the medical segment by SAR 4.7 million. This was mainly due to the lifting of restrictions imposed due to the Covid-19 virus.

Total underwriting costs and expenses

Table No. (28): Total underwriting costs and expenses for the fiscal years ending December 31, 2021G and 2022G

Thousand Saudi Riyad	Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)	Annual Change 2021-2022G
Total claims paid	430,130	495,929	15.3%

Thousand Saudi Riyad	Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)	Annual Change 2021-2022G
Less: Reinsurers' share of claims paid	(37,488)	(53,440)	42.6%
Net claims paid	392,642	442,489	12.7%
Changes in outstanding claims, net	7,464	(4,100)	(154.9%)
Changes in claims incurred but not reported, net	11,744	41,891	256.7%
Net claims incurred	411,850	480,280	16.6%
Changes in other technical reserves	(684)	936	(236.8%)
Change in premiums for insurance premium deficit	26,211	(28,273)	(207.9%)
Policy acquisition costs	75,100	90,388	20.4%
Other underwriting expenses	422	3,879	819.2%
Total underwriting costs and expenses	512,899	547,210	6.7%

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

Net claims paid

Table No. (29): Net claims paid for the fiscal years ending December 31, 2021G and 2022G

Thousand Saudi Riyad	Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)	Annual Change 2021- 2022G
Motor	304,839	360,343	18.2%
Medical	121,801	130,246	6.9%
General Accident	2,923	2,588	(11.5%)
Other	567	2,752	385.4%
Total Claims Paid	430,130	495,929	15.3%
Motor	-	-	NA
Medical	(37,197)	(50,643)	36.1%
General Accident	(88)	(237)	169.3%
Other	(203)	(2,560)	1161.1%
Reinsurers' Share of Claims Paid	(37,488)	(53,440)	42.6%
Net Claims Paid	392,642	442,489	12.7%

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

Net claims paid increased by 12.7% from SAR 392.6 million in FY21 to SAR 442.5 million in FY22, mainly due to an increase in total claims paid in the motor segment by SAR 55.5 million in FY22, in addition to an increase in the medical segment by SAR 8.4 million. This was partially offset by an increase in the reinsurers' share of claims paid from SAR 37.5 million in FY21 to SAR 53.4 million in FY22.

Total Claims Paid

Total claims paid increased from SAR 430.1 million in FY21 to SAR 495.9 million in FY22, driven mainly by an increase in total premiums paid for the motor segment by SAR 55.5 million, in addition to an increase in total premiums paid for the medical segment by SAR 8.4 million. This was in line with the Company's strategy to increase the size of the underwriting portfolio for the motor insurance segment, with a focus on third-party motor insurance, which resulted in increased levels of claims incidence.

Reinsurance Share of Paid Claims

Reinsurance share of paid claims increased from SAR 37.5 million in FY21 to SAR 53.4 million in FY22, mainly due to an increase in the medical segment by SAR 13.4 million, in line with an increase in total written premiums by SAR 55.7 million, reinsurance premiums ceded by SAR 31.7 million, and a ceding ratio of 8.3 percentage points, in addition to an increase in total paid claims by SAR 8.4 million to the medical segment during the period. The increase in the ceding ratio for the medical segment is mainly due to the share of the medical segment, mainly

due to the Company increasing the ceding ratio in the reinsurance agreement for the medical segment from 35% in FY21 to 45% in FY22.

Changes in outstanding claims, net

Net changes in outstanding claims decreased from a positive change of SAR 7.5 million in FY21 to a negative change of SAR 4.1 million in FY22, mainly due to a decrease in net outstanding claims from SAR 21.7 million as of 31 December 2021G to SAR 17.5 million as of 31 December 2022G. The decrease in net outstanding claims was mainly due to an increase in the reinsurers' share of outstanding claims by SAR 4.4 million, while outstanding claims remained relatively stable during the period. The increase in the reinsurers' share of outstanding claims was mainly due to an increase in the medical business segment, which increased by SAR 4.7 million.

Changes in Incurred but Not Reported Claims, Net

The net change in Incurred but Not Reported Claims increased from a negative change of SAR 11.7 million in FY21 to a negative change of SAR 41.9 million in FY22, mainly due to an increase in Incurred but Not Reported Claims of SAR 43.7 million, mainly attributable to the Motor segment, which increased by SAR 43.2 million. This was mainly driven by growth in the Motor Underwriting Portfolio, and is consistent with the recommendations of the appointed actuary in the Financial Condition Report (FCR).

Net claims incurred and loss ratio

Table No. (30): Net claims incurred and loss ratio by business segment for the fiscal years ended December 31, 2021G and 2022G

Thousand Saudi Riyad	Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)	Annual Change 2021- 2022G
Motor	321,875	396,859	23.3%
Medical	84,874	78,444	(7.6%)
General Accident	4,528	4,316	(4.7%)
Other	573	661	15.4%
Net Claims Incurred	411,850	480,280	16.6%
Loss Ratio			
Motor	91.6%	93.6%	2.0%
Medical	71.4%	57.1%	(14.4%)
General Accident	37.5%	27.7%	(9.8%)
Other	32.0%	30.6%	(1.3%)
Total loss ratio	85.1%	82.9%	(2.1%)

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

Net claims incurred increased from SAR 411.9 million in FY21 to SAR 480.3 million in FY22, mainly due to an increase in the motor segment by SAR 75.0 million in FY22, partially offset by a decrease in net claims incurred in the medical segment by SAR 6.4 million during the same period. The increase in the motor segment was mainly due to growth in the segment's underwriting portfolio, with gross written premiums increasing by SAR 183.5 million. The decrease in claims incurred in the medical segment was due to an increase in the reinsurers' share of claims, following a higher ceding ratio in the proportional reinsurance policy during the year.

The loss ratio decreased from 85.1% in FY21 to 82.9% in FY22, mainly due to a decrease in the loss ratio of the medical segment from 71.4% in FY21 to 57.1% in FY22, with the decrease in the loss ratio in the medical segment resulting in a 4.0% decrease in the total loss ratio in FY22. The improvement in the loss ratio in the medical segment is due to the growth in the underwriting portfolio for this segment, in addition to management adopting a more selective underwriting approach for the portfolio supported by detailed analysis of the claims rate and market dynamics in the medical segment. The improvement in the medical segment was partially offset by a higher loss ratio in the automotive segment, where the loss ratio for the motor segment increased from 91.6% in FY21 to 93.6% in FY22, resulting in a 2.0% increase in the total loss ratio in FY22. The increase is mainly due to the Company's strategy to grow its underwriting portfolio, especially in the third-party insurance product, which led to an increase in total paid claims of SAR 55.5 million and incurred but not reported claims of SAR 32.2 million during FY22.

Changes in other technical reserves

Increased from a negative change of SAR 684 thousand in FY21 to a positive change of SAR 936 thousand in FY22, which was in line with the recommendations of the appointed actuary.

Change in additional deficit premiums

Change in additional deficit premiums decreased from a negative change of SAR 26.2 million in FY21 to a positive change of SAR 28.3 million in FY22, mainly due to the replacement of the loss hedging provision during FY22 in the amount of SAR 28.3 million, which was entirely related to the motor segment.

The addition to the existing risk reserve provision during FY21 was SAR 26.2 million related to the Motor segment, where the addition was related to the Motor business line with an addition of SAR 31.3 million, which was partially offset by a reversal in the provision in the Medical segment of SAR 5.1 million during the period. The addition to the Motor segment was mainly driven by an increase in the incidence and value of collision incidents and an increase in claims for the Motor business line following the COVID-19 pandemic in the insurance segment in the Kingdom of Saudi Arabia, in addition to the extension of all motor insurance policies for an additional 3-month coverage period during FY21, as imposed by the Saudi Central Bank (SAMA) to mitigate the impact of the COVID-19 lockdown on policyholders. In addition, the low solvency margin also contributed to the recommendation to add a provision by the appointed actuary.

The reversal of the provision in the following year was mainly driven by adjustments to policy rates, expense control provisions and net loss ratio starting from early FY22, in addition to the increase in solvency margin and capital as a percentage of accumulated losses following a capital increase of SAR 150.0 million during the year.

Insurance policy underwriting costs

Insurance policy underwriting costs increased from SAR 75.1 million in FY21 to SAR 90.4 million in FY22, mainly due to an increase in motor underwriting costs of SAR 12.0 million and an increase in medical segment underwriting costs of SAR 3.2 million during the period. The increase was mainly driven by growth in insurance policy underwriting as gross written premiums increased by SAR 238.1 million in FY22, with the increase in motor underwriting premiums of SAR 183.5 million and the gross written premiums of medical segment of SAR 55.7 million during the period.

Net commission ratio increased from 14.5% in FY21 to 14.9% in FY22, driven primarily by an increase in the medical segment by 1.2 percentage points, partially offset by a decrease in the motor net commission ratio by 0.2 percentage points.

Other underwriting expenses

Other underwriting expenses mainly consist of Najm fees and Elm fees related to the use of Elm's portal for underwriting purposes. Other underwriting expenses increased from SAR 422 thousand in FY21 to SAR 3.9 million in FY22, driven by an increase in the medical segment by SAR 2.6 million and an increase in the motor segment by SAR 811 thousand. This is in line with the Company's commencement of using Elm's portal for the medical segment in FY22 in accordance with regulatory requirements.

General and administrative expenses

Table No. (31): General and administrative expenses for the fiscal years ending December 31, 2021G and 2022G

Thousand Saudi Riyad	Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)	Annual Change 2021- 2022G
Staff Cost	51,933	51,531	(0.8%)
Office Expenses	5,778	6,918	19.7%
Depreciation and Amortization	4,857	5,535	14.0%
Advertising Expenses	10,180	4,005	(60.7%)
Professional and Legal Fees	1,506	3,000	99.2%
Other Expenses	8,215	11,375	38.5%
Total	82,469	82,364	(0.1%)

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

General and administrative expenses decreased slightly from SAR 82.5 million in FY21 to SAR 82.4 million in FY22, mainly due to a decrease in advertising expenses of SAR 6.2 million, offset by an increase in professional and legal fees of SAR 1.5 million, an increase in office expenses of SAR 1.1 million, and an increase in other general and administrative expenses of SAR 3.2 million during the period. The increase was primarily driven by an increase in operational requirements.

Staff costs

Primarily relate to basic employee salaries and other benefits. Staff costs remained relatively stable and decreased slightly from SAR 51.9 million in FY21 to SAR 51.5 million in FY22. The decrease was mainly driven by a decrease in other employee benefits of SAR 1.0 million as well as a decrease in other miscellaneous benefits costs, this decrease was partially offset by an increase in basic salaries of SAR 2.0 million. During the period, staff costs remained relatively stable. Despite the increase in headcount at the end of FY22 by more than 38 employees, staff costs remained stable compared to the headcount at the end of FY21, mainly due to the replacement of older employees with younger and less expensive employees. Improved efficiency was observed among these new replacements. In addition to replacements, the timing of hiring also impacted staff costs.

Office expenses

Office expenses mainly relate to office rental fees related to the Company's offices that do not fall within the IFRS 16 limits, in addition to utility expenses and other miscellaneous expenses. Office expenses increased from SAR 5.8 million in FY21 to SAR 6.9 million in FY22, mainly due to an increase in utility expenses of SAR 1.4 million in line with the increase in prices and usage of public facilities.

Depreciation and Amortization

Depreciation and amortization costs relate to the depreciation and amortization of fixed assets and intangible assets. Depreciation and amortization costs increased from SAR 4.9 million in FY21 to SAR 5.5 million in FY22, driven primarily by the amortization of the right-of-use asset of SAR 2.7 million, depreciation on property and equipment of SAR 1.6 million, and amortization of intangible assets of SAR 1.3 million in FY22.

Advertising Expenses

Advertising expenses are primarily related to the various marketing campaigns that the Company uses to increase and maintain its presence in the market. Advertising costs decreased from SAR 10.2 million in FY21 to SAR 4.0 million in FY22, mainly due to reduced marketing activity, as management noted a lesser impact on sales as a result of increased push on marketing campaigns. Professional and

Legal and professional fees

Legal and professional fees increased from SAR 1.5 million in FY21 to SAR 3.0 million in FY22, mainly due to advisory fees in connection with the merger with Amanah, which was subsequently cancelled, as well as professional services fees related to the implementation of IFRS 17.

Other expenses

Other expenses mainly consist of IT costs (SAR 5.3 million in FY22), supervision and inspection fees issued by the Saudi Central Bank (SAR 3.3 million in FY22), and fees from the Council of Health Insurance (SAR 1.9 million in FY22), among others. Other expenses increased from SAR 8.2 million in FY21 to SAR 11.4 million in FY22, mainly due to growth in the underwriting portfolio and an increase in IT costs based on the increase of operational requirements.

Provision for doubtful debts

The provision for doubtful debts decreased from SAR 1.8 million in FY21 to SAR 557 thousand in FY22, mainly due to changes in the aging of receivables. The Company follows the provisioning policy for doubtful debts in accordance with the policy of the Saudi Central Bank (SAMA) during the fiscal years ending in 2021G and 2022G.

Deposit commission income

Deposit commission income increased from SAR 1.9 million in FY21 to SAR 8.6 million in FY22, mainly due to the increase in the value of the deposit portfolio in line with the investment of the proceeds of the capital increase in addition to the increase in the special commission rate in the Kingdom of Saudi Arabia.

Realized gains from investments

Related to realized gains from investments held and mainly related to dividends from real estate fund units (SAR

923 thousand in FY 2022), dividends from investment in sukuk (SAR 651 thousand in FY 2022) and dividends from listed securities of Aramco (SAR 439 thousand in FY 2022).

Realized gains from investments remained relatively stable at SAR 2.0 million in FY 2021G and FY 2022G, related to a decrease in dividends from real estate fund units by SAR 506 thousand, offset by an increase in dividends from listed securities by SAR 439 thousand during the period.

Other income (expenses)

Mainly related to foreign exchange differences and decreased from an income of SAR 124 thousand in FY21 to an expense of SAR 5 thousand in FY22, in line with minor differences in the foreign exchange market.

Zakat charged for the year

Decreased from an expense of SAR 10.6 million in FY21 to a reversal of SAR 7.4 million in FY22, mainly due to the Company recording losses during the period.

Statement of Financial Position

Key Performance Indicators

Table No. (32): Key performance indicators of the financial position as of December 31, 2021G and 2022G

Thousand Saudi Riyad	Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)
Unearned premiums / Gross written premiums	50.9%	55.0%
Deferred policy acquisition costs / Policy acquisition costs	58.7%	66.9%
Reinsurers' share of outstanding claims and claims incurred but not reported / Claims outstanding and claims incurred but not reported	18.6%	17.3%
Reinsurers' share of unearned premiums / Unearned premiums	11.5%	8.4%
Accumulated losses as a percentage of capital	(82.3%)	(45.4%)
Return on average assets	(19.1%)	(1.8%)
Return on average equity	(129.0%)	(13.7%)

Source: Management Information

Statement of Financial Position

Table No. (33) Statement of Financial Position as of December 31, 2021G and 2022G

Thousand Saudi Riyad	As of 2021G (Audited)	As of 2022G (Audited)	Annual Change 2021-2022G
Assets:			
Cash and cash equivalents	52,973	484,418	814.5%
Term deposits	182,367	-	(100.0%)
Insurance and reinsurance premiums receivable, net	98,415	115,717	17.6%
Reinsurers' share of unearned premiums	34,703	38,335	10.5%
Reinsurers' share of outstanding claims	12,955	17,334	33.8%
Reinsurers' share of claims incurred but not reported	8,498	10,299	21.2%
Deferred policy acquisition costs	44,053	60,463	37.3%
Due from a related party	1,985	1,985	0.0%
Property and equipment, net	5,411	4,596	(15.1%)
Intangible assets	5,585	6,046	8.3%
Right-of-use assets, net	3,229	3,309	2.5%
Available-for-sale investments	50,721	49,319	(2.8%)
Prepaid expenses and other receivables	60,489	66,925	10.6%
Commission payable on statutory deposit	1,871	2,342	25.2%
Statutory deposit	30,000	43,650	45.5%
Total assets	593,255	904,738	52.5%
Liabilities:			

Thousand Saudi Riyad	As of 2021G (Audited)	As of 2022G (Audited)	Annual Change 2021-2022G
Claims from policyholders payable	20,789	23,782	14.4%
Other accruals and credit balances	18,955	34,372	81.3%
Reinsurance balances payable	24,749	23,916	(3.4%)
Unearned commission income	1,261	983	(22.0%)
Unearned premiums	301,744	456,741	51.4%
Outstanding risk reserve	35,727	7,454	(79.1%)
Other technical reserves	1,798	2,734	52.1%
Outstanding claims	34,605	34,884	0.8%
Incurred but not reported claims	80,865	124,557	54.0%
Employees' service benefits obligations	12,968	13,072	0.8%
Rental liabilities	2,983	2,122	(28.9%)
Surplus from insurance operations	5,991	5,987	(0.1%)
Zakat and income tax payable	16,913	9,481	(43.9%)
Commission payable on statutory deposit with the Central Bank	1,871	2,342	25.2%
Total liabilities	561,219	742,427	32.3%
Shareholders' Equity:			
Capital	141,000	291,000	106.4%
Accumulated Losses	(116,015)	(132,191)	13.9%
Fair Value Reserve for Available-for-Sale Investments	8,588	5,934	(30.9%)
Total Shareholders' Equity	33,573	164,743	390.7%

Thousand Saudi Riyad	As of 2021G (Audited)	As of 2022G (Audited)	Annual Change 2021-2022G
Reserve for Remeasurement of Defined Benefit Obligations	(1,537)	(2,432)	58.2%
Total Shareholders' Equity	32,036	162,311	406.7%
Total Liabilities and Shareholders' Equity	593,255	904,738	52.5%

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

Assets

Cash and cash equivalents

Table No. (34): Cash and cash equivalents as of December 31, 2021G and 2022G

Thousand Saudi Riyad	As of 2021G (Audited)	As of 2022G (Audited)	Annual Change 2021-2022G
Insurance operations			
Cash on hand and at banks	49,928	30,189	(39.5%)
Deposits due within 3 months from the date of acquisition	3,045	373,084	12,152.3%
Total insurance operations	52,973	403,273	661.3%
Shareholders' operations			
Cash on hand and at banks	-	3,167	NA
Deposits due within 3 months from the date of acquisition	-	77,978	NA
Total shareholders' operations	-	81,145	NA
Total	52,973	484,418	814.5%

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

Cash and cash equivalents

Cash and cash equivalents increased from SAR 53.0 million as of December 31, 2021G to SAR 484.4 million as of December 31, 2022G. due to an increase in deposits maturing within 3 months from the acquisition date of SAR 448.0 million.

Cash on hand and at banks

Includes cash held by the Company in various banks in its current accounts through which withdrawals and deposits are made. Cash on hand and at banks decreased by 39.5% from SAR 49.9 million as of December 31, 2021G to SAR 30.1 million as of December 31, 2022G.

Deposits maturing within 3 months from the acquisition date

Deposits increased from SAR 3.0 million as of 31 December 2021G to SAR 451.1 million as of 31 December 2022G. due to the deposit of proceeds from the capital increase of SAR 150.0 million, in addition to the expiry of term deposits, which decreased from SAR 182.4 million as of 31 December 2021G to zero as of 31 December 2022G. The Company shifted its focus from investing in term deposits with an original date of more than three months to deposits maturing within three months from the acquisition date, mainly due to the higher commission rate on these deposits and the ease of liquidating the portfolio.

The average deposit commission increased from 1.2% as of 31 December 2021G to 3.34% as of 31 December 2022G.

Table No. (35): Term Deposits as of December 31, 2021G and 2022G

Thousand Saudi Riyad	As of 2021G (Audited)	As of 2022G (Audited)	Annual Change 2021-2022G
Insurance Operations:			
Term Deposits	182,367	-	(100.0%)
Shareholder Operations:			
Term Deposits	-	-	NA

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

Represents deposits with original maturity dates ranging between 3 months and 12 months from the date of deposit and held in Saudi Riyals in local banks.

Time deposits decreased from SAR 182.4 million as of December 31, 2021G to zero as of December 31, 2022G due to the maturity of term deposits and the change in the Company's investment strategy to invest in deposits maturing within 3 months from the date of acquisition. The average commission on term deposits is 1.07% per annum as of December 31, 2021G.

Insurance and reinsurance premiums receivable, net

Table No. (36): Insurance and reinsurance premiums receivable, net as of December 31, 2021G and 2022G

Thousand Saudi Riyad	As of 2021G (Audited)	As of 2022G (Audited)	Annual Change 2021- 2022G
Due from policyholders	85,215	85,961	0.9%
Due from policyholders - related parties	1,820	-	(100.0%)
Due from brokers and agents	15,441	25,989	68.3%
Due from reinsurers	6,446	14,831	130.1%
Total	108,922	126,781	16.4%
Provision for doubtful debts	(10,507)	(11,064)	5.3%
Insurance premiums receivable, net	98,415	115,717	17.6%

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

Net insurance and reinsurance premiums receivable increased from SAR 98.4 million as of 31 December 2021G to SAR 115.7 million as of 31 December 2022G, mainly due to an increase in total receivables from SAR 108.9 million as of 31 December 2021G to SAR 126.8 million as of 31 December 2022G. This increase was due to an increase in receivables from brokers and agents by SAR 10.5 million, in addition to an increase in receivables from reinsurers by SAR 8.4 million. The increase was generally in line with the growth in gross written premiums during the fiscal years ended 31 December 2021G and 2022G by SAR 238.1 million.

Movement in the provision for doubtful debts

Table No. (37): Movement in the provision for doubtful debts as of December 31, 2021G and 2022G

Thousand Saudi Riyad	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Balance at the beginning of the year	8,723	10,507	20.5%
Provision during the year	1,784	557	(68.8%)
Balance at the end of the year	10,507	11,064	5.3%

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

Table No. (38): Ageing as of December 31, 2021G and 2022G

Thousand Saudi Riyad	Not past due or impaired	Less than 30 days	From 31 to 90 days	From 91 to 180 days	From 181 to 360 days	More than 360 days	Total
Required from policyholders	6,176	62,692	1,348	4,133	4,944	5,922	85,215
Required from policyholders - related parties	-	-	-	51	7	1,762	1,820
Required from brokers and agents	-	5,835	3,704	1,810	1,032	3,060	15,441
Required from reinsurers	-	-	6,446	-	-	-	6,446
Provision for doubtful debts	-	-	-	(900)	(1,495)	(8,112)	(10,507)
Total 2021G	6,176	68,527	11,498	5,094	4,488	2,632	98,415
Required from policyholders	60,892	1,392	10,684	2,391	2,337	8,265	85,961
Required from policyholders - related parties	-	-	-	-	-	-	-
Required from brokers and agents	16,382	3,442	1,994	238	216	3,717	25,989
Required from reinsurers	-	947	418	2,172	11,294	-	14,831
Provision for doubtful debts	-	-	-	(1,006)	(657)	(9,401)	(11,064)
Total 2022G	77,274	5,781	13,096	3,795	13,190	2,581	115,717

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

The provision for doubtful debts increased from SAR 10.5 million as of 31 December 2021G to SAR 11.1 million as of 31 December 2022G, mainly due to the increase in total receivables with an age of more than 360 days.

The Company follows the instructions and policies of the Central Bank in calculating the provision for doubtful debts as of 31 December 2021G and 2022G.

Reinsurers' share of technical reserves

Reinsurers' share of technical reserves increased from SAR 56.2 million as of 31 December 2021G to SAR 66.0 million as of 31 December 2022G. mainly due to the increase in reinsurers' share related to the medical segment by SAR 18.6 million, mainly related to reinsurers' share of unearned premiums and outstanding claims. This was consistent with the increase in the ceding ratio for the medical segment. This increase was offset by a decrease in the reinsurance share related to the property and accidents segment by SAR 8.7 million, due to a decrease in the segment's assignment ratio.

Deferred insurance policy underwriting costs

Table No. (39): Deferred insurance policy underwriting costs as of December 31, 2021G and 2022G

Thousand Saudi Riyad	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021-2022G
Opening balance	31,659	44,053	39.1%
Costs incurred during the year	87,494	106,798	22.1%
Amortization during the year	(75,100)	(90,388)	20.4%
Balance at the end of the year	44,053	60,463	37.3%

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

Deferred insurance policy underwriting costs are mainly related to the motor segment and represent SAR 50.1 million of the total deferred insurance policy underwriting costs as of December 31, 2022G. Deferred insurance policy underwriting costs increased from SAR 44.1 million as of December 31, 2021G to SAR 60.5 million as of December 31, 2022G. This increase is mainly due to an increase in deferred insurance policy underwriting costs for motors by SAR 11.2 million due to the growth in gross written premiums for the motor segment during the fiscal year 2022G. In addition to the timing of policy underwriting.

Related party transactions

Table No. (40): Transactions with related parties as of December 31, 2021G and 2022G

Related Party Thousand Saudi Riyal	Nature of transaction	Transactions for the year ended		Final Balance Debit/(Credit)	
		Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)	Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)
Board of Directors	Insurance premiums written	145	-	-	-

Related Party Thousand Saudi Riyal	Nature of transaction	Transactions for the year ended		Final Balance Debit/(Credit)	
		Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)	Fiscal Year 2021G (Audited)	Fiscal Year 2022G (Audited)
Subsidiaries	Insurance premiums written	305	-	1,878	-
	Claims paid	-	-	(187)	(187)
ACIG Bahrain	Claims paid	-	-	1,985	1,985
Audit Committee Board	Attendance fees	202	202	-	-

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

Related parties represent the members of the Board of Directors, the Audit Committee, subsidiaries, affiliates and companies in which they are major owners.

Due from related party

Represents claims paid on behalf of ACIG Bahrain Company, and ACIG Bahrain Company is considered one of the owners of the Company. The account remained stable at a value of SAR 2.0 million in the financial years 2021G and 2022G due to the absence of transactions between the Company and Ace Bahrain Company. The recoverability of the balance is considered high due to the relationship with the related party.

Property and equipment, net

Table No. (41): Property and equipment, net as of December 31, 2021G and 2022G

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Cost			
Leasehold Improvements	9,467	9,662	2.1%
Computers	7,519	8,001	6.4%
Furniture, fixtures and office equipment	7,601	7,664	0.8%
Motors	116	116	NA
Total Cost	24,703	25,443	3.0%
Accumulated Depreciation			
Leasehold Improvements	6,522	7,138	9.4%

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Computers	5,484	6,032	10.0%
Furniture, fixtures and office equipment	7,171	7,561	5.4%
Motors	116	116	NA
Total Accumulated Depreciation	19,293	20,847	8.1%
Net Book Value			
Leasehold Improvements	2,945	2,524	(14.3%)
Computers	2,035	1,969	(3.2%)
Furniture, fixtures and office equipment	430	103	(76.0%)
Motors	1	-	NA
Net Book Value	5,411	4,596	(15.1%)

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

Net property and equipment decreased from SAR 5.4 million as of December 31, 2021G to SAR 4.6 million as at December 31, 2022G, mainly due to a decrease in leasehold improvements of SAR 421 thousand and furniture, fixtures and office equipment of SAR 327 thousand. The decrease was mainly due to depreciation of SAR 1.6 million during the year in addition to the lower level of additions to property and equipment of SAR 740 thousand during the year.

Accumulated depreciation as a percentage of property and equipment cost reached 81.9% as of December 31, 2022G.

Intangible assets, net

Table No. (42): Intangible assets as of December 31, 2021G and 2022G

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
January 1	10,181	12,054	18.4%
Additions	1,873	1,769	(5.6%)
December 31	12,054	13,823	14.7%

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Accumulated amortization:			
January 1	5,430	6,469	19.1%
Amortization	1,039	1,308	25.9%
December 31	6,469	7,777	20.2%
Net book value	5,585	6,046	8.3%

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

Intangible assets mainly relate to IT, software and application developments. Net intangible assets increased from SAR 5.6 million as of December 31, 2021G to SAR 6.0 million as of December 31, 2022G. The increase is due to additions of SAR 1.8 million during 2022G, partially offset by amortization of SAR 1.3 million during 2022G.

The accumulated amortization as a percentage from the cost of intangible assets represents 56.3% as of December 31, 2022G.

Right of use assets, net

Table No. (43): Right of use assets as of December 31, 2021G and 2022G

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
January 1	10,073	10,091	0.2%
Additions	18	2,747	15161.1%
December 31	10,091	12,838	27.2%
Accumulated amortization:			
January 1	(4,851)	(6,862)	41.5%
Amortization	(2,011)	(2,667)	32.6%
December 31	(6,862)	(9,529)	38.9%
Net book value	3,229	3,309	2.5%

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

Right-of-use assets relate to the Company's head office. Net right-of-use assets increased from SAR 3.2 million as of December 31, 2021G to SAR 3.3 million as of December 31, 2022G as a result of additions amounting to SAR 2.7 million, which were partially offset by the amortization charge amounting to SAR 2.7 million during the fiscal year 2022G.

Investments available for sale

Table No. (44): Investments available for sale as of December 31, 2021G and 2022G

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Investment in Sukuk	20,000	20,000	0.0%
Units in a local real estate fund	17,290	14,889	(13.9%)
Listed securities	11,508	12,507	8.7%
Unlisted securities	1,923	1,923	0.0%
Total	50,721	49,319	(2.8%)

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

Available for sale investments decreased from SAR 50.7 million as of 31 December 2021G to SAR 49.3 million as of 31 December 2022G, mainly due to a decrease in the value of units in the local real estate fund by SAR 2.4 million due to changes in fair value. This decrease was offset by an increase in listed securities by SAR 999 thousand due to additions and changes in fair value as shown in the table below.

Table No. (45): Movement in investments available for sale during the fiscal years ending December 31, 2021G and 2022G

Thousand Saudi Riyal	Investment in Sukuk	Listed securities	Unlisted securities	Units in a local real estate fund	Total
As of January 1, 2021G	20,000	11,177	1,923	16,159	49,259
Changes in fair value of investments	-	331	-	1,131	1,462
As of December 31, 2021G	20,000	11,508	1,923	17,290	50,721
Additions	-	1,252	-	-	1,252
Changes in fair value of investments	-	(253)	-	(2,401)	(2,654)
As of 31 December 2022G	20,000	12,507	1,923	14,889	49,319

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

Investment in Sukuk

Represents government bonds with a fixed interest rate of 3.21% with a maturity date in October 2023G. Investments in sukuk remained stable in all fiscal years ending December 31, 2021G and 2022G with a value of SAR 20.0 million.

Listed Securities

Represents several investments in public joint stock companies. Listed securities increased from SAR 11.5 million as of December 31, 2021G to SAR 12.5 million as of December 31, 2022G as a result of additions of SAR 1.3 million during the fiscal year ending December 31, 2022G. This increase was offset by a decrease in the fair value of investments of SAR 253 thousand.

Unlisted Securities

Represents investments in Najm Insurance Services Company, which is required by all insurance companies providing motors insurance services. Unlisted securities remained stable in all fiscal years ended December 31, 2021G and 2022G at a value of SAR 1.9 million, as they are unlisted investments and changes in their fair value are not measured.

Units in a local real estate fund

Represents investment in local real estate exchange-traded funds (REITs). Units in a local real estate fund decreased from SAR 17.2 million as of December 31, 2021G to SAR 14.9 million as of December 31, 2022G due to changes in the fair value of the investment with a loss of SAR 2.4 million during the fiscal year ended December 31, 2022G.

Prepaid expenses and other debit balances

Prepaid expenses and other debit balances mainly relate to third party recoveries of SAR 32.6 million as of December 31, 2022G. and accrued income of SAR 16.8 million as of December 31, 2022G. among prepaid expenses and other debit balances.

Prepaid and other debit balances increased from SAR 60.5 million as of December 31, 2021G to SAR 66.9 million as of December 31, 2022G. mainly due to an increase in accrued income of SAR 14.5 million, partially offset by a decrease in third party recoveries of SAR 4.8 million among other decreases.

Third party recoveries relate to amounts paid to third party "Sima" that can be recovered from policyholders due to breaches of the terms and conditions of the policy. Recoveries decreased from SAR 37.3 million as of 31 December 2021G to SAR 32.6 million as of 31 December 2022G due to collections from policyholders.

Accrued income relates to Hajj, Umrah and port income. Accrued income increased from SAR 2.3 million as of 31 December 2021G to SAR 16.8 million as of 31 December 2022G. The increase was mainly driven by an increase in Hajj and Umrah income from SAR 242 thousand to SAR 14.1 million in line with the lifting of COVID-19 lockdown restrictions as there were no Hajj and Umrah activities in FY21.

Commission due on statutory deposit

The commission due on statutory deposit relates to the commission income earned on the statutory deposit and payable to the Saudi Central Bank (SAMA). The commission due on the statutory deposit increased from SAR 1.9 million as of 31 December 2021G to SAR 2.3 million as of 31 December 2022G. in line with the increase in statutory deposits by SAR 13.7 million during the fiscal year 2022G.

Statutory Deposit

The statutory deposit represents 15% of the paid-up capital that is held in a local bank designated by the Saudi Central Bank (SAMA). The statutory deposit increased from SAR 30.0 million as of 31 December 2021G to SAR 43.7 million as of 31 December 2022G, mainly due to the capital increase of SAR 150.0 million in FY22.

Liabilities

Claims of policyholders payable

Mainly related to the account of auditors/loss evaluators and represents SAR 25.6 million as of 31 December 2022G of the total claims of policyholders payable. Policyholders' claims increased from SAR 20.8 million as of 31 December 2021G to SAR 23.8 million as of 31 December 2022G, mainly due to an increase in accounts receivable to auditors/loss adjusters of SAR 6.3 million, partially offset by a decrease in the credit balance recorded on Third Party Administrator (TPA) accounts of SAR 4.0 million. The increase in accounts receivable to auditors/loss adjusters is mainly due to an increase in the number of incidents. The debit balance recorded on Third Party Administrator (TPA) accounts mainly relates to volume-related discounts that will be recovered from the Third Party Administrator.

Accruals and other credit balances

Table No. (46): Other receivables and credit balances as of December 31, 2021G and 2022G

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Accrued expenses	4,358	16,117	269.8%
Brokers dues	6,995	10,131	44.8%
VAT due	2,517	5,033	100.0%
Third party administrator fees	1,067	-	(100.0%)
Other	4,018	3,091	(23.1%)
Total	18,955	34,372	81.3%

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

Total accruals and other payables increased from SAR 19.0 million as of 31 December 2021G to SAR 34.4 million as of 31 December 2022G, mainly due to an increase in accrued expenses of SAR 11.8 million related to Najm Company dues, in addition to an increase in brokers' dues of SAR 3.1 million.

Accrued expenses

Accrued expenses mainly related to Najm Company and Elm Company fees, Saudi Central Bank fees and unbilled policyholder claims. Accrued expenses increased from SAR 4.4 million as of 31 December 2021G to SAR 16.1 million as of 31 December 2022G, mainly due to an increase in Najm Company and Elm Company fees due to an increase in total written premiums, in addition to the timing of settlement.

Due from brokers

Due from brokers increased from SAR 7.0 million as of 31 December 2021G to SAR 10.1 million as of 31 December 2022G. mainly due to an increase in total insurance premiums written through the brokers channel by SAR 185.3 million in addition to the timing of settlement.

VAT Payable

VAT payable increased from SAR 2.5 million as of 31 December 2021G to SAR 5.0 million as of 31 December 2022G due to higher subscriptions and impacted by settlement timing.

Third Party Administrator Fees

Represents the third party administrator fees responsible for managing medical claims. The third party administrator fees decreased from SAR 1.1 million as of 31 December 2021G to zero as of 31 December 2022G due to settlement of credit balances for third party administrator fees during the period.

Other

Mainly related to VAT outputs, withholding tax provision, etc. Other receivables decreased from SAR 4.0 million as of 31 December 2021G to SAR 3.0 million as of 31 December 2022G due to the Company's normal business activities and impacted by settlement timing.

Reinsurance payables

Relates to net balance payable to reinsurers and relates to the medical and property and casualty segments. Reinsurance payables decreased from SAR 24.7 million as of December 31, 2021G to SAR 23.9 million as of December 31, 2022G. mainly due to an increase in settlements with reinsurers. Management confirmed that there were no disputed balances with reinsurers as of December 31, 2022G.

Unearned commission income

Unearned commission income mainly relates to unearned commission income from reinsurers. The balance decreased from SAR 1.3 million on December 31, 2021G to SAR 983 thousand on December 31, 2022G. The decrease was mainly due to the decrease in other segments by SAR 149 thousand, and the general accident segment by SAR 129 thousand as a result of settlements from reinsurance companies.

Technical reserves (insurance operations)

Net outstanding claims and reserves

Table No. (47): Net outstanding claims and reserves as of December 31, 2021G and 2022G

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Outstanding claims	34,605	34,884	0.8%

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Incurred but not reported claims	80,865	124,557	54.0%
Additional premium reserve	35,727	7,454	(79.1%)
Other technical reserves	1,798	2,734	52.1%
Reinsurers' share of outstanding claims	(12,955)	(17,334)	33.4%
Reinsurers' share of incurred but not reported claims	(8,498)	(10,299)	21.2%
Net outstanding claims and reserves	131,542	141,996	8.0%

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

Net claims outstanding

Table No. (48): Net outstanding claims by business segment as of December 31, 2021G and 2022G

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Motors	8,149	1,902	(76.7%)
Medical	17,670	24,614	39.3%
General Accidents	7,569	8,045	6.3%
Others	1,217	323	(73.5%)
Total Outstanding Claims	34,605	34,884	0.8%
Motors	(3,399)	(3,339)	0.0%
Medical	(6,089)	(10,797)	77.3%
General Accidents	(1,464)	(2,911)	98.8%
Others	(2,003)	(227)	(88.7%)
Reinsurers' Share of Outstanding Claims	(12,955)	(17,334)	33.8%
Net Outstanding Claims	21,650	17,550	(18.9%)

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

Claims outstanding increased from SAR 34.6 million as of 31 December 2021G to SAR 34.9 million as of 31 December 2022G. mainly due to an increase in the medical segment by SAR 6.9 million, partially offset by a decrease in the motor segment by SAR 6.2 million. Despite the increase in written premiums, claims outstanding remained relatively stable during the period, mainly due to an increase in gross claims paid by SAR 65.8 million, in addition to the new regulations imposed by the Council of Cooperative Health Insurance (CCHI) which stipulates reducing the claims settlement period from 45 days to 30 days.

Reinsurers' share of outstanding claims

Reinsurers' share of outstanding claims increased from SAR 13.0 million as of 31 December 2021G to SAR 17.3 million as of 31 December 2022G. mainly due to an increase in the reinsurers' share related to the medical segment by SAR 4.7 million, which is attributed to the increase in the attribution ratio in the reinsurance policy for the medical segment. This increase was partially offset by a decrease in the reinsurers' share of outstanding claims for the others segment by SAR 1.8 million during the mentioned period.

Table No. (49): Net claims incurred but not reported by business segment as of December 31, 2021G and 2022G

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Motors	53,128	96,304	81.3%
Medical	22,679	20,921	(7.8%)
General Accidents	4,468	6,492	45.3%
Others	590	840	42.4%
Total claims incurred but not reported	80,865	124,557	54.0%
Motors	-	-	NA
Medical	(7,719)	(9,413)	21.9%
General Accidents	(324)	(250)	(22.8%)
Others	(455)	(636)	39.8%
Reinsurers' share of claims incurred but not reported	(8,498)	(10,299)	21.2%
Net claims incurred but not reported	72,367	114,258	57.9%

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

Total incurred but not reported claims

Incurred but not reported claims increased from SAR 80.9 million as of 31 December 2021G to SAR 124.6 million as of 31 December 2022G. mainly due to an increase in total incurred but not reported claims for the Motor segment from SAR 53.1 million as of 31 December 2021G to SAR 96.3 million as of 31 December 2022G. which was in line with

the increase in written premiums for the Motor segment during the year, in addition to the increase in unearned premiums for the segment. It is worth noting that incurred but not reported claims are often based on actuarial estimates and the Company's own claims development schedules.

Reinsurers' share of incurred but not reported claims

Mainly related to the medical segment, representing SAR 9.4 million of the total reinsurers' share as of December 31, 2022G. Reinsurers' share of incurred but not reported claims increased from SAR 8.5 million as of December 31, 2021G to SAR 10.3 million as of December 31, 2022G. mainly due to an increase in the medical segment by SAR 1.7 million, due to the increase in the attribution ratio in the reinsurance agreement.

Additional premium reserve

The additional premium reserve decreased from SAR 35.7 million as of December 31, 2021G to SAR 7.5 million as of December 31, 2022G. due to the reversal of the provision related to the motor segment, which is attributed to the increase in average prices, in addition to the improvement in the Company's solvency margin following the increase in the Company's capital during the year.

The entire balance of the additional premium reserve relates to the motor segment as of 31 December 2022G and the provision was reversed during the fiscal year 2022G based on the recommendations of the appointed actuary.

Other technical reserves

Other technical reserves increased from SAR 1.8 million as of 31 December 2021G to SAR 2.7 million as of 31 December 2022G due to an increase in the motor segment by SAR 874 thousand as a result of the recommendations of the appointed actuary.

Unearned premiums

Table No. (50): Movement in unearned premiums during the fiscal years ending December 31, 2021G and 2022G

Thousand Saudi Riyal	Total	Reinsurers	Net
Balance as of January 1, 2021	264,469	(27,393)	237,076
Instalments written during the year	592,588	(78,531)	514,057
Instalments earned during the year	(555,313)	71,221	(484,092)
Balance as of December 31, 2021	301,744	(34,703)	267,041
Instalments written during the year	830,694	(100,240)	730,454
Instalments earned during the year	(675,697)	96,608	(579,089)
Balance as of December 31, 2022	456,741	(38,335)	418,406

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

Table No. (51): Net unearned premiums by segment during the fiscal years ending December 31, 2021G and 2022G

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021-2022G
Motor	200,688	340,487	69.7%
Medical	70,575	89,125	26.3%
General Accidents	17,944	21,844	21.7%
Others	12,537	5,285	(57.8%)
Total Unearned Premiums	301,744	456,741	51.4%
Motor	-	-	NA
Medical	(17,798)	(29,946)	68.3%
General Accidents	(5,309)	(3,789)	(28.6%)
Others	(11,596)	(4,600)	(60.3%)
Reinsurers' Share of Unearned Premiums	(34,703)	(38,335)	10.5%
Net Unearned Premiums	267,041	418,406	56.7%

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

Net unearned premiums increased from SAR 267.0 million as of December 31, 2021G to SAR 418.4 million as of December 31, 2022G. mainly due to the growth in gross written premiums of SAR 238.1 million during the fiscal year 2022G. in addition to the timing of the underwriting, as premiums are earned at a fixed rate over the term of the policy.

Motors

The net unearned premiums for the motor segment increased from SAR 200.7 million as of December 31, 2021G to SAR 340.5 million as of December 31, 2022G. due to an increase in unearned premiums for the motor segment by SAR 139.8 million, and the reinsurers' share of unearned premiums remained at zero during the period due to the segment being reinsured through an excess of loss reinsurance policy. The increase in unearned premiums was in line with the increase in gross written premiums for motors from SAR 383.5 million as of December 31, 2021G to SAR 567.0 million as of December 31, 2022G. Motor insurance policies are underwritten for a term of up to 12 months and are earned over time.

Medical

The net unearned premiums for the medical segment increased from SAR 52.8 million as of December 31, 2021G to SAR 59.2 million as of December 31, 2022G. mainly due to an increase in unearned premiums for the medical segment by SAR 18.6 million, partially offset by an increase in unearned premiums for reinsurers by SAR 12.1 million. The increase in net unearned premiums is due to an increase in gross written premiums for the medical segment by SAR 55.7 million in the fiscal year 2022G

General accidents and others

Net unearned premiums for the General Accidents and Others segment increased from SAR 13.6 million as of December 31, 2021G to SAR 18.7 million as of December 31, 2022G due to a decrease in unearned premiums for reinsurers by SAR 8.5 million, partially offset by a decrease in unearned premiums by SAR 3.4 million.

The decrease in unearned premiums for reinsurers and the decrease in unearned premiums are mainly due to a decrease in unearned premiums and a decrease in unearned premiums for reinsurers for other segments due to a decrease in total written premiums for other segments by SAR 6.3 million during the period.

Employee Service Benefit Obligations

Table No. (52): Employee Service Benefit Obligations as of December 31, 2021G and 2022G

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Present value of defined benefit obligations at beginning of year	14,006	12,968	(7.4%)
Current service costs	1,892	1,794	(5.2%)
Finance costs	292	317	8.6%
Actuarial loss on experience adjustments	473	895	89.2%
Benefits paid during the year	(3,695)	(2,902)	(21.5%)
Present value of defined benefit obligations at end of year	12,968	13,072	0.8%

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

Employee service benefits obligations increased from SAR 13.0 million as of December 31, 2021G to SAR 13.1 million as of December 31, 2022G due to an increase in current service costs of SAR 1.8 million as of December 31, 2022G. in addition to an increase in actuarial loss from experience adjustments of SAR 422 thousand, partially offset by a decrease in benefits paid during the year of SAR 793 thousand.

Lease liability

Table No. (53): Lease liability as of December 31, 2021G and 2022G

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Balance at the beginning of the year	10,593	10,736	1.3%

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Additions during the year	-	2,747	NA
Financial expenses	143	119	(16.8%)
Balance at the end of the year	10,736	13,602	26.7%
Payments:			
Balance at the beginning of the year	(5,619)	(7,753)	38.0%
Payment during the year	(2,134)	(3,727)	74.6%
Balance at the end of the year	(7,753)	(11,480)	48.1%
Total lease liability	2,983	2,122	(28.9%)

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

Lease liabilities decreased from SAR 3.0 million as of December 31, 2021G to SAR 2.1 million as of December 31, 2022G as a result of payments of SAR 3.7 million, which were partially offset by additions of SAR 2.7 million during the fiscal year ended December 31, 2022G.

Surplus from insurance operations

Table No. (54): Surplus from insurance operations as of December 31, 2021 and 2022G

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Surplus distributions due at the beginning of the year	6,409	5,991	(6.5%)
Surplus paid to policyholders	(418)	(4)	(99.0%)
Surplus distributions due at the end of the year	5,991	5,987	(0.1%)

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

Distributions to policyholders represent 10% of the net surplus from insurance operations in accordance with the regulations of insurance companies in the Kingdom of Saudi Arabia. The surplus from insurance operations remained stable during the fiscal years ended December 31, 2021G and 2022G, with a slight decrease due to payments to policyholders of SAR 4 thousand during the fiscal year 2022G. It is worth noting that there were no additions to the surplus in line with the net loss realized during the year.

Zakat and income tax

Table No. (55) Zakat and Income Tax as of December 31, 2021G and 2022G

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Zakat Balance at the Beginning of the Year	8,630	16,888	95.7%
(Reversal) Zakat Provision for Previous Years	10,576	(7,432)	(170.3%)
Payments During the Year	(2,318)	-	NA
Zakat Balance at the End of the Year	16,888	9,456	(44.0%)
Income Tax Balance at the End of the Year	25	25	0.0%
Balance at the End of the Year	16,913	9,481	(43.9%)

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

Zakat and income tax decreased from SAR 16.9 million on December 31, 2021G to SAR 9.5 million on December 31, 2022G. as a result of recording a reversal of the Zakat provision for previous years amounting to SAR 7.4 million during the fiscal year 2022G.

Shareholders' equity

Table No. (56) Shareholders' Equity December 31, 2021G and 2022G

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Capital	141,000	291,000	106.4%
Accumulated losses	(116,015)	(132,191)	13.9%
Available-for-sale investments fair value reserve	8,588	5,934	(30.9%)
Reserve for remeasurement of employees defined benefit obligations	(1,537)	(2,432)	58.2%
Total equity	32,036	162,311	406.7%

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

Capital

On 21/05/1441H corresponding to 16/01/2020G, the Board of Directors recommended reducing the Company's capital to extinguish the accumulated losses, which amounted to 29.8% as of December 31, 2019G. The Company obtained the approval of the Saudi Arabian Monetary Agency (currently the Saudi Central Bank) to reduce the capital from (200) million Saudi Riyals to (141) million Saudi Riyals pursuant to letter No. (41050316) dated 20/07/1441H corresponding to 15/03/2020G. The Company also obtained the approval of the Capital Market Authority on 24/09/1441H corresponding to 17/05/2020G to reduce the aforementioned capital, and during the Extraordinary General Assembly meeting (first meeting) held on 07/01/1442H (corresponding to 26/08/2020G), the Company's shareholders approved this recommendation and the changes that followed it. Accordingly, the Company's capital was reduced from (200) million Saudi riyals to (141) million Saudi riyals at a reduction rate of 29.5% by canceling (5.9) million shares out of the Company's total shares of (20) million shares, i.e. at a rate of canceling 1 share for every (3.3898) shares of the Company's shares, so that the number of shares became (14.1) million shares with a par value of (10) Saudi riyals..

On 21/05/1441H corresponding to 16/01/2020G, the Board of Directors recommended increasing the Company's capital through a Rights issue with a total value of 150 million Saudi riyals and a number of 15 million shares. On 14/02/1442H (corresponding to 01/10/2020G), the Company obtained a letter of no objection from the Saudi Arabian Monetary Agency (currently the Saudi Central Bank) and received on 27/04/1443H (corresponding to 02/12/2021G) the approval of the Saudi Central Bank to extend the previously granted approval to increase the Company's capital. The Capital Market Authority also approved on 13/02/1443H (corresponding to 20/09/2021G) the aforementioned increase in capital.

During the Extraordinary General Assembly Meeting (Second Meeting) held on 25/05/1443H (corresponding to 29/12/2021G), the Company's shareholders approved this recommendation and the subsequent changes. Accordingly, the Company's capital was increased from (141) million Saudi riyals divided into (14.1) million shares, so that the capital after the offering became (291) million Saudi riyals, with a number of shares amounting to (29.1) million shares, at an increase rate of (106.38%) and at an Offering Price of (10) Saudi riyals per share. The entitlement factor was determined by granting each registered shareholder (1.0638) Rights for every single share he owns.

The Company also announced the Trading Period of the 15 million priority Rights starting from 30/05/1443H (corresponding to 03/01/2022G) until 07/06/1443H (corresponding to 10/01/2022G), and the closing date for the subscription to the new shares was set on 10/06/1443H (corresponding to 13/01/2022G). The Company received the proceeds from the Rights issue on 07/03/2022G and the amount of the new capital was presented in the condensed priority financial statements for the three-month period ending 31/03/2022G.

As of December 31, 2023G, the Company's authorized, subscribed and paid-up capital amounted to (291) million Saudi riyals divided into (29.1) million shares with a nominal value of (10) Saudi riyals per share. As of 04/04/1445H (corresponding to October 19, 2023G), the Company announced on the Saudi Stock Exchange platform the Board of Directors' recommendation to increase the Company's capital by an amount of 209 million Saudi Riyals through a Rights issue. On 25/06/1445H (corresponding to 07/01/2024), the Company obtained the approval of the Insurance Authority to increase the capital by an amount of 209 million Saudi Riyals, so that the capital after the increase would become 500 million Saudi Riyals through a Rights issue. The approval is valid for one year from its date to complete the capital increase process. On 29/07/1446H (corresponding to 29/01/2025G), the Insurance Authority approved the Company's request to extend the previously granted approval to increase the Company's capital for an additional six months. As of the date of the condensed priority financial statements for the financial period ending June 30, 2024, the Company is in the process of meeting the regulatory requirements related to the capital increase. The purpose of the capital increase is to support the Company's future plans and enhance the solvency margin.

Accumulated losses

Accumulated losses increased from SAR 116.0 million on December 31, 2021G to SAR 132.1 million on December 31, 2022G due to recording a net loss of SAR 13.3 million in fiscal year 2022G, in addition to the Rights issue expenses related to the capital increase of SAR 2.9 million.

Fair value reserve for available-for-sale investments

The fair value reserve for available-for-sale investments decreased from SAR 8.6 million on December 31, 2021G to SAR 5.9 million on December 31, 2022G due to a decrease in the fair value of units listed in a local real estate fund by SAR 2.4 million and a decrease in listed securities by SAR 253 thousand during fiscal year 2022G.

Employees' defined benefit obligation remeasurement reserve

The employee defined benefit obligation remeasurement reserve increased from SAR -1.5 million as of December 31, 2021G to SAR -2.4 million as of December 31, 2022G, related to actuarial estimates of defined benefits.

Table No. (57): Financing Structure as of December 31, 2021G and 2022G

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Debt	0	0	0%
Capital	141,000	291,000	106.4%
Accumulated losses	(116,015)	(132,191)	13.9%
available-for-sale investments fair value reserve	8,588	5,934	(30.9%)
Reserve for remeasurement of defined benefit obligations	(1,537)	(2,432)	58.2%
Total equity	32,036	162,311	406.7%
Financing structure (Total debt / Total equity)	0%	0%	0%
Leverage ratio % (Financing structure / Total debt)	0%	0%	0%

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

Contingent liabilities

Table No. (58): Contingent liabilities as of December 31, 2021G and 2022G

Thousand Saudi Riyal	December 31, 2021G (Audited)	December 31, 2022G (Audited)	Annual Change 2021- 2022G
Letters of guarantee	3,045	4,809	57.9%

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

Contingent liabilities increased from SAR 3.0 million as of December 31, 2021G to SAR 4.8 million as of December 31, 2022G due to the fact that the Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. Management does not believe that such proceedings will have a material impact on its results and financial condition. The Company did not have any pending legal proceedings as of December 31, 2022G.

Cash Flow Statement

Table No. (59): Cash Flow Statement for the fiscal years ending December 31, 2021G and 2022G

Thousand Saudi Riyal	Fiscal year 2021G (Audited)	Fiscal year 2022G (Audited)	Annual Change 2021- 2022G
Cash flows from operating activities			
Total (loss) / income for the year before Zakat	(104,008)	(20,732)	(80.1%)
Adjustments for non-cash items:			
Depreciation of property and equipment	1,783	1,554	(12.8%)
Amortization of right-of-use asset	2,011	2,667	32.6%
Finance cost of lease	143	119	(16.8%)
Amortization of intangible assets	1,039	1,308	25.9%
Employees' service benefit obligations	2,184	2,111	(3.3%)
Provision for doubtful debts	1,784	557	(68.8%)
Changes in operating assets and liabilities:	(95,064)	(12,416)	(86.9%)

Thousand Saudi Riyal	Fiscal year 2021G (Audited)	Fiscal year 2022G (Audited)	Annual Change 2021- 2022G
Insurance and reinsurance premiums receivable	(1,561)	(17,859)	1044.1%
Reinsurance share of unearned premiums	(7,310)	(3,632)	(50.3%)
Reinsurance share of outstanding claims	(1,047)	(4,379)	318.2%
Insurance share of incurred but not reported claims	(478)	(1,801)	276.8%
Deferred policy acquisition costs	(12,394)	(16,410)	32.4%
Prepaid expenses and other receivables	4,288	(6,435)	(250.1%)
Claims payable to policyholders	10,647	2,993	(71.9%)
Other accruals and credit balances	(5,149)	15,417	(399.4%)
Reinsurance balances payable	8,088	(833)	(110.3%)
Unearned commission income	(165)	(278)	68.5%
Unearned premiums	37,275	154,997	315.8%
Outstanding risk reserve	26,211	(28,273)	(207.9%)
Other technical reserves	(684)	936	(236.8%)
Outstanding claims	8,511	279	(96.7%)
Incurred but not reported claims	12,222	43,692	257.5%
Total	(16,610)	125,998	(858.6%)
Employees End of service benefits paid	(3,695)	(2,902)	(21.5%)
Surplus paid to policyholders	(418)	(4)	(99.0%)
Zakat and income tax paid	(2,318)	-	(100.0%)
Net cash (used in) / from operating activities	(23,041)	123,092	(634.2%)

Thousand Saudi Riyal	Fiscal year 2021G (Audited)	Fiscal year 2022G (Audited)	Annual Change 2021- 2022G
Cash flows from investing activities			
Property and equipment additions	(1,880)	(740)	(60.6%)
Additions to intangible assets	(1,873)	(1,769)	(5.6%)
Maturity / (deposit) of term deposit	(63,036)	182,367	(389.3%)
Proceeds from available-for-sale investments	-	(1,252)	NA
Increase in statutory deposits	-	(13,650)	NA
Net cash (used in) from investing activities	(66,789)	164,956	(347.0%)
Cash flows from financing activities			
Repayment of lease liabilities	(2,134)	(3,727)	74.6%
Capital issuance	-	150,000	NA
Paid shares issuance expenses	-	(2,876)	NA
Net cash (used in) / from financing activities	(2,134)	143,397	(6819.6%)
Net change in cash and cash equivalents	(91,964)	431,445	(569.1%)
Cash and cash equivalents at the beginning of the year	144,937	52,973	(63.5%)
Cash and cash equivalents at the end of the year	52,973	484,418	814.5%
Non-cash transactions:			
Change in fair value of available-for-sale investments	1,462	(2,654)	(281.5%)
Actuarial losses from employee benefit obligations	473	(895)	89.2%
Additions to right-of-use assets	18	2,747	15161.1%

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

Net cash (used in) / generated from operating activities

The cash generated from operating activities increased from a net used of SAR 23.0 million in the fiscal year ended December 31, 2021G to a net cash generated of SAR 123.1 million in the fiscal year ended December 31, 2022G, mainly due to:

- The loss before Zakat adjusted from non-cash transactions decreased from SAR 95.1 million in the fiscal year ended December 31, 2021G to SAR 12.4 million in the fiscal year ended December 31, 2022G.
- The change in unearned premiums increased from a positive change of SAR 37.3 million in the fiscal year ended December 31, 2021G to a higher positive change of SAR 155.0 million in the fiscal year ended December 31, 2022G.
- Increase in the change in claims incurred but not reported from a positive change of SAR 12.2 million in the fiscal year ended December 31, 2021G to a higher positive change of SAR 43.7 million in the fiscal year ended December 31, 2022G.

Net cash (used in) / generated from investing activities

Net cash (used in) / generated from investing activities decreased from a net use of SAR 66.8 million in the fiscal year ended December 31, 2021G to a net result of SAR 165.0 million in the fiscal year ended December 31, 2022G, mainly due to the change from additions to term deposits from SAR 63.0 million in the fiscal year ended December 31, 2021G to the full maturity of deposits of SAR 182.4 million in the fiscal year ended December 31, 2022G. The Company has shifted its focus from term deposits with maturities exceeding 3 months to deposits maturing within 3 months from the date of acquisition, which are classified as cash and cash equivalents.

Net cash (used in) / generated from financing activities

Net cash (used in) / generated from financing activities increased from a net use of SAR 2.1 million in the fiscal year ended December 31, 2021G to a net income of SAR 143.4 million in the fiscal year ended December 31, due to the issuance of priority Rights shares resulting in an increase in capital of SAR 150.0 million in the fiscal year ended December 31, 2022G.

5-8 Results of operations for the fiscal years ended December 31, 2022G and 2023G in accordance with IFRS 17 and 9

Key Performance Indicators

The following table presents the key performance indicators for the fiscal years ending December 31, 2022G and 2023G:

Table No. (60): Key performance indicators for the fiscal years ending December 31, 2022G and 2023G

Key Performance Indicators	Fiscal year 2022G (Adjusted)	Fiscal year 2023G (Audited)
Reinsurance premium allocation as a percentage of insurance revenue	(13.8%)	(9.5%)
Reinsurance recoverable as a percentage of reinsurance premium allocation	64.6%	62.3%

Key Performance Indicators	Fiscal year 2022G (Adjusted)	Fiscal year 2023G (Audited)
Underwriting loss ratio	100.0%	91.6%
Margin of insurance services results	(4.9%)	4.8%
Net margin of insurance and investment results	(2.7%)	8.8%
Net income margin	(2.6%)	6.5%

Source: Management information

Income Statement

Table No. (61): Income Statement for the fiscal years ending December 31, 2022G and 2023G

Thousand Saudi Riyal	Fiscal year 2022G (Adjusted)	Fiscal year 2023G (Audited)	Annual Change 2022- 2023G
Insurance Revenue	672,811	974,681	44.9%
Insurance Service Expenses	(672,929)	(892,812)	32.7%
Insurance Service Result Before Reinsurance Contracts Retained	(118)	81,869	NA
Reinsurance Recoverable Amounts	59,880	57,439	(4.1%)
Reinsurance Premium Allocation	(92,680)	(92,235)	(0.5%)
Net Expenses from Reinsurance Contracts Retained	(32,800)	(34,796)	6.1%
Insurance Service Result	(32,918)	47,073	(243.0%)
Interest Income from Financial Assets Measured at Amortized Cost	8,610	37,045	330.3%
Other Investment Income	2,013	1,215	(39.6%)
Net (Loss)/Recovery of Impairment in Financial Assets	192	(15)	(107.8%)
Net Investment Income	10,815	38,245	253.6%

Thousand Saudi Riyal	Fiscal year 2022G (Adjusted)	Fiscal year 2023G (Audited)	Annual Change 2022- 2023G
Net Financing Income/ (Expenses) from Insurance Contracts Issued	4,336	(334)	(107.7%)
Net Financing Income/ (Expenses) from Reinsurance Contracts Retained	(721)	519	(172.0%)
Net Insurance Financing Income	3,615	185	(94.9%)
Net Insurance and Investment Result	(18,488)	85,503	(562.5%)
Other Income	15,758	16,764	6.4%
Other Operating Expenses	(22,046)	(30,061)	36.4%
Net Profit/(Loss) for the Year Before Zakat and Income Tax and Attributable to Shareholders	(24,776)	72,206	(391.4%)
Zakat (Charged)/Recovered During the Year	7,432	(8,800)	(218.4%)
Net Profit/(Loss) for the Year After Zakat and Income Tax and Attributable to Shareholders Only	(17,344)	63,406	(465.6%)

Source: Audited financial statements for the fiscal years ended December 31, 2022G and 2023G

Net profit for the year after Zakat and tax increased from a net loss of SAR 17.3 million for the fiscal year 2022G to a net profit of SAR 63.4 million for the fiscal year 2023G. This is due to the increase in insurance services results from negative results of SAR 32.9 million for the fiscal year 2022G to positive results of SAR 47.1 million for the fiscal year 2023G, in addition to an increase in net investment income by SAR 27.4 million during the fiscal year 2023G.

Insurance Revenue

Table No. (62): Insurance revenues for the fiscal years ending December 31, 2022G and 2023G

Thousand Saudi Riyal	Fiscal year 2022G (Adjusted)	Fiscal year 2023G (Audited)	Annual Change 2022- 2023G
Medical	195,464	184,106	(5.8%)

Thousand Saudi Riyal	Fiscal year 2022G (Adjusted)	Fiscal year 2023G (Audited)	Annual Change 2022- 2023G
Motors	426,343	733,063	71.9%
General Accidents	20,522	32,804	59.8%
Other Segment Revenues	30,482	24,708	(18.9%)
Total Insurance Revenues	672,811	974,681	44.9%

Source: Audited financial statements for the fiscal years ended December 31, 2022G and 2023G

Insurance Revenue

Insurance revenues consist of motors, medical, general accident and others segment. Insurance revenues increased from SAR 672.8 million in FY22 to SAR 974.6 million in FY23, due to an increase in insurance revenues in the motor segment by SAR 306.7 million and the general accident segment by SAR 12.3 million. These increases were offset by a decrease in insurance revenues in the segment by SAR 11.4 million and others segment by SAR 5.8 million during FY23.

Motors

Insurance revenues from the motors segment increased from SAR 426.3 million in FY22 to SAR 733.1 million in FY23 due to an increase in total written premiums for the automotive segment by SAR 223.4 million in addition to the acquisition of the value of policies subscribed in previous fiscal years. The increase in the motors segment is due to the general increase in motors insurance policy prices in the segment, in addition to new legislation that came into effect in late fiscal year 2023G related to monitoring and penalizing the lack of a valid motors policy for cars electronically. This increase is also due to the Company's strategy aimed at adopting competitive prices to increase the motors insurance segment's third-party underwriting portfolio.

Medical

Insurance revenues from the medical sector decreased from SAR 195.5 million in fiscal year 2022G to SAR 184.1 million in fiscal year 2023G, mainly due to a decrease in the total written premiums for the medical sector by SAR 36.1 million. The decrease in the total written premiums for the medical sector is mainly due to internal initiatives that include market assessment and targeting a specific profitable customer segment within the SME sector. The Company plans to expand the scope of underwriting in the medical sector to diversify its underwriting portfolio, and the Company has begun offering new profitable products.

General Accidents

Insurance revenues from the General Accidents segment increased from SAR 20.5 million in FY22 to SAR 32.8 million in FY23, mainly due to an increase in the total written premiums of the General Accidents segment by SAR 24.8 million. Management has strategically planned to increase the underwriting of General Accident policies with expectations to grow underwriting in this segment, conditional on maintaining adequate profitability.

Other segment Revenues

Insurance revenues from other segments decreased from SAR 30.5 million in FY22 to SAR 24.7 million in FY23, despite an increase in the total written premiums of other segments from SAR 22.8 million in FY22 to SAR 27.3

million in FY23. The decrease in insurance revenues is mainly due to the timing of underwriting. Written premiums in other segments relate to the property segment and the shipping segment amounting to SAR 24.1 million and SAR 2.3 million, respectively, in the fiscal year 2023G.

Total written insurance premiums for each operating segment by type of policyholders

Table No. (63): Total insurance premiums written for each operating segment by type of policyholders for the fiscal years ending December 31, 2022G and 2023G

Thousand Saudi Riyal	Medical	Motors	Property and general accidents	Total
Individuals	2,982	553,709	18,438	575,129
Micro-companies	102,781	9,596	895	113,272
Small companies	47,674	2,032	4,074	53,780
Medium companies	23,789	852	12,003	36,644
Large companies	37,983	784	13,105	51,872
Total premiums subscribed 2022G	215,209	566,973	48,515	830,697
Individuals	4,120	743,617	40,009	787,746
Micro- companies	86,428	16,644	1,243	104,315
Small companies	37,301	25,180	5,205	67,686
Medium companies	24,954	1,965	10,872	37,791
Large companies	26,295	2,994	20,576	49,865
Total premiums subscribed 2023G	179,098	790,400	77,905	1,047,403

Source: Audited financial statements for the fiscal years ended December 31, 2022G and 2023G

Total written premiums increased from SAR 830.7 million in FY22 to SAR 1.0 billion in FY23, mainly due to an increase in total motor insurance premiums by SAR 223.4 million, as a result of an increase in individual motor insurance premiums by SAR 190.0 million, and an increase in property and casualty by SAR 29.4 million, as a result of an increase in individual property and accidents premiums by SAR 21.6 million. This increase was offset by a decrease in total medical insurance premiums by SAR 36.1 million, as a result of a decrease in total micro-enterprise insurance premiums by SAR 16.3 million.

Insurance service expenses

Table No. (64): Insurance service expenses as of December 31, 2022G and 2023G

Thousand Saudi Riyal	Medical	Motors	General accidents	Others	Total
Claims incurred and directly attributable expenses Other	152,934	433,885	7,226	2,624	596,669
Onerous contract losses and reversals of such losses	(454)	(25,528)	-	25,982	-
Changes related to prior service - Adjustments to liabilities for claims incurred	(5,974)	(5,647)	(642)	(25,061)	(37,324)
Distribution of surplus to policyholders	-	-	-	-	-
Amortization of insurance acquisition cash flows	20,551	88,382	2,103	2,548	113,584
Total FY22	167,057	491,092	8,687	6,093	672,929
Claims incurred and directly attributable expenses Other	144,716	565,242	10,710	3,137	723,805
Onerous contract losses and reversals of such losses	401	(21,718)	-	-	(21,317)
Changes related to prior service - Adjustments to liabilities for claims incurred	(6,871)	24,247	(2,515)	(858)	14,003

Thousand Saudi Riyal	Medical	Motors	General accidents	Others	Total
Distribution of surplus to policyholders	7,958	-	-	-	7,958
Amortization of insurance acquisition cash flows	31,155	133,052	1,963	2,193	168,363
Total FY23	177,359	700,823	10,158	4,472	892,812

Source: Audited financial statements for the fiscal years ended December 31, 2022G and 2023G

Insurance service expenses relate to costs incurred in providing services during the period, including claims incurred, directly related expenses, changes in past service - changes in cash flows related to the liability for claims incurred, contracts expected to incur losses and reversals of those losses and cash flows for the acquisition of insurance policies

Insurance service expenses increased from SAR 672.9 million in FY22 to SAR 892.8 million in FY23. The increase is due to an increase in insurance service expenses for the motors segment by SAR 209.7 million and the medical segment by SAR 10.3 million. The increase in insurance service expenses is due to several factors, including: 1- Increase in claims incurred and other directly attributable expenses by SAR 127.1 million, 2- Increase in amortization of insurance acquisition cash flows by SAR 54.8 million, 3- Increase in changes related to prior service - adjustments to liabilities for claims incurred by SAR 51.3 million. This increase was partially offset by a decrease in onerous contract losses and reversal of those losses by SAR 21.3 million.

Claims incurred and other directly attributable expenses

Claims incurred and other directly attributable expenses increased from SAR 596.7 million in FY22 to SAR 723.8 million in FY23, mainly due to an increase in the motor segment by SAR 131.4 million, in addition to an increase in general accidents by SAR 3.5 million. This increase was offset by a decrease in the medical segment by SAR 8.2 million. The movement in claims incurred and other attributable expenses to the business segments was due to increases and decreases in underwriting in these segments.

Losses on onerous contracts and reversals of such losses

The reversal of losses related to onerous contracts increased from zero in FY22 to SAR 21.3 million in FY23, mainly due to a reversal in the automotive segment of SAR 21.7 million, partially offset by a loss in the medical segment of SAR 401 thousand.

The Company recorded a reversal of SAR 25.5 million related to the automotive segment and SAR 454 thousand related to the medical segment in FY22, however, the total of these reversals was fully offset by a loss of SAR 26.0 million in the "Other" segment. The loss recorded in the "Other" segment was primarily due to changes in past services or adjustments to liabilities for claims incurred.

Claims Incurred and Other Directly Attributable Expenses

Claims incurred and other directly attributable expenses increased from SAR 596.7 million in FY22 to SAR 723.8 million in FY23, mainly due to an increase in the Motor sector by SAR 131.4 million, in addition to an increase in General Accidents by SAR 3.5 million. This increase was offset by a decrease in the Medical sector by SAR 8.2 million. The movement in claims incurred and other directly attributable expenses for the business sectors is due to an increase and decrease in underwriting in these sectors.

Onerous Contract Losses and Reversals of Such Losses

The reversal of onerous contract losses increased from zero in FY22 to SAR 21.3 million in FY23, primarily due to a reversal in the Motor sector of SAR 21.7 million, partially offset by a loss in the Medical sector of SAR 401 thousand. The Company recorded a reversal of SAR 25.5 million in the Motor sector and SAR 454 thousand in the Medical sector in FY22, but this total was fully offset by a loss of SAR 26.0 million in the "Other" sector. The loss recorded in the "Other" sector was primarily due to changes in past services or adjustments to liabilities for claims incurred.

Changes in Prior Service - Adjustments to Liabilities for Claims Incurred

The negative change increased from SAR 37.3 million in FY22 to a positive change of SAR 14.0 million in FY23, primarily due to the Motor sector, which increased from a negative change of SAR 5.6 million in FY22 to a positive change of SAR 24.2 million in FY23. This was accompanied by a decrease in negative changes in the "Other" sector from a negative change of SAR 25.1 million in FY22 to a lower negative change of SAR 858 thousand in FY23. The movement in changes in prior service is directly attributable to a change in the Company's claims development schedules and includes actuarial estimates.

Distribution of surplus to policyholders

It increased from zero in FY22 to SAR 8.0 million in FY23, mainly due to the realization of net income during FY23. Amortization of insurance acquisition cash flows

Amortization of insurance acquisition cash flows increased from SAR 113.6 million in FY22 to SAR 168.4 million in FY23, mainly due to an increase in the motor sector by SAR 44.7 million, as a result of increased underwriting in the motor sector during the period. The increase in the motor sector coincided with an increase in the medical sector by SAR 10.6 million despite the decrease in underwriting in the medical sector during the year. This was mainly due to the share of attributable expenses that were included as part of the amortization of insurance acquisition cash flows.

Amounts Reinsurance from Recoverable

Reinsurance recoverable decreased from SAR 59.9 million in FY22 to SAR 57.4 million in FY23, mainly due to a decrease in the General Accident and Other sectors by SAR 3.9 million. This decrease was partially offset by an increase in the Medical sector by SAR 1.8 million, driven by losses from onerous contracts during the period.

Reinsurance premium allocation

Reinsurance premium allocation decreased from SAR 92.7 million in FY22 to SAR 92.2 million in FY23, mainly due to a decrease in the Other sector by SAR 6.0 million, as a result of a change in the composition of the Other sectors, which became more focused on the non-reinsurance medical malpractice sector.

Interest income from financial assets measured at amortized cost

Interest income from financial assets measured at amortized cost increased from SAR 8.6 million in FY22 to SAR 37.0 million in FY23, due to an increase in the investment portfolio from SAR 538.2 million in FY22 to SAR 718.8 million in FY23. This increase was in parallel with an increase in average commission rates.

Other investment income

Other investment income decreased from SAR 2.0 million in FY22 to SAR 1.2 million in FY23, mainly as a result of the disposal of all investments held in listed companies' shares, REITs and Sukuk.

Net (Loss) / Reversal of Impairment in Financial Assets

The net (loss) / reversal of impairment in financial assets decreased from a reversal of SAR 192 thousand in FY22 to a charge of SAR 15 thousand in FY23.

Net financing income / (expense) from insurance contracts issued

Net financing income / (expense) from insurance contracts issued decreased from an income of SAR 4.3 million in FY22 to a net expense of SAR 334 thousand in FY23, mainly due to a decrease in the medical sector by SAR 2.7 million in addition to a decrease in the Motor sector by SAR 2.1 million. The change from net income to net expense was mainly in line with the change in interest rates and the change in liabilities for remaining coverage during the period.

Net financing income/(expense) from reinsurance contracts held

Net financing income/(expense) from reinsurance contracts held increased from a net expense of SAR 721 thousand in FY22 to a net income of SAR 519 thousand in FY23, mainly due to an increase in the medical sector by SAR 1.1 million, in line with changes in interest rates and assets on claims incurred.

Other income

Other income relates to income generated from Hajj, Umrah and ports. Other income increased from SAR 15.8 million in FY22 to SAR 16.8 million in FY23, mainly due to an increase in activities during the period.

Other Operating Costs

Table No. (65): Other Operating Costs as of December 31, 2022G and 2023G

Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Insurance Policy Acquisition Costs	74,604	102,116	36.9%
Employee Costs	55,455	53,799	(3.0%)
Rent, IT, Utilities and Maintenance Costs	10,434	12,950	24.1%

Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Professional and Legal Fees	2,331	6,608	183.5%
Depreciation and Amortization	5,528	5,367	(2.9%)
Marketing and Other Expenses	8,616	18,340	112.9%
Total	156,968	199,180	26.9%

Source: Audited financial statements for the fiscal years ended December 31, 2022G and 2023G

Total other operating costs increased from SAR 157.0 million in FY2022G to SAR 199.2 million in FY23, mainly due to an increase in insurance policy acquisition costs of SAR 27.5 million, in addition to an increase in marketing expenses of SAR 9.7 million during FY23.

Insurance policy acquisition costs

Insurance policy acquisition costs increased from SAR 74.6 million in FY22G to SAR 102.1 million in FY23, mainly due to an increase in insurance policy underwriting and insurance contract revenues during FY23.

Employee costs

Employee costs decreased from SAR 55.5 million in FY22 to SAR 53.8 million in FY23, mainly due to a decrease in travel leave allowances of SAR 2.0 million and a decrease in basic salaries of SAR 1.5 million, partially offset by an increase in other costs.

Rent, IT, Utilities and Maintenance Costs

Increased from SAR 10.4 million in FY22 to SAR 12.9 million in FY23, primarily due to higher rental fees and other miscellaneous costs.

Professional and Legal Fees

Increased from SAR 2.3 million in FY22 to SAR 6.6 million in FY23, primarily due to consulting fees related to the finalized merger and expenses related to the implementation of IFRS 17 Technology Consulting Fees.

Depreciation and Amortization

Decreased from SAR 5.5 million in FY22 to SAR 5.4 million in FY23, primarily due to a decrease in the depreciation of right-of-use assets by SAR 782 thousand, partially offset by an increase in the depreciation of property and equipment by SAR 300 thousand and an increase in the amortization of intangible assets by SAR 318 thousand.

Marketing and other expenses

Increased from SAR 8.6 million in FY22 to SAR 18.3 million in FY23, mainly due to increased marketing activities during the year and increased IT costs during the year.

Expense Distribution Schedule

TableNo. (66): Expense Distribution Schedule as of December 31, 2022G and 2023G

Thousands of Saudi Riyals	2022G			2023G		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
Insurance Policy Acquisition Costs	74,604	-	74,604	102,116	-	102,116
Other Attributable Expenses	60,318	-	60,318	67,003	-	67,003
Total Expenses Classified as Insurance Services Expenses			134,922			169,119
Other Operating Expenses - Not Attributable	22,209	(163)	22,046	23,820	6,241	30,061
Total	157,131	(163)	156,968	192,939	6,241	199,180

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G and 2023G

Other Operating Expenses - Unattributed

These are unattributed expenses that are administrative expenses and are not directly related to insurance contracts.

Other Operating Expenses - Unattributed increased from SAR 22.0 million in FY22 to SAR 30.1 million in FY23 mainly due to higher shareholder transactions resulting from consulting costs related to the merger that did not take place.

Zakat (Charged) / Recovered during the Year

Zakat (Charged) / Recovered during the year increased from a reversal of SAR 7.4 million in FY22 to a charge of SAR 8.8 million in FY23 mainly due to higher income adjusted for Zakat purposes.

Key Performance Indicators

Key Performance Indicators

Table No. (67): Key Performance Indicators of the Financial Position as of 31 December 2022G, 2023G

Key Performance Indicators	31 December 2022G (Adjusted)	31 December 2023G (Audited)
Loss Factor for Remaining Coverage Obligations / Insurance Contract Liabilities	4.0%	0.5%
Total Assets / Total Liabilities	132.9%	137.7%
Accumulated Losses as a Percentage of Capital	(49.3%)	(25.4%)
Return on Average Assets	(2.6%)	7.5%
Return on Average Equity	(15.7%)	28.6%

Source: Management Information

Balance Sheet Statement

Table No. (68): Balance Sheet Statement as of 31 December 2022G and 2023G

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Assets:			
Cash and cash equivalents	484,331	141,633	(70.8%)
Reinsurance contract assets	62,506	57,814	(7.5%)
Term deposits	-	565,328	NA
Investments at fair value through other comprehensive income	67,099	43,463	(35.2%)
Debt instruments at amortized cost	20,000	-	(100.0%)
Prepaid expenses and other receivables	66,925	64,353	(3.8%)
Property and equipment, net	4,596	3,376	(26.5%)
Intangible assets, net	6,046	6,735	11.4%

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Right-of-use assets, net	3,309	1,424	(57.0%)
Due from a related party	1,985	-	(100.0%)
Statutory deposit	43,650	43,650	0.0%
Commission income payable on statutory deposit	2,342	1,778	(24.1%)
Total assets	762,789	929,554	21.9%
Liabilities:			
Insurance contract liabilities	546,825	610,958	11.7%
Employee termination benefits	13,072	16,413	25.6%
Lease liabilities	2,122	348	(83.6%)
Zakat and income tax provision	9,481	11,622	22.6%
Other accruals and payables	-	34,092	NA
Commission payable on statutory deposit to the Insurance Authority	2,342	1,778	(24.1%)
Total liabilities	573,842	675,211	17.7%
Equity:			
Capital	291,000	291,000	0.0%
Accumulated losses	(143,338)	(73,998)	(48.4%)
Investment fair value reserve	43,717	41,543	(5.0%)
Employee termination benefits remeasurement reserve	(2,432)	(4,202)	72.8%
Total equity	188,947	254,343	34.6%
Total liabilities and equity	762,789	929,554	21.9%

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G and 2023G

Assets

Cash and cash equivalents

Table No. (69): Cash and cash equivalents as of December 31, 2022G and 2023G

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Insurance operations:			
Cash on hand and at banks	30,189	30,787	2.0%
Deposits maturing within 3 months from the date of acquisition	373,084	38,606	(89.7%)
Total insurance operations	403,273	69,393	(82.8%)
Shareholders' operations:			
Cash on hand and at banks	3,167	865	(72.7%)
Deposits maturing within 3 months from the date of acquisition	77,978	71,396	(8.4%)
Total shareholders' operations	81,145	72,261	(10.9%)
Less: Impairment provision	(87)	(21)	(75.9%)
Total	484,331	141,633	(70.8%)

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G and 2023G

Cash and cash equivalents decreased from SAR 484.3 million as of December 31, 2022G to SAR 141.6 million as of December 31, 2023G due to the maturity of deposits maturing within 3 months from the acquisition date, which decreased from SAR 451.1 million as of December 31, 2022G to SAR 110.0 million as of December 31, 2023G. The Company shifted its focus to term deposits due to higher commission rates.

Reinsurance Contract Assets

Table No. (70): Reinsurance Contract Assets for the fiscal year ended December 31, 2022G

In thousands of Saudi Riyals	Assets for remaining coverage		Assets for claims incurred		Total
	Excluding loss component	Loss recovery component	Estimate of present value of cash flows	Risk adjustment for non-financial risks	
Opening balance of reinsurance contract assets	9,654	861	33,940	342	44,797

In thousands of Saudi Riyals	Assets for remaining coverage		Assets for claims incurred		Total
	Excluding loss component	Loss recovery component	Estimate of present value of cash flows	Risk adjustment for non-financial risks	
Opening balance of reinsurance contract liabilities	(960)	-	-	-	(960)
Net opening balance	8,694	861	33,940	342	43,837
Amounts allocated to reinsurance	(92,680)	-	-	-	(92,680)
Claims incurred and other expenses	-	-	59,503	480	59,983
Losses from onerous contracts and reversals of such losses	-	81	134	-	215
Changes pending past service - adjustments to liabilities for claims incurred	-	-	-	(319)	(319)
Amount recoverable from reinsurance	-	81	59,637	161	59,879
Reinsurance service results	(92,680)	81	59,637	161	(32,801)
Net financing expenses from reinsurance contracts	-	(250)	(466)	(3)	(719)
Premiums paid	(101,074)	-	-	-	(101,074)
Claims received	-	-	45,231	-	45,231
Fixed commission received	3,654	-	-	-	3,654
Total cash flows	(97,420)	-	45,231	-	(52,189)

In thousands of Saudi Riyals	Assets for remaining coverage		Assets for claims incurred		Total
	Excluding loss component	Loss recovery component	Estimate of present value of cash flows	Risk adjustment for non-financial risks	
Closing balance of insurance contract liabilities					
Closing balance of reinsurance contract liabilities	-	-	-	-	-
Closing balance of reinsurance contract assets	13,434	692	47,880	500	62,506
Net closing balance	13,434	692	47,880	500	62,506

Source: Audited Financial Statements for the fiscal years ended December 31, 2023G

Reinsurance Contract Assets

Reinsurance contract assets decreased from SAR 62.5 million as of 31 December 2022G to SAR 57.8 million as of 31 December 2023G, mainly due to a decrease in assets on incurred claims of SAR 17.3 million, partially offset by an increase in assets on residual coverage excluding loss component of SAR 12.2 million during the period. The decrease in assets on incurred claims was mainly due to two reasons: First - a decrease in assets on incurred claims for the general accidents sector by SAR 9.8 million, due to an increase in the medical malpractice sector that is not reinsured. Second - a decrease in assets on incurred claims for the medical sector by SAR 6.3 million, in line with the decrease in gross written premiums for the medical sector during the period. The increase in assets over residual coverage was mainly due to an increase in the medical sector of SAR 8.0 million, in addition to the other sector of SAR 3.4 million, attributed to reinsurance premium payments in FY23.

Assets over Residual Coverage

Excluding loss component

Assets over residual coverage excluding loss component increased from SAR 8.7 million as of 1 January 2022G to SAR 13.4 million as of 31 December 2022G, mainly due to an increase in assets over residual coverage in the medical sector of SAR 6.2 million. The increase was mainly due to premiums paid of SAR 65.2 million exceeding the amounts allocated to reinsurers of SAR 59.1 million.

Loss Recovery Component

The loss recovery component relates to the medical sector and decreased from SAR 861 thousand as of 1 January 2022G to SAR 692 thousand as of 31 December 2022G, mainly driven by net financing expenses from insurance contracts amounting to SAR 250 thousand.

Assets for Claims Incurred

Present Value of Cash Flows Estimate

The present value of cash flows estimate increased from SAR 33.9 million as of 1 January 2022G to SAR 47.9 million as of 31 December 2022G, mainly due to an increase in the General Accident sector by SAR 6.1 million, the medical

sector by SAR 6.1 million, in addition to an increase in the other business sector by SAR 2.6 million. This increase was partially offset by a decrease in the motor sector by SAR 883 thousand. The increase in the present value estimate is also mainly due to the excess of the reinsurance recoverable amount by SAR 59.6 million. The value of claims received is SAR 45.2 million.

Non-financial Risk Adjustment

The risk adjustment for non-financial risks increased from SAR 342 thousand as of 1 January 2022G to SAR 500 thousand as of 31 December 2022G, mainly due to the increase in the medical sector by SAR 159 thousand.

Table No. (71): Reinsurance contract assets for the fiscal year ending December 31, 2023G

In thousands of Saudi Riyals	Assets for remaining coverage		Assets for claims incurred		Total
	Excluding loss component	Loss recovery component	Estimate of present value of cash flows	Risk adjustment for non-financial risks	
Opening balance of reinsurance contract assets	13,434	692	47,880	500	62,506
Opening balance of reinsurance contract liabilities	-	-	-	-	-
Net opening balance	13,434	692	47,880	500	62,506
Amounts allocated to reinsurance	(92,235)	-	-	-	(92,235)
Claims incurred and other expenses	-	-	-	-	-
Losses from onerous contracts and reversals of such losses	-	180	63,802	400	64,382
Changes pending past service - adjustments to liabilities for claims incurred	-	-	(6,446)	(497)	(6,943)
Amount recoverable from reinsurance	-	180	57,356	(97)	57,439
Reinsurance service results	(92,235)	180	57,356	(97)	(34,796)

In thousands of Saudi Riyals	Assets for remaining coverage		Assets for claims incurred		Total
	Excluding loss component	Loss recovery component	Estimate of present value of cash flows	Risk adjustment for non-financial risks	
Net financing expenses from reinsurance contracts	-	386	135	(2)	519
Premiums paid	(108,773)	-	-	-	(108,773)
Claims received	-	-	74,801	-	74,801
Fixed commission received	4,387	-	-	-	4,387
Total cash flows	(104,386)	-	74,801	-	(29,585)
Closing balance of insurance contract liabilities					
Closing balance of reinsurance contract liabilities	-	-	-	-	-
Closing balance of reinsurance contract assets	25,585	1,258	30,570	401	57,814
Net closing balance	25,585	1,258	30,570	401	57,814

Source: Audited Financial Statements for the fiscal years ended December 31, 2023G

Assets from Remaining Coverage

Excluding Loss Component

Assets from Remaining Coverage excluding loss component increased to SAR 25.6 million as of 31 December 2023G, mainly due to an increase in the medical sector by SAR 8.0 million, in addition to an increase in the other business sector by SAR 3.5 million. This increase is mainly due to the amount of premiums paid to reinsurance companies amounting to SAR 108.8 million exceeding the amount allocated to reinsurance companies amounting to SAR 92.2 million.

Loss Recovery Component

The loss recovery component increased from SAR 692 thousand as of 31 December 2022G to SAR 1.3 million as of 31 December 2023G, mainly due to net financial expenses from insurance contracts amounting to SAR 386 thousand, in addition to the loss recovery component from losses from onerous contracts amounting to SAR 180 thousand.

Assets for Claims Incurred

Present Value of Cash Flows Estimate

The present value of cash flows estimate decreased from SAR 47.9 million as of December 31, 2022G to SAR 30.6 million as of December 31, 2023G, mainly due to decrease in the general accident sector by SAR 9.8 million, the medical sector by SAR 6.3 million, and the motor sector by SAR 3.5 million. This decrease was partially offset by increase in the other sector by SAR 2.2 million. The decrease in the aforementioned sectors is mainly due to claims received exceeding SAR 74.8 million the value of amounts due from reinsurance companies by SAR 57.4 million, mainly related to losses on onerous contracts during the period.

Non-financial Risk Adjustment

Risk adjustment for non-financial risks decreased from SAR 500 thousand as of 31 December 2022G to SAR 401 thousand as of 31 December 2023G, mainly due to a decrease in the medical sector by SAR 89 thousand.

Term Deposits

Table No. (72): Term deposits as of December 31, 2022G and 2023G

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Term deposits	-	565,440	NA
Less: Impairment allowance	-	(112)	NA
Total	-	565,328	NA

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G and 2023G

Term deposits relate to deposits held locally with original maturities ranging from 3 months to 1 year. Term deposits increased from zero as of 31 December 2022G to SAR 565.3 million as of 31 December 2023G as a result of placing new deposits in commercial banks maturing within a period of more than three months and less than twelve months. The new term deposits were funded through the maturity of deposits maturing within 3 months from the date of acquisition, the sale of investments in listed companies, real estate funds and sukuks, and cash generated from operating activities.

These deposits earn an average commission rate of 6.65% per annum as of 31 December 2023G.

Investments at fair value through other comprehensive income

Table No. (73): Investments as of 31 December 2022G and 2023G

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Opening balance	28,798	27,396	(4.9%)
Additions	1,252	-	(100.0%)
Disposals during the year	-	(27,396)	NA

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Change in fair value measurement during the year	(2,654)	-	(100.0%)
Closing balance for listed securities	27,396	-	(100.0%)
Opening balance	37,032	39,703	7.2%
Change in fair value measurement during the year	2,671	3,760	40.8%
Closing balance for unlisted securities	39,703	43,463	9.5%
Closing balance	67,099	43,463	(35.2%)

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G and 2023G

Investments decreased from SAR 67.1 million as of December 31, 2022G to SAR 43.5 million as of December 31, 2023G due to the sale of securities related to listed shares and the sale of real estate funds units as of December 31, 2023G. It is worth noting that the remaining balance relates entirely to the investment in Najm Company.

Debt Instruments at Amortized Cost

Debt instruments recorded at amortized cost decreased from SAR 20.0 million as of December 31, 2022G to zero as of December 31, 2023G due to the maturity of the Sukuk in October 2023G.

Prepaid Expenses and other Receivables

Table No. (74): Prepaid expenses and other receivables as of December 31, 2022G and 2023G

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Third Party Recovery	32,563	31,834	(2.2%)
Accrued Income	16,805	16,622	(1.1%)
Prepaid Expenses	4,943	5,144	4.1%
Warranties	4,809	4,472	(7.0%)
Other Accounts Receivable	5,550	4,329	(35.8%)
Miscellaneous	1,064	1,952	83.5%
Total	65,734	64,353	(3.8%)

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G and 2023G

Prepaid expenses and other receivables decreased from SAR 65.7 million as of December 31, 2022G to SAR 64.4 million as of December 31, 2023G, mainly due to a decrease in other receivables of SAR 1.2 million, in addition to a decrease in third party recoveries of SAR 729 thousand. This was partially offset by an increase in miscellaneous accounts of SAR 888 thousand.

Third Party Recoveries

Third party recoveries relate to amounts paid to third parties that can be recovered from the insured as a result of breach of the terms and conditions of the policies. Third party recoveries decreased from SAR 32.6 million as of December 31, 2022G to SAR 31.8 million as of December 31, 2023G, mainly due to collections from the insured during the period.

Accrued Income

Represents income from Hajj and Umrah and ports. Accrued income decreased from SAR 16.8 million as of December 31, 2022G to SAR 16.6 million as of December 31, 2023G.

Prepaid Expenses

Prepaid expenses represent office and point of sale rental expenses. Prepaid expenses increased from SAR 4.9 million as of December 31, 2022G to SAR 5.1 million as of December 31, 2023G, mainly due to higher rent.

Guarantees

Represent deposits held with auto repair shops to finance the cost of repairs to policyholders' vehicles and mainly represent comprehensive coverage policies. Guarantees decreased from SAR 4.8 million as of December 31, 2022G to SAR 4.5 million as of December 31, 2023G.

Other Receivables

Other receivables relate to payments to IT suppliers. Other receivables decreased from SAR 5.6 million as of 31 December 2022G to SAR 4.3 million as of 31 December 2023G mainly due to collections made during the year.

Miscellaneous

Miscellaneous increased from SAR 1.1 million as of 31 December 2022G to SAR 2.0 million as of 31 December 2023G and relates to various receivables of an operational nature. The increase was in line with the growth in operating activities.

Property and Equipment, Net

Table No. (75): Property and equipment, net as of 31 December 2022G and 2023G

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Leasehold Improvements	2,524	1,919	(24.0%)
Computer Equipment	1,969	1,762	(10.5%)
Vehicles	-	19	NA

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Furniture, Fixtures and Office Equipment	103	(324)	(414.6%)
Net Book Value	4,596	3,376	(26.5%)

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G and 2023G

Net property and equipment decreased from SAR 4.6 million as of December 31, 2022G to SAR 3.4 million as of December 31, 2023G, mainly due to a decrease in leasehold improvements of SAR 605 thousand, in addition to a decrease in furniture, fixtures and office equipment of SAR 221 thousand. The decrease in net property and equipment was mainly due to annual depreciation of SAR 1.9 million, partially offset by additions of SAR 636 thousand. It is worth noting that accumulated depreciation as a percentage of total cost reached 87.1%.

Table No. (76): Cost of property and equipment, as of December 31, 2022G and 2023G

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Leasehold Improvements	9,662	9,735	0.8%
Computer Equipment	8,001	8,529	(6.6%)
Vehicles	116	135	16.4%
Furniture, Fixtures and Office Equipment	7,664	7,680	0.2%
Total Cost	25,443	26,079	2.5%

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G and 2023G

Table (77): Accumulated depreciation of property and equipment, as of December 31, 2022G and 2023G

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Leasehold Improvements	7,138	7,816	9.5%
Computer Equipment	6,032	6,767	12.2%
Vehicles	116	116	0.0%
Furniture, Fixtures and Office Equipment	7,561	8,004	5.9%
Total Depreciation	20,847	22,703	8.9%

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G and 2023G

Intangible Assets

Table No. (78): Intangible Assets as of December 31, 2022G and 2023G

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Cost:			
Balance at January 1	12,054	13,823	14.7%
Additions during the year	1,769	2,315	30.9%
Balance at December 31	13,823	16,138	16.7%
Accumulated amortization:			
Balance at January 1	(6,469)	(7,777)	20.2%
Charge for the year	(1,308)	(1,626)	24.3%
Balance at December 31	(7,777)	(9,403)	20.9%
Net book value	6,046	6,735	11.4%

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G and 2023G

Intangible assets increased from SAR 6.0 million as of December 2022G to SAR 6.7 million as of December 2023G due to additions of new intangible assets of SAR 2.3 million, partially offset by a decrease related to amortization of SAR 1.6 million.

Right-of-use Assets, Net

Table No. (79): Right-of-use assets, net as of December 31, 2022G and 2023G

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Cost:			
Balance at January 1	10,091	12,838	27.2%
Additions during the year	2,747	-	(100.0%)
Balance at December 31	12,838	12,838	0.0%
Accumulated amortization:			
Balance at January 1	(6,862)	(9,529)	38.9%
Charge for the year	(2,667)	(1,885)	(29.3%)

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Balance at December 31	(9,529)	(11,414)	19.8%
Net book value	3,309	1,424	(57.0%)

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G and 2023G

Right of use assets, net decreased from SAR 3.3 million as of December 31, 2022G to SAR 1.4 million as of December 31, 2023G due to depreciation of SAR 1.9 million in addition to no additions during the fiscal year.

Related Party Transactions

Table No. (80): Related Party Transactions as of December 31, 2022G and 2023G

In Thousands of Saudi Riyals	Nature of Transaction	Transactions for the year ended		Final Balance Debit/(Credit)	
		Fiscal Year 2022G (Amended)	Fiscal Year 2023G (Audited)	As of December 31, 2022G (Amended)	As of December 31, 2023G (Audited)
Board of Directors	Insurance Premiums Underwriting	145	-	-	-
Associates	Insurance Premiums Underwriting	305	19	-	-
	Claims Paid / Payments Received	-	-	(187)	-
United Cooperative Insurance Group (ACIG) Bahrain (Partner)	Claims Paid on Behalf of ACIG - Bahrain	-	-	1,985	-
Board of Directors and Audit Committee	Attendance Allowances	202	202	-	-

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G and 2023G

The balance of transactions with related parties related to ACIG Bahrain decreased from SAR 2.0 million as of December 31, 2022G to zero as of December 31, 2023G, mainly due to the reclassification of the balance to insurance contract liabilities. Management indicated that 100% of the balance was allocated to doubtful debts.

Statutory Deposit

The statutory deposit remained stable at SAR 43.7 million as of December 31, 2022G and 2023G.

Commission Income Accrued on Statutory Deposit

The income accrued on statutory deposit decreased from SAR 2.3 million as of December 31, 2022G to SAR 1.8 million as of December 31, 2023G, due to the payment of a portion of the income to the Insurance Authority upon the Authority's request.

Liabilities

Insurance Contract Liabilities

Table No. (81): Insurance Contract Liabilities as of December 31, 2022G

In Thousands of Saudi Riyals	Liabilities for remaining coverage		Liabilities for claims incurred		Total
	Excluding loss component	Loss component	Estimate of present value of cash flows	Risk adjustment for non-financial risks	
Opening balance	170,763	48,774	155,326	3,690	378,553
Insurance revenue	672,811	-	-	-	672,811
Claims incurred and other directly attributable expenses	-	-	591,628	5,041	596,669
Losses from onerous contracts and reversals of such losses	-	(25,983)	-	-	(25,983)
Changes pending past service - adjustments to liabilities for claims incurred	-	-	(8,468)	(2,874)	(11,342)
Distribution of surplus to policyholders	-	-	-	-	-
Amortization of insurance acquisition cash flows	113,585	-	-	-	113,585

In Thousands of Saudi Riyals	Liabilities for remaining coverage		Liabilities for claims incurred		Total
	Excluding loss component	Loss component	Estimate of present value of cash flows	Risk adjustment for non-financial risks	
Insurance service expenses	113,585	(25,983)	583,160	2,167	672,929
Insurance service results	559,226	25,983	(583,160)	(2,167)	(118)
Net finance charges from insurance contracts	-	928	3,271	136	4,335
Premiums received	824,144	-	-	-	824,144
Claims paid	-	-	(462,612)	-	(462,612)
Other directly attributable expenses paid	-	-	(60,373)	-	(60,373)
Insurance acquisition cash flows paid	(128,670)	-	-	-	(128,670)
Total cash flows	695,474	-	-522,985	-	172,489
Closing balance of insurance contract liabilities	307,011	21,863	212,230	5,721	546,825

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G

Insurance contract liabilities

Insurance contract liabilities increased from SAR 546.8 million as of 31 December 2022G to SAR 611.0 million as of 31 December 2023G, mainly due to growth in underwriting during the period. The increase as of 31 December 2023G was mainly due to an increase in the present value of cash flows related to incurred liabilities by SAR 56.1 million, mainly related to the increase in the motor sector by SAR 62.7 million. This increase was in parallel with an increase in the liabilities for the remaining coverage of the motor sector excluding the loss component by SAR 43.1 million, in line with the growth in underwriting in the motor sector during the period. It is worth noting that the growth in underwriting is driven by the management's strategy to continue growing the vehicle underwriting portfolio, especially in the third-party insurance product, and this was partially offset by a decrease in the liabilities for the remaining coverage of the medical sector excluding the loss component by SAR 17.6 million, in line with the decrease in total insurance premiums written for the medical sector during the period, especially for the SME sector.

Liabilities for Remaining Coverage

Excluding the Loss Component

Liabilities for remaining coverage excluding the loss component increased from SAR 170.8 million as of January 1, 2022G to SAR 307.0 million as of December 31, 2022G, mainly due to the increase in the motor sector by SAR 120.7 million, the general accident sector by SAR 9.0 million and the medical sector by SAR 7.8 million. The increase in remaining coverage liabilities excluding the loss component was mainly due to total cash flows of SAR 695.5 million, which exceeded the net insurance result of SAR 559.2 million, largely driven by gross premiums received of SAR 824.1 million during FY22.

Loss Component

The loss component decreased from SAR 48.7 million as of 1 January 2022G to SAR 21.9 million as of 31 December 2022G, mainly driven by the reversal of onerous contract losses of SAR 26.0 million, of which SAR 25.5 million related to the motor sector, driven by an improvement in the pricing of motor insurance policies during the period.

Liabilities for Incurred Claims

Present Value of Cash Flows Estimation

Liabilities for incurred claims for present value of cash flows estimation increased from SAR 155.3 million as of January 1, 2022G to SAR 212.2 million as of December 31, 2022G, mainly due to an increase in the motor sector by SAR 52.0 million in addition to an increase in the general accident sector by SAR 7.2 million.

The increase in liabilities for claims incurred to the present value of cash flow estimates was mainly driven by the excess of the value of insurance services results within liabilities for claims incurred of SAR 583.2 million, the value of total cash flows of SAR 523.0 million, mainly driven by actual claims paid amounting to SAR 462.6 million during the fiscal year 2022G, while claims incurred and other directly attributable expenses amounted to SAR 591.6 million during the mentioned period.

Table No. (82): Insurance contract liabilities as of December 31, 2023G

Thousands of Saudi Riyals	Liabilities for remaining coverage		Liabilities for claims incurred		Total
	Excluding loss component	Loss component	Estimate of present value of cash flows	Risk adjustment for non-financial risks	
Opening balance	307,011	21,863	212,230	5,721	546,825
Insurance revenue	974,681	-	-	-	974,681
Claims incurred and other directly attributable expenses	-	-	714,994	8,811	723,805

Thousands of Saudi Riyals	Liabilities for remaining coverage		Liabilities for claims incurred		Total
	Excluding loss component	Loss component	Estimate of present value of cash flows	Risk adjustment for non-financial risks	
Losses from onerous contracts and reversals of such losses	-	(21,317)	-	-	(21,317)
Changes relating to past service - adjustments to liabilities for claims incurred	-	-	18,961	(4,957)	14,004
Distribution of surplus to policyholders	-	-	7,958	-	7,958
Amortization of insurance acquisition cash flows	168,362	-	-	-	168,362
Insurance service expenses	168,362	(21,317)	741,913	3,854	892,812
Insurance service results	806,319	21,317	(741,913)	(3,854)	81,869
Net finance charges from insurance contracts	-	(2,292)	1,795	163	(334)
Premiums received	1,004,194	-	-	-	1,004,194
Claims paid	-	-	(632,819)	-	(632,819)
Other directly attributable expenses paid	-	-	(51,152)	-	(51,152)
Insurance acquisition cash flows paid	(174,555)	-	-	-	(174,555)
Total cash flows	829,639	-	(683,971)	-	145,668
Closing balance of insurance contract liabilities	330,331	2,838	268,377	9,412	610,958

Source: Audited Financial Statements for the fiscal years ended December 31, 2023G

Liabilities for Remaining Coverage

Excluding Loss Component

Liabilities for residual coverage excluding loss component increased from SAR 307.0 million as of 31 December 2022G to SAR 330.3 million as of 31 December 2023G, mainly driven by an increase in the motor sector by SAR 43.3 million, partially offset by a decrease in the medical sector by SAR 17.6 million. This increase was in line with an increase in gross written premiums in the motor sector by SAR 223.4 million and a decrease in gross written premiums in the medical sector by SAR 36.1 million during the period.

The increase was mainly driven by an excess of total cash flows of SAR 829.6 million on the result of insurance services, which was SAR 806.3 million. The surplus in total cash flows was mainly affected by premiums received amounting to SAR 1.0 billion during the fiscal year 2023G.

Loss component

The loss component decreased from SAR 21.9 million as of December 31, 2022G to SAR 2.8 million as of December 31, 2023G, mainly due to the reversal of onerous contract losses related to the Motor sector amounting to SAR 21.7 million, with partial offsetting of losses from onerous contracts recorded in the medical sector amounting to SAR 401 thousand.

The reversal of losses on onerous contracts in the motor sector was mainly affected by the improvement in the pricing of motor insurance policies during the period.

Claims incurred liabilities

Present value of cash flows estimate

The present value of cash flows estimate increased to SAR 268.4 million as of December 31, 2023G, mainly due to an increase in the Motor sector by SAR 62.7 million, partially offset by a decrease in the General Accident sector by SAR 14.9 million.

The increase in claims incurred liabilities for the present value of cash flow estimates was mainly driven by the excess of insurance services results over claims incurred of SAR 741.9 million compared to total cash flows of SAR 684.0 million, mainly driven by actual claims paid of SAR 632.8 million during FY 2023G, while claims incurred and other directly attributable expenses amounted to SAR 715.0 million during the same period.

Lease Requirements

Table No. (83): Lease Requirements as of December 31, 2022G and 2023G

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Balance at January 1	10,736	13,602	26.7%
Additions during the year	2,747	-	NA
Finance cost	119	31	(73.9%)

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Balance at December 31	13,602	13,633	0.2%
Payments:			
Balance at January 1	(7,753)	(11,480)	48.1%
Payments during the year	(3,727)	(1,805)	(51.6%)
Balance at December 31	(11,480)	(13,285)	15.7%
Total lease liability	2,122	348	(83.6%)

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G and 2023G

Rental liabilities decreased from SAR 2.1 million as of December 31, 2022G to SAR 348 thousand as of December 31, 2023G due to the payment of SAR 1.8 million during the year without adding any new obligations.

Zakat and Income Tax Provision

Table No. (84): Zakat and Income Tax as of December 31, 2022G and 2023G

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Balance at the beginning of the year	16,913	9,481	(43.9%)
Component / Refund during the year	(7,432)	8,800	(218.4%)
Payments during the year	-	(6,659)	NA
Balance at the end of the year	9,481	11,622	22.6%

Source: Audited Financial Statements for the fiscal years ended December 31, 2021G and 2022G

Zakat and Income Tax Provision increased from 9.4 million Saudi Riyals as of December 31, 2022G to SAR 11.6 million as of December 31, 2023G, due to Zakat charged during the year amounting to SAR 8.8 million, which was partially offset by payments amounting to SAR 6.7 million during the fiscal year 2023G.

Accruals and Other Payables

Accruals and other payables increased from SAR 0 as of December 31, 2022G to SAR 34.1 million as of December 31, 2023G, mainly due to the reclassification of the account from insurance contract liabilities to a separate account during the fiscal year 2023G.

Surplus accrued to insurance operations

Table No. (85): Surplus accrued to insurance operations as of December 31, 2022G and 2023G

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Balance at the beginning of the year	5,987	5,987	(0.0%)
Income attributable to insurance operations during the year	-	7,958	NA
Surplus paid to policyholders during the year	-	-	NA
Excess distributions due at the end of the year	5,987	13,945	132.9%

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G and 2023G

Capital

Capital remained stable at SAR 291.0 million during the fiscal years ended in 2022G and 2023G, and the percentage of accumulated losses as a percentage of capital decreased from 49.3% as of December 31, 2022G to 25.4% as of December 31, 2023G.

Accumulated Losses

Accumulated losses decreased from SAR 143.3 million as of December 31, 2022G to SAR 74.0 million as a result of recording a net profit of SAR 63.4 million during the fiscal year 2023G.

Fair Value Reserve for Investments

The fair value reserve for investments decreased from SAR 43.7 million as of 31 December 2022G to SAR 41.5 million as of 31 December 2023G due to the sale of investments during the period. The entire reserve as of 31 December 2023G relates to the investment in Najm Company.

Reserve for Remeasurement of Employee Termination benefits

Increased from SAR 2.4 million as of 31 December 2022G to SAR 4.2 million as of 31 December 2023G, in line with the calculation of employee termination benefits.

Contingent Liabilities and Contingencies

Table No. (86): Contingent Liabilities and Contingencies as of December 31, 2022G and 2023G

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Letter of Guarantees	4,809	4,329	(10.0%)

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G and 2023G

Contingent liabilities decreased from SAR 4.8 million as of December 31, 2022G to SAR 4.3 million as of December 31, 2023G due to the fact that the Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. Management does not believe that such proceedings will have a material impact on its results and financial position. The Company had no pending legal proceedings as of December 31, 2023G.

Financing Structure

Table No. (87): Financing Structure as of December 31, 2022G and 2023G

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Debt	0	0	0%
Capital	291,000	291,000	0%
Accumulated losses/retained earnings	(143,338)	(73,998)	48.4%
Fair value reserve for investments	43,717	41,543	(5.0%)
Reserve for remeasurement of defined benefit obligations	(2,432)	(4,202)	(8.72%)
Total equity	188,947	254,343	34.6%
Financing structure (Total debt/Total equity)	0%	0%	0%
Leverage ratio % (Financing structure/Total debt)	0%	0%	0%

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G and 2023G

Cash Flow Statement

Table No. (88): Cash Flow Statement for the fiscal years ending December 31, 2022G and 2023G

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Cash flows from operating activities:			
Income / (Loss) before Zakat and income tax	(24,776)	72,206	(391.4%)
Adjustments to non-cash items:			
Depreciation of property and equipment	1,556	1,856	19.3%
Depreciation of right-of-use assets	2,667	1,885	(29.3%)
Finance cost on lease liability	119	31	(73.9%)
Amortization of intangible assets	1,308	1,626	24.3%
Gain on disposal of investments measured at fair value through other comprehensive income	-	(114)	NA
Interest income from financial assets measured at amortized cost	(8,610)	(37,045)	330.3%
Other investment income	(2,013)	(1,215)	(39.6%)
Employee termination benefits	2,111	2,325	10.1%
Net (loss) / recovery of provision for expected credit losses on financial assets	(192)	15	(107.8%)
	(27,830)	41,570	(249.4%)
Changes in operating assets and liabilities:			
Insurance contract liabilities	168,272	64,133	(61.9%)
Reinsurance contract assets	(17,709)	4,692	(126.5%)

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Other accruals and payables	-	34,092	NA
Reinsurance contract liabilities	(959)	-	(100.0%)
Prepaid expenses and other receivables	(7,462)	2,577	(134.5%)
Employee termination benefits paid	(2,902)	(754)	(74.0%)
Zakat and income tax paid during the year	-	(6,659)	NA
Net cash (used in) / generated from operating activities	111,410	139,651	25.3%
Cash flows from investment activities:			
Purchase of property and equipment	(741)	(636)	(14.2%)
Purchase of intangible assets	(1,769)	(2,315)	30.9%
(Maturity)/ Deposit of term deposit	182,127	(563,358)	(409.3%)
Maturity of debt instruments at amortized cost	-	20,000	NA
Proceeds from sale of investments measured at fair value through other comprehensive income	-	27,509	NA
Interest income from financial assets measured at amortized cost	8,610	37,045	330.3%
Other investment income	2,013	1,215	(39.6%)
Increase in statutory deposit	(13,650)	-	(100.0%)
Net cash (used in) / from investing activities	176,590	(480,540)	(372.1%)

In Thousands of Saudi Riyals	December 31, 2022G (Adjusted)	December 31, 2023G (Audited)	Annual Change 2022G-2023G
Cash flows from financing activities:			
Issuance of capital	150,000	-	(100.0%)
Payment of Rights issue expenses	(2,876)	-	(100.0%)
Payment of lease obligation	(3,727)	(1,806)	(51.5%)
Net cash (used in) / from financing activities	143,397	(1,806)	(101.3%)
Net change in cash and cash equivalents	431,397	(342,695)	(179.4%)
Cash and cash equivalents at beginning of year	52,934	484,331	815.0%
Cash and cash equivalents at end of year	484,331	141,636	(70.8%)

Source: Audited Financial Statements for the fiscal years ended December 31, 2022G and 2023G

Net cash (used in)/generated from operating activities

Net cash (used in)/generated from operating activities increased from SAR 111.4 million in FY22 to SAR 139.7 million in FY23, mainly due to:

- Adjusted net income for non-cash items increased from a loss of SAR 27.8 million in FY22 to a net income of SAR 41.6 million in FY23.
- Insurance contract liabilities increased by SAR 64.1 million in FY23.
- Reinsurance contract assets increased from a cash flow used of SAR 17.7 million in FY22 to a cash flow generated of SAR 4.7 million in FY23.

Net cash (used in) / generated from investing activities

Net cash (used in) / generated from investing activities decreased from SAR 176.6 million in FY22 to SAR 480.5 million in FY23, mainly due to the addition of new term deposits of SAR 563.4 million in FY ended on December 31,2023G, partially offset by interest income from financial assets and disposals of investments and debt instruments

Net cash (used in) / generated from financing activities

Net cash (used in) / generated from financing activities decreased from SAR 143.4 million in FY ended on December 31,2022G to SAR 1.8 million in FY ended on December 31,2023G, mainly due to the decrease in capital issuance proceeds to zero in FY ended on December 31,2023G.



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Use of the Offering Proceeds **06**

6- Use of the Offering Proceeds

6-1 Net Offering Proceeds

The total proceeds from the offering of Rights issue shares will amount to two hundred and nine million (209,000,000) Saudi Riyals, of which approximately four million seven hundred and fifty thousand (4,750,000) Saudi Riyals will be paid to cover the offering expenses, which include the fees of the financial advisor, the lead manager, the legal advisor, the certified public accountant, the media and public relations advisor, in addition to the expenses of underwriting, marketing, printing, distribution and other expenses related to the offering. Accordingly, the net proceeds from the offering will amount two hundred and four million two hundred and fifty thousand (204,250,000) Saudi Riyals, which will be used to enhance the solvency margin and support the expansion of the Company's activities.

The Company will also disclose to the public on the Saudi Stock Exchange website, if there is a difference of (5%) or more between the actual uses of the proceeds of the offering versus what was disclosed in this Prospectus, as soon as it becomes aware of that, in accordance with paragraph (f) of Article (57) of the Rules on the Offer of Securities and Continuing Obligations , which states that **"the issuer must disclose to the public if there is a difference of (5%) or more between the actual use of the proceeds of the issuance of Rights issue shares or the issuance of shares with the suspension of the priority right versus what was disclosed in the relevant issuance prospectus, as soon as it becomes aware of that."**

6-2 Use of the Net Offering Proceeds

All insurance companies operating in the Kingdom conduct their activities in accordance with the Cooperative Insurance Companies Control Law and its Implementing Regulations and subsequent amendments issued by the Saudi Central Bank from time to time.

On 04/04/1445H (corresponding to 19/10/2023G), the Board of Directors of Allied Cooperative Insurance Group Company - ACIG, a listed Saudi joint stock company, recommended increasing the capital through a priority Rights issue worth two hundred and nine million (209,000,000) Saudi riyals, so that the capital after the increase becomes five hundred million (500,000,000) Saudi riyals, in order to enhance the financial solvency margin and support the expansion of the Company's activity, subject to obtaining the approval of the Insurance Authority, the Capital Market Authority and the Saudi Tadawul Group, in addition to the approval of the Extraordinary General Assembly. It is worth noting that on 25/06/1445H (corresponding to 07/01/2024G), the Insurance Authority approved increasing the Company's capital by two hundred and nine million (209,000,000) Saudi riyals, and the approval is valid for one year from its date to complete the capital increase process. On 29/07/1446H (corresponding to 29/01/2025G), the Insurance Authority approved the Company's request to extend the previously granted approval to increase the Company's capital for an additional six months.

The net proceeds of the offering will be used primarily to enhance the solvency margin and support the expansion of the Company's activity, and shareholders will not receive any of the proceeds of the offering.

The table below shows the proposed use of the proceeds of the offering:

Table No. (89): The proposed use of the proceeds of the offering

Statement	Value (Saudi Riyals)	Percentage of Total Offering Proceeds (%)*
Total Offering Proceeds	209,000,000	100.00%
Estimated Offering Expenses	4,750,000	2.27%
Net Offering Proceeds	204,250,000	97.73%
Increase in Statutory Deposit	31,350,000	15.00%
Investments to Meet Solvency Requirements	145,750,000	69.74%
Upgrading the Technical System for Insurance and Financial Operations	15,000,000	7.18%
Promotion of New Products (Advertising and Branding)	12,150,000	5.81%
Offering Expenses	4,750,000	2.27%
Total Offering Proceeds	209,000,000	100%

Source: The Company

* Estimated percentage

The Company will use the proceeds of the offering as follows:

6-2-1 Use of the Net Proceeds of the Offering to Increase the Statutory Deposit

According to Article (58) of the Implementing Regulations for Cooperative Insurance Companies issued by the Saudi Central Bank (noting that the authority to monitor the implementation of this regulation has been transferred to the Insurance Authority), the statutory deposit percentage must be ten percent (10%) of the paid-up capital. The Saudi Central Bank (previously, and the Insurance Authority currently) may raise this percentage to a maximum of fifteen percent (15%) according to the risks facing the Company. Accordingly, the Company will allocate an amount of thirty-one million, three hundred and fifty thousand (31,350,000) Saudi Riyals from the net proceeds of the subscription as a statutory deposit, so that the total statutory deposit becomes seventy-five million (75,000,000) Saudi Riyals, so that the current statutory deposit is forty-three million, six hundred and fifty thousand (43,650,000) Saudi Riyals.

6-2-2 Use of the Net Proceeds of the Offering in Investments to meet the Financial Solvency Requirements

The Company will use an amount from the net proceeds of the offering allocated to investments and financial deposits, to increase short- and medium-term financial deposits, in addition to increasing and diversifying the Company's investment portfolio by investing in investment funds such as Murabaha, trading, fixed income, stocks and sukuk funds, in addition to direct investment in bonds, sukuk and stocks, in accordance with the Implementing

Regulations for Supervision of Cooperative Insurance Companies issued by the Saudi Central Bank (formerly, and the Insurance Authority currently) and the investment policy approved by the Board of Directors noting that the company has not obtained the no-objection from the Insurance Authority regarding the updates to its investment policy as of the date of this Prospectus. As of the date of this prospectus, the company has not received the Insurance Authority's no-objection for updates to its investment policy. Most of the investments will be concentrated in low and medium risk investment vehicles within the Kingdom of Saudi Arabia. The Company intends to allocate an amount of (145,750,000) Saudi riyals to increase its financial deposits and diversify its investment portfolio immediately upon completion of the capital increase process by investing part of the amount of (79,000,000) Saudi riyals in short-term Murabaha, an amount of (52,750,000) Saudi riyals in medium-term Murabaha, and an amount of (14,000,000) Saudi riyals in sovereign sukuk of the Kingdom of Saudi Arabia. The Company has also committed to Article (60) of the Implementing Regulations of the Cooperative Insurance Companies Control Law to have a written investment policy approved by the Board of Directors on 07/09/1445H (corresponding to 17/03/2024G).

It is worth noting that the amounts will be distributed to investment channels in accordance with Article Sixty-One (61) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, which states the following:

1. The Company shall, when formulating its investment policy, take into consideration that the maturity of its invested assets is in concurrence with its liabilities according to the issued policies. The Company shall provide the Saudi Central Bank with an investment policy inclusive of assets distribution. If such investment policy was not approved by the Saudi Central Bank, the Company shall adhere to the investment standards in Table (1) of the Implementing Regulations, provided that investments outside the Kingdom shall not exceed (20%) of the total investment and in accordance with paragraph (2) of Article (59) which states that the Company shall invest (50%) of its total invested assets in Saudi Riyals. If the Company wishes to reduce this percentage, it should receive the prior written approval must from the Saudi Central Bank.
2. The Company shall take in consideration the investment concentration risks. Concentration in an investment instrument shall not exceed (50%) in one investment instrument mentioned in table (1) of the Implementing Regulations.

According to Article (62) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the Company shall not use financial instruments such as financial derivatives and off-balance sheet items before obtaining the prior written approval from the Saudi Central Bank. The Company may not use the instruments for purposes other than managing the investment portfolio. The following must be taken into consideration:

1. Such derivatives must be listed on financial exchange, are capable of being readily closed out, are based on underlying admissible assets and have a prescribed pricing basis.
2. The Company has set aside assets that can be used to settle any obligations under these derivatives and set adequate provisions for any adverse changes on the derivatives and their coverage.
3. The counter party in the transaction must be reputable and in an acceptable financial condition.

It is worth noting that the Company has existing investments (for more information, please review the paragraph (Available for Sale Investments) and the paragraph (Investments at Fair Value through Other Comprehensive Income) of Section (5) "**Financial Information, Discussion, Analysis and Management**").

In line with the requirements of paragraph (f) of Article (57) of the Rules on the Offer of Securities and Continuing Obligations, the Company will disclose to the public any discrepancy of (5%) or more between the actual use of the proceeds of the issuance of Rights issue shares versus what was disclosed in this Prospectus as soon as it becomes aware of it.

6-2-3 Use of the Net Proceeds of the Offering to Upgrade the Technical System of Insurance Operations and Financial Operations

The Company intends to use an amount of (15,000,000) Saudi Riyals from the net proceeds of the offering to invest in upgrading the technical system of the current insurance operations and the current financial operations to increase the overall productivity of the Company as a result of increasing the smoothness of internal operations, automating their processes, and providing business and data analysis capabilities. Upgraded IT systems typically provide advanced analytics and outperform competitors in the market. This will also lead to improved reporting, providing valuable insights into market trends, studying customer behaviors, and operational efficiencies. This data can significantly enhance strategic decision-making processes.

6-2-4 Using the Net Proceeds of the Offering to Promote New Products (Advertising and Branding)

As a listed insurance Company in the Kingdom of Saudi Arabia, ACIG recognizes the strategic importance of investing a portion of its capital increase funds in promoting new products. Therefore, it aims to use an amount of the net proceeds of the offering of (12,150,000) Saudi Riyals to enhance competitiveness in the market by effectively communicating the unique advantages and features of its innovative insurance offerings to potential customers. By allocating resources to promotional activities, such as targeted advertising campaigns, digital marketing initiatives, and educational seminars, the Company can increase brand visibility, attract new customers, and enhance customer engagement. This proactive approach not only supports revenue growth, but also enhances market penetration, positioning ACIG as a leader in providing customized insurance solutions that meet the evolving needs of its diverse customer base in and outside the Kingdom of Saudi Arabia.

6-2-5 Impact of Capital Increase on Solvency Margin Cover

The Company intends to increase its capital from two hundred and ninety-one million (291,000,000) Saudi riyals to five hundred million (500,000,000) Saudi riyals to enhance the solvency margin and support the expansion of the Company's activity. This is done by using the proceeds of the offering in financial investments (within the Company's traditional activities) and increasing the statutory deposit.

The Implementing Regulations of the Cooperative Insurance Companies Control Law require insurance companies to maintain a minimum level of net assets that can be included in the solvency margin calculation. This requirement translates into the need to maintain a minimum level of full cover (100%) for the solvency margin (net assets that can be included in the solvency calculation divided by the minimum solvency margin).

According to Article (65) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the Saudi Central Bank requires insurance companies to evaluate their assets for the purpose of calculating the net assets that can be included in the financial solvency calculation according to specific tables and inclusion ratios from the Saudi Central Bank, taking into account the following:

- Market value shall not be exceeded in the valuation process and shall all assets linked to Investment part of the Protection and Savings insurance policy shall be excluded.
- The maximum limit shall be (20%) of the total permissible assets value in any one-asset category.

Article (66) of the Implementing Regulations of the Cooperative Insurance Companies Control Law stipulates that a company practicing general and health insurance shall maintain the required solvency margin by adopting the highest of any of the following three methods:

- The minimum capital requirement, which is (300,000,000) Saudi riyals for insurance and reinsurance companies.
- Premium Solvency Margin.
- Claims Solvency Margin

The table below shows the details of the Company's solvency margin and cover as of December 31, 2021G, 2022G and 2023G:

Table No. (90): Details of the Company's Solvency Margin and Cover

(Saudi Riyal)	December 31, 2021G	December 31, 2022G	December 31, 2023G
Minimum Capital Requirement	100,000,000	100,000,000	100,000,000
Total Solvency Margin for Premiums	101,891,000	144,128,000	191,837,000
Total Solvency Margin for Requirements	92,236,000	102,438,000	125,118,000
Minimum Solvency Margin Requirement	101,891,000	144,128,000	191,837,000
Net Assets Eligible for Solvency	(17,502,000)	125,149,000	243,760,000
Excess (Shortfall) in Admissible Net Assets over Minimum Solvency Margin Requirement	(119,392,000)	(18,979,000)	51,923,000
Sovereignty Margin Cover (%)	(117%)	87%	112%

Source: The Company

The following are the expected contributions of the net proceeds of the offering to maintaining the capital requirements for the coming years, which were calculated based on certain requirements imposed by the Insurance Authority on insurance companies:

Table No. (91): Expected contribution of the net proceeds of the offering to maintaining the solvency requirements

(Saudi Riyal)	December 31, 2024G	December 31, 2025G	December 31, 2026G	December 31, 2027G	December 31, 2028G
Minimum Capital Required	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000
Total Premium Solvency Margin	166,359,000	200,215,000	204,504,000	230,257,000	251,857,000
Total Claims Solvency Margin	140,614,000	183,811,000	201,760,000	215,470,000	231,997,000

(Saudi Riyal)	December 31, 2024GG	December 31, 2025G	December 31, 2026G	December 31, 2027G	December 31, 2028G
Minimum Solvency Margin Required	166,359,000	200,215,000	204,504,000	230,257,000	251,857,000
Net Assets Included in Solvency	214,992,000	264,745,000	276,417,000	317,226,000	352,984,000
Excess (Shortfall) in Admissible Net Assets over Minimum Solvency Margin Required	48,633,000	64,530,000	71,913,000	86,969,000	101,127,000
Sovereignty Margin Cover (%)	129.2%	132.2%	135.2%	137.8%	140.2%

Source: The Company

The table below shows the expected timeline for using the proceeds from the offering:

Table No. (92): Expected timeline for use of proceeds of the offering

Statement	2025G			2026G	Total (Saudi Riyals)	Percentage of total proceeds of the offering (%)
	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter		
Short-term Murabaha	60,000,000	5,000,000	4,000,000	10,000,000		
Investments to meet solvency requirements	40,000,000	5,000,000	2,500,000	5,250,000	145,750,000	69.74%
Sovereign Sukuk	11,000,000	-	1,000,000	2,000,000		
Increase in statutory deposit	31,350,000	-	-	-	31,350,000	15.0%
Upgrading the technical system for insurance and financial operations	5,000,000	5,000,000	5,000,000	-	15,000,000	7.18%
Promotion of new products (advertising and branding)	5,000,000	5,000,000	2,150,000	-	2,150,000	5.81%

Statement	2025G			2026G	Total (Saudi Riyals)	Percentage of total proceeds of the offering (%)
	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter		
Offering expenses	4,750,000	-	-	-	4,750,000	2.27%
Total	157,100,000	20,000,000	14,650,000	17,250,000	209,000,000	100.0%

Source: The Company

It is worth noting that the above items will be financed from the proceeds of the offering.



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**Experts
Statements**

07

7- Experts Statements

The Financial Advisor, Lead Manager and Underwriter, Legal Advisor and accountants whose names appear on page (xii-xiii) have given their written consents to include their names, addresses, logos and statements in the form and text contained in the prospectus, and none of them has withdrawn any of these consents until the date of this Prospectus. The Advisors or any of their employees or relatives do not have any shares or interest of any kind in the Company.



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Declarations

08

8- Declarations

The Board of Directors members acknowledge the following as of the date of this Prospectus:

1. There has not been any interruption in the Issuer's business that could have significantly affected the financial situation during the last (12) months.
2. 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 issuance or offering of any securities.
3. There was no material adverse change in the financial and commercial position of the Issuer 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.
4. Other than what is stated in Section (9) "**Legal Information**" subparagraph (9-7-1) "**The Company's Agreements and Transactions with Related Parties**" on page (299) of this Prospectus, and other than what is stated in paragraph (4-2) "**Board of Directors**" of Section (4) "**Organizational and Administrative Structure**" on pages (89) and (90), neither the members of the Board of Directors nor any of their relatives have any shares or interest of any kind in the Issuer.
5. The Company did not maintain treasury shares, and the Company's Extraordinary General Assembly did not approve the purchase of the Company's shares.



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**Legal
Information**

09

9- Legal Information

9-1 Company Overview

9-1-1 Company Name

- The Company was established under the trade name “Allied Cooperative Insurance Group”, which is the current trade name of the Company and has not been modified until the date of preparing this Prospectus.

9-1-2 Company Incorporation and Stages of Capital Development

- Allied Cooperative Insurance Group (ACIG) was incorporated as a joint stock company in the Kingdom of Saudi Arabia pursuant to the Bylaws ratified by the notary public at the General Authority for Investment (currently the Ministry of Investment) in page (185) issue (607) of volume (7) for the year 1426H and dated 22/12/1426H (corresponding to 22/01/2006G). The Company’s capital upon incorporation amounted to one hundred million (100,000,000) Saudi riyals divided into ten million (10,000,000) shares of equal value, each worth ten (10) Saudi Riyals. The founding shareholders, subscribed for six million (6,000,000) shares, with a value of sixty million (60,000,000) Saudi Riyals, representing (60%) of the total capital. This amount was deposited in the bank. The remaining four million (4,000,000) shares were offered to the public for public subscription, with a nominal value of ten (10) Saudi Riyals per share, and a total value of forty million (40,000,000) Saudi Riyals, representing (40%) of the Company’s shares.
- On 28/05/1426H (corresponding to 05/07/2005G), the General Authority for Investment (currently the Ministry of Investment) issued license No. (01-11202910778) to incorporate the Company.
- On 16/09/1427H (corresponding to 09/10/2006G), Cabinet Resolution No. (233) was issued approving the incorporate of the Company under the name “**Allied Cooperative Insurance Group Company**” as a Saudi public joint stock company.
- On 18/09/1427H (corresponding to 11/10/2006G), Royal Decree No. (M/60) was issued approving the incorporation of the Company, whereby the Cabinet Resolution approving the incorporation of the Company was ratified.
- On 19/06/1428H (corresponding to 04/07/2007G), the Company’s founding assembly was held and approved the articles of the Company’s first Bylaws, the appointment of the first members of the Board of Directors, and the appointment of two auditors to audit the Company’s accounts for the first fiscal year of the Company.
- On 09/08/1428H (corresponding to 22/08/2007G), the Company was registered in the joint stock company registry in Jeddah under number (4030171999).
- On 14/08/1428H (corresponding to 27/08/2007G), all of the Company’s shares were registered and listed in the Saudi Stock Exchange “Tadawul”. The trading of its shares began after obtaining the approval of the Authority to publish the prospectus issued on 22/04/1428H (corresponding to 09/05/2007G).
- On 15/05/1430H (corresponding to 10/05/2009G), the Company obtained the Saudi Arabian Monetary Agency (later the Saudi Central Bank) license No. (T M N / 21/20095) to practice insurance activity in the branches of general insurance and health insurance, which is valid until 12/05/1448H (corresponding to 23/10/2026G).
- On 14/07/1435H (corresponding to 13/05/2014G), the Extraordinary General Assembly approved amending Article (4) of the Bylaws related to the Company’s main headquarters by changing it from Jeddah to Riyadh. The Company was registered in the Commercial Registry Office under Certificate No. (1010417178) dated 09/08/1428H (corresponding to 22/08/2007G). On 12/11/1430H (corresponding to 31/10/2009G), the Company’s Board of Directors recommended increasing the Company’s capital from one hundred million (100,000,000) Saudi Riyals to two hundred million (200,000,000) Saudi Riyals.
- On 11/11/1431H (corresponding to 19/10/2010G), the Saudi Arabian Monetary Agency (later the Saudi Central Bank) approved increasing the Company’s capital from one hundred million (100,000,000) Saudi Riyals to two

hundred million (200,000,000) Saudi Riyals, by issuing ten million (10,000,000) priority Rights shares with a nominal value of ten (10) Saudi Riyals per share.

- On 03/09/1433H (corresponding to 22/07/2012G), the Capital Market Authority approved the Company's request to increase its capital through a Rights issue worth one hundred million (100,000,000) Saudi Riyals.
- On 17/10/1433H (corresponding to 04/09/2012G), the Extraordinary General Assembly approved the Board of Directors' recommendation to increase the Company's capital from one hundred million (100,000,000) Saudi Riyals to two hundred million (200,000,000) Saudi Riyals.
- On 21/05/1441H (corresponding to 16/01/2020G), the Company's Board of Directors recommended reducing the Company's capital from two hundred million (200,000,000) Saudi riyals to one hundred and forty-one million (141,000,000) Saudi riyals.
- On 20/07/1441H (corresponding to 15/03/2020G), the Saudi Arabian Monetary Agency (later the Saudi Central Bank), pursuant to letter No. (41050316), approved reducing the Company's capital by fifty-nine million (59,000,000) Saudi riyals, to become one hundred and forty-one million (141,000,000) Saudi Riyals after the reduction.
- On 24/09/1441H (corresponding to 17/05/2020G), the Capital Market Authority approved the Company's request to reduce the Company's capital from two hundred million (200,000,000) Saudi Riyals to one hundred and forty-one million (141,000,000) Saudi riyals, thus reducing the number of shares from twenty million (20,000,000) shares to fourteen million and one hundred thousand (14,100,000) shares.
- On 07/01/1442H (corresponding to 26/08/2020G), the Extraordinary General Assembly approved the Board of Directors' recommendation to reduce the Company's capital from two hundred million (200,000,000) Saudi riyals to one hundred and forty-one million (141,000,000) Saudi riyals.
- On 21/05/1441H (corresponding to 16/01/2020G), the Company's Board of Directors recommended increasing the Company's capital from one hundred and forty-one million (141,000,000) Saudi riyals to two hundred and ninety-one million (291,000,000) Saudi riyals.
- On 13/02/1442H (corresponding to 20/09/2021G), the Capital Market Authority approved the Company's request to increase its capital through a Rights issue worth one hundred and fifty million (150,000,000) Saudi riyals.
- On 14/02/1442H (corresponding to 01/10/2020G), the Saudi Central Bank approved increasing the Company's capital from one hundred and forty-one million (141,000,000) Saudi riyals to two hundred and ninety-one million (291,000,000) Saudi riyals, through a rights issue of fifteen million (15,000,000) shares, each with a nominal value of ten (10) Saudi Riyals.
- On 25/05/1443H (corresponding to 29/12/2021G), the Extraordinary General Assembly approved the Board of Directors' recommendation to increase the Company's capital from one hundred and forty-one million (141,000,000) Saudi riyals to two hundred and ninety-one million (291,000,000) Saudi riyals, and thus increase the number of the Company's shares from fourteen million one hundred thousand (14,100,000) shares to twenty-nine million one hundred thousand (29,100,000) shares through Rights issue in the amount of fifteen million (15,000,000) shares.
- On 04/04/1445H (corresponding to 19/10/2023G), the Company's Board of Directors recommended increasing the Company's capital from two hundred and ninety-one million (291,000,000) Saudi riyals to five hundred million (500,000,000) Saudi riyals, subject to the non-objection of the Saudi Central Bank, the Capital Market Authority and relevant authorities, in addition to the approval of the Company's Extraordinary General Assembly.
- On 25/06/1445H (corresponding to 07/01/2024G), the Insurance Authority approved increasing the Company's capital by two hundred and nine million (209,000,000) Saudi riyals. The approval was valid for one year from its date to complete the capital increase process. On 29/07/1446H (corresponding to 29/01/2025G), the Insurance Authority approved the Company's request to extend the previously granted approval to increase the Company's capital for an additional period of six months.

9-1-3 Capital and Statutory Deposit

- **Capital**

- Article (8) of the Baylaw specified the Company's capital as two hundred and ninety-one million (291,000,000) Saudi Riyals divided into twenty-nine million and one hundred thousand (29,100,000) shares of equal value at a nominal value of ten (10) Saudi Riyals per share, all of which are ordinary cash shares.
- According to Article (9) of the Baylaw, the shareholders subscribed to the entire capital of the Company and the full value was paid.

- **Statutory deposit**

According to Article (14) of the Cooperative Insurance Companies Control Law and Article (58) of its Implementing Regulations, a statutory deposit must be deposited in one of the local banks to the order of the Saudi Central Bank, provided that the statutory deposit percentage is (10%) of the paid-up capital. The Saudi Central Bank may raise this percentage to a maximum of (15%) according to the risks facing the Company. The Company must deposit the statutory deposit amount within three months from the date of granting the license in the bank specified by the Central Bank at the time, and it is invested by the Central Bank, and its returns are returned to it.

As of the date of preparing this Prospectus, the Company is compliant with the provisions of Article (14) of the Cooperative Insurance Companies Control Law and Article (58) of the Implementing Regulations of the Cooperative Insurance Companies Control Law with regard to depositing a statutory deposit to the order of the Saudi Central Bank in the amount of forty-three million six hundred and fifty thousand (43,650,000) Saudi riyals, representing (15%) of the capital as of December 31, 2023G, such that the statutory deposit percentage was raised from (10%) to (15%) of the Company's capital in accordance with the requirements of the Saudi Central Bank.

9-1-4 Substantial Shareholders

A Substantial Shareholder is one who owns (5%) or more of the Company's shares. As of the date of preparing this Prospectus, the Company has one Substantial Shareholder, which is the Al-Tharawat Private Investment Holding Company, which owns (4,364,999) shares, representing (15%) of the Company's shares.

According to Article (38) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the Company must notify 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. Every person who owns (5%) or more of the Company's shares must notify the Insurance Authority in writing of their ownership percentage, and any change thereto within five business days from the date of occurrence.

9-1-5 Head Office

- According to Article (5) of the Bylaws, the Company's head office shall be in the city of Riyadh in the Kingdom of Saudi Arabia, and the Extraordinary General Assembly may, by decision, transfer the head office to another city in the Kingdom of Saudi Arabia with the approval of the Saudi Central Bank, and the Company may establish branches, offices or agencies inside or outside the Kingdom of Saudi Arabia after approval of the Saudi Central Bank.
- The current head office of the Company is located according to the Commercial Registration data in the city of Riyadh.
- It is worth noting that the Company was initially established in the city of Jeddah, and on 14/07/1435H (corresponding to 13/05/2014G), the Extraordinary General Assembly approved amending Article (4) of the

Bylaws related to the Company's head office by changing it from the city of Jeddah to Riyadh.

- As of the date of preparing this Prospectus, the Company has (8) branches inside the Kingdom of Saudi Arabia and does not have any branch outside the Kingdom.

9-1-6 Company Term

- Article (6) of the Bylaws stipulates that the term of the Company shall be ninety-nine (99) Gregorian years, starting from the date of its registration in the commercial register. The term of the Company may be extended by a resolution issued by the Extraordinary General Assembly at least one year before the end of this period.
- The commercial registration certificate data indicates that the Company's term will end on 22/08/1530H (corresponding to 22/08/2106G).

9-1-7 Company Activities

- According to Article (3) of the Bylaws, the Company's activities are to practice cooperative insurance business in the general insurance and health insurance branches. The Company may undertake all the work necessary to achieve its objectives. The Company shall practice its activities in accordance with the Cooperative Insurance Companies Control Law and its Implementing Regulations and the provisions issued by the Central Bank and the regulations and rules in force in the Kingdom of Saudi Arabia and after obtaining the necessary licenses from the competent authorities, if any.
- The Company's activities according to the commercial registration certificate are: general insurance, health insurance, reinsurance, insurance claims settlement, insurance agency.
- The Company carries out its activities through its head office, branches and affiliated points of sale, which it established within the Kingdom in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any. The Company has obtained the final approval from the Central Bank to practice its insurance activity (for more details, please review paragraph (9-5) "**Key Licenses, Certifications and Approvals**" of this section).

9-1-8 Bylaws

- The current version of the Company's Bylaws was issued based on the resolution of the (Extraordinary) General Assembly held on 25/05/1443H (corresponding to 29/12/2021G) and was approved by the Ministry of Commerce (Shared Services Department) on 19/07/1443H (corresponding to 20/02/2022G). The Company is in compliance with the requirement to upload an updated version of its Bylaws on its page on the Tadawul website.
- Since the incorporation of the Company in 2005G and until the date of preparing this Prospectus, several amendments have been made to the Company's Bylaws as follows:
 - The first version of the Bylaws was issued and approved by virtue of the resolution of the Founding Assembly held on 19/06/1428H (corresponding to 04/07/2007G). The Company's capital amounted to one hundred million (100,000,000) Saudi riyals divided into ten million (10,000,000) ordinary shares, with a nominal value of ten (10) Saudi riyals per share.
 - On 21/07/1433H (corresponding to 11/06/2012G), the Extraordinary General Assembly approved amending the Bylaws by amending Article (22) thereof and adding Article No. (37) related to cumulative voting in general assemblies of shareholders and adding Article No. (38) related to voting and participation in ordinary and Extraordinary general assemblies without attending at the assembly's headquarters via the remote voting system.
 - On 17/10/1433H (corresponding to 04/09/2012G), Article (7) and Article (8) of the Bylaws were amended in accordance with the resolution of the (Extraordinary) General Assembly regarding increasing the Company's capital from one hundred million (100,000,000) Saudi Riyals to two hundred million (200,000,000) Saudi Riyals.
 - On 14/07/1435H (corresponding to 13/05/2014G), the Extraordinary General Assembly approved amending

- Article (4) of the Bylaws regarding the Company's main head office by changing it from Jeddah to Riyadh.
- On 03/06/1438H (corresponding to 02/03/2017G), the Company's Bylaws were amended in accordance with the Companies Law (issued by Royal Decree No. (M/3) dated 28/01/1437H corresponding to 10/11/2015G).
 - On 07/01/1442H (corresponding to 26/08/2020G), Article (8) of the Bylaws related to capital was amended to comply with the resolution of the (Extraordinary) General Assembly to reduce it from two hundred million (200,000,000) Saudi riyals to one hundred and forty-one million (141,000,000) Saudi riyals. The (Extraordinary) General Assembly also approved the amendment of Article (3) related to the Company's purposes, Article (18) related to the powers of the Board, Article (19) related to the remuneration of Board members, Article (22) related to the quorum of the Board meeting, Article (30) related to calling for assemblies and Article (43) related to financial documents.
 - On 25/05/1443H (corresponding to 29/12/2021G), Article (8) of the Bylaws was amended to comply with the resolution of the (Extraordinary) General Assembly regarding increasing the Company's capital from one hundred and forty-one million (141,000,000) Saudi riyals to two hundred and ninety-one million (291,000,000) Saudi riyals.
 - On 05/09/1446H (corresponding to 05/03/2025G), the Extraordinary General Assembly approved the update of the Company's Bylaws to comply with the Companies Law issued pursuant to Royal Decree No. (M/132) dated 01/12/1443H, as well as the reorganization and renumbering of its articles to reflect the proposed amendments. As of the date of this prospectus, approval from the Ministry of Commerce is still in process.

9-2 Company's Management

9-2-1 Board of Directors

- According to Article Fifteen (15) of the Bylaws, the Company shall be managed by a Board of Directors consisting of (10) members elected by the Ordinary General Assembly of Shareholders for a period not exceeding three (3) years. The composition of the Board of Directors must reflect an appropriate representation of independent members. In all cases, the number of independent members of the Board shall not be less than two members or one-third of the members of the Board, whichever is greater. As an exception to this, the Founding Assembly shall appoint the first Board of Directors for a period not exceeding three (3) years starting from the date of the publication of the Ministry of Commerce's resolution to incorporate the Company.
- On 06/11/1443H (corresponding to 05/06/2022G), the Ordinary General Assembly of Shareholders elected members of the Board of Directors for a new term starting from 16/10/1443H (corresponding to 17/05/2022G) for a period of three (3) years ending on 19/11/1446H (corresponding to 17/05/2025G). The following members were elected:
 1. Mr. Yasser bin Mohammed bin Nasser Al-Jarallah
 2. Mr. Fayez bin Saleh bin Mahfouz.
 3. Mr. Ali bin Yahya Ali Al-Jaafari.
 4. Mr. Abdulrahman bin Hassan Al-Amoudi.
 5. Dr. Khaled bin Majed Al-Rasheed.
 6. Mr. Mohammed bin Ibrahim bin Mohammed Al-Rasheed
 7. Mr. Abdullah bin Abdulrahman bin Abdullah Al-Sheikh.
 8. Mr. Abdullah Mohammed Abdullah Al Dalan Al-Qahtani.
 9. Mr. Mohammed bin Mohsen bin Mohammed Balharith.
 10. Mr. Mohammed bin Jihad bin Abdulaziz Al Rashid.
- On 19/03/1445H (corresponding to 04/10/2023G), the Board of Directors approved the resignation of Mr. Mohammed bin Mohsen Balharith as an independent member of the Board of Directors, and the appointment of Mr. Ahmed bin Abdullah bin Manie' Al Hammadi as an independent member of the Board of Directors,

subject to the non-objection of the Saudi Central Bank (which was obtained on 30/03/1445H corresponding to 15/10/2023G). The General Assembly held on 19/12/1445H (corresponding to 25/06/2024G) approved this appointment.

- On 10/08/1445H (corresponding to 20/02/2024G), the Board of Directors approved the resignation of Board Member Dr. Khalid bin Majid Al Rashid from the Board of Directors, and the Board of Directors decided to appoint Dr. Abdullah bin Ibrahim Al Ibrahim to the Board of Directors, subject to the non-objection of the Insurance Authority (which was obtained on 23/08/1445H (corresponding to 04/03/2024G). The General Assembly held on 19/12/1445H (corresponding to 25/06/2024G) approved this appointment.
- On 26/10/1445H (corresponding to 05/05/2024G), the Board of Directors decided to dismiss the former Board Secretary and appoint Dr. Hisham bin Misfer Albisher as Secretary of the Board of Directors to complete the current term, subject to the non-objection of the Insurance Authority which was obtained on 14/11/1445H (corresponding to 22/05/2024G).
- On 20/04/1446H (corresponding to 23/10/2024G), the Board of Directors approved the resignation of Board Member Mr. Mohammad bin Jihad bin Abdulaziz Al Rashid. On 21/04/1446H (corresponding to 24/10/2024G), the Board of Directors approved the appointment of Mr. Abdul Latif bin Saud Al Mandeel as a Board Member, after obtaining the nonobjection of the Insurance Authority was obtained on 08/05/1446H (corresponding to 10/11/2024G). The General Assembly held on 05/09/1446H (corresponding to 05/03/2025G) approved this appointment.

The current Board of Directors consists of the following:

Table No. (93) Board of Directors - Current Tenure

#	Name	Position	Nationality	Age	Membership Status	Date of Appointment	Owned shares			
							Direct	Indirect	Total	Total Percentage
1	Yasser bin Mohammed bin Nasser Al-Jarallah	Chairman of the Board	Saudi	42	Non-executive	06/11/1443H (corresponding to 05/06/2022G)	425,967	-	425,967	1,4638041%
2	Fayez bin Saleh Abdullah bin Mahfouz	Deputy Chairman of the Board	Saudi	47	Non-executive	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-
3	Ali Yahya Ali AL-Jaafari	Managing Director	Saudi	59	Executive	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-
4	Abdullah bin Abdulrahman bin Abdullah Al Al-Sheikh	Board Member	Saudi	59	Independent	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-

#	Name	Position	Nationality	Age	Membership Status	Date of Appointment	Owned shares			
							Direct	Indirect	Total	Total Percentage
5	Ahmed bin Abdullah bin Manea Al-Hammadi	Board Member	Saudi	72	Independent	19/03/1445H (corresponding to 04/10/2023G)	-	-	-	-
6	Abdullah bin Ibrahim Al-Ibrahim	Board Member	Saudi	38	Independent	10/08/1445H (corresponding to 20/02/2024G)	-	-	-	-
7	Abdulrahman bin Hassan Al-Amoudi	Board Member	Saudi	49	Independent	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-
8	Mohammed Ibrahim Mohammed Al-Rasheed	Board Member	Saudi	36	Independent	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-
9	Abdullah Mohammed Abdullah Al Dalan Al-Qahtani	Board Member	Saudi	44	Independent	06/11/1443H (corresponding to 05/06/2022G)	-	-	-	-
10	Abdul Latif bin Saud Al-Mandeel	Board Member	Saudi	61	Independent	21/04/1446H (corresponding to 24/10/2024G)	-	-	-	-
Secretary of the Board										
	Dr. Hisham bin Misfer Albisher	Secretary of the Board	Saudi	40	Non-independent	26/10/1445H (corresponding to 05/05/2024G)	-	-	-	-

Source: The Company

9-2-2 Board Committees

The Board of Directors has (6) committees: (1) Audit Committee, (2) Nominations and Remuneration Committee, (3) Risk Management Committee, (4) Executive Committee, (5) Investment Committee and (6) Sharia Supervisory Committee. These committees assist the Board of Directors in performing its duties and responsibilities and raising the level of supervision, control and decision-making controls within the framework of corporate governance.

9-2-2-1 Audit Committee

9-2-2-1-1 Formation of the Audit Committee

On 07/11/1443H (corresponding to 06/06/2022G), the Board of Directors decided to recommend to the General Assembly to form the Audit Committee and appoint the Chairman and members of the Audit Committee, which consists of (4) members for a period of three (3) years starting from 06/11/1443H (corresponding to 05/06/2022G) and ending on 19/11/1446H (corresponding to 17/05/2025G). The Ordinary General Assembly held on 26/12/1443H (corresponding to 25/07/2022G) approved the formation of the Audit Committee in accordance with the recommendation of the Board of Directors, after obtaining the approval of the Central Bank on 24/11/1443H (corresponding to 23/06/2022G) as shown in the following table:

Table No. (94): Members of the Audit Committee

Name	Position	Membership Title
Abdul Allah bin Abdul Rahman Al Sheikh	Chairman of the Committee	Independent from within the Board
Bassam bin Mohammed Al-Baqawi	Member of the Committee	Independent from outside the Board
Ibrahim bin Ahmed Al-Azaq	Member of the Committee	Independent from outside the Board
Al-Hanouf bint Abdul Jabbar Al-Abdul Jabbar	Member of the Committee	Independent from outside the Board

Source: The Company

The Company has a regulation of controls and rules of work of the Audit Committee (a work regulation specific for the Audit Committee), the updated version of which was approved by the General Assembly of Shareholders held on 07/01/1442H (corresponding to 26/08/2020G).

9-2-2-1-2 Tasks, Powers and Competencies of the Audit Committee

According to the second clause of the Company's Audit Committee's regulations of controls and rules of work, the Board of Directors appoints the Audit Committee ("**Committee**") to support the Board in performing its supervisory duties related to the following matters:

1. The integrity of the Company's financial statements, financial reporting procedures, internal accounting systems and financial control regulations in the Company.
2. The independent annual review audit of the Company's financial statements, engaging with external auditors, evaluating of the qualifications of external auditors and ensuring their independence and performance.
3. The Company's compliance with legal and regulatory requirements, including the Company's disclosure policy controls and procedures.
4. The Company's compliance with its internal code of conduct.
5. The Committee is responsible for reviewing and ensuring the following:
 - Whether the Company follows appropriate accounting policies and makes judgments and estimates.
 - Appropriateness, taking into account the opinions of the external audit firm in this regard.
 - Options for processing financial information in accordance with accepted accounting principles.
 - The robustness of the accounting policies followed and any changes implemented, for each year in all departments of the Company.
 - Any significant amendments that are necessary to be made based on the results of the audit. Ensure the effectiveness and efficiency of the study of the internal control system.

- Study the internal audit reports and follow up on the implementation of corrective measures for the notes contained therein.
6. Recommend to the Board of Directors the appointment of professional accountants and determine their fees, taking into account when recommending the appointment to ensure their independence.
 7. Study the initial and annual financial statements before presenting them to the Board of Directors and expressing an opinion and recommendation thereon
 8. Study the accounting policies followed and express an opinion and recommendation thereon to the Board of Directors.
 9. Appoint and dismiss the Director of the Compliance Department or the Compliance Officer after obtaining SAMA's written no objection.
 10. Appoint and dismiss the Director of the Internal Audit Department or the Internal Auditor after obtaining SAMA's written no objection.
 11. Study the compliance plan, approve it and follow up on its implementation.
 12. Determine the monthly salary, incentive bonus and other remuneration for the internal audit department or the internal auditor in line with the Company's internal regulations approved by the Board.
 13. Determine the value of the monthly salary, incentive bonus and other remuneration for the compliance department or the compliance officer in line with the Company's internal regulations approved by the Board.
 14. Ensure the availability of a written list of professional conduct rules after its approval by the Company's Board of Directors to ensure that the Company's activities are carried out in a fair and ethical manner.
 15. Follow up on important lawsuits filed by or against the Company with the compliance manager or compliance officer and submit periodic reports on them to the Board of Directors.

According to the third clause, the powers of the Audit Committee were determined as follows:

1. Hire external experts and consultants as necessary to carry out the tasks and duties assigned to it, provided that they are hired based on acceptable justifications.
2. Contact management and employees to obtain any information related to its work.
3. Establish procedures for dealing with employees concerned with accounting, internal control and auditing affairs.
4. Establish procedures for receiving, filing and resolving complaints received by the Company regarding accounting, internal control and auditing affairs.
5. Recommend the appointment of the external auditor and his continuation in his duties and supervise what he does.
6. Recommend all conditions and fees related to auditing tasks, and policies for hiring external auditors to perform services other than auditing tasks.
7. Investigate any activities within the limits of its powers, and within the framework of its investigations, it may do the following:
 - Seek to obtain any information it needs from all employees of the Company, and all employees must cooperate with the committee and answer all its inquiries.
 - Consulting with legal experts and independent professionals from outside the Company. Those who are assisted by the committee in this regard from outside the Company may attend meetings as necessary.
 - Inviting any of the Company's employees to attend the committee meeting upon its request.

9-2-2-1-3 Audit Committee Meetings

According to paragraph (53) of the Audit Committees Regulations in Insurance and Reinsurance Companies, the minimum number of Audit Committee meetings shall be six (6) meetings during the year, and according to the eighth clause of the Audit Committee's Controls and Rules Regulations for Committee Meetings, the Committee shall hold six (6) meetings per year, including the annual meeting with the Board of Directors.

The Audit Committee has held its meetings during the past years according to the following table:

Table No. (95): Audit Committee meetings

Year	2021G	2022G	2023G	2024G
Number of Meetings	9	14	8	5

Source: The Company

Up to the date of preparing this Prospectus

9-2-2-2 Nominations and Remuneration Committee

9-2-2-2-1 Formation of the Nominations and Remuneration Committee

- On 07/11/1443H (corresponding to 06/06/2022G), the Board of Directors decided to form the Nominations and Remunerations Committee and appoint the Chairman and members of the Nominations and Remunerations Committee for a period of three (3) years starting from 06/11/1443H (corresponding to 05/06/2022G) and ending on 19/11/1446H (corresponding to 17/05/2025G). On 18/11/1443H (corresponding to 17/06/2022G), the Board of Directors decided (by circulation) to reconstitute the Nominations and Remunerations Committee and the approval of the Central Bank was obtained on 24/11/1443H (corresponding to 23/06/2022G).
- On 08/09/1445H (corresponding to 18/03/2024G), the Board of Directors approved the resignation of Dr. Khaled bin Majid Al Rasheed from the membership of the Nominations and Remuneration Committee and the appointment of Dr. Abdullah bin Ibrahim Al Ibrahim to the membership of the committee, subject to the non-objection of the Insurance Authority, which was obtained on 17/09/1445H (corresponding to 27/03/2024G).
- On 20/04/1446H (corresponding to 23/10/2024G), the Board of Directors approved the resignation of Board Member Mr. Mohammed Jihad Abdulaziz Al-Rasheed. On 21/04/1446H (corresponding to 24/10/2024G), the Board of Directors approved the appointment of Mr. Abdul Latif bin Saud Al-Mandil as a member of the Nominations and Remuneration Committee, after obtaining the Insurance Authority's no-objection on 08/05/1446H (corresponding to 10/11/2024G).
- The current Nominations and Remuneration Committee is composed as shown in the following table:

Table No. (96): Members of the Nominations and Remuneration Committee

Name	Position	Membership Status
Abdulrahman bin Hassan Al-Amoudi	Chairman of the Committee	Independent from outside the Board
Abdullah bin Ibrahim Al-Ibrahim	Committee Member	Independent from outside the Board
Abdul Latif bin Saud b Abdul Latif in Al-Mandeeel	Committee Member	Independent from outside the Board

Source: The Company

9-2-2-2 Competencies of the Nominations and Remuneration Committee

Paragraph (II) of Clause (1) of the Company's Nominations and Remuneration Committee's Charter defines its tasks as follows:

1. Ensuring that the compensation structure of the Company's senior executives supports and reflects the Company's objectives in a competitive manner, and is linked to achieving core performance objectives, based on measures consistent with the Company's short, medium and long-term interests.
2. Reviewing and approving recommendations related to the remuneration of the Company's executives.
3. Submitting recommendations to the General Assembly regarding candidates for Board membership in accordance with the approved policies and standards.
4. Reviewing annually of the required skills for membership of the Board of Directors and its committees, preparing a description of the capabilities and qualifications required for membership of the Board and its committees, and determining the time that the member must allocate to the work of the Board and/or the Board's committees.
5. Reviewing the annual compensation of the members of the Company's senior management.
6. Evaluating and monitoring the independence of the members of the Board and its committees and ensuring that there is no conflict of interest, including annually ensuring the independence of independent members.
7. Developing clear policies for compensation and rewards for members of the Board of Directors, its committees and members of senior management.
8. Evaluating periodically the performance of members of the Board and its committees.
9. Supervising the induction program and periodic training for members of the Board of Directors.
10. Recommending the appointment and dismissal of members of senior management.
11. Developing policies and procedures for the succession of the CEO and senior members of senior management and monitoring the implementation of their succession plans and procedures.
12. Recommending to the Board on matters related to nominations and remunerations.
13. Reviewing the structure of the Board of Directors, its composition and committees, identifying weaknesses therein periodically and proposing the necessary steps to address them.
14. Submitting recommendations to the Board of Directors regarding the remuneration of Board members after the approval of the General Assembly.
15. Ensuring that an annual review of the Company's remuneration and compensation practices is conducted by the internal auditor or a specialized external party independently and without interference from the Company's executive management.
16. Ensure that no part of the Board of Directors' remuneration and compensations is linked to the Company's business volume.
17. Studying applications for candidacy for membership in the Board of Directors and documenting all relevant observations and recommendations.
18. Discussing management reports on the development of the Company's policies and strategy related to the (Human Capital) Department and ensuring their implementation and effectiveness.
19. Discussing compensation reports for the executive management team.
20. Developing systematic and transparent policies, standards and procedures for nomination for membership in the Board of Directors approved by the General Assembly and provided to the Corporation (currently the Insurance Authority).

9-2-2-3 Nominations and Remuneration Committee meetings

According to Clause (4) of the Company's Nominations and Remuneration Committee's Charter, the Committee shall hold its meetings periodically and whenever necessary, provided that it shall hold at least two meetings annually.

The Nominations and Remuneration Committee held its meetings during the past years and up to the date of preparing this Prospectus according to the following table:

Table No. (97): Nominations and Remuneration Committee Meetings

Year	2020G	2022G	2023G	2024G
Number of Meetings	8	4	7	4

Source: The Company

*Up to the date of preparation of this Prospectus

9-2-2-3 Risk Management Committee

9-2-2-3-1 Formation of the Risk Management Committee

- On 07/11/1443H (corresponding to 06/06/2022G), the Board of Directors decided to form the Risk Management Committee and appoint its Chairman and members, which consists of (3) members for a period of three (3) years starting from 06/11/1443H (corresponding to 05/06/2022G) and ending on 19/11/1446H (corresponding to 17/05/2025G), after obtaining the approval of the Central Bank on 24/11/1443H (corresponding to 23/06/2022G).
- On 05/02/1444H (corresponding to 01/09/2022G), the Board of Directors approved the resignation of Dr. Khaled bin Majid Al Rasheed from the membership of the Risk Management Committee to join the membership of the Sharia Supervisory Committee. The Board of Directors also decided, pursuant to the minutes of the same meeting, to appoint Mr. Mohammed bin Ibrahim Al Rasheed as a member of the Risk Management Committee to replace Dr. Khaled bin Majid Al Rasheed, and the Board approved the appointment of Eng. Abdullah bin Mohammed Al Qahtani as a member of the Risk Management Committee. The approval of the Saudi Central Bank was obtained on 06/04/1444H (corresponding to 02/10/2022G).
- On 19/03/1445H (corresponding to 04/10/2023G), the Board of Directors approved the resignation of Mr. Mohammed bin Mohsen Balharith from the Risk Management Committee. The approval of the Saudi Central Bank was obtained to appoint Mr. Mohammed Jihad Al-Rasheed as Chairman of the Risk Management Committee on 16/04/1445H (corresponding to 31/10/2023G).
- On 20/04/1446H (corresponding to 23/10/2024G), the Board of Directors approved the resignation of Board Member Mr. Mohammed Jihad Al-Rasheed. On 21/04/1446H (corresponding to 24/10/2024G), the Board of Directors approved the appointment of Mr. Abdul Latif bin Saud Al-Mandil as a member of the Risk Management Committee, after obtaining the Insurance Authority's no-objection on 08/05/1446H (corresponding to 10/11/2024G).
- On 19/05/1446H (corresponding to 21/11/2024G), the Board of Directors decided to appoint Mr. Yasser bin Mohammed Al-Bishr as Chairman of the Risk Management Committee, after obtaining the Insurance Authority's no-objection on 25/05/1446H (corresponding to 27/11/2024G).
- The Risk Management Committee is currently composed as shown in the table below:

Table No. (98): Members of the Risk Management Committee

Name	Position	Membership Status
Yasser bin Mohammed Al-Bishr	Chairman of the Committee	Independent from outside the Board

Name	Position	Membership Status
Mohammed Ibrahim Al-Rasheed	Committee Member	Independent from outside the Board
Abdullah Mohammed Al-Qahtani	Committee Member	Independent from outside the Board
Abdul Latif bin Saud bin Abdul Latif Al-Mandeel	Committee Member	Independent from outside the Board

Source: The Company

It is worth noting that the Company has a work regulation for the Risk Management Committee that was approved by the Board of Directors in its meeting on 11/04/1440H (corresponding to 18/12/2018G).

9-2-2-3-2 Competences of the Risk Management Committee

According to Clause (d) of the Company's Risk Management Committee Charter, the Committee's main responsibilities are:

1. Preparing a risk management strategy that is consistent with the Company's obligations to shareholders and regulatory requirements.
2. Approving risk management policies and procedures to be submitted to the Board of Directors.
3. Approving the risk appetite framework to be submitted to the Board of Directors
4. Carrying out all tasks assigned to the Risk Management Committee in accordance with the risk appetite framework.
5. Reviewing underwriting policies and guidelines as well as other areas related to the Company's risk management.
6. Understanding and reviewing the risks associated with the Company's activities.
7. Determining the Company's risk tolerance and risk appetite.
8. Reassessing regularly the Company's risk tolerance and exposure.
9. Verifying the effective implementation and operation of risk management control systems.
10. Approving the implementation of the necessary measures to mitigate the identified risks.
11. Reassessing regularly the Company's reinsurance structure and strategy to assess its suitability and efficiency.
12. Verifying the appointment of security managers who will be tasked with implementing security guidelines, including physical security and IT security, and obtaining periodic reports on security-related activities.

9-2-2-3-3 Risk Management Committee meetings

In accordance with paragraph (c) of the Company's Risk Management Committee Charter, the Committee shall meet as needed to manage, supervise and fulfil the Company's affairs and responsibilities, provided that the Committee shall meet no less than twice a year.

16. The Risk Management Committee held its meetings during the past years according to the following table:

Table No. (99) Risk Management Committee Meetings

Year	2020G	2022G	2023G	2024G
Number of Meetings	2	2	4	3

Source: The Company

*Up to the date of preparation of this Prospectus

9-2-2-4 Executive Committee

9-2-2-4-1 Formation of the Executive Committee

- On 07/11/1443H (corresponding to 06/06/2022G), the Board of Directors decided to form the Executive Committee and appoint the Chairman and members of the Executive Committee for a period of three (3) years starting from 06/11/1443H (corresponding to 05/06/2022G) and ending on 19/11/1446H (corresponding to 17/05/2025G). On 18/11/1443H (corresponding to 17/06/2022G), the Board of Directors decided (by circulation) to reconstitute the Executive Committee and the approval of the Central Bank was obtained on 24/11/1443H (corresponding to 23/06/2022G).
- On 19/03/1445H (corresponding to 04/10/2023G), the Board of Directors approved the resignation of Mr. Mohammed bin Mohsen Balharith from the Executive Committee. On 16/04/1445H (corresponding to 24/10/2023G), the Saudi Central Bank approved the appointment of Mr. Ahmed Abdullah Al Hammadi as a member of the Executive Committee.
- The Executive Committee currently consists of the following:

Table No. (100): Executive Committee Members

Name	Position	Membership Status
Fayez bin Saleh bin Mahfouz	Chairman of the Committee	Non-executive from within the Board
Ali bin Yahya Ali Al-Jaafari	Committee Member	Executive from within the Board
Ahmed Abdullah Al-Hammadi	Committee Member	Independent from outside the Board

Source: The Company

It is worth noting that the Company has a charter for the Executive Committee that was approved by the Board of Directors meeting on 10/03/1442H (corresponding to 26/10/2020G).

9-2-2-4-2 Competencies of the Executive Committee

According to Clause (Fifth) of the Executive Committee's Charter, the tasks and responsibilities of the Executive Committee are:

- Examining the topics assigned to it by the Board and submitting the recommendations it deems appropriate regarding them to the Board and take decisions in accordance with the powers granted to it by the Board.
- Reviewing and grant credits to the Company's clients according to the powers granted to it.
- Examining the strategic and operational plans and budgets and express objections and initial approval thereof before presenting them to the Board.
- Evaluating the performance of the Executive Management in monitoring and managing credit risks and market risks.
- Recommending the estimated budgets and changes thereto and reviewing the performance against the estimated budgets.
- Approving the expenses of administrative and capital costs that exceed the limits of the powers of the Executive Management.

7. Deciding on the reports of the Executive Management on operations and strategic and organizational plans and review them.

9-2-2-4-3 Executive Committee meetings

In accordance with Article (98) of the Insurance Companies Governance Regulations and Clause Four of the Executive Committee's Charter, the Committee shall hold its meetings periodically and whenever necessary, provided that it shall not be less than six (6) meetings per year.

The Executive Committee held its meetings during the past years according to the following table:

Table No. (101): Executive Committee Meetings

Year	2020G	2022G	2023G	2024G
Number of Meetings	7	6	10	6

Source: The Company

*Up to the date of preparation of this Prospectus

9-2-2-5 Investment Committee

9-2-2-5-1 Formation of the Investment Committee

- On 07/11/1443H (corresponding to 06/06/2022G), the Board of Directors decided to form the Investment Committee and appoint the Chairman and members of the Investment Committee for a period of three (3) years starting from 06/11/1443H (corresponding to 05/06/2022G) and ending on 19/11/1446H (corresponding to 17/05/2025G).
- On 18/11/1443H (corresponding to 17/06/2022G), the Board of Directors decided (by circulation) to reconstitute the Investment Committee and the approval of the Central Bank was obtained on 24/11/1443H (corresponding to 23/06/2022G).
- The Investment Committee currently consists of the following:

Table No. (102) Investment Committee Members

Name	Position	Membership Status
Ali bin Yahya Ali Al-Jaafari	Chairman of the Committee	Executive from the Board
Fayez bin Saleh bin Mahfouz	Committee Member	Non-Executive Board member
Abdulrahman bin Hassan Al-Amoudi	Committee Member	Independent Board member

Source: The Company

9-2-2-5-2 Competencies of the Investment Committee

According to Clause (D) of the Company's Investment Committee Charter, the powers and responsibilities of the Investment Committee are:

1. Verifying that the investment policy has been prepared in line with the Company's overall business strategy as well as regulatory guidelines.
2. Obtaining the Board of Directors' approval of the investment policy.
3. Reviewing the investment strategy on a semi-annual basis or as necessary taking into account changes in business requirements and market conditions.
4. Determining whether to appoint independent investment advisor(s) and, if so, review the selection of such advisors based on the management team's insights.
5. Approving the appointment or dismissal of any investment advisor(s) as recommended by the management team.
6. Evaluating the performance of the investment advisor(s) and investment/fund managers.
7. Recommending to the Board of Directors the appointment and dismissal of the investment advisor(s).
8. Delegating the implementation of decisions to the management team when needed.
9. Determining the implementation method for the investment portfolio as a whole and for each sector.
10. Reviewing the decisions taken by the management team and the investment advisor(s) and, when necessary, communicate directly with third parties to ensure the protection of the Company's interests.
11. Submitting quarterly reports to the Board of Directors on the performance of the Company's investments in terms of risks, returns, allocations and any relevant major developments.
12. Taking any other action or assume any other powers and responsibilities that may be assigned or delegated to the Committee from time to time by the Board of Directors.
13. The Committee has the power to obtain advice and assistance from legal advisors, accountants or other internal or external advisors and to approve fees and other retention conditions related to any such advisors, consultants and external advisors.
14. The Committee shall review its performance annually and may assess the adequacy of this Charter as well as recommend proposed changes to the Board of Directors for approval.

9-2-2-5-3 Investment Committee Meetings

According to Clause (c) of the Company's Investment Committee Charter, the Investment Committee shall hold its meetings periodically and whenever necessary, provided that the number of Committee meetings shall not be less than six (6) meetings during the year.

The Investment Committee has held its meetings during the past years according to the following table:

Table No. (103): Investment Committee Meetings

Year	2021G	2022G	2023G	2024G*
Number of Meetings	N/A	9	25	4

Source: The Company

*Up to the date of preparation of this Prospectus

9-2-2-6 Sharia Supervisory Board

9-2-2-6-1 Formation of the Sharia Supervisory Board

- On 19/01/1444H (corresponding to 17/08/2022G), the Board of Directors decided to form the Sharia Supervisory Board, which is composed of (4) members according to the following table:

Table No. (104): Composition of the Sharia Supervisory Board

Name	Position	Membership Status
Yousef bin Abdullah Al-Shabili	Chairman of the Committee	From Outside the Board
Mohammed bin Abdullah Al-Amer	Committee Member	From Outside the Board
Ibrahim bin Abdullah Al-Ibrahim	Committee Member	From Outside the Board
Khaled bin Majed Al-Rasheed Al-Amro	Committee Member	From Outside the Board

Source: The Company

- On 08/09/1445H (corresponding to 18/03/2024G), the Board of Directors approved the resignation of Dr. Khaled bin Majid Al Rasheed from the membership of the Sharia Committee due to special circumstances.

It is worth noting that the Company has a Sharia Committee Charter for the Sharia Supervisory Board that was approved by the Board of Directors meeting on 08/04/1444H (corresponding to 02/11/2022G).

9-2-2-6-2 Duties, powers and competencies of the Sharia Supervisory Board

According to Clause (Second) of the Charter of the Sharia Committee, this committee is responsible for the following tasks:

- Explaining the Sharia rulings on transactions presented to the committee and issuing what is necessary regarding them.
- Contributing to what serves the development of the Company's performance from a Sharia perspective and preserving its Sharia identity.
- Enhancing the Company's participation in introducing cooperative insurance and contributing to its development.
- Reviewing all insurance products that the Company wishes to issue and verifying their compliance with Sharia controls.
- Setting Sharia controls to dispose of amounts excluded as a result of a Sharia violation.
- Answering Sharia inquiries received regarding the Company's products and transactions.
- The committee issues an annual final report that includes the committee's decisions issued in the insurance products presented to it.

9-2-2-6-3 Sharia Supervisory Board Meetings

- According to Clause (Fifth) of the Sharia Committee's Charter, the Sharia Supervisory Board shall hold its meetings periodically and whenever necessary, provided that the number of its meetings shall not be less than (4) meetings per year.

- The Sharia Supervisory Board held its meetings during the past years and according to the following table:

Table No. (105): Sharia Supervisory Board Meetings

Year	2021G	2022G	2023G	2024G
Number of Meetings	N/A	2	1	1

Source: The Company

- It is worth noting that the Sharia Supervisory Board is not committed to the minimum number of meetings specified in its charter during the years 2022G and 2023G.

9-2-3 Executive Management

The executive management of the Company is vested in the Managing Director, who holds this position as of the date of preparing this Prospectus. The position of Chief Executive Officer is held by Mohammed Abdullah Al-Qadi, while the position of Chief Financial and Investment Officer is held by Tawfiq Ali Al-Kuli. The table below shows the members of the Executive Management:

Table No. (106): Members of the Executive Management

Name	Position	Nationality	Age	Appointment date	Date of approval of the appointment by the Central Bank or the Insurance Authority (whichever is applicable)	Owned shares			
						direct		Indirect	
						Number	Ratio	Number	Ratio
Ali bin Yahya Ali Al-Jaafari	Managing Director	Saudi	59	06/06/2022G	23/06/2022G	-	-	-	-
Mohammed Abdullah Al-Qadi	Chief Executive Officer	Saudi	60	17/08/2022G	30/08/2022G	-	-	-	-
Hassan Awadh Al-Hazmi	Vice President for Marketing & Sales	Saudi	49	01/07/2009G	13/11/2012G	-	-	-	-
Tawfiq Ali Al-Kuli	Chief Financial & Investment Officer	Saudi	41	04/04/2021G	14/09/2022G	-	-	-	-

Name	Position	Nationality	Age	Appointment date	Date of approval of the appointment by the Central Bank or the Insurance Authority (whichever is applicable)	Owned shares			
						direct		Indirect	
						Number	Ratio	Number	Ratio
Talal Ali Al-Zahrani	Head of Customer Experience	Saudi	40	11/02/2013G	23/07/2017G	-	-	-	-
Sufyan Abdullah Al-Hujaian	Manager of Internal Audit	Saudi	30	04/07/2021G	17/06/2024G	-	-	-	-
Hisham bin Misfer Al-Beshir	Legal Affairs Manager	Saudi	40	28/04/2024G	02/05/2024G	-	-	-	-
Hamad Mohammed Faleh Al-Badna Al-Mutairi	Compliance & AML Manager (Acting)	Saudi	36	15/08/2024G	15/11/2024G	-	-	-	-
Abdullah Ahmed Abdullah bin Mashhour	IT Manager	Saudi	53	27/02/2022G	27/01/2022G	-	-	-	-
Mohammed Samir Kayani	Actuary	Pakistani	30	01/05/2024G	01/03/2024G	-	-	-	-
Mohammed bin Mohsen Balharith	Manager of Risk Management Department	Saudi	51	08/10/2023G	01/06/2023G	-	-	-	-
Hanan Ali Al-Ahmari	Manager of Human Resources and Administration	Saudi	48	01/04/2008G	22/08/2023G	-	-	-	-
Nahid Mohammed Al-Mutairi	Technical Manager of Medical Insurance (Acting)	Saudi	48	14/01/2024G	11/08/2024G	-	-	-	-
Vacant	Technical Manager - General	-	-	-	-	-	-	-	-

Name	Position	Nationality	Age	Appointment date	Date of approval of the appointment by the Central Bank or the Insurance Authority (whichever is applicable)	Owned shares			
						direct		Indirect	
						Number	Ratio	Number	Ratio
External party	Head of Information Security*	-	-	-	-	-	-	-	-
Abdulmajeed Omar Al-Omair	Manager of Strategy and Business Development (Acting)	Saudi	30	21/02/2021G	04/08/2024G	-	-	-	-

Source: The Company

* The task of the Cybersecurity Awareness Platform was assigned to an external party and the Insurance Authority's no-objection was obtained on 20/07/1445H (corresponding to 01/02/2024G).

9-3 Corporate governance

According to Laws, Regulations and Instructions issued by the Capital Market Authority, in particular the Corporate Governance Regulations, in addition to the Insurance Companies Governance Regulations issued by the Saudi Central Bank, a corporate governance guide was developed and approved by the Board of Directors during its meeting held on 13/08/ 1444H (corresponding to 05/03/2023G).

9-4 Subsidiaries and associate companies

- According to Article (4) of the Bylaws, the Company may establish limited liability or closed joint-stock companies (Provided that the capital shall not be less than (5) five million Saudi Riyals) It may also own shares and stocks in other existing companies or merge with them, and it has the right to participate with others in establishing joint-stock companies or limited liability companies, provided that the companies that the Company establishes, participates in, or merges with carry out activities similar to its activities or financial activities or that assist it in achieving its purpose - after fulfilling requirements of the regulations and instructions followed in this regard, and after obtaining approval of the Saudi Central Bank..
- As of the date of this Prospectus, the Company does not have any subsidiaries inside or outside the Kingdom of Saudi Arabia. The Company owns (689,655) shares in Najm Company for Insurance Services Company.
- It is worth noting that according to the financial statements for the fiscal year ending on December 31, 2023G, the Company has investments in unlisted securities with a closing balance of (43,463) thousand Saudi riyals.

9-5 Key Licenses, Certifications and Approvals

- The Company has obtained several regulatory and operational licenses and certificates from the competent authorities necessary to practice its activity in accordance with the regulations in force in the Kingdom of Saudi Arabia, and these licenses are renewed periodically.

- Failure to renew or obtain basic certificates and licenses may result in penalties against the Company, such as warnings, financial fines, closure of the sites it operates, suspension of electronic government services that it benefits from, or prevention from practicing a specific activity (for more details on the risks of not obtaining or renewing certificates, please see subparagraph (2-1-5) “**Risks Related to Failure to Obtain or Renew the Required Licenses, Permits and Certificates**” of paragraph (2-1) “**Risks Related to Company’s Activity and Operations**” of Section (2) “**Risk Factors**” of this Prospectus)

9-5-1 Key Licenses, Certifications and Approvals for Head Office

The following table shows the current licenses and approvals obtained by the Company and related to its own Main Commercial Registrater:

Table No. (107): Key Licenses, Certificates and Approvals for Head Office

License Type	Purpose	Licensee	Certificate Number	Date of Issuance/ Renewal	Date of Expiry	Issuing Entity
Commercial Registration	Registering the Company in the Commercial Companies Register (Public Joint Stock Company)	Allied Cooperative Insurance Group Company (ACIG)	1010417178	09/08/1428H (corresponding to 22/09/2007G)	09/08/1447H (corresponding to 28/01/2026G)	Ministry of Commerce / Riyadh Office
Chamber of Commerce and Industry Membership Certificate	In compliance with the provisions of the Commercial Register Law , the Company is classified as (Excellent)	Allied Cooperative Insurance Group Company (ACIG)	95957	01/06/1446H (corresponding to 02/12/2024G)	09/08/1447H (corresponding to 28/01/ 2026G)	Ministry of Commerce Commercial Riyadh Office
Zakat Certificate	To inform that the Company has submitted its annual declaration and is committed to paying Zakat	Allied Cooperative Insurance Group Company (ACIG)	1112050032	28/10/1445H (corresponding to 07/05/2024G)	02/11/1446H (corresponding to 30/04/2025G)	Zakat, Tax and Customs Authority
VAT Registration Certificate	This means that the Company is registered for VAT.	Allied Cooperative Insurance Group Company (ACIG)	30000736120003	14/04/1439H (corresponding to 01/01/2018G)	N/A	Zakat, Tax and Customs Authority
Insurance Business license	Conducting General insurance, health insurance	Allied Cooperative Insurance Group Company (ACIG)	T M N /21/20095	15/05/1430H (corresponding to 10/05/2009G)	12/05/1448H (corresponding to 23/10/2026G)	Saudi Central Bank

License Type	Purpose	Licensee	Certificate Number	Date of Issuance/ Renewal	Date of Expiry	Issuing Entity
Health insurance qualification	To indicate that the Company is committed to the rules and regulations related to health insurance.	Allied Cooperative Insurance Group Company (ACIG)	N/A	18/12/1445H (corresponding to 24/06/2024G)	27/12/1446H (corresponding to 23/06/2025G)	Insurance Authority
Social insurance subscription certificate	In compliance with the Social Insurance Law	Allied Cooperative Insurance Group Company (ACIG)	92007110	13/08/1446H (corresponding to 12/02/2025G)	13/09/1446H (corresponding to 13/03/2025G)	General Organization for Social Insurance
Certificate of commitment to the wage protection system	In compliance with the wage protection system	Allied Cooperative Insurance Group Company (ACIG)	54401739- 295641	13/08/1446H (corresponding to 12/02/2025G)	12/09/1446H (corresponding to 12/03/2025G)	Wage Protection System - Ministry of Human Resources and Social Development
Debt Certificate	To confirm that the Company has no outstanding debts resulting from violations, active settlement cases, or work permits.	Allied Cooperative Insurance Group Company	12952158-420597	09/09/1446H (corresponding to 09/03/2025G)	11/10/1446H (corresponding to 09/04/2025G)	Ministry of Human Resources and Social Development
Saudization Certificate	To confirm that the Company is committed to the required localization rate according to the Nitaqat program.	Allied Cooperative Insurance Group Company (ACIG)	16789209-370154	09/09/1446H (corresponding to 09/03/2025G)	11/12/1446H (corresponding to 07/06/2025G)	Ministry of Human Resources and Social Development
Company Entity Evaluation Certificate - (Nitaqat)	Evaluation of the Company entity according to the Nitaqat program, indicating that the Company is in the (Platinum) band.	Allied Cooperative Insurance Group Company (ACIG)	N/A	February ,2025G	N/A	Ministry of Human Resources and Social Development - Qiwa platform
Municipal License	Business License	Allied Cooperative Insurance Group Company (ACIG)	40102412512	23/02/1446H (corresponding to 27/08/2024G)	23/02/1447H (corresponding to 17/08/2025G)	Riyadh Region Municipality
Salamah Certificate	In compliance with the Civil Defence field safety standards and conditions	Allied Cooperative Insurance Group Company (ACIG)	45-001459928-1	03/01/1446H (corresponding to 09/07/2024G)	03/01/1451H (corresponding to 16/05/2029G)	General Directorate of Civil Defence
Debt Certificate	To confirm that the Company's branch has no outstanding debts resulting from violations, active settlement cases, or work permits.	20129350-126370	09/09/1446H (corresponding to 09/03/2025G)	11/10/1446H (corresponding to 09/04/2025G)	Ministry of Human Resources and Social Development	

Source: The Company

9-5-2 Key Licenses, Certificates and Approvals related to branches

The following table shows the current licenses and approvals obtained by the Company related to its branches:

Table No. (108): Government Basic Licenses, Approvals and Certifications Related to Branches

Certificate Type	Purpose	Certificate Number	Date of Issuance/ Renewal	Date of Expiry	Issuing Entity
Company branch in Dammam (registration number 2050240129)					
Commercial Registration Certificate	Registering the Company branch in the Commercial Registration	2050240129	03/06/1439H (corresponding to 19/02/2018G)	15/06/1447H (corresponding to 06/12/2025G)	Ministry of Commerce /Al Dammam Office
Municipal License	Business License	41103562851	15/10/1445H (corresponding to 24/04/2024G)	15/10/1447H (corresponding to 03/04/2026G)	Eastern Region Municipality
Salamah Certificate	In compliance with the Civil Defence field safety standards and conditions	45-000551136-4	26/12/1445H (corresponding to 02/07/2024G)	26/12/1446H (corresponding to 22/06/2025G)	General Directorate of Civil Defence
Company branch in Al-Khobar (registration number 2051220376)					
Commercial Registration Certificate	Registering the Company branch in the Commercial Register	2051220376	03/06/1439H (corresponding to 19/02/2018G)	03/06/1447H (corresponding to 24/11/2025G)	Ministry of Commerce / Al-Khobar Office
Municipal License	Business License	39121532855	13/07/1446H (corresponding to 13/01/2025G)	13/07/1447H (corresponding to 02/01/2026G)	Eastern Region Municipality
Salamah Certificate	In compliance with the Civil Defence field safety standards and conditions	46-000682824-5	09/09/1446H (corresponding to 09/03/2025G)	13/07/1447H (corresponding to 02/01/2026G)	General Directorate of Civil Defence
Company branch in Jeddah (registration number 4030171999)					
Commercial Registration Certificate	Registering the Company branch in the Commercial Register	4030171999	27/11/1435H (corresponding to 22/09/2014G)	27/11/1451H (corresponding to 01/04/2030G)	Ministry of Commerce - Commercial Registry Office in Jeddah

Certificate Type	Purpose	Certificate Number	Date of Issuance/ Renewal	Date of Expiry	Issuing Entity
Company branch in Jeddah (registration number 4030171999)					
Jeddah Chamber Subscription Certificate - First Class	In compliance with the Commercial Registration Law	122598	27/10/1445H (corresponding to 06/05/2024G)	27/11/1451H (corresponding to 01/04/2030G)	Jeddah Chamber
Municipal License	Business License	43047975513	17/10/1445H (corresponding to 26/04/2024G)	17/10/1447H (corresponding to 05/04/2026G)	Jeddah Governorate Municipality
Salamah Certificate	In compliance with the Civil Defence field safety standards and conditions	46-000822694-4	18/10/1446H (corresponding to 16/04/2025G)	17/10/1447H (corresponding to 05/04/2026G)	General Directorate of Civil Defence
Social insurance contribution certificate	In compliance with the social insurance Law	92007085	13/08/1446H (corresponding to 12/02/2025G)	13/09/1446H (corresponding to 13/03/2025G)	General Organization for Social Insurance
Certificate of Commitment to the Wage Protection System	In compliance with the wage protection system	10063297-401630	13/08/1446H (corresponding to 12/02/2025G)	12/09/1446H (corresponding to 12/03/2025G)	Ministry of Human Resources and Social Development
Debt Certificate	To confirm that the Company's branch has no outstanding debts resulting from violations, active settlement cases, or work permits.	20129350-126370	09/09/1446H (corresponding to 09/03/2025G)	11/10/1446H (corresponding to 09/04/2025G)	Ministry of Human Resources and Social Development
Saudization Certificate	To confirm that the Company's branch is committed to the required localization rate according to the Nitaqat program.	14283443-199397	22/11/1445H (corresponding to 30/05/2024G)	29/09/1446H (corresponding to 29/03/2025G)	Ministry of Human Resources and Social Development - Qiwa Platform
Company branch in Jeddah (registration number 4030299155)					
Commercial Registration Certificate	Registering the Company branch in the Commercial Register	4030299155	03/06/1439H (corresponding to 19/02/2018G)	15/06/1447H (corresponding to 06/12/2025G)	Ministry of Commerce - Commercial Registry Office in Jeddah
Certificate of contribution to Jeddah Chamber - Fourth Class	In compliance with the Commercial Registration Law	356207	21/12/1445H (corresponding to 27/06/2024G)	15/06/1447H (corresponding to 06/12/2025G)	Jeddah Chamber
Municipal License	A license to practice a commercial activity	40041973186	09/04/1445H (corresponding to 24/10/2023G)	09/04/1446H (corresponding to 12/10/2024G)	Jeddah Governorate Municipality

Certificate Type	Purpose	Certificate Number	Date of Issuance/ Renewal	Date of Expiry	Issuing Entity
Company branch in Madinah (registration number 4650548859)					
Commercial Registration Certificate	Registering the Company branch in the Commercial Register	4650548859	02/06/1439H (corresponding to 18/02/2018G)	14/06/1447H (corresponding to 05/12/2025G)	Ministry of Commerce - Commercial Registry Office in Madinah
Membership Certificate of the Chamber of Commerce and Industry	Registering the Company branch in the Madinah Chamber - Fourth Class	203011140273	02/06/1439H (corresponding to 18/02/2018G)	14/06/1447H (corresponding to 05/12/2025G)	Madinah Chamber
Municipal License	License to practice a commercial activity	41103569374	20/07/1446H (corresponding to 20/01/2025G)	20/07/1447H (corresponding to 09/01/2026G)	Municipality of Madinah Region
Salamah certificate	In compliance with the Civil Defence field safety standards and conditions	45-001174518-2	16/01/1446 AH (corresponding to 22/07/2024G)	16/01/1447H (corresponding to 11/07/2025G)	General Directorate of Civil Defence
Company branch in Yanbu (registration number 4700106472)					
Commercial Registration Certificate	Registering the Company branch in the Commercial Registration	4700106472	03/06/1439H (corresponding to 19/02/2018G)	15/06/1447H (corresponding to 06/12/2025G)	Ministry of Commerce - Commercial Registry Office in Yanbu City
Municipal License	License to practice commercial activity	451216074253	05/01/1446H (corresponding to 11/07/2024G)	05/01/1447H (corresponding to 30/06/2025G)	Madinah Municipality
Salamah certificate	In compliance with the field safety standards and conditions of the Civil Defence	45-001525133-1	04/01/1446H (corresponding to 10/07/2024G)	05/01/1447H (corresponding to 30/06/2025G)	General Directorate of Civil Defence
Company branch in Khamis Mushayt (registration number 5855035150)					
Commercial Registration Certificate	Registering the Company branch in the Commercial Register	5855035150	12/09/1431H (corresponding to 22/08/2010G)	22/09/1447H (corresponding to 11/03/2026)	Ministry of Commerce - Commercial Registry Office in Khamis Mushayt

Certificate Type	Purpose	Certificate Number	Date of Issuance/ Renewal	Date of Expiry	Issuing Entity
Municipal License	License to practice commercial activity	42034120136	07/04/1446H (corresponding to 10/10/2024G)	07/04/1447H (corresponding to 29/09/2025G)	Asir Region Municipality
Salamah certificate	In compliance with the field safety standards and conditions of the Civil Defence	46-001373495-2	25/09/1446H (corresponding to 25/03/2025G)	07/04/1447H (corresponding to 29/09/2025G)	General Directorate of Civil Defence

Source: The Company

It should be noted that failure to renew or obtain basic certificates and licenses may result in penalties against the Company, such as warnings, financial fines, closure of the sites it operates, suspension of the electronic government services it benefits from, or prevention from practicing a certain activity (for more details on the risks of failure to obtain or renew certificates, please see subparagraph (2-1-5) **“Risks Related to Failure to Obtain or Renew the Required Licenses, Permits and Certificates”** of paragraph (2-1) **“Risks Related to the Company’s Activity and Operations”** of Section (2) **“Risk Factors”** of this Prospectus).

9-6 Ongoing obligations imposed by governmental authorities on the Company as a “licensee”

9-6-1 Ongoing obligations as required by the Ministry of Commerce

- The Company is committed to the commercial registry law in terms of registration with the Commercial Registry Department in Riyadh, where the head office is located, under Certificate No. (1010417178) dated 09/08/1428H (corresponding to 22/09/2007G), which expires on 09/08/1447H (corresponding to 28/01/2026G). It is also committed to the commercial registry law in terms of issuing a membership certificate in the Chamber of Commerce and Industry with the unified membership number (95957) dated 10/02/1436H (corresponding to 02/12/2014G), which expires on 09/08/1447H (corresponding to 28/01/2026G).
- The Company is committed to the Companies Law in terms of including in its Bylaws the basic provisions and articles stipulated in the Companies Law. As of the date of preparing this Prospectus, the Company’s Bylaws have not been harmonized and updated in accordance with the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G) as it can amend its status in accordance with its provisions within a period not exceeding (two years) starting from the date of its entry into force on 26/06/1444H (corresponding to 19/01/2023G) with the exception of the provisions specified by the Ministry of Commerce and the Capital Market Authority on 11/06/1444H (corresponding to 04/01/2023G) - each as applicable - which companies must adhere to from the date of entry into force of the law). The latest version of the Bylaws was issued based on the decision of the General Assembly of Shareholders (Extraordinary) held on 25/05/1443H (corresponding to 29/12/2021G) and the Articles were approved by the Ministry of Commerce (Shared Services Department) on 19/07/1443H (corresponding to 20/02/2022G) and the Company complied with the requirements of the Capital Market Authority and the Saudi Stock Exchange (Tadawul) regarding uploading an electronic copy of the Bylaws on the Tadawul website on the Company’s page. It is worth noting that on 05/09/1446H (corresponding to 05/03/2025G), the Extraordinary General Assembly approved the update of the Company’s Bylaws to comply with the Companies Law issued pursuant to Royal Decree No. (M/132) dated 01/12/1443H, as well as the reorganization and renumbering of its articles to reflect the proposed amendments. As of the date of this prospectus, approval from the Ministry of Commerce is still in process.

- The Company has completed the procedures for establishing its branches and is committed to the commercial registry law in terms of registration with the Commercial Registry Department for all its branches in the cities of: Riyadh - Dammam - Al Khobar - Jeddah - Medina - Yanbu - Khamis Mushayt.
- The Company is committed to the provisions of Article (88) of the Companies Law, which requires the General Assembly of Shareholders to convene at least once during the six months following the end of the Company's fiscal year, as the Company holds the annual Ordinary General Assembly for the year 2023G on 19/12/1445H (corresponding to 25/06/2024G).

9-6-2 Ongoing obligations as required by the Zakat, Tax and Customs Authority

- The Company, like other registered entities and companies operating in the Kingdom, is obligated to submit its Zakat and tax returns within (120) days from the end of the fiscal year for the purpose of renewing the certificate issued by the Zakat, Tax and Customs Authority. The Company was registered as a taxpayer under the distinctive tax number (3000073612). The Company submitted its Zakat return for the fiscal year ending in 2023G, and obtained a Zakat certificate from the Zakat, Tax and Customs Authority with the number (1112050023) and dated 28/10/1445H (corresponding to 27/05/2024G) and expires on 20/11/1446H (corresponding to 30/04/2025G). This certificate enables the Company to complete all its transactions, including disbursing its final dues on contracts.
- The Company is compliant with the Value Added Tax Law and its Implementing Regulations and is registered with the Zakat, Tax and Customs Authority under the distinctive number (3000073612) pursuant to a certificate issued on 18/10/1443H (corresponding to 19/05/2022G), noting that the Company has been registered since 14/04/1439H (corresponding to 01/01/2018G).
- According to the financial statements for the fiscal year ending December 31, 2023G, the Company has an additional assessment and the main difference in this assessment is due to the disallowance of a portion of pre-incorporation expenses and withholding tax. The Company filed an objection to this additional assessment with the Initial Tax Objection Committee after the end of the year, and a negative decision was received from the Initial Tax Objection Committee, where the Company filed an appeal before the Higher Objections Committee. The Higher Objections Committee issued its decision in favor of the Company with regard to Zakat and rejected the appeal related to withholding tax. As of December 31, 2023G, the Company has sufficient provisions to cover any potential liabilities in this regard.
- With regard to the decisions issued in Zakat and tax assessments, it is clear that:
 - On 18/07/1445H (corresponding to 30/01/2024G), Decision No. (Z-175018-2023) was issued by the First Appeal Circuit for Income Tax Violations and Disputes concerning the appeal filed by the Company against the Zakat, Tax, and Customs Authority. This was regarding the decision of the First Circuit for resolving Income Tax Violations and Disputes in Riyadh, Decision No. (IZD-2022-2706), issued in case No. (Z-132306-2022), which related to the Zakat assessment for the years 2019G and 2020G. The appellate decision ruled to reject the company's appeal and upheld the ruling of the original circuit, in accordance with the reasons and grounds stated in the decision.
 - On 02/04/1445H (corresponding to 17/10/2023G), Decision No. (IR-2023-161235) was issued by the First Appellate Circuit for Income Tax Violations and Disputes regarding the appeal filed by the Company against the Zakat, Tax and Customs Authority regarding the decision of the First Circuit for Settlement of Income Tax Violations and Disputes in the city of Riyadh No. (IFR-2022-1915) issued in Case No. (Z-83367-2021) related to the Zakat assessment for the years from 2013 to 2015G. The decision of the Appellate Circuit rejected the Company's appeal and upheld the decision of the Adjudication Division with regard to the item (surplus of insurance operations for the years 2014 and 2015G), the item (Zakat allocation for the years 2013 and 2015G), the item (investments for the years 2013 to 2015G) and the item (interim losses for the years 2013 to 2015G) in accordance with the reasons and grounds stated in the text of the decision.
 - On 19/08/1442H (corresponding to 01/04/2021G), Decision No. (ZW-2018-1641) was issued by the First Appeal Circuit for Income Tax Violations and Disputes regarding the appeal filed by the Company against the Zakat, Tax and Customs Authority regarding the decision of the Second Primary Zakat and Tax Objection Committee in

Riyadh No. (25) for the year 1437H issued in Objection No. (15/33) related to the Zakat assessment for the years from 2008G to 2010G). The decision of the Appeal Circuit ruled:

Rejecting the Company's appeal regarding expenses (professional fees, subscription expenses, feasibility study expenses, and transaction costs), and upholding the initial decision in what it ruled regarding it.

Accepting the Company's appeal regarding the deduction of fines and penalties and overturning the initial decision's result regarding it.

Rejecting the Company's appeal regarding the item (interim losses) and the item (withholding tax) and upholding the initial decision in what it ruled regarding it.

On 11/11/1444H (corresponding to 31/05/2023G), the Company received a final assessment notice from the Zakat, Tax and Customs Authority regarding the results of the examination for the period October 2020G, and it was found that the fines due for payment are (271,603.77) Saudi riyals. It is worth noting that the Company had previously been subjected to a fine by the Zakat, Tax and Customs Authority according to the following summary:

Table No. (109): Violations of the Zakat, Tax and Customs Authority

Violation	Date of Violation	Type of Penalty	Penalty Amount (Saudi Riyals)	Procedures Followed by the Company (violation case)
Violation of the instructions of the Zakat, Tax and Customs Authority due to delay in submitting the withholding tax for the month of October 2021G.	2021G	Financial fine	249	The Finance Department has been directed to submit the returns on time.

Source: Board of Directors Report 2021G

9-6-3 Ongoing obligations as required by the Ministry of Human Resources and Social Development

- A file was opened for the Company at the Ministry of Human Resources and Social Development (Labor Office) with the unified number (7001535694) according to the localization certificate. As of the date of this Prospectus, the Company benefits from the electronic services of the Ministry of Human Resources and Social Development, and a localization certificate was issued to indicate that the Company is committed to the required localization percentage according to the Nitaqat program, which is (80%) and is in the platinum range according to certificate No. (16789209-370154) dated 09/09/1446H (corresponding to 09/03/2025G) which expires on 11/12/1446H (corresponding to 07/06/2025G).
- Allied Cooperative Group Company (ACIG) has an internal work organization regulation approved by the Ministry of Human Resources and Social Development, bearing the number (757278), which was approved on 25/11/1444H (corresponding to 14/04/2023G).
- The Company is compliant with the wage protection regulation and the regular increase of wages for its employees, pursuant to the commitment certificate No. (54401739-295641) dated 13/08/1446H (corresponding

to 12/02/2025G). The validity of this certificate is valid until 12/09/1446H (corresponding to 12/03/2025G). The compliance rate with the wage protection system as of February 2025G reached (100%) according to the Qiwa report.

- The Company is also committed to documenting the employment contracts of its employees electronically, and the compliance rate reached (100%) as of September 2024G, according to a report issued by the (Mudad) platform.
- It is worth noting that the Company had previously committed violations of the instructions of the Ministry of Human Resources and Social Development during the year 2021G, as shown in the summary below:

Table No. (110): Violations of the Ministry of Human Resources and Social Development

Violation	Date of Violation	Type of Penalty	Penalty Amount (SAR)	Procedures Followed by the Company (Violation Status)
Violation of the instructions of the Ministry of Human Resources and Social Development due to not opening a file for the entity in the labor office	2021G	Financial Fine	10,000	The Administrative Affairs Department has been directed to follow up on the procedures so that the violation is not repeated.
Violation of the instructions of the Ministry of Human Resources and Social Development due to failure to comply with the implementation of the regulations and decisions issued by the Ministry regulating exceptional circumstances	2021G	Financial Fine	10,000	To avoid such violations, appropriate measures have been taken to ensure that the Human Resources Department does not terminate any employee's contract without the approval of the Legal Affairs Department, in order to verify the validity of the termination of the contract.
Violation of the instructions of the Ministry of Human Resources and Social Development due to failure to wear masks	2021G	Financial Fine	2,000	All employees have been alerted to the need to follow precautionary measures.
Violation of the instructions of the Ministry of Human Resources and Social Development by employing non-Saudi workers in professions restricted to Saudis	2021G	Financial Fine	4,000	The Human Resources Department was warned to definitely the nationalization of jobs before hiring non-Saudis.

Source: Board of Directors Report 2021

9-6-4 Ongoing obligations as required by the General Organization for Social Insurance

- A file was opened for the Company with the General Organization for Social Insurance under subscription number (509395926), and it participates in the pensions and occupational hazards branches for Saudi subscribers, and in the occupational hazards branch for non-Saudis, participation, according to Social Insurance Certificate No. (92007110) dated 13/08/1446H (corresponding to 12/02/2025G). In addition to the Company's main branch, the Company's branch in Jeddah (registered in the commercial register under number 4030171999) is also committed to the insurance law and its regulations and is registered with the General Organization for Social

Insurance under subscription number (110105002)

- The value of the subscriptions paid for the year 2023G amounted to (4,427,429) Saudi riyals.
- It is worth noting that there is a discrepancy in the numbers of non-Saudi workers registered with the Social Insurance (68 non-Saudis), the Ministry of Human Resources and Social Development (53 non-Saudis), and the Ministry of Interior (resident report) (66 non-Saudis). The reason is that the Ministry of Human Resources and Social Development does not count the husbands of female citizens (4 in number) and those who are treated as Saudis, such as the sons of female citizens and displaced tribes (11 in number), in addition to the presence of a non-Saudi employee outside the Kingdom whose residency cannot be cancelled until it expires.

9-6-5 Ongoing obligations as required by the Capital Market Authority

- The Authority requires listed companies to comply with the Rules on the Offer of Securities and Continuing Obligations, and special instructions issued by the Authority, especially the obligation to periodically disclose material and financial developments and the Board of Directors' report.
- The annual financial results announced on the (Tadawul) website must be derived from the audited financial statements approved by the Company's external auditor appointed by the assembly and approved by the Board of Directors. The announcement forms included in the instructions for companies' announcements of their financial results must be adhered to. The Company must also submit a statement of all the reasons and influences for the change in the financial results for the current fiscal year with the comparison period, so that the reasons include all items of the announcement of the financial results.
- The Authority also required the companies listed on the financial market to disclose the stages of their compliance with the transition to International Financial Reporting Standards (IFRS). On 27/11/1437H (corresponding to 30/08/2016G), the Company announced on the Tadawul website that it is committed to this and does not have to prepare any plan to convert to apply the international accounting standards for preparing financial statements due to its previous application of these standards. The Company's financial statements for the fiscal year ending December 31, 2023G were also prepared in accordance with the international standards adopted in the Kingdom of Saudi Arabia.
- The Authority also required the companies listed in the financial market to follow the instructions for the announcements of joint-stock companies whose shares are listed in the financial market issued pursuant to Authority Board Resolution No. (1-199-2006) dated 18/07/1427H (corresponding to 12/08/2006G) and amended pursuant to Resolution No. (3-79-2023) dated 19/02/1445H (corresponding to 04/09/2023G).
- The Authority has required the companies listed on the financial market to appoint representatives to the Capital Market Authority for all purposes related to the implementation of the Capital Market Authority Law and its implementing regulations. The Company is committed to this, as the Board of Directors, by virtue of its resolution dated 07/11/1444H (corresponding to 06/06/2022G), appointed Mr. Yasser bin Mohammed bin Jarallah (Chairman of the Board of Directors) and Mr. Ali Yahya Al-Jaafari (Managing Director) as representatives of the Company before the Authority.
- The Authority also required listed companies, in implementation of the conditions contained in the Implementing Regulations of the Companies Law for Listed Joint Stock Companies issued by the Authority's Board pursuant to Resolution No. (8-127-2016) dated 16/01/1438H (corresponding to 17/10/2016G) based on the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H, and amended by Authority Board Resolution No. (2-114-2024) dated 04/04/1446H (corresponding to 07/10/2024G) based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H, to disclose in the Board of Directors' report the details of the policies related to rewards and the mechanisms for determining them and the amounts and financial and in-kind benefits paid to each member of the Board of Directors in exchange for any executive, technical, administrative or advisory work or positions. The Company complies with the disclosure of the remuneration received by the members of the Board of Directors for the fiscal years 2021G, 2022G and 2023G.
- On 23/01/1438H (corresponding to 24/10/2016G), the Authority's Board of Directors issued Resolution No. (1-130-2016) amending the procedures and instructions for companies whose shares are listed on the market and whose accumulated losses have reached (50%) or more of their capital in light of the old Companies Law, which

was amended to become "Procedures and Instructions Related to Listed Companies with Shares Accumulated Losses Have Reaching (20%) or More of their share Capital", amended by the Capital Market Authority's Board of Directors Resolution No. (1-77-2018) dated 05/11/1439H (18/07/2018G), and these procedures and instructions were amended by the Capital Market Authority Board of Directors Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G).

- On 03/04/1443H (corresponding to 08/11/2021G), the Company announced that its accumulated losses reached (24.8%) of the capital amounting to (141,000,000) Saudi Riyals as of September 30, 2021G, and its implementation of the Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching (20%) or More of Their Share Capital. On 23/04/1445H (corresponding to 07/11/2023G), the Company announced that its accumulated losses decreased to (31.28%) of the capital. On 21/09/1445H (corresponding to 31/03/2024G), the Company announced a decrease in its accumulated losses to (16.84%) of the capital.
- As for corporate governance, the table below includes a summary of the Company's compliance with the Corporate Governance Regulations issued by the Capital Market Authority and those for insurance companies issued by the Saudi Central Bank:

Table No.(111): Summary of governance requirements according to the Capital Market Authority and the Saudi Central Bank

Article of Corporate Governance Regulations	Article/ paragraph of the Insurance Companies Governance Regulations	Detailing	Responsible party	Comment
8/A	-	Providing a copy of the information about the candidates for membership of the Board of Directors on the Company's website	Board of Directors	Compliant
9/B	-	The Board shall establish a clear policy for the distribution of dividends to achieve the interests of the shareholders and the Company as per the Company's bylaw.	Board of Directors	The distribution of profits is based on the internal governance regulations and the Bylaws.
12/5	-	Review the financial statements for 2023G	General Assembly of Shareholders	Compliant - The financial statements for the fiscal year ending 31/12/2023G were reviewed by the General Assembly (Ordinary) on 19/12/1445H (corresponding to 25/06/2024G)
12/6	-	Review the annual report of the Board of Directors for 2023G	General Assembly of Shareholders	Compliant - The Board of Directors' report for the fiscal year ending 31/12/2023G was reviewed by the General Assembly (Ordinary) on 19/12/1445H (corresponding to 25/06/2024G)

Article of Corporate Governance Regulations	Article/ paragraph of the Insurance Companies Governance Regulations	Detailing	Responsible party	Comment
12/8 and 78	-	Appoint the Company's auditors, determine their remuneration, reappoint them, change them, and approve their reports.	General Assembly of Shareholders	Compliant - The Ordinary General Assembly held on 19/12/1445H (corresponding to 25/06/2024G) voted to appoint the Company's auditors, Crowe Solutions for Professional Consulting and Al-Kharashi & Co, Certified Accountants, and Auditors to determine their fees for examining, reviewing and auditing the financial statements for the second, third, fourth and annual quarters of the fiscal year 2024G and the first quarter of the fiscal year 2025G.
13/D	-	Publish an announcement of the date, place, and agenda of the General Assembly meeting at least twenty-one days before the date on the Company's website.	Board of Directors	Compliant
14/C	-	The shareholders shall be allowed through the Company's website and the Exchange's website, when the invitation for the convention of the General Assembly is published, to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the external auditor, the financial statements and the audit committee's report	Board of Directors	Compliant - through the Tadawul site.
21/1	64/A	laying down the plans, policies, strategies and main objectives of the Company,	Board of Directors	Compliant

Article of Corporate Governance Regulations	Article/ paragraph of the Insurance Companies Governance Regulations	Detailing	Responsible party	Comment
21/2	64/D	<p>Setting rules and procedures for internal control and generally overseeing them, including:</p> <p>a. developing a written policy to remedy actual and potential conflicts of interest scenarios for each of the Board members, the Executive Management, and the shareholders. This includes misuse of the Company's assets and facilities and the mismanagement resulting from transactions with Related Parties; b. ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports; c. ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk management at the Company level and disclosing such risks transparently to the Stakeholders and parties related to the Company; and d. reviewing the effectiveness of the Company's internal control procedures on an annual basis.</p>	Board of Directors	Compliant
21/3	65	<p>Setting forth specific and explicit policies, standards and procedures for membership in the Board, without prejudice to the mandatory provisions of these Regulations, and implementing them following approval by the General Assembly;</p>	General Assembly of Shareholders	The Company's internal governance regulations are relied upon.

Article of Corporate Governance Regulations	Article/ paragraph of the Insurance Companies Governance Regulations	Detailing	Responsible party	Comment
21/4	-	Develop a written policy that regulates the relationship with stakeholders in accordance with the provisions of the Governance Regulations and should cover - in particular - the following: Mechanisms for compensating stakeholders in the event of a violation of their Rights as stipulated by the regulations and protected by contracts. Mechanisms for settling complaints or disputes that may arise between the Company and stakeholders.	Board of Directors	Compliant
21/5	-	Setting policies and procedures that ensure the Company's compliance with the regulations and bylaws and its commitment to disclosing material information to shareholders and stakeholders and verifying the executive management's compliance therewith.	Board of Directors	Compliant
21/13, 47, 57, 57/A, 61	89	Forming specialized committees affiliated to the Board of Directors by decisions specifying the committee's term, powers and responsibilities, and how the Board shall monitor it, provided that the formation decision includes naming the members and defining their tasks, Rights and duties, while evaluating the performance and work of these committees and their members	Board of Directors	Compliant
22/1	64/C	Approve and develop internal policies in respect of the Company's business, including specifying the duties, competencies and responsibilities assigned to the various organizational levels.	Board of Directors	Compliant

Article of Corporate Governance Regulations	Article/ paragraph of the Insurance Companies Governance Regulations	Detailing	Responsible party	Comment
22/2	-	Approving a written and detailed policy that identifies the powers delegated to the Executive Management, a matrix stating these powers, means of implementation and the period of delegation, The Board may request the Executive Management to submit periodic reports in respect of its exercise of such delegated powers.	Board of Directors	Compliant
24	64/F	Appointing the CEO	Board of Directors	Compliant - Mr. Mohammed bin Abdullah Al-Qadi was appointed as the CEO of the Company on 19/01/1444H (corresponding to 17/08/2022G).
25/5	13	Proposing the organizational and human resources structures of the Company and presenting them to the Board for approval;	Board of Directors	Compliant - The organizational structure was approved by the Board of Directors on 13/08/1444H (corresponding to 05/03/2023G).
25/10	-	Proposing the policy and types of remunerations granted to employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares;	Board of Directors	Compliant
41	12/A	A written policy to deal with actual and potential conflicts of interest situations which may affect the performance of Board members, a member of its committees, or the Executive Management or any other employees of the dealing with the Company or other Stakeholders.	Board of Directors	Compliant

Article of Corporate Governance Regulations	Article/ paragraph of the Insurance Companies Governance Regulations	Detailing	Responsible party	Comment
51/E	105	The General Assembly of the Company shall issue - based on a proposal from the Board of Directors - the Audit Committee's work regulations, provided that these regulations include the controls and procedures for the work of the Committee, its tasks, the rules for selecting its members, how to nominate them, the duration of their membership, their remunerations, and the mechanism for appointing its members temporarily in the event that one of the Committee's seats becomes vacant.	General Assembly of Shareholders	Compliant - The amended Audit Committee Charter was approved by the Ordinary General Assembly held on 20/05/1441H (corresponding to 16/01/2020G).
51 and 54	106-105	Formation of the Audit Committee	Board of Directors	Compliant
52/B/4 and 71	122	Appointment of the Manager of the Internal Audit Unit or Department or the Internal Auditor and proposing his remunerations.	Board of Directors	Compliant - There is an internal audit manager, Mr. Sufyan Abdullah Al-Hujailan.
-	126	Actuary Expert	Board of Directors	Compliant - The Company has an actuary, Mr. Mohammed Sameer Kayani.
57/B and 61/B	100	The General Assembly of the Company shall issue - based on a proposal from the Board of Directors - the work regulations for the Nominations and Remunerations Committee, provided that these regulations include the controls, procedures and work plan of the Committee, its tasks, the rules for selecting its members, how to nominate them, the duration of their membership, their remunerations, and the mechanism for appointing its members temporarily in the event that one of the Committee's seats becomes vacant.	General Assembly of Shareholders	Compliant

Article of Corporate Governance Regulations	Article/ paragraph of the Insurance Companies Governance Regulations	Detailing	Responsible party	Comment
58/1	101/E	The Nominations and Remuneration Committee shall prepare a clear policy for the remuneration of the members of the Board of Directors, the committees emanating from the Board, and the Executive Management, and submit it to the Board of Directors for consideration in preparation for its approval by the General Assembly, provided that this policy takes into account the adoption of standards related to performance, disclosure thereof, and verification of its implementation.	General Assembly of Shareholders	Compliant
-	90 and 95	Formation of the Executive Committee	Board of Directors	Compliant
-	95	Executive Committee Regulations	General Assembly	Compliant
-	90 and 107	Formation of the Risk Management Committee	Board of Directors	Compliant
-	107	Risk Management Committee Regulations	General Assembly	Compliant
-	90 and 111	Formation of the Investment Committee	Board of Directors	Compliant
-	111	Investment Committee Regulations	General Assembly	Compliant
62/3	101/B	Preparing a description of the capabilities and qualifications required for membership of the Board of Directors and holding executive management positions.	Nomination and Remuneration Committee	Compliant
65	-	Publishing the announcement of candidacy for membership of the Board of Directors on the Company's website.	Board of Directors	Compliant
81	-14	Policies or procedures followed by stakeholders in submitting their complaints or reporting violations	Board of Directors	Compliant
83	12	A policy for professional conduct and ethical values	Board of Directors	Compliant

Article of Corporate Governance Regulations	Article/ paragraph of the Insurance Companies Governance Regulations	Detailing	Responsible party	Comment
86	89	Written disclosure policies and procedures and its supervisory systems in accordance with the disclosure requirements contained in the Companies Law and the Capital Market Law	Board of Directors	Compliant
88/B	-	Publishing the Audit Committee's report on the Company's website	Board of Directors	Compliant
91	67/89	Governance rules specific to the Company that do not conflict with the mandatory provisions of the governance rules issued by the Authority	Board of Directors	Compliant

- According to paragraph (f) of Article (57) of the Rules on the Offer of Securities and Continuing Obligations , the Authority requires companies listed on the Capital market that have previously offered Rights issue shares to disclose to the public any discrepancy of (5%) or more between the actual use of the proceeds of the issuance of Rights issue shares and the planned use of proceeds that was disclosed in the relevant issuance prospectus as soon as it becomes aware. Accordingly, no disclosure not been made to the public regarding any difference of more than (5%) between the actual use of the proceeds of the issuance of Rights issue shares and what was disclosed in the previous issuance prospectus that was approved on 13/02/1443H (corresponding to 20/09/2021G).
- It should be noted that violating any of the rules and procedures or failing to implement them exposes the Company to accountability by the Capital Market Authority, which may impose any or all of the following:
 - Warning the Company.
 - Requiring the Company to take the necessary steps to avoid the violation or take the necessary corrective steps to address the results of the violation.
 - Imposing a financial fine not exceeding five million (5,000,000) Saudi riyals for each violation committed by the Company.
- The Company was not subject to any penalties or fines from the Capital Market Authority during the years 2021G, 2022G and 2023G.

9-6-6 Ongoing obligations as required by the Ministry of Municipalities and Housing

- A municipal license must be obtained for administrative offices, branches and points of sale so that the Company can operate them, taking into consideration that the municipality requires the following documents: a copy of the commercial registration, a copy of the Articles of Association Bylaws (bylaws), a copy of the lease contract, a copy of the building permit for the building, warehouse, commercial store (showroom), store or point of sale in which the lease was made, a copy of the real estate office license and a remote photograph of the building, including the signboard (with a copy of the signboard invoice and registration of ownership of the Company's trademark to be used on the facade), in addition to the Civil Defense license.

- The Company has a number of rented locations for the purpose of carrying out its activities, including offices and shops (for more information, please review subparagraph (9-7-2) “**Leases**” of paragraph (9-7) “**Summary of Material Contracts**” of this section).
- The table below shows the municipality licenses and Salamah Certificates issued for the branches and points of sale operated by the Company:

Table No. (112): Summary of Municipal Licenses and Salamah Certificates

#	The Company	Municipality License Number	Commercial Registration Number	License Expiry Date	Address According to Municipal License	Salamah Certificate Compliance (Civil Defense)
1	Allied Cooperative Insurance Group Company (ACIG)	40102412512	1010417178	23/02/1447H (corresponding to 17/08/2025G)	Riyadh Region Municipality - North Riyadh Municipality - Hittin District - Prince Turki bin Abdulaziz Al Awwal Street	Compliant - Pursuant to Salamah Certificate No. (45-001459928-1) issued on 03/01/1446H (corresponding to 09/07/2024G) and valid until 03/01/1451H (corresponding to 16/05/2029G).
2	Allied Cooperative Insurance Group Company (ACIG)	41103562851	2050240129	15/10/1447H (corresponding to 03/04/2026G)	Eastern Province Municipality - Dammam Central Municipality - Al-Souq District - Ibn Idris Street	Compliant - Pursuant to Salamah Certificate No. (45-000551136-4) issued on 26/12/1445H (corresponding to 02/07/2024G) and valid until 26/12/1446H (corresponding to 22/06/2025G).
3	Allied Cooperative Insurance Group (ACIG)	43047975513	4030171999	17/10/1447H (corresponding to 05/04/2026G)	Jeddah Governorate Municipality - New Jeddah Municipality - Al-Salamah District - Abu Saeed Al-Zafrani Street	Compliant - Pursuant to Safety Certificate No. (46-000822694-4) issued on 18/10/1446H (corresponding to 16/04/2025 G) and valid until 17/10/1447H (corresponding to 05/04/2026G).

#	The Company	Municipality License Number	Commercial Registration Number	License Expiry Date	Address According to Municipal License	Safety Clearance (Civil Defence)
4	Allied Cooperative Insurance Group Company (ACIG)	39121532855	2051220376	13/07/1447H (corresponding to 02/01/2026G)	Eastern Province Municipality - Al-Khobar Governorate Municipality - Southern Al-Khobar District - Custodian of the Two Holy Mosques King Abdullah bin Abdulaziz Street	Compliant - Pursuant to Salamah Certificate No. (46-000682824-5) issued on 09/09/1446H (corresponding to 09/03/2025G) and valid until 13/07/1447H (corresponding to 02/01/2026G).
5	Allied Cooperative Insurance Group (ACIG)	42034120136	5855035150	07/04/1447H (corresponding to 29/09/2025G)	Asir Region Municipality - Khamis Mushayt Municipality - Nashwan District - Abdulrahman bin Saadi Street	Compliant - Pursuant to Salamah Certificate No. (46-001373495-2) issued on 25/09/1446H (corresponding to 25/03/2025G) and valid until 07/04/1447H (corresponding to 29/09/2025G).
6	Allied Cooperative Insurance Group Company (ACIG) Branch	40041973186	4030299155	09/04/1446H (corresponding to 12/10/2024G)	Jeddah Governorate Municipality - Aziziyah Municipality - Al Hamra District - Palestine Street	The Company is working on issuing a safety permit.

#	The Company	Municipality License Number	Commercial Registration Number	License Expiry Date	Address According to Municipal License	Safety Clearance (Civil Defence)
7	Allied Cooperative Insurance Group Company (ACIG) Branch	41103569374	4650548859	20/07/1447H (corresponding to 09/01/2026G)	Al Madinah Region Municipality - Quba Municipality - Al Rawabi District - Mohammed bin Ahmed bin Abi Al Saqr Street	Compliant - Pursuant to Salamah Certificate No. (45-001174518-2) issued on 16/01/1446H (corresponding to 22/07/2024G) and valid until 16/01/1446H (corresponding to 11/07/2025G).
8	Allied Cooperative Insurance Group (ACIG)	451216074253	4700106472	05/01/1447H (corresponding to 30/06/2025G)	Al Madinah Municipality - Yanbu Municipality - Al Hawra District - Katheer bin Al Muttalib Street	Compliant - According to Salamah Certificate No. (45-001525133-1) issued on 04/01/1446H (corresponding to 10/07/2024G) and valid until 05/01/1447H (corresponding to 30/06/2025G).

Source: The Company

9-6-7 Ongoing obligations as required by the Insurance Authority

- This paragraph includes the ongoing obligations according to the requirements of the Saudi Central Bank and the of previous Health Insurance Council, after their authority with regard to the insurance sector was transferred to the Insurance Authority currently. Therefore, these two agencies may be referred to in this paragraph.
- The Saudi Central Bank license was issued under No. (T M N/21/20095) dated 15/05/1430H (corresponding to 10/05/2009G) and is valid for a period of (3) three years starting from the date of renewal of the license on 13/05/1445H (corresponding to 27/11/2023G) and ending on 12/05/1448H (corresponding to 23/12/2026G). Pursuant to this license, the Company may practice insurance activity in the following branches: (1) General insurance, (2) Health insurance.
- The Company provides various types of insurance coverage to its customers according to standard terms, and the Company may not offer its products except after obtaining approval (final or temporary) from the Saudi Arabian Monetary Agency (later the Saudi Central Bank and currently the Insurance Authority) for each product (in accordance with Article (16) sixteenth of the Implementing Regulations). It is worth noting that the Company has, to date, obtained final approvals from the Saudi Arabian Monetary Agency (later the Saudi Central Bank and currently the Insurance Authority) for several of its insurance products.
- The conditions for maintaining the license are as follows:

According to Article (76) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, the Central Bank has the right to withdraw the Company's license in the following cases:

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

As of the date of preparing this Prospects, the Company is committed to the provisions of Article (76) of the Implementing Regulations referred to above.

- With regard to paragraph (f) of the conditions above, the required solvency margin must be adhered to according to Article (66) sixty-six and Article (68) sixty-eight of the Implementing Regulations, which stipulate the following:
 - a. If the actual solvency margin becomes between (75%) seventy-five percent to (100%) one hundred percent of the required solvency margin, the Company must work to adjust this percentage to become at least (100%) one hundred percent during the following quarter.
 - b. If the actual solvency margin becomes between (50%) fifty percent to (75%) seventy-five percent of the required solvency margin, or if the above mentioned in paragraph (A) is not adhered to for two consecutive quarters, the Company must submit to SAMA a corrective plan that explains the steps the Company will take to improve its financial solvency and the time period required for that.
 - c. If the actual solvency margin becomes between (25%) twenty-five percent and (50%) fifty percent of the required solvency margin, or if the above mentioned in paragraph (b) is not adhered to for two consecutive quarters, the Central Bank may oblige the Company to take all or any of the following measures:
 1. Increase the Company's capital.
 2. Adjust prices.
 3. Reduce costs.
 4. Stop accepting any new subscription.
 5. Liquidate some assets.
 6. Any other action the Company deems appropriate and approved by SAMA.
- If the actual solvency margin falls below twenty-five percent (25%) or the Company fails to correct its financial situation, the Central Bank may appoint a consultant to advise the Company or request the withdrawal of the Company's license.
- It is worth noting that the Company had previously received on 14/11/1443H (corresponding to 13/06/2022G) a letter from the Central Bank No. (43094728) regarding the requirements for the decrease in the Company's actual solvency margin, such that it fell below the required solvency margin according to the requirements of Article (66) of the Implementing Regulations of the Cooperative Insurance Companies Control Law, and the Company submitted the corrective plan to improve the solvency margin on 07/12/1443H (corresponding to 06/07/2022G). The Company received successive inquiries about the submitted plan and committed to responding to them.

The table below shows the violations committed by the Company, with regard to the Cooperative Insurance

Companies Control Law and its Implementing Regulations, and the regulations issued by the Central Bank during the previous years and the measures taken by the Company in this regard:

Table No. (113): Violations of the Saudi Central Bank (Insurance Authority)

Type of Violation	Date of Violation	Subject of the Violation	Fine value (SAR) (where applicable)	Fine Status	Procedures followed by the Company Fine Status
Violation of the Central Bank's supervisory and regulatory instructions	2021G	A letter of non-compliance was issued to the Company for controls falling within the sub-scope of cybersecurity review, authentication and access management, application security, encryption management and cyber event management.	100,000	Payments made in full	The Company addressed the detected violations, as some of the controls monitored by the Central Bank were previously applied, while others were worked on and implemented, and a contract was signed with a specialized service provider to implement the (IAM) project, and the Company paid the fine on 02/09/1442H (corresponding to 14/04/2021G).
Violation of the Central Bank's supervisory and regulatory instructions	2021G	A letter was issued stating that the Company did not comply with the actuarial business controls related to insurance due to its failure to establish an actuarial department within the statutory period and its failure to appoint a manager of the actuarial department reporting to the CEO within the specified period.	160,000	Payments made in full	The enforcement decision issued by the Central Bank was objected to, and an actuarial department was established, its head was appointed, and two positions were created under the head of the department and appointed.
Violation of the Central Bank's supervisory and regulatory instructions	2021G	A letter was issued stating that the Company violated the circulars of the Central Bank regarding transacting with insurance and reinsurance brokerage companies after the expiry of their licenses issued by the Saudi Central Bank.	40,000	Payments made in full	A system has been established that currently prevents the issuance of insurance policies for applications received from any insurance broker upon the expiration of the insurance business permit issued by the Saudi Central Bank automatically.

Type of Violation	Date of Violation	Subject of the Violation	Fine value (SAR) (where applicable)	Fine Status	Procedures followed by the Company Fine Status
Violation of the Central Bank's supervisory and regulatory instructions	2022G	<p>A letter was issued containing 7 points that were just a warning, and they include:</p> <ol style="list-style-type: none"> 1. The Investment Committee did not hold any meeting during the year 2021G. 2. A copy of the internal governance regulations is not available on the Company's website. 3. The Internal Audit Department does not continuously audit the work of the Customer Care Department. 4. Failure to review and update the risk strategy since its approval in 2021G. 5. Risk management did not assess the Company's ability to bear risks and the extent of its exposure to them during 2021G. 6. There is no approved risk plan for 2022G. 	N/A	N/A	<p>The Company has developed a corrective plan to address and implement all requirements and to ensure that they do not occur in the future as follows:</p> <p>1- It was clarified that the reason for not holding any meeting of the Investment Committee during the year 2021G was due to the lack of a legal quorum for its members as they submitted their resignations. The legal quorum for the Investment Committee was completed in the year 2022G and it began its meetings, which amounted to (9) meetings for the years 2022G, 2023G and 2024G.</p> <p>2- A copy of the Company's internal governance regulations has been made available on its website.</p> <p>3- The Customer Experience and Service Management Review Report was prepared and a draft of it was submitted to the Central Bank. As of the date of this Proposal, the Customer Care Management Review process is included in the internal audit plan on an annual basis.</p>

Type of Violation	Date of Violation	Subject of the Violation	Fine value (SAR) (where applicable)	Fine Status	Procedures followed by the Company Fine Status
		<p>7. The Company's failure to exercise reasonable care to maintain sufficient human resources in risk management to enable it to carry out its work.</p>			<p>4- It was clarified that the approved risk strategy is valid until June 30, 2022G, and a draft of it was submitted after amendment. The submitted draft was approved by the Risk Management Committee. The Company also committed to reviewing and updating the risk strategy and approving it by the Risk Management Committee for the years 2023G and 2024G, and it is committed to reviewing and updating the risk strategy on an annual basis. Failure to update the risk strategy will result in the Company being considered non-compliant with the risk management regulations, and therefore penalties may be imposed on it in the form of a warning or a financial fine, noting that the penalty imposed on the Company in 2022G for reviewing and updating the risk strategy since its approval in 2021G did not include a financial fine, but rather included a warning with corrective measures taken by the Company.</p> <p>5- It was clarified that the endurance procedures fall under the job duties of the actuary and are mentioned in the Board of Directors' report. A copy of the 2021G endurance test has been attached.</p> <p>6- The risk management plan was approved by the Risk Committee on August 4, 2022G.</p>

Type of Violation	Date of Violation	Subject of the Violation	Fine value (SAR) (where applicable)	Fine Status	Procedures followed by the Company Fine Status
					7- It was clarified that the Company is working to attract the best qualified human cadres to fill the vacant positions in risk management. Mr. Abdulaziz Al-Fakhri has been assigned to risk management until May 7, 2023G. As of the date of this Prospectus, Mr. Mohammed Balharith was appointed as Manager of Risk Management on August 10, 2023G, Mr. Abdulrahman Al-Qudhahi as Risk Management Specialist on October 29, 2023G, and Ms. Nahid Al-Mutairi as Risk Management Specialist on January 14, 2024G. A training plan has also been developed for the department's employees, and work is underway to attract new job cadres for the year 2025G.
Violation of the Central Bank's supervisory and regulatory instructions	2022G	A letter of non-compliance with the controls included in the basic cybersecurity controls has been issued.	N/A	Payments made in full	The Insurance Authority (formerly the Central Bank) is provided with a monthly report showing the progress towards reaching the level of maturity required by the Law.
Violation of the Central Bank's supervisory and regulatory instructions	2023G	Executive Decision (1) was issued by the Insurance Authority due to the Company's violation of the statutory deadlines for settling motor claims.	220,000	Payments made in full	The Company has developed a corrective plan to address and implement all requirements and to ensure that they do not occur in the future.

Type of Violation	Date of Violation	Subject of the Violation	Fine value (SAR) (where applicable)	Fine Status	Procedures followed by the Company Fine Status
Violation of the Central Bank's instructions for customer protection	2023G	A letter containing only a warning was issued due to a discrepancy in the information provided by the Company via email in light of the Saudi Central Bank's verification of the Company's compliance with some controls for verifying customers of financial technology companies.	N/A	N/A	The Company has developed a corrective plan to address and implement all requirements and to ensure that they do not occur in the future.

Type of Violation	Date of Violation	Subject of the Violation	Fine value (SAR) (where applicable)	Fine Status	Procedures followed by the Company Fine Status
Violation of the supervisory and regulatory instructions	26/03/2024G	<p>The Insurance Authority issued a decision stating that the Company did not comply with the provisions of:</p> <p>Implementing Regulations of the Cooperative Insurance Companies Control Law (the Board of Directors' failure to approve the Company's investment policy),</p> <p>Failure to comply with the Insurance Companies Governance Regulations (provisions related to the Company's strategy and compliance management policy -failure to update the authority matrix - failure of non-executive board members to hold closed meetings without the presence of the Management once a year - failure of the Nominations and Remuneration Committee to perform its duties - failure of the board to review the minutes of committee meetings - failure of the Risk Management Committee to perform its duties),</p>	360,000	Payments made in full	<p>The Company has taken the following corrective actions:</p> <p>The Company's investment policy has been approved.</p> <ul style="list-style-type: none"> • The comments have been addressed and the provisions of the Insurance Companies Governance Regulations have been adhered to. • The updated authority matrix has been completed. • A closed meeting of the non-executive members of the Board of Directors has been held. • A mechanism has been developed to avoid any shortcomings in the performance of the Nominations and Remuneration Committee. • The minutes of the committee meetings were reviewed. • A mechanism has been developed to avoid any shortcomings in the performance of the Risk Management Committee. • A mechanism has been developed to avoid any shortcomings in the performance of the Audit Committee. • The contractual relationship with Mr. Amir Batsha who has been terminated.

Type of Violation	Date of Violation	Subject of the Violation	Fine value (SAR) (where applicable)	Fine Status	Procedures followed by the Company Fine Status
		<p>Failure to comply with the regulations of Audit Committees in insurance and/or reinsurance companies (deficiency in the performance of the audit committee),</p> <p>Appointing a risk management manager without obtaining prior written no-objection</p> <p>A number of the Company's employees did not obtain the general certificate in insurance basics. The Insurance Authority issued a warning to the Company and imposed a fine of (360,000) Saudi riyals, while ensuring that corrective measures were put in place for the violations</p>			<p>Follow-up on obtaining the certificate: A follow-up and escalation mechanism has been put in place, starting with the Human Resources Department, moving to the Compliance Department, and escalating it to the highest executive authority.</p>
Violation of the supervisory and regulatory instructions	26/03/2024G		360,000		

Type of Violation	Date of Violation	Subject of the Violation	Fine value (SAR) (where applicable)	Fine Status	Procedures followed by the Company Fine Status
Violation of the supervisory and regulatory instructions	26/05/2024G	The Insurance Authority issued a decision stating that the Company did not comply with the provisions of the Insurance Companies Control Law and its Implementing Regulations (failure to cooperate with the inspection team assigned by the Authority during and after the inspection), failure to comply with the Investment Regulations (failure to obtain the Authority's approval regarding the investment policy and the substantial amendments made to it, failure of the investment officer to perform his duties - failure of the investment committee to perform its duties). The Authority issued a warning to the Company and imposed a fine of (110,000) Saudi riyals, while ensuring that corrective measures are put in place for the violations.	110,000	Payments made in full	<ul style="list-style-type: none"> Allied Cooperative Insurance Group Company (ACIG) confirms its constant keenness to provide all documents and data with the quality required by the inspection visit team to avoid any delay, and the Company confirms its full commitment to the necessity of cooperating with the inspection team in accordance with the provisions of the relevant regulations and laws. The Company took the following measures: The Investment Committee met and confirmed the policy update. The recommendation was taken into account, the policy was updated, and it was presented to the Board of Directors and approved on 17/03/2024G in Minutes No. (89). It was submitted to the Insurance Authority requesting a no-objection*. Consideration was given to reviewing the performance of the investment policy on a quarterly basis and presenting the results to both the Investment Committee and the Board of Directors. The risks of the investment portfolio were taken into consideration and the Investment Committee recommended diversification and de-concentration. This was worked on so that the portfolio currently contains Murabaha deposits, stocks and investment funds.

Type of Violation	Date of Violation	Subject of the Violation	Fine value (SAR) (where applicable)	Fine Status	Procedures followed by the Company Fine Status
					<ul style="list-style-type: none"> • Risk limits have been reviewed and the Company has created a low-risk portfolio. • The Company is committed to the investment regulations, as it works to reduce the focus on the deposit portfolio and diversify its investments in accordance with the investment plan, investment policy and the Implementing Regulations for monitoring insurance companies, taking into account ensuring liquidity to meet the Company's operational obligations. This diversification should be gradual and balanced, targeting low- or medium-risk funds, stocks with returns and growth, and government bonds, if any, all in accordance with the regulations and policies. Work will also be done to develop the mechanism followed in accordance with the requirements of the Insurance Authority • The issues regarding the Investment Committee's failure to perform its duties were addressed. • An internal actuary has been hired and an updated report will be prepared for the Board of Directors.

Type of Violation	Date of Violation	Subject of the Violation	Fine value (SAR) (where applicable)	Fine Status	Procedures followed by the Company Fine Status
Violation of the supervisory and regulatory instructions	12/09/2024G	The Insurance Authority issued a decision stating that the Company did not comply with the verification controls for customers of fintech companies. The Authority issued a warning to the Company and imposed a fine of (216,000) Saudi riyals, while ensuring that corrective measures are put in place for the violations.	216,000	Payments made in full	The Company addressed these comments by sending a text message to customers including a verification code and an awareness message before making a purchase, in addition to adding an awareness message to all verification messages, explaining the source and purpose of the message.

Type of Violation	Date of Violation	Subject of the Violation	Fine value (SAR) (where applicable)	Fine Status	Procedures followed by the Company Fine Status
Violation of the supervisory and regulatory instructions	12/11/2024G	Violation of supervisory and regulatory instructions through the Company's failure to settle third-party individual motor claims within the statutory period of 2024G and failure to verify indicators of fraudulent claims.	460,000	Payments made in full	<p>The Company has taken corrective measures, so that claims less than (2,000) Saudi Riyals will be settled in the branches by the employee responsible for entering the application.</p> <p>The corrective actions regarding the shortcomings in verifying the indicators of fraudulent claims practice were as follows:</p> <ul style="list-style-type: none"> - Activate the B2B system with Al Rajhi Bank to increase the efficiency of paying claims, ensure quality and time, and reduce the cases of returned claims payments. - Coordinate with the sales department to reduce the sales volume regarding motor insurance policies. - Provide stand-by liquidity on demand to meet any emergency claims. - Increase the staff in the relevant departments. - In addition to the above, the Company: <ul style="list-style-type: none"> - Periodically updating and creating fraud indicators for claims, whether they are discovered or cooperating between insurance companies to find out what is new regarding fraud indicators. - Benefiting from the expertise of the Company's accident advisor and his support for the fraud department. - Contracting with Najm Company, which provides a service to verify suspected accidents through the Najm platform. - Providing periodic courses for employees to review the latest fraud indicators and to increase knowledge and awareness regarding fraud.

Source: Board of Directors Report for 2022G and 2023G and Management Information

*As of the date of this Prospectus, the Company has not yet obtained the Insurance Authority's non-objection to the investment policy updates. (For more information on these penalties and fines, please refer to Risk Factor No. (2-1-4) "**Risks Related to Sanctions, Penalties and Business Suspension by Competent Authorities**" of Paragraph (2-1) "**Risks related to the Company's Activity and Operations**" of Section (2) "**Risk Factors**" of this Prospectus).

- It is worth noting that the Company is committed to obtaining professional examination certificates for insurance sector officers. According to the Company's statement, it is committed to obtaining Insurance Fundamentals Certificates (IFCE) obtained by employees in technical, supervisory and support departments, employees who have direct or indirect contact with customers at all levels, and members of the Board of Directors who hold positions in insurance and reinsurance companies and insurance-related liberal professions companies.
- As for the health insurance sector, Article (43) of the Implementing Regulations of the Health Insurance Law stipulates that insurance companies are not permitted to practice cooperative health insurance business unless they are qualified by the Council, and the qualification is limited to a period of three years, renewable for other similar periods. Article (44) of the Implementing Regulations of the Health Insurance Law stipulates that cooperative insurance companies are qualified to practice health insurance based on a request submitted for this purpose, and the Insurance Authority (formerly the Health Insurance Council) may determine what it deems appropriate in terms of details related to the nature and scope of the data that must be included in these requests within the limits of what is necessary for that, and the Insurance Authority shall decide on the qualification request within ninety days from the date of submission of the request.
- The Insurance Authority monitors the Company and ensures its compliance with the conditions regulating the provision of medical insurance products, including:
 - a. Commitment to provide specialized medical cadres to give the necessary medical approvals within a period not exceeding (60) sixty minutes, and in the event of non-approval, the reasons must be officially explained.
 - b. Commitment to pay the dues of medical service providers such as hospitals and medical clinics within a period not exceeding (45) days.
 - c. On 19/10/1445H (corresponding to 13/05/2024G), the Insurance Authority (after the powers of the Health Insurance Council were transferred to it regarding health insurance) approved the renewal of the Company's qualification for a period of one year starting from 18/11/1445H (corresponding to 24/06/2024G) and ending on 27/11/1446H (corresponding to 23/06/2025G), and pursuant to this license, the Company may practice health insurance activity in the Kingdom.
- Inspection visits: The Company is committed to the provisions of the Insurance Companies Control Law and its Implementing Regulations in terms of allowing the inspection team assigned by the Insurance Authority to perform its tasks and examine its records. The Company has undergone several inspection visits by the Insurance Authority team. According to the minutes of the Board of Directors meeting held on 04/01/1446H (corresponding to 10/07/2024G), the Insurance Authority's letter No. (44-24) was discussed, which included the observations noted by the Insurance Authority and a request to address them, and the sustainable corrective measures taken by the Company were presented.

9-7 Summary of Material Contracts

9-7-1 The Company's Agreements and Transactions with Related Parties

- According to the Company's financial statements for the fiscal years ended December 31, 2021G, 2022G and 2023G, the Company has transactions with related parties, which are the Substantial Shareholders, members of the Board of Directors, key management personnel of the Company, companies of which they are the

major owners, and any other entities controlled, jointly controlled or significantly influenced by them. The pricing policies and terms of these transactions are approved by the Company's management and the Board of Directors. The following are details of the main related party transactions as shown in the financial statements:

Table No. (114): Summary of transactions with related parties according to the financial statements

Related Parties	Nature of Transaction	Transaction amounts (SAR'000) for the year ended on			Balance (SAR'000) Debit/(Credit) as of		
		31, December 2023G	31, December 2022G	31, December 2021G	31, December 2023G	31, December 2022G	31, December 2021G
Board of Directors	Insurance premium subscription	-	145	145	-	-	-
Affiliates	Insurance premium subscription	19	305	305	-	-	1,878
	Claims paid/ payments received	-	-	-	-	(187)	(187)
Allied Cooperative Insurance Group (ACIG) - Bahrain (Partner)	Claims paid on behalf of ACIG - Bahrain	-	-	-	-	1,985	1,985
Board of Directors and Audit Committee	Attendance allowances	202	202	202	-	-	-

Source: Financial Statements

- The Company, its board members and shareholders are committed to implementing Articles (71) and (27) of the Companies Law. These transactions were voted on in the Company's Ordinary General Assembly, which were conducted with related parties, as follows:

- Regarding the transactions concluded during the year 2021G, the General Assembly held on 06/11/1443H (corresponding to 05/06/2022G) approved the transactions and contracts concluded between the Company and Al-Bahar International Company, in which the Board Member, Eng. Mohammed Hani Al-Bakri, has an indirect interest, which are insurance policies for a period of one year, and the total insurance premiums subscribed during the year 2021G amounted to 108 thousand riyals without preferential conditions.

9-7-2 Leases

- The Company has concluded (10) lease contracts as a tenant, which are offices, shops and showrooms to carry out its activity.
- The contracts stipulate a rental amount that the Company pays to the lessor annually and that if it is renewable. They also stipulate that they are considered void if the lessee is late in paying the rent. The lessee does not have the right to sublet the property without obtaining the written consent of the lessor. It is also not permissible to change the method of use of the rented property or the activity without approval of the lessor. The following is a list of the Company's site rental contracts and their most important details:

Table No. (115): List of current leases for sites operated by the Company

#	Lessor's Name	Lessor	Property Location	Property Type	Rental Value	Contract Term	Renewal	Contract Status
1	Lessor 1	Allied Cooperative Insurance Group Company (ACIG)	10th, 32242, 4507, 8239 (Dammam)	Show room (in a residential-commercial building)	SAR (37,950)	364 days starting from 01/07/1446H (corresponding to 01/01/2025G) and ending on 11/07/1447H (corresponding to 31/12/2025G)	The lease term ends with the expiration of the contract term. If both parties wish to renew, a new contract will be written and agreed upon by both parties.	Electronically documented - considered an enforceable document
2	Lessor 2	Allied Cooperative Insurance Group Company (ACIG)	Abdul Bari Al-Ahdal, 62458 8580, 4740 (Khamis Mushayt)	Shop (in a commercial building)	SAR (25,002)	364 days starting from 01/07/1446H (corresponding to 01/01/2025G) and ending on 11/07/1447H (corresponding to 31/12/2025G)	The lease term ends with the expiration of the contract term. If both parties wish to renew, a new contract will be written and agreed upon by both parties.	Electronically documented - considered an enforceable document

#	Lessor's Name	Lessor	Property Location	Property Type	Rental Value	Contract Term	Renewal	Contract Status
3	Lessor 3	Allied Cooperative Insurance Group Company (ACIG)	7547, Prince Sultan, Salamah District, 23437-2111 (Jeddah)	Offices (in a shopping mall)	SAR (3,694,593.50)	(1,826) days starting from 25/09/1442H (corresponding to 07/05/2021G) and ending on 19/11/1447H (corresponding to 06/05/2026G)	The lease term ends with the expiration of the contract term. If both parties wish to renew, a new contract will be written and agreed upon by both parties.	Electronically documented - considered an enforceable document
4	Lessor 4	Allied Cooperative Insurance Group Company (ACIG)	Custodian of the Two Holy Mosques Road 6446, 2163, intersection of Al-Jawhara Street and Marat, 34 (Al-Khobar)	Office (in a commercial building)	SAR (418,140)	(1,094) days starting from 20/08/1445H (corresponding to 01/03/2024G) and ending on 21/09/1448H (corresponding to 28/02/2027G)	The lease term ends with the expiration of the contract term. If both parties wish to renew, a new contract will be written and agreed upon by both parties.	Electronically documented - considered an enforceable document

#	Lessor's Name	Lessor	Property Location	Property Type	Rental Value	Contract Term	Renewal	Contract Status
5				Office (ground floor)	SAR (345,000)			Electronically documented - considered an enforceable document
6	Lessor 5	Allied Cooperative Insurance Group Company (ACIG)	Prince Turki Bin Abdulaziz Road 2242, 7215, 1st, 1351 (Riyadh)	Office (ground floor)	SAR (9,115,763)	(1,095) days starting from 08/07/1445H (corresponding to 20/01/2024G) and ending on 11/08/1448H (corresponding to 19/01/2027G)	The lease term ends with the expiration of the contract term. If both parties wish to renew, a new contract will be written and agreed upon by both parties.	Electronically documented - This contract is not an enforceable document for the existence of additional terms or conditions.
7				Office (second floor)	SAR (2,133,176)			Electronically documented - This contract is not an enforceable document for the existence of additional terms or conditions.
8	Lessor 6	Allied Cooperative Insurance Group Company (ACIG)	Basra bin Abi Basra, 42382 5259, 9020 (Medina)	Show room (in a commercial building)	SAR (40,000)	(364) days starting from 02/08/1446H (corresponding to 01/02/2025G) and ending on 12/08/1447H (corresponding to 31/01/2026G)	The lease term ends with the expiration of the contract term. If both parties wish to renew, a new contract will be written and agreed upon by both parties.	Electronically documented - considered an enforceable document

#	Lessor's Name	Lessor	Property Location	Property Type	Rental Value	Contract Term	Renewal	Contract Status
9	Lessor 7	Allied Cooperative Insurance Group Company (ACIG)	Yanbu, Katheer Ibn Al-Muttalib, 46424, 7755, 2632 (Yanbu)	Shop (in a commercial building)	SAR (28,000)	(364) days starting from 28/03/1446H (corresponding to 01/10/2024G) and ending on 08/04/1447H (corresponding to 30/09/2025G)	The lease term ends with the expiration of the contract term. If both parties wish to renew, a new contract will be written and agreed upon by both parties.	Electronically documented - considered an enforceable document
10	Lessor 8	Allied Cooperative Insurance Group Company (ACIG)	Palestine Street, 23321 6315, 2724 (Jeddah)	Showroom (in a mall)	SAR (100,090)	(364) days starting from 29/04/1446H (corresponding to 01/11/2024G) and ending on 09/05/1447H (corresponding to 31/10/2025G)	The lease term ends with the expiration of the contract term. If both parties wish to renew, a new contract will be written and agreed upon by both parties.	Electronically documented - considered an enforceable document

Source: The Company

It is worth noting that the Company has closed its location in Riyadh and the relevant registration has been deleted.

9-7-3 Service Provision Contracts

The Company has entered into several service provision agreements, which include consulting, actuarial, and financial collection service contracts.

9-7-4 Insurance Brokerage Contracts

- The Company has concluded a number of insurance brokerage contracts with Companies specialized in the field of insurance brokerage, organized according to the laws of the KSA and licensed by the Saudi Central Bank and specialized in the field of insurance brokerage. The aim of these contracts is to attract customers and facilitate the sale of the Company's insurance products to individuals, companies and other entities. In return, insurance brokers are entitled to a commission estimated at a percentage of the premiums collected through the clients' broker for each type of insurance.
- Insurance brokerage contracts concluded according to the model approved by the Company include common clauses summarized as follows:
 - The broker shall carry out insurance brokerage work between the Company and third parties in accordance with the terms and conditions of the agreement and in accordance with the agreed geographical scope (the Kingdom of Saudi Arabia) and the type, and the broker shall receive a commission in return for carrying out insurance brokerage work in accordance with the terms of the agreement.
 - The agreement may be renewed by written agreement of both parties, and if the two parties continue to deal under this agreement despite the expiration of its validity period, this shall be considered an automatic renewal of it for a period of one calendar year, with the same terms and conditions contained in the original agreement. The original agreement shall mean the last agreement governing the obligations of the two parties. In the event that either party does not wish to renew this agreement, it must notify the other party in writing of its unwillingness to renew, at least thirty (30) days before the expiration of the original or renewed period.
 - The Company reserves the absolute right to reject or accept any insurance application under this agreement.
 - The broker is not entitled to any commissions except for the subscription amounts (installments) paid to the Company. The Company pays the broker commissions for the net subscriptions subscribed only within (30) business days from the date the broker pays or deposits the subscriptions into the Company's account.
 - The Company agrees not to solicit or attempt to solicit any clients from the broker. The broker also agrees not to solicit or attempt to solicit any of the Company's current clients.
 - The Company is committed to indemnifying the broker and holding him harmless from and against all civil liabilities arising as a direct result of the Company's errors, provided that the broker shall not cause or participate in any of those errors.
 - Either party may terminate the agreement at any time without giving any reasons, by sending prior written notice by registered mail to the address of the other party, and the termination shall be effective after thirty (30) days from the date of sending the notice.
 - Upon termination of this agreement by either party, the Company's obligation to pay the insurance brokerage commission to the broker shall cease (except for commissions previously due or commissions due for premiums related to valid insurance policies).
 - The broker acknowledges that everything related to this agreement and its contents must be treated with the utmost confidentiality.
 - The broker shall not assign this agreement or any part thereof to any other person or legal entity, and any act indicating assignment shall be void, unless expressly approved by the Company with prior written consent.
 - The agreement may be amended, provided that both parties agree in writing to such amendment, and the amendment shall be added to the agreement as an appendix.
 - The agreement shall be subject in its interpretation and in any dispute or conflict arising or related to it to the laws and regulations of the Kingdom of Saudi Arabia, and in the event of any dispute or conflict arising regarding or because of this agreement, it shall be resolved amicably, and if it is not resolved amicably, it shall be referred to the competent judicial authority according to the law.

9-7-5 Reinsurance Contracts

- The Company has concluded a number of reinsurance contracts with a reinsurance company for continuous periods, so that the current period of these contracts ends from 19/06/1445H (corresponding to 01/01/2024G) until 30/06/1446H (corresponding to 31/12/2024G), and they include the following sectors of the Allied Cooperative Insurance Group Company: fire insurance, marine cargo insurance, engineering insurance, miscellaneous accident insurance and motor insurance.
- The Company has also concluded a reinsurance contract with another company for a period of one year starting from 19/06/1445H (corresponding to 01/01/2024G) until 30/06/1446H (corresponding to 31/12/2024G), which is automatically renewable. It includes the travel insurance sector at Allied Cooperative Insurance Group Company.

9-7-6 Memorandum of Understanding and Merger Agreement

- The Company signed a non-binding Memorandum of Understanding with Amana Cooperative Insurance Company on 07/02/1444H (corresponding to 03/09/2022G), for the purpose of studying the possibility of merging the two companies. On 17/02/1445H (corresponding to 02/09/2023G), the two parties extended this Memorandum for an additional period of six months from its expiration date, with the same previous terms and conditions.
- On 15/06/1445H (corresponding to 28/12/2023G), the Company announced on the Tadawul website the termination of the non-binding memorandum of understanding and all negotiations related to the merger process with Amana Cooperative Insurance Company, based on the desire of both parties after conducting the necessary studies.

9-8 Trademarks and Intellectual Property Rights

- The Company has a logo that it uses in its dealings and it has been registered as a trademark with (the former Ministry of Commerce and Investment and the current Ministry of Commerce), noting that the authority to register trademarks was later transferred from the Ministry of Commerce to the Saudi Authority for Intellectual Property, under category (36), which is one of the trademark categories that specializes in insurance services, financing affairs, financial affairs, and real estate affairs.
- This will enable the Company to place its name and logo on its products and on the external facade of the building or offices it occupies, as it has registered the trademark and granted it the necessary legal protection in accordance with the Trademark Law.
- The following table shows the details of the Company's trademark registered within the Kingdom:

Table No. (116): Company Trademarks

License Number	Date of registration	Owning Compa	Start of protection date	End of protection date	Category	Trademark
143001259	27/11/1430H	Allied Cooperative Insurance Group Company (ACIG)	13/02/1440H (corresponding to 22/10/2018G)	12/02/1450H (corresponding to 05/07/2028G)	36	

Source: The Company

• Web Site

The Company in compliance with the requirement of registering its website (acig.com.sa) and has secured its protection and prevented its infringement and use by third parties. The Company has obtained a certificate issued by STC Solutions (a domain names registration agent accredited by the Communications, Space & Technology Commission - Saudi Network Information Center) stating that the domain registration date is 06/01/1426H (corresponding to 15/02/2005G) and its expiration date is 10/07/1447H (corresponding to 30/12/2025G).

9-9 Insurance

The Company has a number of insurance policies to mitigate some risks and preserve its assets and properties, as shown in the following table:

Table No. (117): Summary of Insurance Policies

Insurance Company	Policy Type	Policy Number	Coverage Type	Coverage Starting Date	Coverage Expiration Date	Insured value / Maximum Compensation
Allied Cooperative Insurance Group Company (ACIG)	Health insurance document	30188125	All employees currently employed and employees who join the Company later, in addition to the spouse - children from the date of birth - male children up to the age of 25 years - unmarried female daughters, widows and divorcees who depend on the worker for their support - orphans adopted by sponsoring families.	01/09/1446H (corresponding to 01/03/2025G)	11/09/1447H (corresponding to 28/02/2026G)	SAR 2,422,988
Allied Cooperative Insurance Group Company (ACIG)	Health insurance policy	30190725	All employees currently employed and employees who join the Company later, in addition to the spouse - children from the date of birth - male children up to the age of 25 years - unmarried female daughters, widows and divorcees who depend on the worker for their support - orphans adopted by sponsoring families.	01/09/1446H (corresponding to 01/03/2025G)	11/09/1447H (corresponding to 28/02/2026G)	SAR 1,930,049

Insurance Company	Policy Type	Policy Number	Coverage Type	Coverage Starting Date	Coverage Expiration Date	Insured value / Maximum Compensation
Allied Cooperative Insurance Group Company (ACIG)	All Risks Insurance Policy	P/210D/2502/2020 /00427768/03	Property insurance against all sudden and unexpected physical losses and damages and property damages not excluded by the policy, including business interruption as well as burglary (theft resulting from forced entry or exit from secured premises).	08/01/1446H (corresponding to 14/07/2024G)	18/01/1447H (corresponding to 13/07/2025G)	SAR 12,871,856.85
Allied Cooperative Insurance Group Company (ACIG)	Motor Insurance Policy	P/11D/5501/2019 /00128162/05	Loss or damage to the insured vehicle and civil liability towards others in respect of death/ bodily injury or property damage (the policy covers 3 vehicles).	08/06/1446H (corresponding to 09/12/2024G)	17/06/1447H (corresponding to 08/12/2025G)	SAR 10,000,000
Allied Cooperative Insurance Group Company (ACIG)	Personal Accident Insurance Policy	P/210/5001/24 /03201638/01/01	(1) Death due to an accident - (2) Permanent total disability - (3) Permanent partial disability - (4) Medical expenses.	15/07/1446H (corresponding to 15/01/2025G)	25/07/1447H (corresponding to 14/01/2026G)	SAR 106,800,000

Source: The Company

9-10 Disputes and Litigations

- As of the date of this Prospectus, the Company is not a party to any dispute or claim except those related to disputes with insurance policyholders that fall within the normal course of its business.
- As of February 2025G, the number of claims filed against the Company by insurance policyholders amounted to (636) claims with a total value of (33,433,982.26) Saudi Riyals. The Company has filed (380) claims as a plaintiff against policyholders with a total value of (6,865,460.99) Saudi Riyals.

9-11 Material Information that changed Since CMA's Approval on the Last Prospectus

Below is a summary of the most significant changes that have occurred since the Authority's approval of the last Prospectus issued on 13/02/1443H (corresponding to 20/09/2021G):

- **Bylaws:** The Bylaws were amended consequent to the capital increase and the issuance of the current version of the Company's Bylaws based on the decision of the General Assembly (Extraordinary) held on 25/05/1443H (corresponding to 29/12/2021G), and these Bylaws were approved by the Ministry of Commerce (Shared Services Department) on 19/07/1443H (corresponding to 20/02/2022G). It is worth noting that on 05/09/1446H (corresponding to 05/03/2025G), the Extraordinary General Assembly approved the update of the Company's Bylaws to comply with the Companies Law issued pursuant to Royal Decree No. (M/132) dated 01/12/1443H, as well as the reorganization and renumbering of its articles to reflect the proposed amendments. As of the date of this prospectus, approval from the Ministry of Commerce is still in process.
- **Company Management:**
 - Election of Board of Directors members: On 06/11/1443H (corresponding to 05/06/2022G), the Ordinary General Assembly of Shareholders elected members of the Board of Directors for a new term starting from 16/10/1443H (corresponding to 17/05/2022G) for a period of three (3) years ending on 19/11/1446H (corresponding to 17/05/2025G).
 - Formation of the Board Committees: On 07/11/1443H (corresponding to 06/06/2022G), the Board of Directors decided to form its committees, which include (1) Audit Committee, (2) Nominations and Remunerations Committee, (3) Executive Committee, (4) Investment Committee, and (5) Risk Management Committee, and to reconstitute the Executive Committee, the Investment Committee, and the Nominations and Remunerations Committee pursuant to the Board of Directors' decision by circulation on 18/11/1443H (corresponding to 17/06/2022G). On 19/01/1444H (corresponding to 17/08/2022G), the Board of Directors decided to form the Sharia Supervisory Board.
 - Organizational Structure: The organizational structure was approved by the Board of Directors pursuant to Resolution No. (435/03/2023) dated 13/08/1444H (corresponding to 05/03/2023G).
 - Appointments to mandatory positions: On 07/11/1443H (corresponding to 06/06/2022G), the Board of Directors decided to appoint Mr. Yasser bin Mohammed bin Jarallah as Chairman of the Board of Directors, Mr. Faiz bin Saleh bin Mahfouz as Deputy Chairman, and Mr. Ali Yahya Al-Jaafari as Managing Director. On 19/01/1444H (corresponding to 17/08/2022G), the Board of Directors decided to appoint Mr. Mohammed bin Abdullah Al-Qadi as Chief Executive Officer.
- **Corporate Governance:** The Company has adopted an updated governance regulation pursuant to the Board of Directors' decision dated 13/08/1444H (corresponding to 05/03/2023G).

9-12 Declarations Related to Legal Information

In addition to other declarations referred to in this Prospectus, the Board of Directors declares the following:

- 1- The issuance does not constitute a breach of the relevant laws and regulations in Saudi Arabia.
- 2- The issuance does not constitute a breach of any contract/agreement entered into by the Issuer.
- 3- All material legal issues concerning the Issuer have been disclosed in the Prospectus.
- 4- Other than what has been mentioned in paragraph (9-10) "**Disputes and Litigations**" on Page (308) of this Prospectus, the Issuer is not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Company or its financial position.
- 5- The Board members are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Issuer or its financial position.



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Underwriting

10

10- Underwriting

The Company and the Underwriter, Alistithmar for Securities and Brokerage Company (Alistithmar Capital), have entered into an Underwriting Agreement to underwrite the subscription of twenty million nine hundred thousand (20,900,000) ordinary shares at a price of ten (10) Saudi riyals per share, with a total value of two hundred and nine million (209,000,000) Saudi Riyals, representing (100%) of the Rights Issue Shares offered for subscription (“Underwriting Agreement”).

10-1 Underwater

Underwriter

Alistithmar for Securities and Brokerage Company

(Alistithmar Capital)

King Fahd Branch Road

Al Aqiq - Riyadh 13515

P.O. Box: 6888-114452

Kingdom of Saudi Arabia

Phone: +966 11 2547666

E- mail: Project-Flag@icap.com.sa

Website: www.icap.com.sa



10-2 Summary of the Underwriting Agreement

In accordance with the terms and conditions of the Underwriting Agreement:

The Company undertakes to the Underwriter that on the allocation date, it will issue and allocate to the Underwriter all Rights Shares committed to be covered in this subscription, that have not been subscribed to by Eligible Persons, at the Offer Price.

- The underwriter undertakes to the Company that on the allocation date, it will purchase the Rights Issue Shares committed to be covered in this subscription, that have not been subscribed to by Eligible Persons, at the Offer Price.
- The Underwriter shall, on account of underwriting, receive a specified amount of money to be paid from the Offer Proceeds.
- The commitment of the Underwriter to subscribe to Rump Shares is subject to the termination provisions as stipulated in the agreement such as the occurrence of a force majeure event as defined in the agreement and satisfaction of the precedent conditions in line with the agreement.
- The Company shall provide specific warranties, covenants and undertakings to the Underwriter.

It is worth noting that on 29/06/1446H (corresponding to 30/12/2024G), the Tharawat Investment Holding Company issued a pledge addressed to the Insurance Authority to exercise its full right to subscribe to Rights, whereby it pledged to subscribe to (3,135,000) Rights representing (15%) of the Rights Issue Shares offered to increase the capital from (291,000,000) Saudi Riyals to (500,000,000) Saudi Riyals.



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Waivers

11

11- Waivers

The Company has not obtained any waivers from the CMA in relation to this Offering.



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Insurance

**Information Related to
the Shares and Offering
Terms and Conditions**

12

12- Information Related to the Shares and Offering Terms and Conditions

The Company has submitted an application to the Capital Market Authority (“CMA”) for the registration and offering of New Shares, and to the Saudi Stock Exchange (“Tadawul”) for listing The New Shares. All requirements have been fulfilled in accordance with and listing rules with the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

All Eligible Persons (i.e., Registered Shareholders and holders of acquired Rights) and Institutional Investors (applicant) must carefully read the terms and instructions of the subscription before electronic subscription or submission through a broker or filling out the Rump Offering application form. The submission of the Subscription Application or the signing and submitting the Rump Offering Subscription application form constitutes acceptance and agreement to the mentioned terms and conditions.

12-1 The Offering

Pursuant to this Prospectus, twenty million nine hundred thousand (20,900,000) new ordinary shares will be offered - through the Rights Issue - at a nominal value of ten (10) Saudi Riyals per share and an Offering Price of ten (10) Saudi Riyals per share, with a total offering value of two hundred and nine million (209,000,000) Saudi Riyals, representing approximately (71.82%) of the Company's capital before the capital increase, in order to increase the Company's capital from two hundred and ninety-one million (291,000,000) Saudi Riyals divided into twenty-nine million one hundred thousand (29,100,000) ordinary shares, to five hundred million (500,000,000) Saudi Riyals divided into fifty million (50,000,000) ordinary shares.

12-2 How to Submit a Subscription Application for Rights Issue Shares (New Shares)

Eligible Persons who wish to subscribe to priority Rights Issue must submit their Subscription Application during the subscription period through their investment portfolios on trading platforms used for buying and selling orders, in addition to other subscription methods provided by brokers and Shares Custodians in the Kingdom during the Subscription Period. The data of the Eligible Persons must be updated, and no changes have occurred in the data or information since the recent offering, unless these modifications have been communicated to and approved by the broker. If there is a Rump Offering Period, Subscription Application Forms can also be submitted during such period by Institutional Investors for any Rump Shares only. By participating in the subscription, the subscriber's:

- Agrees to subscribe to the Company's share in the number of shares specified in the Subscription Application Form.
- Declares that he/she has read the Prospectus and understood all of its content.
- Accept the Company's Bylaws and the terms outlined in this Prospectus.
- Declares that he did not previously apply for subscription to the same shares for this offering through the broker, and the Company reserves the right to reject all applications in the event of a repeat of subscription application.
- Accepts of the number of shares allocated thereto and all other subscription instructions and terms mentioned in the Subscription Application Form and in this 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 deposit in their portfolios via Tadawul. These Rights are considered acquired Rights for all registered Shareholders in the Company's Shareholders Register at the Depository Center at the end of the second Trading Day following the Extraordinary general meeting with respect to the capital increase ("the Eligibility Date"). Each Right gives its holder the right to subscribe to one new share at the Offer Price. Rights Issue Shares will be deposited no more than two business days after the Extraordinary general meeting. The Rights will appear in the Registered Shareholders' portfolios under a new symbol specific to the Rights Issue, and 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 right and subscribe to all New Shares must submit a complete Subscription Application through their investment portfolio on trading platforms used for buying and selling orders or through any other means provided by the broker and Shares Custodian. The data of the Eligible Person must be updated, and no changes should occur since he subscribed to a recent offering, unless these modifications have been communicated to and approved by the broker.

The number of Shares held by the Eligible Person is calculated based on the Rights held by him. The subscription amount payable by the subscriber is calculated by multiplying the Rights owned prior to closing the Subscription Period by ten (10) Saudi Riyals.

12-4 Trading Period, Offering Period and Rump Offering Period

Eligible shareholders wishing to subscribe to Rights must submit a Subscription Application during the Subscription Period, which begins three (3) business days after approval of the Extra Ordinary General Assembly, which includes the approval of the capital increase, and until the end of the ninth day from the beginning of the period, i.e. it begins on **/**/****H (corresponding to **/**/****G) and ends on **/**/****H (corresponding to **/**/****G) during the period from ten o'clock (10:00) in the morning until two o'clock (2:00) in the afternoon. Eligible shareholders who wish to trade in the Rights must submit a trading request during the Trading Period, which begins three (3) business days after the approval of the Extra Ordinary General Assembly, which includes approval of the capital increase, and until the end of the sixth day from the beginning of the period, i.e. it begins on **/**/****H (corresponding to **/**/****G) and ends on **/**/****H (corresponding to **/**/****G) during the period from ten o'clock (10:00) in the morning until three o'clock (3:00) in the afternoon.

The Extra Ordinary General Assembly held on **/**/****H (corresponding to **/**/****G) approved increasing the Company's capital through the Rights Issue. This will be done by offering twenty million nine hundred thousand (20,900,000) new ordinary shares ("Rights" or "New Shares") at an Offering Price of ten (10) Saudi riyals per share, with a nominal value of ten (10) Saudi Riyals per share, and a total value of two hundred and nine million (209,000,000) Saudi riyals. Accordingly, the Company's capital will increase after the completion of the subscription process from two hundred and ninety-one million (291,000,000) Saudi riyals divided into twenty-nine million one hundred thousand (29,100,000) ordinary shares, to five hundred million (500,000,000) Saudi riyals divided into fifty million (50,000,000) ordinary shares, i.e. an increase of approximately (71.82%) of the Company's current capital.

Pursuant to this Prospectus, twenty million nine hundred thousand (20,900,000) ordinary shares will be offered for subscription through A Rights Issue, which represent approximately (71.82%) of the Company's capital before the subscription, at an Offering 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 two hundred and nine million (209,000,000) Saudi riyals. The new shares will be issued at a ratio of one share for each right. The subscription to the Rights shares offered to shareholders registered in the Company's shareholders' register will be at the end of the second Trading Day following the

meeting of the Extra Ordinary General Assembly including approval to increase the capital from two hundred and ninety-one million (291,000,000) Saudi riyals to five hundred million (500,000,000) Saudi riyals by issuing Rights on **/**/****H (corresponding to **/**/****G), and to those entitled to them who purchased the Rights during the Rights Trading Period, including registered shareholders who purchased additional Rights in addition to the Rights the originally own.

In the event that the Eligible Persons do not exercise their right to subscribe to New Shares by the end of the Offering Period, the Rump Shares (resulting from non-exercise of those Rights or their sale by Eligible Persons) will be offered to Institutional Investors during the Rump Offering Period.

Registered shareholders may trade in the Right deposit in their portfolios through the Saudi Stock Exchange (“Tadawul”). These Rights are considered acquired Rights for all shareholders registered in the Company’s records at the end of the second Trading Day following the Extraordinary General Assembly approving the capital increase. Each right entitles its holder to subscribe for one New Share at the Offer Price. The Rights will be deposited after the EGA. The Rights will appear in

the portfolios of Registered Shareholders under a new symbol for Rights Issue, and shareholders will be notified of the deposit in their portfolios.

Rights shares will be offered according to the phases and dates set out below:

- **Eligibility Date:** Close of trading on the day of the EGA Meeting dated **/**/****H (corresponding to **/**/****G).
- **Trading Period and Offering Period:** The Trading Period and Offering Period start in three (3) working days after the approval of the Extraordinary General Assembly including approval of the capital increase on **/**/****H (corresponding to **/**/****G), and the Trading Period will end on **/**/****H (corresponding to **/**/****G), while the Offering Period will continue until the end on **/**/****H (corresponding to **/**/****G). It should be noted that trading hours for Rights Issue start from (10:00) in the morning until three (3:00) in the evening, while subscription hours for Rights Issue start from (10:00) am until (2:00) pm.
- **Rump Offering Period:** The period will start at (10:00) am on **/**/****H (corresponding to **/**/****G) until the following day at (5:00) pm on **/**/****H (corresponding to **/**/****G). During this period, Rump Shares will be offered to several Institutional Investors (referred to as «Investment Institutions»). These Investment Institutions shall make offers to buy the Rump Shares during the Rump Offering Period. The Rump Shares will be allocated to the Investment Institutions in order of priority based on the price per Share offered (provided that it is not less than the Offer Price) with shares being allocated on a proportional bases among those Institutional Investors that tendered offers at the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner. In the event that the price of the unsubscribed shares is higher than the offer price, the difference (if any) shall be distributed as compensation to holders of Rights Issuer who did not subscribe for their Rights in proportion to the Rights they own.
- **Final Allocation of Shares:** Shares will be allocated to each investor based on the number of Rights properly and fully exercised thereby. As for Shareholders entitled to fractional Shares, these shall be accumulated and offered to Institutional Investors during the Rump Offering. The total remaining Offer Price will be paid to the Company, and the remaining proceeds from the sale of the Rump Shares and fractional shares (above the Offer Price) shall be paid to the Eligible Persons, each according to what he deserves, later than no **/**/****H (corresponding to **/**/****G).
- **Trading of New Shares on the Exchange:** Trading in the New Shares will start on Tadawul upon the completion of all procedures relating to the registration, allocation and listing of the New Shares. The period between the end of subscription for New Shares and the deposit of shares in the Shareholders’ portfolios will be (9) working days.

12-5 Eligible Persons Non-participating in the New Shares Subscription

Registered shareholders who do not participate fully or partially in the Subscription of New Shares may experience a loss and a decrease in their ownership percentage in the Company, in addition to a decrease in the value of their currently held shares. However, Registered Shareholders who do not exercise their subscription Rights will retain the same number of shares they owned prior to the capital increase.

Non-participating Eligible Persons in the Subscription for New Shares will not receive any benefits or rewards in exchange for their eligible Rights shares, except for receiving cash compensation from the proceeds of the Rump Shares, each according to what is due amount (if any). The Registered Shareholders will retain the same number of shares they held before the capital increase. If the Institutional Investors wish to buy the Rump Shares at the Offer Price only, or if they do not wish to subscribe to shares, and therefore the Underwriter buys the Rump Shares at the Offer Price, the Eligible Persons who did not participate in the Subscription will not receive any compensation due to not exercising their Rights in the New Shares.

If the Rump Shares are sold to Institutional Investors at a higher price than the Offer Price, the compensation amount will be determined for Eligible Persons who did not participate in subscribing to the New Shares, in whole or in part, according to the following equation

$$\begin{array}{l} \text{Amount of the compensation for each} \\ \text{remaining share} \end{array} = \frac{\text{Total Proceeds of Rump Offering} - \text{Total Price of Rump} \\ \text{Offering Number of Unsubscribed Shares}}{\text{Number of Unsubscribed Shares}}$$

12-6 Allocation

The Company and the Lead Manager will escrow account where the subscription proceeds will be deposited. The Rights will be allocated to Eligible persons based on the number of Rights exercised in full and correctly. As for fractional share owners, these shall be collected and offered to Institutional Investors during the Rump Offering Period. The total proceeds of the Offer Price of the Rump Shares shall be paid to the Company, and the remaining proceeds from the sale of the Rump Shares and fractional shares (if any) (exceeding the Offer Price) will be paid to Eligible Person no later than **/**/****H (corresponding to **/**/****G). It is important to note that investors who did not subscribe or sell their Rights, as well as fractional share owners, may not receive any compensation if the sale occurs during the Rump Offering Period at the Offer Price. If there are remaining shares after that, the underwriter will purchase those Rump Shares. The allocation will be made available to him at the Offering Price of Ten (10) Saudi Riyals per share. There will be no compensations for investors who did not subscribe or sell their Rights, and for shareholders with fractional shares during the Rump Offering Period.

Final notice for the number of Shares allocated to each Eligible Person is expected to take place by depositing the shares into the accounts of Subscribers without any charges or withholdings by the Lead Manager. Eligible Persons shall contact the branch of the Broker where they have submitted the Subscription Application Form to obtain any further information. The announcement regarding the allocation shall be made no later than **/**/****H (corresponding to **/**/****G).

12-7 Compensation Payment and Surplus Refund

Compensation and surplus return representing the remaining proceeds of the offering operations, if any, exceeding the Offer Price, will be paid by the Lead Manager, in coordination with the Company, to Eligible Person who did not fully or partially participate in the subscription wholly or partially to the Rights Issue shares without any commission or deductions through the escrow account no later than Thursday **/**/****H (corresponding to

//****G). The amounts will be deposited in the bank accounts associated with the portfolios of Eligible Persons who did not exercise their right to subscribe to the New Shares and those entitled to fractional shares

12-8 Supplementary Prospectus

In accordance with the requirements of Article (29) of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus to the Capital Market Authority, if the Company becomes aware at any time after the date of publication of this Prospectus and before the completion of the offering that:

- there is a significant change in fundamental matters in this Prospectus; or
- the occurrence of important matters that should have been included in this Prospectus.

An investor who subscribed to the New Shares before the publication of the supplementary offering prospectus may cancel or amend his subscription to these shares before the end of the Offering Period.

12-9 Suspension or Cancellation of the Offering

The Capital Market Authority may at any time issue a decision to suspend the offering if it deems that the offering may result in a breach of the Capital Market Law, its Implementing regulations, or market rules. It is also possible for the offering to be canceled if the Extraordinary General Assembly does not approve any of the offering details.

12-10 Restrictions on Trading in Rights Issue

with Exception of the regulatory restrictions imposed on publicly listed shares, there are no restrictions imposed on trading the Rights.

12-11 Questions and Answers about the Rights Issue

What is a Rights Issue?

Rights Issue are tradable securities that give their holder the right to subscribe for the New Shares offered, upon approval of the EGA on the capital increase by issuing new shares. All shareholders registered in the Company's shareholders register at the Depository Center at the end of the second Trading Day following the date the EGA's meeting approving the capital increase will be entitled to receive said Rights. Each Right grants its holder the eligibility to subscribe for one New Share at the Offer Price.

Who is granted the Rights?

All shareholders registered in the Company's register at the Depository Center at the end of the second Trading Day following the EGA's meeting approving the capital increase.

When are the Rights deposited?

After the EGA convenes and upon its approval on the capital increase through the offering of Right Issue Shares, the Rights are deposited as securities in the shareholders' portfolios in the Company's shareholders' register at the Depository Center at the end of the second Trading Day after the EGA's meeting; and the Rights Issue will be listed in the shareholders' portfolios under a new symbol. These Rights will only be traded or subscribed for at the beginning of the Trading and Subscription Periods.

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

The notification is made through announcement on the Tadawul website, as well as through the (Tadawulaty) service provided by the Securities Depository Center Company (Edaa), and short text messages (SMS) are also sent through brokerage companies.

How many Rights Issue can be acquired by a Registered Shareholder?

The number is subject to the Rights Issue ratio and the number of the current Shares held by the shareholder in the capital as well as in the Company shareholders' register at the Securities Depository Center Company (Edaa) at the end of the second Trading Day following the Extraordinary General Assembly's meeting approving the capital increase.

What is the Subscription Eligibility Ratio?

It is the ratio that enables the Registered Shareholder to know how many Rights he/she is entitled to in relation to the current shares that he/she already owns at the end of the Trading Day of the EGA's. This ratio is calculated by dividing the number of New Shares by the number of the current shares of the Company, and accordingly, the eligibility ratio is (0.718) Rights approximately for every one (1) share owned by the Registered Shareholder on the Eligibility Date. Thus, if a Registered Shareholder owns (1,000) shares on the eligibility date, then he/she will be allocated (718) Rights in exchange for the shares he/she owns.

Will the name and trading symbol of the Rights vary from the name and symbol of the Company's shares?

Yes, the acquired Rights will be deposited in the investors' portfolios under the original name, adding the Rights Issue term as well as a new symbol for these Rights.

What is the value of the Rights at the beginning of trading?

The opening price of the Right will be the difference between the closing price of the Company's share on the day prior to the inclusion of the Rights and the Offer Price (the indicative value of the Right). For example, if the closing price of a share on the previous day is fifteen (15) Saudi Riyals and the Offer Price is ten (10) Saudi Riyals, the opening price of the Rights upon the commencement of trading will be five (5) Saudi Riyals.

Who is a Registered Shareholder?

Any shareholder owning shares at the end of the Trading Day of the EGA's meeting approving the capital increase, and registered in the Company's Shareholders Register at the Depository Center at the end of the second Trading Day following the EGA's meeting held to approve the capital increase.

Can Registered Shareholders subscribe for additional shares?

Yes, Registered Shareholders can subscribe for additional shares by purchasing new Rights during the Trading Period and then subscribe to them during the Subscription Period after completing the purchase and settlement of Rights.

Is it possible for a shareholder to lose his/her eligibility to subscribe even if he/she has the right to attend the Extraordinary General Assembly's meeting and vote on the capital increase through a Rights Issue?

Yes, the Shareholder loses his/her eligibility to subscribe if he/she sells his/her shares on the day of the EGA's meeting approving the capital increase or one business day prior to said meeting.

How is the Subscription process implemented?

The Subscription process is implemented, as is currently being done, through submitting Subscription Applications during the Subscription Period through the investment portfolio on the trading platforms through which the purchase and sell orders are filed. In addition to the possibility of subscription through any other means provided by the broker and the custodian of shares.

What are the Trading and Subscription periods?

Trading and Subscription of Rights begin at the same time after (3) three business days from the approval of the EGA on the Capital Increase, until the end of trading of the sixth day while the subscription continues until the ninth day, according to what is mentioned in this Prospectus and the Company's announcements.

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.

Is it possible to Subscribe more than once and through more than one broker?

Yes, it is possible and the number of New Shares that can be subscribed through each broker will depend on the number of Rights available in the investment portfolio of the relevant broker. In all cases, it must be taken into consideration that the quantity of new subscribed shares does not exceed the number of Rights Issue owned at the end of the Rights Issue's Trading Period, as such will result in cancellation of the Subscription Application.

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

Rights will be deposited in the same portfolio where the Company's Rights-related shares are deposited. For example, if a shareholder holds one thousand (1,000) shares in the Company: (800) shares in portfolio (A) and (200) shares in portfolio (B), then the total Rights amounting to (718) Rights, as each share is eligible for (0.718) Rights. Therefore, (575) Rights will be deposited in portfolio (A) and (143) Rights will be deposited in portfolio (B). Any fractional shares will be added to the rump shares and sold during the Rump Offering Period, and the total proceeds from the Rump Offering to the Company and the remaining proceeds of the offering process (if any) (in excess of the Offering Price) shall be distributed without calculating any fees or deductions to those entitled to them, each according to what he is entitled for..

Are share certificate holders allowed to subscribe and trade?

Yes, holders of share certificates are allowed to subscribe. However, they will not be able to trade unless share certificates are deposited in investment portfolios through the brokers or Depository Center of the Saudi Exchange (Edaa) and submitting the required documents, before the end of Subscription Period.

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

If a Registered Shareholder subscribed for New Shares and then sells the Rights without purchasing a number of Rights equal to the number of exercised Rights, he/she subscribed in before the end of the Trading Period, then the subscription application will be rejected entirely, if all the Rights have been sold, or partially in an amount equal to the number of sold Rights. The Registered Shareholder will be notified and refunded the rejected subscription amount by the broker.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchaser of additional Rights may sell them and purchase other Rights during the Trading Period, only.

Is it possible to sell a part of the Rights Issue?

Yes, the investor can sell a part of these Rights and subscribe for the remaining part.

When can a shareholder subscribe for the Rights Issue, he/she purchased during the Trading Period?

After settlement of the purchase of Rights (which is two business days), provided that the subscription for Rights Issue is completed during the Subscription Period.

Can the Eligible Person sell or assign the Rights after the end of the Trading Period?

No, it is not possible. After the expiry of the Trading Period, the Eligible Person may only exercise the right to subscribe for the Rights Issue Shares or not. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

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

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 Extraordinary General Assembly and vote on increasing the Issuer's capital through offering Rights issue shares?

Any shareholder registered in the Company's Shareholders Register at the Depository Center at the end of the trading session, on the date of the EGA's meeting related to the capital increase, shall have the right to attend the EGA's meeting and vote on increasing the Issuer's share capital through Rights Issue.

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

The share price is adjusted by Tadawul before the start of trading on the day, following the EGA's meeting.

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

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

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

The investor's shares will be distributed to their portfolios according to the percentage of ownership in each portfolio. In the event of share fractions, these fractions will be aggregated. If the outcome is an integer or more, the integer number will be added to the portfolio in which the investor has the largest number of Rights.

Will any other fees be added for Rights Trade?

The same commissions will be applied to purchase and sale transactions as they are for shares, but without a minimum commission payment provided that it does not exceed fifteen and a half basis points (0.155%) of the total transaction's value.

Is it possible to subscribe during the weekend?

No, it is not possible.

Can investors, other than registered shareholders, subscribe for Rights Shares?

Yes, upon full purchase of Rights through Tadawul during the Trading Period.

12-12 Trading the New Shares

Trading of the New Shares will begin when all relevant procedures are completed. It is expected to occur after the allocation of New Shares, and the start of trading will be announced at a later date.

12-13 Decisions and Approvals Under Which New Shares will be Offered

The decisions and approvals under which the shares will be offered include:

- Recommendation of the Board of Directors dated 04/04/1445H (corresponding to 19/10/2023G) to increase the Company's capital by issuing Rights Issue worth two hundred and nine million (209,000,000) Saudi riyals.
- The Insurance Authority's non-objection to the capital increase dated 25/06/1445H (corresponding to 07/01/2024G). The Insurance Authority's non-objection to extending the previously granted approval for a period of six months, issued on 29/07/1446H (corresponding to 29/01/2025G).
- Approval of the Saudi Tadawul Company for the request to list Rights Issue dated 14/04/1446H (corresponding to 17/10/2024G)
- Approval of the Capital Market Authority (CMA) on the issuance of the prospectus and all supporting documents requested, dated 27/09/1446H (corresponding to 27/03/2025G).

- Approval of the Extraordinary General Assembly of the Company's shareholders held on **/**/** H (corresponding to **/** ** G) to increase the Company's capital through the Rights Issue. The subscription consists of offering twenty million nine hundred thousand (20,900,000) ordinary shares at an Offering 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 two hundred and nine million (209,000,000) Saudi Riyals, in order to increase the Company's capital from two hundred and ninety-one million (291,000,000) Saudi riyals to five hundred million (500,000,000) Saudi Riyals divided into fifty million (50,000,000) ordinary shares.

12-14 Miscellaneous Clauses

- The Subscription Application, along with all related terms, conditions, and undertakings stipulated in this Prospectus, shall be binding and for the benefit of its parties, applicants, successors, assignees, executors, and heirs provided that, except as specifically provided in this Prospectus, no waiver of the application or any Rights, interests, obligations arising therefrom, or delegation thereof to any of the parties referred to in this Prospectus shall be made without the prior written consent of the other party.
- These instructions, and any receipt for Subscription Application or related contracts, be governed, construed, interpreted and enforced in accordance laws of the Kingdom of Saudi Arabia and shall be interpreted accordingly.
- This Prospectus can be distributed in both Arabic and English. In the event of a difference between the two versions, the Arabic prevails
- The Capital Market Authority (CMA) may, at any time, issue a decision to suspend the offering if it deems that the offering may violate the Capital Market Law, its Implementing regulations, or market rules. Moreover, the offering may be canceled if the Extraordinary General Assembly does not approve any details of the offering.
- According to Article (29) of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus to the CMA if it becomes aware, at any time after the publication date of the prospectus and before the completion of the offering that: (1) there is a significant change in fundamental matters in this Prospectus; or the (2) the occurrence of important matters that should have been included in this Prospectus. In these cases, the Company is required to submit to the Authority a supplementary prospectus in accordance with the requirements of the rules for offering securities and continuing obligations, and then the supplementary prospectus will be issued and the new subscription dates announced. It is also possible to suspend this subscription if the Extraordinary General Assembly does not approve any of its details.

Additional Assistance: For any inquiries, please contact the Company via email Rights_issue@acig.com.sa. com. For legal reasons, the Company will only provide the information contained in this Prospectus, and it will not be able to provide advice on the merits of the Rights Issue or even provide financial, tax, legal, or investment advice.

12-15 Statement of Any Existing Arrangements to Prevent Disposal of Certain Shares

There are no arrangements in place to prevent the disposition of any shares



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**Change in Share Price as
a result of the Capital
Increase**

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13- Change in Share Price as a result of the Capital Increase

13-1 Change in the Share Price as the result of the Capital Increase

The closing price of the Company's shares on the Extraordinary General Assembly day related to the capital increase is (*) Saudi Riyals, and it is expected to reach (*) Saudi Riyals at the opening of the following day. This change represents a decrease of (%*) in the share price. In the event that any of the Shareholders Registered in the Company's Shareholders' Register at the Securities Depository Center do not subscribe by the end of the second Trading Day following the date of the Extraordinary General Assembly approving the capital increase, their ownership percentage in the Company will decrease.

13-2 Calculation Method of Share Price as a result of the Capital Increase

Firstly, calculating the Company's market value at the close on the day of the Extraordinary General Assembly approving the capital increase:

Number of shares at the end of the Extraordinary General Assembly Day x Closing price of the Company's share on the day of the Extraordinary General Assembly = Market value of the Company at close on the day of the Extraordinary General Assembly.

Secondly, calculating the share price at the opening of the day following the Extraordinary General Assembly Day approving the capital increase:

(The market value of the Company at closing the day of the EGA + the value of the shares offered) / (the number of shares at the end of the day of the EGA + the number of shares offered for subscription) = the share price expected in the opening day following the day of EGA.



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Subscription Declarations

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14- Subscription Declarations

14-1 Overview of the Subscription Application and Declaration

Subscription can be done through trading platforms, or any other means provided by the broker to investors. Subscription for the New Shares will be available in one phase as follows:

- During such period, all Registered Shareholders and New Investors are entitled to subscribe to the New Shares. Registered shareholders may during the Subscription Period directly subscribe for the New Shares prorated to its own shares. In case the Registered Shareholder purchases new Rights, he or she will be allowed to subscribe for them after the end of the settlement period (two business days).
- New Investors are entitled to subscribe for the New Shares after the end of the settlement period (two business days).
- Subscription will be available electronically through the investment portfolio on the trading platforms and applications through which sale and purchase orders are entered, as well as other means provided by the broker. Subscription will only be approved for the number of new shares eligible under the priority Rights in the investment portfolio.

Each right entitles its holder to subscribe for one New Share at the Offer Price. The Subscriber to the New Shares shall acknowledge the following:

- Acceptance of all terms and conditions for Subscription stated in this Prospectus.
- Having carefully reviewed and understood the contents of this Prospectus.
- Acceptance of the Company's Bylaws.
- Undertaking not to cancel or modify the subscription application its admission.

14-2 Allocation Procedures

The Rights Issue will be allocated to the Eligible Persons based upon the number of Rights exercised in full and properly. As for those entitled to Fractional shares (if any), the fractions will be aggregated and offered to Institutional Investors during the Rum Offering Period (if any). The total Offer Price of the Rump Shares offered will be settled, and the proceeds from the sale of the Rump Shares and Fractional Shares (if any) will be distributed to the Eligible Person each according to his/her dues, no later than ****, **/**/****H (corresponding to **/**/****G). In the event of remaining shares after that, the Underwriter will purchase those remaining new shares and they will be allocated to them. There will be no compensation for investors who did not subscribe or sell their Rights and for Fractional Shares owners during the Rump Offer Period.

Eligible Persons shall contact the broker through which they have submitted their Subscription Applications Form to obtain additional information. Notification of the final allocation results will be made no later than no later than ****, **/**/****H (corresponding to **/**/****G).

14-3 Saudi Tadawul Group (Tadawul)

On 25/08/1442H (corresponding to 07/04/2021G), the Saudi Stock Exchange announced its conversion into a holding company under the name "**Saudi Tadawul Group**". With a new structure aimed at supporting the development of the Saudi's Capital Market's future and ensuring its continued growth. It is also a step towards preparing the Group for its initial public offering (IPO) during the year 2021G. The Saudi Tadawul Group comprises four (4) subsidiary companies: Saudi Tadawul as a securities market, Securities Depository Center

Company (Edaa), the Securities Clearing Center Company (Muqassa), and Wamid Company, which specialized in technical services and solutions based on innovating. Thus, the Group benefits from the integration of the services provided by its subsidiaries and joint ventures, while ensuring the independence of these subsidiaries to provide a flexible and innovative working environment characterized by flexibility and innovation to keep pace with rapid developments in global markets.

Regarding the Tadawul system, it was established in 2001 as an alternative system to the Electronic Securities Information System, and electronic stock trading in the Kingdom began in 1990.

The trading process takes place through an integrated electronic system, which covers the entire trading process from execution to settlement. Trading takes place on every business day from Sunday to Thursday, in a single period from 10:00 AM to 3:00 PM during which orders are executed. Outside these hours, orders can be entered, modified, or canceled from 9:30 AM to 10:00 AM. New restrictions and inquiries can be made starting from 9:30 AM for the opening session at 10:00 AM. These times may change during Ramadan and will be announced by the Tadawul Management.

The transaction is executed through automatic matching orders and orders are received and prioritized according to the price. In general, the market orders are executed first, which are the orders that include the best prices, followed by the fixed-price orders, and in the event that several orders are entered at the same price, they are executed according to the time of entry.

The Tadawul system distributes comprehensive market information through various channels, including the Tadawul website and electronic trading information link, providing real-time market data to recognized information providers such as «Reuters». Settlement of transactions takes place within two business days, meaning that the transfer of ownership of shares occurs after settlement (two business days from the execution date of the transaction).

The Company is required to disclose all decisions and important information for investors through the Tadawul system. The Trading system is responsible monitoring the market, with the aim of ensuring fair trading and the efficiency of market operations.

14-4 Trading of Company Shares on the Saudi Stock Market

An application has been submitted to the Capital Market Authority (CMA) to register and offer Rights Issue shares on the Saudi Stock Exchange, and a request has been made to the Saudi Stock Exchange (Tadawul) for their listing. This Prospectus has been approved, and all requirements have been met.

It is expected that the listing and offering of Rights Issue on the Saudi Stock Exchange will commence once the final allocation of Rights Issue has been concluded, which will be announced in due course on Tadawul website. The dates and times mentioned in this Prospectus are preliminary and subject to change with the approval of the Capital Market Authority.

Although Current Shares are registered on the Saudi Stock Market and the Company's shares are listed on the Saudi Stock Exchange (Tadawul), trading in the New Shares is not permitted until the final allocation process is approved and they are deposited in the subscriber's portfolios. Trading in new shares is strictly prohibited before the final allocation process is approved.

The underwriters and the bidders of the Rump Offer who deal in these prohibited trading activities bear full responsibility for them, and the Company will not bear any legal responsibility in this case



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**Documents Available
for Inspection**

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15- Documents Available for Inspection

The following documents will be available for inspection at the Company's headquarters located in Riyadh - Hittin District - Prince Turki bin Abdulaziz Al Awwal Road - P.O. Box 40523 Riyadh 11511, from Sunday to Thursday between (8) am and (4) pm, starting from the first business day after the date of the invitation to hold the Extraordinary General Assembly, provided that this period shall not be less than fourteen (14) days before the date of the Extraordinary General Assembly meeting regarding the increase in capital. These documents will remain available for inspection until the end of the Offering.

15-1 Bylaws of the Company and Other Constituent Documents

- Commercial Registration Certificate
- Bylaws.
- Memorandum of Association.

15-2 Approvals related to the Offering

- Board of Directors recommendation to increase the Capital.
- Saudi Central Bank's non-objection to the increase in the Company's capital.
- Conditional Approval of the Saudi Stock Exchange Group (Tadawul) for listing New Shares.
- Approval of the Capital Market Authority for offering of Rights Issue.
- Extraordinary General Assembly resolution approving the increase in capital.

15-3 All Reports, Letters, and Other Documents, Value Estimates, and Statement Prepared by Any Expert, and Any Part of Them or Reference to Them Included in the Prospectus

- Underwriting Agreement and Lead Management Agreement.
- Written consent by the Financial Advisor, Lead Manager, Underwriter, legal advisor, and legal accountants for the use of their names, logos, and statements within the Prospectus

