

Offer Document

This Offer Document has been issued by Gulf Union Al Ahlia Cooperative Insurance Company (referred to as "Gulf Union Al Ahlia", "Merging Company" or "Offeror"), and addressed to the shareholders of Al Sagr Cooperative Insurance Company ("Al Sagr Company" or the "Merged Company") regarding the offer made to the shareholders of Al Sagr Company for the purpose of merging into Gulf Union Al Ahlia and transferring all assets and liabilities of Al Sagr to Gulf Union Al Ahlia through a swap offer of securities (the "Merger Transaction").



This Offer Document (the "Offer Document" or "Document") contains significant information relating to the Merger (as defined above) Transaction. Therefore this Document should be read thoroughly and all relevant sections should be carefully reviewed, in particular the ("Important Notice") section, including Al Sagr Company Board of Director's Circular in full and carefully before deciding whether or not to vote on the Merger Transaction. If any of Al Sagr shareholders has any doubt as to the content of this Document or as to the action which should be taken by him, he should obtain private financial advice from an independent financial advisor licensed by the Capital Market Authority.

Gulf Union Al Ahlia and Al Sagr Company have entered into a Merger Agreement (the "Merger Agreement") on 08/30/1444H (corresponding to 03/22/2023G) and amended on 30/12/1444H (corresponding to 18/07/2023G) (as detailed in Section 2.6 hereof) whereby Gulf Union Al Ahlia and Al Sagr Company have agreed to merge Al Sagr Company into Gulf Union Al Ahlia and transfer all assets and liabilities of Al Sagr Company to Gulf Union Al Ahlia, where 16,124,317 new ordinary shares will be issued in Gulf Union Al Ahlia for the benefit of the shareholders of Al Sagr Company in exchange for all shares owned by them in Al Sagr Company ("Swap Ratio" or "Exchange Ratio"), in accordance with the terms and conditions of the Offer described in Section 2- hereof. The securities swap process will be carried out according to the capital increase of Gulf Union Al Ahlia from SAR 458,949,280 to SAR 620,192,450, i.e. At an increase of SAR 35.13% through increasing the shares from 45,894,928 ordinary shares to 62,019,245 ordinary shares and registering the new shares in favor of the shareholders of Al Sagr Company ("New Shares" or "Consideration Shares"). Total nominal value of new shares is SAR 161,243,170, and if the merger is approved by the shareholders of Gulf Union Al Ahlia and the shareholders of Al Sagr Company, the Articles of Association of Gulf Union Al Ahlia will be amended to include the new capital (described in Appendix 1 of this Document). It should be noted that all shares of Gulf Union Al Ahlia, including the shares that will be issued in favor of the shareholders of Al Sagr Company, are of the same class, and none of them gives preferential rights to their holder. We note that if the calculation of the number of shares, due to any of the shareholders of Al Sagr based on the Swap Ratio, results in fractional shares, the resulting figure will be rounded up to the lowest integer. For example, if a shareholder of Al Sagr owns 12 shares in Al Sagr, he will be allocated 13 shares of Consideration Shares other than 14 shares. The fractional shares will be accumulated and sold on the Saudi Stock Exchange at the market price prevailing at that time on behalf of Al Sagr eligible shareholders. Consequently, the sale proceeds will be distributed to the beneficiaries pro rata, no later than thirty (30) days from the date of completion of the Merger Transaction. Costs related to the sale of fractional shares will be deducted from the total sale proceeds.

Gulf Union Al Ahlia has applied to the Capital Market Authority (the "CMA") to increase its capital for the purpose of merging Al Sagr into Gulf Union Al Ahlia and another application to Tadawul to list the new shares issued for the benefit of the shareholders of Al Sagr. It should be made clear that the proposed capital increase of Gulf Union Al Ahlia for the purpose of the Merger Transaction is conditional on the approval of the shareholders of Gulf Union Al Ahlia during the Extraordinary General Assembly Meeting of Gulf Union Al Ahlia to increase its capital for the purpose of merging Al Sagr Company into Gulf Union Al Ahlia, in addition to the approval of the shareholders of Al Sagr Company during the Extraordinary General Assembly Meeting on the offer submitted by Gulf Union Al Ahlia. Gulf Union Al Ahlia will call for an Extraordinary General Assembly Meeting to vote on the capital increase for the purpose of merging with Al Sagr Company, where Al Sagr Company will be merged into Gulf Union Al Ahlia and all the assets and liabilities of Al Sagr Company will be transferred to Gulf Union Al Ahlia in exchange for the issuance of the Consideration Shares, where 1,151,736,928,571,430 shares will be issued in Gulf Union Al Ahlia for the benefit of the shareholders of Al Sagr Company for each share owned by them in Al Sagr Company, and the invitation will be announced on Tadawul website.

Both Gulf Union Al Ahlia and Al Sagr Company declare their ability to pay their debts in accordance with the provisions of Article 225 of the Companies Law. Al Sagr will also invite their shareholders to attend the Extraordinary General Assembly for the purpose of voting on the offer submitted by Gulf Union Al Ahlia for the Merger Transaction through a securities exchange offer in accordance with the foregoing and the conditions specified in Section No. 2- (Overview of the Merger Transaction) hereof this document. The invitation will be announced on the Tadawul website.

If the required majority, which is three-quarters of the shares represented at the Extraordinary General Assembly Meeting, whether the first, second or third, is approved by the shareholders of Al Sagr, after all other conditions for the Merger Transaction, detailed in Section 2.6 of this Document, are met, including, but not limited to; (1) Non-objection by the General Authority for Competition to the economic concentration resulting from the Merger Transaction; and (2) the approval by the Saudi Central Bank to complete the Merger Transaction and increase the capital of Gulf Union Al Ahlia; (3) Tadawul's approval of the application to list the new shares of Gulf Union Al Ahlia for the benefit of the shareholders of Al Sagr in accordance with the Listing Rules, and (4) the Capital Market Authority's approval of the capital increase request for Gulf Union Al Ahlia through the issuance of new shares to the shareholders of Al Sagr for the purpose of carrying out the Merger Transaction and approving the publication of the Offer Document, in accordance with the Merger and Acquisition Regulations and the Rules on the Offer of Securities and Continuing Obligations issued by CMA.

Thirty (30) days prior to the approval of the Merger Transaction by the required percentage of the shareholders of Gulf Union Al Ahlia and the required percentage of the shareholders of Al Sagr, the creditor objection period will be announced to Al Sagr to give a period of fifteen (15) days to bring any objection on the part of Al Sagr creditors as stipulated under the provisions of Article 227 of the Companies Law (the "Creditor Objection Period"). Creditor Objection Period will commence from

the date of the announcement to Al Sagr on the commencement of the Creditor Objection Period to Al Sagr. Creditors of Al Sagr will be able to bring their objection (if any) to the Merger Transaction by registered letters to be served to Al Sagr or by any other means specified in the announcement of the said Merger Transaction. The Creditor Objection Period shall expire if the fifteen (15) day period expired without bringing any objection, until the creditors waive their objection to the merger (if any), or until Al Sagr Company repays the debt, if it is mature, or provides sufficient security to repay it if it will fall due later.

The completion of the Merger will be after the end of the Creditors' Objection Period and the publication of the approval of the extraordinary general assembly of the Gulf Union Al Ahlia for the Merger and the extraordinary general assembly of Al Sagr Company for the Merger ("Completion of the Merger Transaction"). The shares of Al Sagr Company will be delisted and new shares will be issued in Gulf Union Al Ahlia Company for the benefit of the eligible shareholders of Al Sagr Company according to the shareholder register, taking into account the settlement procedures (T+2) at the end of the second trading day following the date of completion of the Merger, provided that the new shares are deposited in the portfolios of the shareholders of Al Sagr Company within a period of no less than the third trading period after the completion of the Merger and not more than the sixth trading period after the completion of the Merger. These shares will be deposited in the portfolios of the shareholders of Al Sagr Company in a number of 1.151736928571430 shares in Gulf Union Al Ahlia Company for each one share owned in the Al Sagr Company. The shareholders of Al Sagr Company will become owners of 26.00% of the capital of Gulf Union Al Ahlia Company, then the data of Al Sagr Company is registered in the commercial register of Gulf Union Al Ahlia Company and Gulf Union Al Ahlia Company issues the updated commercial register in accordance with the provisions of Article 228 of the Companies Law ("Effectiveness of the Merger Resolution"). All the assets and liabilities of Al Sagr Company will be transferred to Gulf Union Al Ahlia Company in accordance with the provisions of Article 229 of the Companies Law, afterwards, the commercial registration of Al Sagr Company will be written off, and thus Al Sagr Company will dissolve.

Total value of the Merger Transaction was determined based on the total nominal value of the Consideration Shares so the total nominal value of the Consideration Shares is SAR 161,243,170. The total market value of the Consideration Shares based on the Swap Ratio and the closing price of Gulf Union Al Ahlia share at SAR 8.63 as of 29/08/1444H (corresponding to 21/03/2023G) (according to the last trading day preceding the signing date of the Merger Agreement) is SAR 139,152,856. The total market value of Consideration Shares based on the Swap Ratio and the closing price of Gulf Union Al Ahlia share at 11.44 Saudi Riyals as of 01/12/1445H (corresponding to 30/07/2023G) (according to the earliest trading day before the publication of the Document) is SAR 184,462,186. Total value of the Consideration Shares that will be reflected in the financial statements of Gulf Union Al Ahlia will be determined at a later time based on the closing price of Gulf Union Al Ahlia share on the last trading day preceding the effective date of the Merger Transaction.

It should be noted that after the approval of the Merger Transaction by the shareholders of the Merging Company and by the Merged Company, all other conditions of the Merger Transaction (detailed in section 2.6 of this Document) are fulfilled, especially after the Transaction Resolution Effective Date in accordance with the provisions of the Companies Law. Al Sagr shares will be delisted on Tadawul, all licenses issued to Al Sagr will be revoked, and its commercial register will be written off and Al Sagr will terminate.

All shareholders of Al Sagr, including those who have not voted on the proposed resolutions to approve the Merger Transaction or those who have voted against it, will receive new shares in Gulf Union Al Ahlia in accordance with the terms and conditions of this Document. The name of Gulf Union Al Ahlia will also be amended after the completion of the Merger Transaction of Gulf Sagr Company. All of these steps are expected to take place in accordance with the anticipated schedule of key events, described on Page (iii) of this Document. The shareholders of Al Sagr will also become owners of 26.00% of the share capital of Gulf Union Al Ahlia and will be entitled to receive the dividends to be announced by Gulf Union Al Ahlia after the completion of the Merger Transaction.

The Merger Transaction is subject to specific conditions (as detailed in Section 6.2 of this Document), including but not limited to: (1) approval of the capital increase by the shareholders of Gulf Union Al Ahlia at the Extraordinary General Assembly Meeting and (2) acceptance of the offer by the shareholders of Al Sagr at the Extraordinary General Assembly Meeting of Al Sagr (keeping in mind that the Merger Transaction may only be completed after the approval of the shareholders at the Extraordinary General Assembly of Gulf Union Al Ahlia and the Extraordinary General Assembly of Al Sagr Company in accordance with the Companies Law and the Merger Agreement concluded between Gulf Union Al Ahlia and Al Sagr Company signed on 30/08/1444H (corresponding to 22/03/2023G) as amended on 30/12/1444H (corresponding to 18/07/2023G).

This Document is issued by Gulf Union Al Ahlia and has been prepared in accordance with Article 38 of the Merger and Acquisition Regulations. In this context, Gulf Union Al Ahlia assumes no responsibility for the correctness and accuracy of Al Sagr related information contained in this Document. All information contained in this Document relating to Al Sagr is based on the details provided by Al Sagr as well as those obtained from Al Sagr during the stage of Gulf Union Al Ahlia - with the assistance of its consultants - conducting the necessary due diligence studies on Al Sagr. It should be referred to the fact that Al Sagr has acknowledged, in the Merger Agreement, the accuracy of the information and data provided to Gulf Union Al Ahlia - or its advisors, including its financial advisor, Al Jazira Capital Company ("Aljazira Capital") - in relation to the Merger Transaction or during the due diligence studies stage.

Financial
Advisor

الجزيرة كابيتال
ALJAZIRA CAPITAL
الجزيرة للأسواق المالية



"The Capital Market Authority and Saudi Stock Exchange (Tadawul) assume no responsibility for the contents of this Offer Document. They make no assurance as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss resulting from or reliance on any part of this Document."

This document shall be published on 13/01/1445H (corresponding to 31/07/2023G).



إتحاد الخليج الأهلية للتأمين التعاوني
GULF UNION AL AHLIA COOPERATIVE INSURANCE



Motor Insurance



Medical Insurance



Property Insurance



Marine Insurance



Engineering



General-Accidents



Protection 'Life' Insurance



Important Notice

This Document has been prepared by Gulf Union Al Ahlia in accordance with the requirements of the Merger and Acquisition Regulations issued by the Capital Market Authority Board of Directors pursuant to Resolution No. 1-50-2007 dated 21/09/1428H (corresponding to 03/10/2007G) based on the Capital Market Law, promulgated by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31/07/2003G), as amended by the CMA Board of Directors' Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G) based on the Capital Market Law, promulgated by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31/07/2003G), and the Companies Law, promulgated by Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G), in order to provide information to the shareholders of Al Sagr regarding the offer of Gulf Union Al Ahlia to merge with Al Sagr Company, where all assets and liabilities of Al Sagr Company will be transferred to Gulf Union Al Ahlia in exchange for the issuance of Consideration Shares. It will be considered that the voting of Al Sagr shareholders on the Merger Transaction is based on the information contained in this Document and on the Circular of the Board of Directors of Al Sagr in relation to the Merger Transaction.

The particulars contained in this Document have been prepared on the date hereof (unless otherwise stated). The publication of this Document should not be construed as having not changed the information and matters relating to Gulf Union Al Ahlia or Al Sagr since that date. This Document does not contain any text that could be considered a forecast, planning, or estimate of the current or future financial performance of Gulf Union Al Ahlia or Al Sagr. Nor shall any statement contained herein be construed as meaning that earnings per share in current or future financial periods will necessarily be in line with or exceed what has been published in the previous financial statements of both companies.

Gulf Union Al Ahlia has not authorized any person to provide any information or make any statements or clarifications to the shareholders of Al Sagr on its behalf in connection with the Offer and the Merger Transaction other than those described herein. In the event that any unauthorized person provides any information or makes any statements relating to the Merger Transaction, it shall not be relied upon or deemed to have been provided with the authorization of Gulf Union Al Ahlia, its financial advisor, any other party to the Merger Transaction or any of their advisors.

No person shall construe, or consider the contents hereof as legal, financial, or tax advice. We recommend that you seek advice from an independent financial advisor licensed by the Capital Market Authority in case of any doubted matter relating to this Offer. The contents of the website of Gulf Union Al Ahlia or Al Sagr, or the contents of any other website, in which, this Document is published, shall not form a part hereof. Neither the advisors nor Gulf Union Al Ahlia and Al Sagr Insurance Company assume any responsibility for the contents of these websites.

Gulf Union Al Ahlia has appointed Al Jazira Capital Company ("Aljazira Capital") as its financial advisor in connection with the Merger Transaction. Aljazira Capital operates in accordance with the laws and regulations in force in the Kingdom of Saudi Arabia, holds the necessary license to do so from the Capital Market Authority, and acts exclusively for Gulf Union Al Ahlia as its independent financial advisor in the Merger Transaction, and does not work for any other party in connection with the Merger Transaction. Aljazira Capital will not advise on the Merger Transaction or make any other order or arrangement referred to herein to any party other than Gulf Union Al Ahlia.

The purpose of this document is to (1) explain the background and reasons for the Merger Transaction, (2) provide Al Sagr shareholders with the details of the Merger Transaction, and (3) provide Al Sagr shareholders with information on the offer made by Gulf Union Al Ahlia to enable them to vote for or against the proposed resolutions to approve the Merger Transaction at Al Sagr Extraordinary General Assembly Meeting.

Forecasts and Forward-Looking Statements

This Document, including the information contained herein, contains "Forward-Looking Statements" relating to Gulf Union Al Ahlia and Al Sagr. In general, the words "will", "may", "must", "continue", "believe", "expect", "intend" or "anticipate", or any similar phrases that carry references to the future represent future or Forward-Looking Statements. Forward-Looking Statements involve risks and uncertainties that may give rise to actual results materially different from Forecasts and Forward-Looking Statements. Many of these risks and uncertainties relate to factors and conditions beyond the control of the Company in question, or its ability to make accurate estimates such as future market conditions and the behavior of other market participants. Therefore, it is not permissible to rely entirely on Forecasts and Forward-Looking Statements. Neither Gulf Union Al Ahlia nor any other party to the Merger Transaction or their advisors assumes any responsibility for Forecasts and Forward-Looking Statements and none of the above intends to update such Forecasts, and Forward-Looking Statements except as required by law.

It should be noted that these Forward-Looking Statements cover risks that may or may not be apparent, including other factors that may cause actual results, performance, strategies, or events to differ materially from those expressly or implicitly included in such statements. Risks related to Forward-Looking Statements are outside the control of Gulf Union Al Ahlia, such as future market conditions and the behavior of other market participants, and therefore cannot be accurately estimated. Hence, such statements should not be relied upon entirely. Such Forward-Looking Statements are not considered a guarantee of the actual future performance of Gulf Union Al Ahlia and have not been reviewed by Gulf Union Al Ahlia accountants except in the cases referred to exclusively in this Document. Such Forward-Looking Statements are based on several assumptions, including assumptions regarding Gulf Union Al Ahlia current and future business strategies and the regulatory environment, in which scope, Gulf Union Al Ahlia will conduct business in the future. We would like to clarify that all future oral and written statements made by Gulf Union Al Ahlia or any persons acting on its behalf are expressly restricted in their aggregate to the Important Notice contained in this section.

Restrictions of the Prospectus, distribution, acceptance, and dispatch

This Document is intended for the shareholders of Al Sagr and may not be published or distributed in any jurisdiction other than the Kingdom of Saudi Arabia or any other jurisdiction where this Document is contrary to its laws.

Notice to Al Sagr shareholders residing outside the Kingdom

Although all Al Sagr shareholders are entitled to attend Al Sagr Extraordinary General Assembly of the Merger Transaction and vote on its resolutions, Al Sagr shareholders residing outside the Kingdom of Saudi Arabia must bear in mind that this Document has not been submitted or registered with any regulatory authority outside the Kingdom of Saudi Arabia. Accordingly, in the event that any of Al Sagr shareholders is a resident of any country whose regulations require Al Sagr to take specific legal steps so that the shareholder could be legally able to vote on the resolutions of the Merger Transaction, the concerned shareholder shall not participate in voting on the proposed resolutions at the Extraordinary General Assembly Meeting of Al Sagr for the Merger Transaction. In the event that the concerned shareholder nevertheless votes on the resolutions of the Merger Transaction, Gulf Union Al Ahlia, in agreement with Al Sagr, has the right not to proceed with the Merger Transaction unless it has been approved by the required majority of Al Sagr shareholders without counting the votes of the respective shareholder.

Presentation of the financial and other statements

The financial statements of Gulf Union Al Ahlia for the financial years ending 31 December 2019G, 2020G, and 2021G have been prepared in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and other standards and issuances issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The summarized interim financial statements for the three and nine months ending 30 September 2022G have been prepared in accordance with IAS 34 "Interim Financial Reporting" adopted in the Kingdom of Saudi Arabia. Except as otherwise stated herein, all financial statements contained in this Document are denominated in Saudi Riyals.

This Document has been prepared in accordance with the laws and regulations in force in the Kingdom of Saudi Arabia, Volume, type, and nature of the information contained herein may vary if this Document is prepared in accordance with the laws or regulations of other jurisdictions outside the Kingdom of Saudi Arabia. The Merger Transaction relates to the securities of Saudi joint stock companies listed on Tadawul. Therefore, this Document, and any other documents, or announcements relating to the Merger Transaction have been or will be prepared in accordance with the information disclosure requirements applicable in the Kingdom of Saudi Arabia only and which may differ from those in force in other jurisdictions.

Important Dates and Key Stages of the Merger Transaction

The dates shown in the table below are the final dates and may change as they are based on, inter alia, achieving the quorum required to hold the first Extraordinary General Assembly meeting of **Gulf Union Al Ahlia Company**. **Gulf Union Al Ahlia Company** will announce on its website and/or on the Saudi Exchange website any changes to the dates mentioned in the table shown below.

Table 1.1: Key Dates and the Milestones of the Merger Transaction

Event	Date/Schedule
1. Procedures relating to the Extraordinary General Assembly and Creditors Objection Period	
Final draft of the Offer Document and Shareholders' Circular shall be submitted to the Capital Market Authority.	29/12/1444H (corresponding to 17/07/2023G)
Capital Market Authority's approval shall be obtained for the capital increase request and the Shareholders' Circular and the Offer Document shall be published.	08/01/1445H (corresponding to 26/07/2023G)
Gulf Union Al Ahlia's Shareholders' Circular and the Offer Document addressed to the shareholders of Al Sagr shall be published.	13/01/1445H (corresponding to 31/07/2023G)
Circular of the Board of Directors of Al Sagr shall be published.	13/01/1445H (corresponding to 31/07/2023G)
Documents of Gulf Union Al Ahlia shall be made available for inspection.	13/01/1445H (corresponding to 31/07/2023G)
Documents Al Sagr shall be made available for inspection.	13/01/1445H (corresponding to 31/07/2023G)
Announcement of the beginning of the Creditors' Objection Period for Al Sagr Company.	13/01/1445H (corresponding to 31/07/2023G)
The approval of the Capital Market Authority to convene the Extraordinary General Assembly of Gulf Union Al Ahlia related to the Merger Transaction and the Extraordinary General Assembly of Al Sagr Company related to the Merger Transaction.	19/01/1445H (corresponding to 06/08/2023G)
The invitation to the Extraordinary General Assembly of Gulf Union Al Ahlia of the Merger Transaction shall be posted on Tadawul's website (with reference to the possibility of holding a second meeting, which shall be held one hour after the expiry of the period specified for the first meeting, if the required quorum of the first meeting is not represented).	22/01/1445H (corresponding to 09/08/2023G)
The invitation to the Extraordinary General Assembly of Al Sagr of the Merger Transaction shall be posted on Tadawul's website (with reference to the possibility of holding a second meeting, which shall be held one hour after the expiry of the period specified for the first meeting, if the required quorum of the first meeting is not represented).	22/01/1445H (corresponding to 09/08/2023G)
End of Creditor Objection Period.	28/01/1445H (corresponding to 15/08/2023G)
Any creditors' objections received shall be announced by Al Sagr	29/01/1445H (corresponding to 16/08/2023G)
Electronic vote period for shareholders in the Extraordinary General Assembly of Gulf Union Al Ahlia shall proceed.	From 11/02/1445H (corresponding to 27/08/2023G) until the end of the Extraordinary General Assembly
Electronic vote period for shareholders in the Extraordinary General Assembly of Al Sagr shall proceed.	From 11/02/1445H (corresponding to 27/08/2023G) until the end of the Extraordinary General Assembly
Gulf Union Al Ahlia's Extraordinary General Assembly of the Merger Transaction (First Meeting) shall be convened. The quorum for the Extraordinary General Assembly shall be quorate by the presence of a number of shareholders representing at least half of the share capital of Gulf Union Al Ahlia.	14/02/1445H (corresponding to 30/08/2023G)
If the required quorum for the first meeting is not met (the second meeting), Gulf Union Al Ahlia's Extraordinary General Assembly of the Merger Transaction (Second Meeting) shall be convened. The second Extraordinary General Assembly shall be quorate by the presence of a number of shareholders representing at least a quarter of the share capital of Gulf Union Al Ahlia.	One hour after the end of the period specified for the first meeting of the Extraordinary General Assembly, in which the required quorum for was not met.
Al Sagr's Extraordinary General Assembly of the Merger Transaction (First Meeting) shall be convened. The quorum for the Extraordinary General Assembly shall be quorate by the presence of a number of shareholders representing at least half of the share capital of Al Sagr.	14/02/1445H (corresponding to 30/08/2023G)
If the required quorum for the first meeting is not met (the second meeting), Al Sagr's Extraordinary General Assembly of the Merger Transaction (Second Meeting) shall be convened. The second Extraordinary General Assembly shall be quorate by the presence of a number of shareholders representing at least a quarter of the share capital of Al Sagr.	One hour after the end of the period specified for the first meeting of the Extraordinary General Assembly, in which the required quorum for was not met.

Event	Date/Schedule
2. If the quorum is not met for the First and Second Meetings of the Extraordinary General Assembly of Both Companies, the following Procedures shall be observed:	
The approval of Capital Market Authority shall be obtained for the invitation to the third meeting of Gulf Union Al Ahlia's Extraordinary General Assembly of the Merger Transaction, or the approval of Capital Market Authority shall be obtained for the invitation to the third meeting of Al Sagr's Extraordinary General Assembly of the Merger Transaction.	21/02/1445H (corresponding to 06/09/2023G)
The invitation to the Third Meeting of Gulf Union Al Ahlia's Extraordinary General Assembly of the Merger Transaction shall be posted on Tadawul's website, or the invitation to the Third Meeting of Al Sagr Extraordinary General Assembly of the Merger Transaction shall be posted on Tadawul's website.	21/02/1445H (corresponding to 06/09/2023G)
Electronic Vote Period of Shareholders in the Third Meeting of Gulf Union Al Ahlia's Extraordinary General Assembly shall proceed, or Electronic Vote Period of Shareholders in the Third Meeting of Al Sagr's Extraordinary General Assembly shall proceed.	From 09/03/1445H (corresponding to 24/09/2023G) until the end of the Extraordinary General Assembly
The Third Meeting of Gulf Union Al Ahlia's Extraordinary General Assembly of the Merger Transaction shall be convened, or The Third Meeting of Al Sagr's Extraordinary General Assembly of the Merger Transaction shall be convened. The quorum for the third meeting of the Extraordinary General Assembly shall be met, regardless of the number of shares represented therein.	12/03/1445H (corresponding to 27/09/2023G)
3. Completion of the Merger Transaction	
The resolution of the Merger Transaction and other resolutions taken at the first meeting or the second meeting of Gulf Union Al Ahlia's Extraordinary General Assembly of the Merger Transaction shall be posted on Tadawul's website (or it should be posted that the Extraordinary General Assembly will not be convened due to the absence of the quorum).	- 15/02/1445H (corresponding to 31/08/2023G)
The resolution of the Merger Transaction and other resolutions taken at the first meeting or the second meeting of Al Sagr's Extraordinary General Assembly of the Merger Transaction shall be posted on Tadawul's website (or it should be posted that the Extraordinary General Assembly will not be convened due to the absence of the quorum).	- 15/02/1445H (corresponding to 31/08/2023G)
The resolution of the Merger Transaction and other resolutions taken at the third meeting of the Extraordinary General Assembly of Gulf Union Al Ahlia or Al Sagr (as the case may be) shall be posted on Tadawul's website	- 13/03/1445H (corresponding to 28/09/2023G)
The trading of the shares of Al Sagr Insurance shall be suspended.	- 15/02/1445H (corresponding to 31/08/2023G) in case the approval resolution of the Merger Transaction is passed during the first or second meeting of Extraordinary General Assembly Gulf Union Al Ahlia or Al Sagr Insurance. - 13/03/1445H (corresponding to 28/09/2023G) in case the approval resolution of the Merger Transaction is passed during the first or second meeting of Extraordinary General Assembly Gulf Union Al Ahlia or Al Sagr Insurance.
New Shares shall be listed on Tadawul and shall be allocated to the shareholders of Al Sagr who are registered in the Shareholder Register of Al Sagr who are eligible on the second trading day following the date of suspending the shares of Al Sagr Company..	Within no less than the third trading period after publishing the approval resolution of the Merger Transaction as passed during the Extraordinary General Assembly of Gulf Union Al Ahlia and during the Extraordinary General Assembly of Al Sagr, and no more than the sixth trading period after publishing the approval resolution of the Merger Transaction as passed during the Extraordinary General Assembly of Gulf Union Al Ahlia and during the Extraordinary General Assembly of Al Sagr.
The shares of Al Sagr shall be delisted from Tadawul.	Within no less than the third trading period after publishing the approval resolution of the Merger Transaction as passed during the Extraordinary General Assembly of Gulf Union Al Ahlia and during the Extraordinary General Assembly of Al Sagr, and no more than the sixth trading period after publishing the approval resolution of the Merger Transaction as passed during the Extraordinary General Assembly of Gulf Union Al Ahlia and during the Extraordinary General Assembly of Al Sagr.
Deadline of distribution of proceeds of sold fractional shares.	- 16/03/1445H (corresponding to 01/10/2023G) in case the approval resolution of the Merger Transaction is passed during the first or second meeting of Extraordinary General Assembly Gulf Union Al Ahlia or Al Sagr Insurance. - 14/04/1445H (corresponding to 29/10/2023G) In case the approval resolution of the Merger Transaction is passed during the first or second meeting of Extraordinary General Assembly Gulf Union Al Ahlia or Al Sagr Insurance.

Event	Date/Schedule
4. Effectiveness of the Merger Transaction	
Amendment of the foreign investment license for Gulf Union Al Ahlia Company.	- The procedure will commence immediately in the event of a decision approving the Merger Transaction during the Extraordinary General Assembly meetings of Gulf Union Al Ahlia and Al Sagr Insurance.
Modifying the commercial register of Gulf Union Al Ahlia Company and registering the data of Al Sagr Company in the Commercial Register of Gulf Union Al Ahlia Company. The commercial register of Al Sagr Insurance shall be cancelled and the completion of the Merger Transaction shall be declared.	- The procedure will commence immediately in the event of a decision approving the Merger Transaction during the Extraordinary General Assembly meetings of Gulf Union Al Ahlia and Al Sagr Insurance.

*Note: Any amendments on these dates will be announced on Tadawul website (www.tadawul.com.sa).

** Copies of the documents available for inspection will be provided during the period from the date of publication of the Offer Document until the end of the offer period at the head office of Gulf Union Al Ahlia (address: Head office is located in Dammam, Al-Khalidiya South District, Salman Al-Farsi Street, Unit 1-2-3 of Kyoto, Business District, Kingdom of Saudi Arabia), Telephone: +9668003040077 from Sunday to Thursday from nine in the morning until five in the evening, except for official holidays in the Kingdom.

Corporate Directory of Gulf Union Al Ahlia Cooperative Insurance

Gulf Union Al Ahlia

Gulf Union Al Ahlia Cooperative Insurance Co.

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Independent Auditors of Gulf Union Al Ahlia for the financial years ended 31 December 2019G and 31 December 2020G.

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Independent Auditors of Gulf Union Al Ahlia for the financial year ended 31 December 2021G and unaudited summarized financial information for the three months and nine months ended 30 September 2022G.

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N.B. All consultants and independent auditors of Gulf Union Al Ahlia listed above have submitted their written consents to the publication of their names, logos, and statements in accordance with the context contained in the Offer Document. None of them has withdrawn such consent until the date of issuance of this Document. They also have no shares or interest whatsoever in Gulf Union Al Ahlia as of the date of this Document.

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1.

Definitions and Terminology

1.1 List of Definitions and Terminology

Term	Definition
Gulf Union Al Ahlia or the Merging Company	Gulf Union Al Ahlia Cooperative Insurance Co.
Board of Directors of Gulf Union Al Ahlia	Board of Directors of Gulf Union Al Ahlia as defined in Section 10.4 hereof.
Al Sagr Company or the Merged Company	Al Sagr Cooperative Insurance Company is a Saudi public shareholding company established in Dammam, Kingdom of Saudi Arabia and registered on 26/01/1429H (corresponding to 04/02/2008G) with the Commercial Registration No. 1010243765, which was later amended to No. 2051036871 dated 22/03/1429H (corresponding to 30/03/2008G). Al Sagr Company was licensed to practice cooperative insurance business in the Kingdom of Saudi Arabia by the Saudi Central Bank under No. TMN/9/20079 dated 29/08/1428H (corresponding to 11/09/2007G) pursuant to the principles of cooperative insurance in accordance with Royal Decree No. M/60 dated 18/09/1427H (corresponding to 11/10/2006G), and Council of Ministers Resolution No. 63, dated 15/02/1428H (corresponding to 05/03/2007G) in accordance with Royal Decree No. M/11 dated 16/02/1428H (corresponding to 06/03/2007G).
Offer	The offer for the exchange of securities submitted by Gulf Union Al Ahlia to the shareholders of Al Sagr Company as included in this Document.
The Two Companies	Gulf Union Al Ahlia and Al Sagr Company jointly.
Memorandum of Understanding	The non-binding Memorandum of Understanding made between Gulf Union Al Ahlia and Al Sagr Company dated 23/02/1444H (corresponding to 19/09/2022G).
Merger Agreement	The contract signed between Gulf Union Al Ahlia and Al Sagr Company jointly on 30/08/1444H (corresponding to 22/03/2023G) and amended on 30/12/1444H (corresponding to 18/07/2023G), containing the terms and conditions related to the implementation of the Merger Transaction.
Shareholders' Circular	The Circular addressed and available to the shareholders of Gulf Union Al Ahlia in relation to the Merger Transaction and the capital increase for the purpose of merging with Al Sagr Insurance.
Shares of Gulf Union Al Ahlia	Ordinary shares of Gulf Union Al Ahlia with a nominal value of ten (10) Saudi Riyals per share.
Listing Shares	Listing securities on Tadawul "Saudi Exchange".
Request for Gulf Union Al Ahlia Capital Increase	The request to increase the capital of Gulf Union Al Ahlia for the purpose of merging Al Sagr Company into Gulf Union Al Ahlia in accordance with the Rules on the Offer of Securities, Continuing Obligations, and the Merger and Acquisition Regulations.
Expression of Confirmed Intent	The expression of intent issued on 05/09/1444H (corresponding to 27/03/2023G) on the Merger Transaction in accordance with Article 17(E) of the Merger and Acquisition Regulations.
Representations and Warranties	The mutual representations and warranties of Gulf Union Al Ahlia and Al Sagr, as set out in the Merger Agreement and summarized in Section 2.6.7 hereof.
Capital Increase	The proposed capital increase of Gulf Union Al Ahlia from SAR 458,949,280 to SAR 620,192,450 for the purpose of merging Al Sagr Company to Gulf Union Al Ahlia and transferring all assets and liabilities of Al Sagr Company to Gulf Union Al Ahlia.
New Shares or Consideration Shares	The 16,124,317 ordinary shares to be issued in Gulf Union Al Ahlia to the shareholders of Al Sagr Company because of the Merger Transaction with a nominal value of SAR ten (10) per share.
Saudi Central Bank or SAMA	The Saudi Central Bank of the Kingdom of Saudi Arabia
Merger Transaction	The proposed Merger Transaction between Gulf Union Al Ahlia and Al Sagr Company in accordance with Articles 225, 227, 228 and 229 of the Companies Law and subclause (1) of clause (a) of Article 49 of the Merger and Acquisition Regulations, which will result in the transfer of all assets and liabilities of Al Sagr Company to Gulf Union Al Ahlia by way of increasing the capital of Gulf Union Al Ahlia through the issuance of 16,124,317 new ordinary shares to the shareholders of Al Sagr without payment of any cash consideration, in accordance with the agreed terms between the Two Companies under the Merger Agreement.
Business Merger Transaction	Business merger of Gulf Union Al Ahlia and Al Sagr (including the merger of the administrative functions, organizational structure, information systems, etc.) to achieve the functioning of the Merging Company after the effectiveness of the resolution of the Merger Transaction.
Conditions	The conditions for the completion of the Merger Transaction as summarized in Section 2.6 of this Document in addition to any amendments or changes that may occur in accordance with the requirements of the Capital Market Authority, or pursuant to the applicable laws and regulations, or as may be agreed upon between Gulf Union Al Ahlia and Al Sagr Company in accordance with the terms of the Merger Agreement.
Board of Directors or Directors	Board of Directors of Gulf Union Al Ahlia, unless otherwise indicated by the context.
Management	Senior Management and Managers at Senior Management levels of Gulf Union Al Ahlia, unless otherwise is indicated by the context.

Term	Definition
Extraordinary General Assembly Meeting of Gulf Union Al Ahlia for the Merger Transaction	<p>The Extraordinary General Assembly Meeting of Gulf Union Al Ahlia to be held for voting on the Merger Transaction and a set of other relevant decisions. Agenda of the Extraordinary General Assembly of Gulf Union Al Ahlia shall be as follows:</p> <ol style="list-style-type: none"> 1. Voting on the capital increase of Gulf Union Al Ahlia Cooperative Insurance Company from four hundred fifty-eight million nine hundred forty-nine thousand two hundred and eighty (458,949,280) Saudi Riyals to six hundred twenty million one hundred ninety-two thousand four hundred and fifty (620,192,450) Saudi Riyals, in accordance with the terms and conditions of the Merger Agreement. 2. Voting on the amendment of the Articles of Association of Gulf Union Al Ahlia Cooperative Insurance Company (as contained in Appendix No. (4) ("Amendments to the Articles of Association of Gulf Union Al Ahlia on the Merger Transaction") of this Document). <p>Authorizing the Board of Directors of Gulf Union Al Ahlia Cooperative Insurance Company or any person authorized by the Board of Directors of Gulf Union Al Ahlia to issue any resolution or take any action that may be necessary to implement any of the said resolutions related to the Merger Transaction.</p>
Related Party or Parties	<p>In the Rules on the Offer of Securities and Continuing Obligations, it means the following:</p> <ol style="list-style-type: none"> 1. The Issuer's affiliates. 2. Major 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 the Issuer's shareholders. 6. Any relative to the persons referred to in Clauses 1, 2, 3, 4, or 5 above. 7. Any company controlled by any person referred to in Clauses 1, 2, 3, 4, 5, or 6 above. <p>In the Merger and Acquisition Regulations, means a person (whether acting in agreement with the Offeror, the Offeree, or any of their subsidiaries, or not acting in agreement with them) who owns or deals, directly or indirectly, in the shares of the Offeror or the Offeree, whether by means of a private sale and purchase transaction or an offer, or any person (in addition to his ordinary interests as a shareholder) who has an interest or potential interest - whether personal, financial or commercial - in what will result from the acquisition or merger or a related party with both the Offeror and Offeree, and to the extent that it does not conflict with the general application of this definition. The definition includes, but is not limited to, the following:</p> <ol style="list-style-type: none"> 1. A person or persons who have provided financial assistance (other than what a bank does in the ordinary course of business) to the Offeror or the Offeree. 2. A director of the Offeror or the Offeree (of any of their affiliates). 3. A person who owns 20% or more in the Offeror or the Offeree (whether individually or with a person or persons acting with him by agreement).
Control	As stated in the Merger and Acquisition Regulations, control is the ability to influence the actions or decisions of another person, directly or indirectly (except indirect ownership through a swap agreement or through an investment fund whose unitholder has no right in its investment decisions) individually or jointly with a person or persons acting with him by agreement, through direct or indirect possession of a percentage equal to 30% or more of the voting rights in a company, and the term "Controller" shall be construed accordingly.
Affiliate	A person who controls another person, or is controlled by that other person, or shares his being controlled by a third person. In any of the foregoing, control shall be direct or indirect.
Relative	As stated in the Merger and Acquisition Regulations, means the following: Husband, wife, children, and parents.
Dividend Distribution	Any form of dividend distribution to their holder.
Circular of Al Sagr Board of Directors	The circular addressed to, and made available to, Al Sagr shareholders in relation to the Merger Transaction, which contains, inter alia, the opinion of the Board of Directors of Al Sagr on the Merger Transaction and Gulf Union Al Ahlia plans regarding Al Sagr and its employees, as well as other information relating to ownership interests, transactions, and material contracts in accordance with Article 39 of the Merger and Acquisition Regulations. Such circular also includes an invitation to attend the Extraordinary General Assembly Meeting of Al Sagr and a vote, in addition to any other documents related to the Merger Transaction as the context and the regulations require.
Extraordinary General Assembly Meeting of Al Sagr for the Merger Transaction	<p>The Extraordinary General Assembly Meeting of Al Sagr Company, which will be held to vote on the offer submitted by Gulf Union Al Ahlia and a set of other relevant resolutions as follows:</p> <ol style="list-style-type: none"> 1. Voting on the provisions of the Merger Agreement concluded between Al Sagr Company and Gulf Union Al Ahlia on 30/08/1444H (corresponding to 22/03/2023G). 2. Voting on authorization of Al Sagr Board of Directors, or any person authorized by the Board of Directors of Al Sagr Company to issue any resolution or take any action that may be necessary to implement any of the said resolutions related to the Merger Transaction.
Al Sagr Shares	Ordinary shares issued in Al Sagr Company at 14,000,000 shares with a nominal value of ten (10) Saudi riyals per share.
Offer Document or Document	This Document, which is prepared by Gulf Union Al Ahlia in accordance with Article 38 of the Merger and Acquisition Regulations and directed and available to the shareholders of Al Sagr in connection with the Merger Transaction.
Offer Period	The period from the date of the Expression of Confirmed Intent of Gulf Union Al Ahlia to submit an offer to the shareholders of Al Sagr until the date of the issuance of the Extraordinary General Assembly resolution related to the Merger Transaction for each of the Two Companies or in accordance with its provisions the Merger Agreement is terminated.

Term	Definition
Creditors Objection Period	The period, within which, creditors of Al Sagr may bring their objections related to the Merger Transaction, referred to in Article 227 of the Companies Law and any objections are settled in accordance with the Companies Law where creditors of Al Sagr may bring objection(s) against the Merger Transaction within a period of at least 15 days from the effective date on which Al Sagr Company announces the start of Creditors Objection Period.
Swap Ratio or Exchange Ratio	Any number of issued shares in Gulf Union Al Ahlia for the benefit of the shareholders of Al Sagr Company towards each one share of Al Sagr Company, which is determined as follows, 1.151736928571430 shares of Gulf Union Al Ahlia towards every one share of Al Sagr Insurance Company.
Effectiveness of the Merger Transaction Resolution	The day on which Gulf Union Al Ahlia Company's updated commercial register is issued and Al Sagr Company's data is registered in the commercial register of Gulf Union Al Ahlia Company.
Shareholder or Shareholders	Any person who holds shares in Gulf Union Al Ahlia or Al Sagr Company (where applicable).
Major Shareholders	Any person who holds 5% or more of the shares of Gulf Union Al Ahlia or Al Sagr Company (where applicable).
Person	Any natural or corporate person.
Direct Ownership Percentage	Direct Ownership means the shares directly held by the Shareholder in Gulf Union Al Ahlia or Al Sagr Company (where applicable).
Indirect Ownership Percentage	Indirect Ownership means shares indirectly held by the shareholder in the Company (Gulf Union Al Ahlia or Al Sagr Company) (where applicable) through their Ownership in companies holding shares in Gulf Union Al Ahlia or Al Sagr Company (where applicable) or shares held by the shareholder's relatives (husband, wife, children, and parents) either directly or through their Ownership in companies holding shares in Gulf Union Al Ahlia or Al Sagr Company (where applicable).
Tadawul	Saudi Tadawul is a Saudi closed joint stock company affiliated with Tadawul Holding Group. Tadawul is the only entity authorized to engage in listing and trading securities in the Kingdom.
Tadawul Holding Group	Saudi Tadawul Holding Group Company is a Saudi listed joint stock company recorded under the Commercial Registration No. 1010241733 dated 02/12/1428H (corresponding to 12/12/2007G) and its head office is located at Riyadh, Kingdom of Saudi Arabia. Tadawul Holding Group, through its subsidiaries, licensed by the CMA, is the main service provider of trading, clearing, and settlement services in Saudi securities.
Securities Depository Center Company (Edaa)	Securities Depository Center Company (Edaa) is a subsidiary of Tadawul Holding Group and is the only entity in Saudi Arabia authorized to deposit, register and transfer securities traded in the capital market, and carry out settlement work.
Saudi Organization for Chartered and Professional Accountants (SOCPA)	Saudi Organization for Chartered and Professional Accountants in the Kingdom of Saudi Arabia
The Authority or CMA	Capital Market Authority in the Kingdom of Saudi Arabia
General Authority for Competition	General Authority for Competition in the Kingdom of Saudi Arabia
Zakat, Tax, and Customs Authority	Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia
VAT	It is an indirect tax imposed on all goods and services that are bought and sold by establishments with some exceptions.
Tax & Zakat	Any duties, taxes, zakat dues, deductions, or withholding tax in any place where they are levied or collected by or in support of any governmental, national, federal, provincial, local, or other governmental body, entity, or authority, including (but not limited to) tax levied on gross or net income, profits or returns (including any capital gains tax), and taxes on receipts, usufruct, ownership, liens, transfer of ownership, value added, personal property, social security contributions and related taxes, as well as any fines or penalties associated with any of the foregoing, including any further fines, surcharges, interests, charges, or additions to taxes payable in respect of any type of tax mentioned above.
Ministry of Commerce	Ministry of Commerce in the Kingdom of Saudi Arabia.
Completion of the Merger Transaction	The completion of the Merger Transaction shall take place after the end of the creditors' objection period and after the publication of the approval decisions of the extraordinary general assembly of the Gulf Union National Company related to the Merger and the extraordinary general assembly of Al Sagr Company related to the Merger.
Financial Statements	Audited financial statements for the financial years ended 31 December 2019G, 2020G, and 2021G, as prepared in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and other standards and versions issued by SOCPA and unaudited summary interim financial information for the three months and nine months ending 30 September 2022G, as prepared in accordance with IAS 34 "Interim Financial Report" adopted in the Kingdom of Saudi Arabia, for Gulf Union Al Ahlia or Al Sagr Company (where applicable).
Financial Year	The financial year ending on December 31 of each Gregorian year.
Advisers	Advisors of Gulf Union Al Ahlia in relation to the Merger Transaction, whose names are stated in Page (E), (G), and (F) hereof.
Financial Advisor	Aljazira Capital Company (Aljazira Capital), appointed by Gulf Union Al Ahlia as the financial adviser in relation to the Merger Transaction.

Term	Definition
Legal Advisor	Abdulaziz Alajlan & Partners - Legal Advisors, appointed by Gulf Union Al Ahlia as the legal adviser in relation to the Merger Transaction.
Independent Auditors of Gulf Union Al Ahlia	PricewaterhouseCoopers Chartered Accountants, Al-Kharashi & Partners Chartered Accountants & Auditors financial years ending 31 December 2019G and 2020G and PricewaterhouseCoopers Chartered Accountants and United Accountants Professional Consulting Company for the financial year ending 31 December 2021G and inspection report on the unaudited summarized financial information for the three months and nine months ended 30 September 2022G.
Financial, Tax, Zakat and Actuary Due Diligence Adviser	Deloitte Financial Advisory Services Ltd.
Pro-Forma Financial Statements Accountant	Baker Tilly MKM Chartered Accountants
Insurance Company	An insurance company subject to the supervision of the Saudi Central Bank and the Cooperative Insurance Companies Supervision Law, promulgated by Royal Decree No. M/32 dated 02/06/1424H corresponding to (31/07/2003G) and the Executive Regulations of the Cooperative Insurance Companies Supervision Law, promulgated by Ministerial Order No. 1/561 dated 01/03/1425H (corresponding to 20/04/2004G).
Listed	Securities or shares that have been accepted for listing on Tadawul.
Working Day	Any day, except Friday and Saturday and any official holiday in the Kingdom of Saudi Arabia or any day on which banking institutions are closed in accordance with applicable regulations and other government procedures.
Closing Price	The last price at which the share was traded on the relevant trading day according to the process specified by Tadawul.
SAR or Saudi Riyals	Saudi Riyal, the official currency of the Kingdom of Saudi Arabia.
Companies Law	The Companies Law of the Kingdom, promulgated by Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G)), as amended.
Competition Law	The Competition Law, promulgated by Royal Decree No. M/75 dated 29/02/1440H (corresponding to (07/11/2010G)), as amended.
Articles of Association	The Articles of Association of Gulf Union Al Ahlia, as amended.
Capital Market Law	The Financial Market Law, promulgated by Royal Decree No. M/30 dated 02/06/1424H (corresponding to (31/07/2003G)), as amended.
The Rules on the Offer of Securities and Continuing Obligations	Rules on the Offer of Securities and Continuing Obligations, issued by CMA's Board of Directors pursuant to the Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), based on the Financial Market Law, promulgated by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31/07/2003G), as amended by CMA Board of Directors' Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G).
Listing Rules	Listing Rules, approved by CMA Board of Directors' Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), and amended by CMA Board of Directors' Resolution No. 01-108-2022 dated 23/03/1444H (corresponding to 19/10/2022G).
Merger and Acquisition Regulations	The Merger and Acquisition Regulations, issued by CMA Board of Directors' Resolution No. 1-50-2007 dated 21/09/1428H corresponding to (03/10/2007G), and amended by the CMA Board of Directors' Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G).
Corporate Governance Regulations	The Corporate Governance Regulations, issued by CMA Board of Directors' Resolution No. 8-16-2017 dated 16/05/1438H corresponding to (13/02/2017G), and amended by the CMA Board of Director's Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G).
H	Hijri calendar
G	Gregorian calendar

2.

Overview Of the Merger Transaction

2.1 Introduction

On 24/02/1444H (corresponding to 20/09/2022G), Gulf Union Al Ahlia announced the signing of a non-binding Memorandum of Understanding (MoU) with Al Sagr Company to assess the feasibility of the merger of the Two Companies, and conduct due diligence inspection and verification studies for the financial, legal, actuarial, tax, and zakat aspects. The signing of the non-binding MoU follows the preliminary outputs of studies and discussions on the proposed Merger Transaction. The Two Companies have agreed under the said MoU that the proposed Merger Transaction will take effect through a securities swap offer to merge Al Sagr into Gulf Union Al Ahlia in exchange for issuance by Gulf Union Al Ahlia of new shares to eligible shareholders of Al Sagr. Accordingly, the Two Companies formed a working group consisting of members of the Executive Management of each Company to study and review the commercial, financial, and legal aspects of the proposed structure of the Merger Transaction.

On 30/08/1444H (corresponding to 22/03/2023G), Gulf Union Al Ahlia and Al Sagr signed the Merger Agreement, which was amended on 30/12/1444H (corresponding to 18/07/2023G), which covered Gulf Union Al Ahlia confirmed intent to proceed with the Merger Transaction and submit an offer to the shareholders of Al Sagr Company to that effect. The Merger Agreement covered all such necessary provisions and steps to implement and complete the Merger Transaction between the Two Companies in accordance with the laws and regulations issued by the Capital Market Authority, in particular the Merger and Acquisition Regulations, the Rules on the Offer of Securities, Continuing Obligations, and the Companies Law. For further details, please see Section 2.6 (**Merger Agreement and Summary of the Merger Transaction Terms & Conditions**) of this Document. It was agreed between the Boards of Directors of the Two Companies that the Merger Transaction will be made on the basis of swap of the Two Companies' shares without any cash consideration, i.e. through the issuance of 1.151736928571430 shares in Gulf Union Al Ahlia for each share owned in Al Sagr. Accordingly, total new shares, issued in Gulf Union Al Ahlia for the benefit of the shareholders of Al Sagr Company, will be 16,124,317 shares of Gulf Union Al Ahlia with a nominal value of (10) Saudi riyals, which accounts for 26.00% of total number of Gulf Union Al Ahlia capital shares after the completion of the Merger Transaction. It should be kept in mind that the current capital of Gulf Union Al Ahlia is SAR 458,949,280, divided into 45,894,928 ordinary shares at a nominal value of ten (10) Saudi riyals per share. Following the capital increase and completion of the Merger Transaction, Gulf Union Al Ahlia capital will amount to SAR 620,192,450 and its share capital will be at 62,019,245 ordinary shares.

2.2 Background and Reasons for the Merger Transaction

The proposed Merger Transaction of Gulf Union Al Ahlia and Al Sagr is expected to contribute to the Merging Company's acquisition of a larger market share across the insurance sector, which will enhance the Merging Company's competitive position upon the effectiveness of the Merger Transaction. The insurance sector in Saudi Arabia has witnessed several completed mergers between insurance companies within the previous three years. Insurance sector is expected to witness further mergers in the near future. One of the financial sector development initiatives includes streamlining and encouraging mergers across the insurance sector. This aims to sustain the stability, growth, and solidness of the sector, increase the sector's contribution to GDP, diversify and digitize relevant products, and promote innovation and competition.

In addition, the new capital of the Merging Company is expected to contribute to improving the Merging Company's ability to invest their funds and consequently, the investment returns arising from those investments. On the other hand, the new capital of the Merging Company is expected to contribute to better valuation by international financial rating agencies. Further to increasing the ability of the Merging Company to negotiate prices with reinsurers, by virtue of the increase in the expected volume of business.

The desired benefits of the Merger Transaction are reflected in enhancing competitiveness across the sector, improving operational efficiency, reducing expenses, and attracting and retaining qualified human competencies, including other effects that reflect positively on the Kingdom's economy, the financial sector, the insurance sector, the insured and beneficiaries of insurance coverage. Furthermore, and since the Merging Company will have stronger capital, it will be better able to take risks, assume more underwritings and provide better insurance services to its clients.

The Board of Directors of Gulf Union Al Ahlia believes that the Merging Company will be able in the future to reduce the ratio of operating expenses to total written insurance premiums, commensurate with the size of new business, which will include the business of Al Sagr. Moreover, the Board of Directors of Gulf Union Al Ahlia that the Merging Company will be able in the long run to offer more competitive prices to its clients across the insurance market at the retail and corporate levels when the business Merger Transaction is completed.

The motives for the Merger Transaction include, but are not limited to:

- **Increase of the market share and promote and diversify the client base:** The Merging Company's market share is expected to increase in light of the significant rise of gross written premiums compared to the total written premiums of all companies across the insurance sector. It is expected that the market share of the merging company, after the effectiveness of the Merger resolution, will reach 2.4% compared to 1.4% for the Gulf Union Al Ahlia before the effectiveness of the Merger resolution, and 1.0% for the Al Sagr Company before the effectiveness of the Merger resolution, i.e. an increase of 1% over the market share of the Gulf Union Al Ahlia after the effectiveness of the Merger resolution. Additionally, the Merging Company is expected to have a larger and more diversified customer base as a result of the Merger of the customer base of both Companies, which in turn will improve the position of the Merging

Company and the results of its operational and financial processes compared to the current positions of Gulf Union Al Ahlia and Al Sagr Company. The following table shows the underwritten insurance contributions according to the classification of customers for each of Gulf Union Al Ahlia and Al Sagr Company before the effectiveness of the Merger as well as the merging company after the effectiveness of the Merger Transaction.

Table 2.1: Underwritten insurance contributions according to the classification of customers before and after the effectiveness of the Merger Transaction as of 30 September 2022G

Classification (Thousand Saudi Riyals)	Gulf Union Al Ahlia Company 30 September 2022G	Al Sagr Company 30 September 2022G	Merging Company 30 September 2022G	The percentage of increase in the merging company compared to the Gulf Union Al Ahlia Company
Large Companies	102,269	105,071	207,340	103%
Medium Enterprises	76,062	52,908	128,970	70%
Small Business	45,864	69,577	115,441	152%
Micro Enterprises	37,610	28,053	65,663	75%
Individuals	104,755	102,133	206,888	98%
Total	366,560	357,742	724,302	98%

Source: The financial statements for the period ended 30 September 2022G for Gulf Union Al Ahlia Company and Al Sagr, and the pro-forma consolidated financial statements of the merging company for the period ended 30 September 2022G.

- **To improve the Merging Company's ability to invest its funds:** As a result of the Merger Transaction, the Merging Company's ability to invest its funds better is expected to improve as a result of the accumulation of experience regarding the investment side of Gulf Union Al Ahlia and Al Sagr Company after the Merger, as well as the increased financial strength of the investment value of the Merging Company. The following table shows the details of these investments for Gulf Union Al Ahlia Company and Al Sagr Company before the merger as well as the details of the merging company after the merger.

Table 2.2: Investments as of 30 September 2022G based on the Consolidated Pro-forma Financial Statements

Item (Thousand Saudi Riyals)	Gulf Union National Company 30 September 2022G	Al Sager Company 30 September 2022G	Merging Company 30 September 2022G	The percentage of increase in the merging company compared to the Gulf Union National Company
Short-term deposits	70,000	32,233	102,233	46%
Investments	274,889	52,406	327,295	19%
Long-term deposits	90,000	30,000	120,000	33%

Source: The pro-form consolidated financial statements of the merging company for the period ended 30 September 2022G.

- **To reduce the ratio of operating expenses to gross underwritten premiums and to offer products at competitive prices:** As a result of the Merger Transaction, the Merging Company will be able to reduce operating expenses and public and administrative expenses in proportion to its new business volume, as a result of the Merger of the combined services of Gulf Union Al Ahlia and Al Sagr Company. This will lead to a decrease in ratio of operating expenses to total underwritten premiums. Based on the financial statements for the period ended 30 September 2022G, the ratio of operating expenses (general and administrative expenses, provision for doubtful debts, financing costs on lease contracts) to the total subscribed premiums of Gulf Union Al Ahlia Company was 21.7%, while it reached 18.8% in the merging company, based on the pro-forma consolidated financial statements for the period ending on 30 September 2022G. In addition, the lower operating expenses of the Merging Company will cast a shadow over the Company's ability to offer insurance products at more competitive prices in the long term.
- **To improve the Merging Company's ability to negotiate prices with reinsurers:** As a result of the Merger, which will create greater value for the Merging Company. In terms of the market share of the total underwritten insurance contributions compared to the sector as a whole, where the total subscribed insurance contributions of Gulf Union Al Ahlia Company as of 30 September 2022G amounted to SAR 366.5 million, the total subscribed insurance contributions amounted to SAR 724.3 million for the merging company based on the pro-forma consolidated financial statements for the period ended 30 September 2022G. The Merging Company's ability to negotiate with reinsurers will be stronger due to the large volume of work in the Merging Company after the Merger, which will put it in a stronger position to negotiate prices and the conditions with reinsurers; thus, in turn, reducing reinsurance costs. Gulf Union Al Ahlia Company deals with 80 reinsurers while Al Sagr deals with 12 reinsurers.
- **The ability of the Merging Company to provide insurance products covering the vast majority of insurance sectors:** Because of the Merger Transaction, the Merging Company will cover all insurance products across the current various sectors (public & health), noting that Gulf Union Al Ahlia has final approval from the Saudi Central Bank for fifty-eight (58) insurance products, while Al Sagr has final approval for forty-two (42) insurance products, thus the Merging Company will be able to offer more insurance products that will contribute to increasing the total written premiums.

- **To enhancing the geographical spread of the Merging Company's business:** It is expected that after the Merger, the Merging Company will enjoy a wider geographical spread through the Merger of the branch network owned by Gulf Union Al Ahlia and Al Sagr Company. Additionally, increasing the geographical spread of the Merging Company will achieve the required targets of the Merger Transaction in terms of growth in the total underwritten premiums across the branch network that has become more numerous and widespread, which in turn will increase strength. The Merging Company's economic activity will also increase the Merging Company's competitiveness in the insurance sector. The following table shows the current geographical distribution of Gulf Union Al Ahlia Company and Al Sagr.

Table 2.3: Geographical distribution of branches and points of sale of Gulf Union Al Ahlia Company and Al Sagr Company

City	Gulf Union Al Ahlia Company		Al Sagr Company	
	Branch	Sale Point	Branch	Sale Point
Riyadh	2	4	1	2
Dammam	2	1	1	1
Jeddah	1	1	1	-
Qassim	-	1	-	2
Makkah	-	1	-	1
Madinah	-	1	-	1
Al-Ahsa	-	1	-	1
Jubail	-	1	-	1
Al-Khubar	-	1	-	-
Al-Kharj	-	1	-	-
Khafji	-	1	-	-
Taif	-	2	-	-
Qatif	-	1	-	1
Tabuk	-	1	-	1
Jazan	-	1	-	1
Najran	-	-	-	1
Hail	-	1	-	1
Hafr Al-Batin	-	1	-	-
Khamis Mushait	-	1	-	-
Al-Baha	-	-	-	1
Arar	-	1	-	-
Total	5	23	3	15

Source: Management information of Gulf Union Al Ahlia Company and Al Sagr Company.

- **To improve the capital efficiency of the Merging Company;** As a result of the Merger Transaction, the Merging Company will enjoy stronger capital and level of solvency; thus, increasing its ability to assume a higher level of risk and provide better insurance services. The new capital is expected to contribute to obtaining a better rating by international financial rating agencies. Following the effectiveness of the merger resolution, the capital of the merging company will amount to SAR 620.2 million, an increase of 35% over the capital of Gulf Union Al Ahlia Company prior to the effective date of the merger resolution which amounts to SAR 459.0 million.
- **To avail from the integration of administrative and technical expertise that might be resulted from the merger of business:** After the Merger Transaction, the Merging Company will likely capitalize from the cumulative experience regarding the administrative, technical, technological infrastructure, and risk management aspects owned by both companies.

It should be noted that the Merger Transaction is endorsed and recommended by the Boards of Directors of Gulf Union Al Ahlia and Al Sagr.

2.3 Overview of the Merger Transaction

On 24/02/1444H (corresponding to 20/09/2022G), Gulf Union Al Ahlia announced the signing of a non-binding Memorandum of Understanding (MoU) with Al Sagr, for the purpose of conducting due diligence inspection and verification studies for the financial, legal, and actuarial aspects. The signing of the non-binding MoU follows the preliminary outputs of studies and discussions on the proposed Merger Transaction. The Two Companies have agreed under the said MoU that the proposed Merger Transaction will take effect through a securities swap offer to whereby Al Sagr assets and liabilities are transferred to Gulf Union Al Ahlia in exchange for issuance of the new shares to shareholders of Al Sagr in Gulf Union Al Ahlia. Accordingly, the Two Companies formed a working group consisting of members of the Executive Management of each Company to study and review the commercial, financial, and legal aspects of the proposed structure of the Merger Transaction.

Accordingly, Gulf Union Al Ahlia and Al Sagr have signed a binding Merger Agreement on 30/08/1444H (corresponding to 22/03/2023G), as amended on 30/12/1444H (corresponding to 18/07/2023G), whereby it was agreed to take the necessary steps to implement the Merger Transaction in accordance with Articles 225, 227, 228 and 229 of the Companies Law and Subclause 1 of clause (a) of Article 49 of the Merger and Acquisition Regulations. Gulf Union Al Ahlia has announced on 05/09/1444H (corresponding to 27/03/2023G) its firm and confirmed intent to submit an offer to the shareholders of Al Sagr Company for the purpose of merger. The Parties have agreed the sole consideration for the merger shall be the issuance of new shares by Gulf Union Al Ahlia after the Completion of the Merger Transaction (taking relevant settlement procedures into account) exclusively for the benefit of Al Sagr eligible shareholders in consideration for the merger of Al Sagr into Gulf Union Al Ahlia, where Gulf Union Al Ahlia will issue 1.151736928571430 shares in Gulf Union Al Ahlia for each share owned in Al Sagr.

Gulf Union Al Ahlia will increase their capital by issuing 16,124,317 new ordinary shares at a total nominal value of SAR 161,243,170 in exchange for the merger of Al Sagr into Gulf Union Al Ahlia. It has been agreed that there will be no cash consideration for the shareholders of Al Sagr.

Total value of the Merger Transaction was determined based on the total nominal value of the Consideration Shares. Total nominal value of the Consideration Shares is SAR 161,243,170. Total market value of the Consideration Shares based on the Exchange Ratio and the closing price of Gulf Union Al Ahlia share at SAR 8.63 as of 29/08/1444H (corresponding to 21/03/2023G) (according to the last trading day preceding the signing date of the Merger Agreement) is SAR 139,152,856. Total market value of Consideration Shares based on the Exchange Ratio and the closing price of Gulf Union Al Ahlia share at 11.44 Saudi Riyals as of 12/01/1445H (corresponding to 30/07/2023G) (according to the earliest trading day before the publication of the Document) is SAR 184,462,186. Total value of the Consideration Shares that will be reflected in the financial statements of Gulf Union Al Ahlia will be determined at a later time based on the closing price of Gulf Union Al Ahlia share on the last trading day preceding the completion date of the Merger Transaction.

After the date of completion of the Merger Transaction, the shareholders of Gulf Union Al Ahlia will hold 74.00% of the shares of Gulf Union Al Ahlia and the shareholders of Al Sagr will hold 26.00% of the shares of Gulf Union Al Ahlia Company.

If the calculation of the number of shares, due to any of the shareholders of Al Sagr based on the Swap Ratio, results in fractional shares, the resulting figure will be rounded up to the lowest integer. For example, if a shareholder of Al Sagr owns 12 shares in Al Sagr, he will be allocated 13 shares of Consideration Shares other than 14 shares. The fractional shares will be accumulated and sold on the Saudi Stock Exchange at the market price prevailing at that time on behalf of Al Sagr eligible shareholders. Consequently, the sale proceeds of the fractional shares will be distributed to the beneficiaries pro rata, no later than thirty (30) days from the date of completion of the Merger Transaction. Costs related to the sale of fractional shares will be deducted from the total sale proceeds of the fractional shares.

Table 2.4: Ownership details in Gulf Union Al Ahlia before and after the completion of the Merger Transaction as of 21/12/1444H (corresponding to 09/07/2023G):

Shareholder	Before Completion of the Merger Transaction - Gulf Union Al Ahlia				After Completion of the Merger Transaction - Gulf Union Al Ahlia			
	No. of directly-held Shares	Direct Ownership percentage	Indirect Ownership Percentage	Total Ownership Percentage (Direct and Indirect)	No. of directly-held Shares*	Direct Ownership percentage	Indirect Ownership Percentage	Total Ownership Percentage (Direct and Indirect)
Rawabi Holding Company	4,717,998	10.28%	N/A	10.28%	4,717,998	7.61%	N/A	7.61%
Gulf Union Holding Co.*	2,475,000	5.39%	N/A	5.39%	2,475,000	3.99%	N/A	3.99%
Board of Directors and Senior Executives of Gulf Union Al Ahlia**	556,270	1.21%	5.16%	6.38%	556,270	0.897%	3.82%	4.72%

Shareholder	Before Completion of the Merger Transaction - Gulf Union Al Ahlia				After Completion of the Merger Transaction - Gulf Union Al Ahlia			
	No. of directly-held Shares	Direct Ownership percentage	Indirect Ownership Percentage	Total Ownership Percentage (Direct and Indirect)	No. of directly-held Shares*	Direct Ownership percentage	Indirect Ownership Percentage	Total Ownership Percentage (Direct and Indirect)
Al Sagr National Insurance Company					4,192,322	6.76%	N/A	6.76%
Directors and Senior Executives of Al Sagr ****		N/A			N/A		0.40%	0.40%
The Public	38,145,660	83.12%	N/A		50,077,655	80.75%	N/A	
Total	45,894,928	100%	N/A		62,019,245	100%	N/A	

Source: Gulf Union Al Ahlia

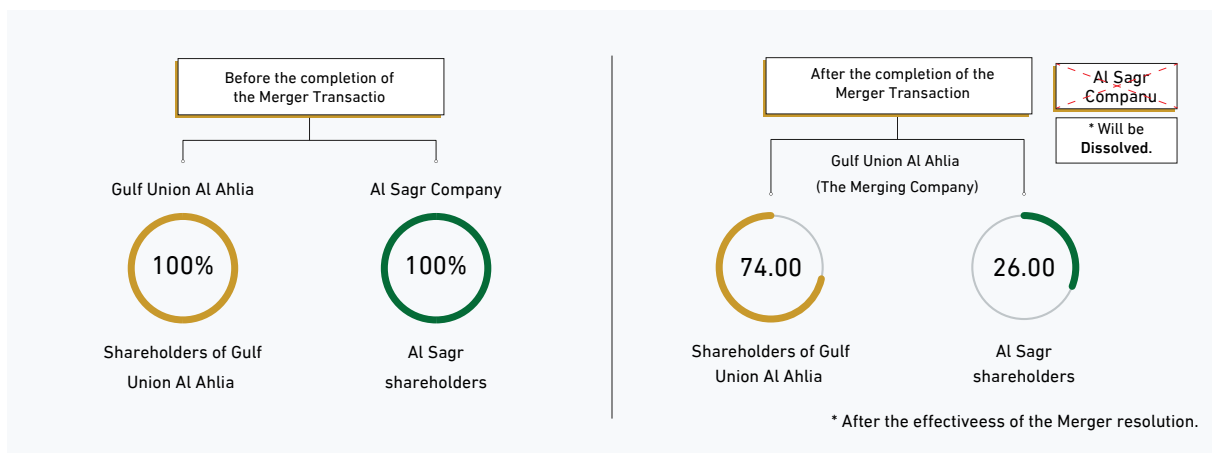
* It should be noted that the Ownership percentage of Gulf Union Holding Company will decrease from 5.39% to 3.99% of the capital of Gulf Union Al Ahlia after the completion of the Merger Transaction, and therefore will not become a major shareholder in Gulf Union Al Ahlia after the completion of the Merger Transaction. Accordingly, the ownership of the Gulf Union Holding Company will be calculated among the public ownership after the completion of the Merger Transaction, as the percentage of public ownership after the completion of the Merger Transaction will reach 84.74% of the total capital of the Gulf Union Al Ahlia.

** The direct Ownership of the Board of Directors is the result of the direct shareholding of Abdulaziz bin Ali Al Turki, Zaid bin Abdullah Al Yaish, and Munir Hashem Al Borno. Indirect Ownership of the Directors is the result of the indirect Ownership of Abdulaziz bin Ali Al Turki and his direct Ownership in Al Rawabi Holding Company and Gulf Union Holding Company.

*** The indirect Ownership of the Directors and Senior Executives of Al Sagr is the result of the indirect Ownership of Mr. Majid Abdullah Al Seri (Chairman of the Board of Directors of Al Sagr), who holds 25% of the capital of Private Investment Group Limited, which in turn holds 50% of the capital of Gulf General Investment Company, which in turn holds 47.08% of the capital of Al Sagr National Insurance Company, which in turn holds 26% of the capital of Al Sagr Company. It should also be noted that it will be counted as the public Ownership of Gulf Union Al Ahlia after the completion of the Merger Transaction.

Gulf Union Al Ahlia has appointed Aljazira Capital as financial advisor in connection with the Merger Transaction. A Simple Form of Merger Transaction Structure is provided below.

Figure 2.1: Simple Form of Merger Transaction Structure



2.4 Valuation of Gulf Union Al Ahlia and Al Sagr Company

An agreement was made between Gulf Union Al Ahlia and Al Sagr Company on the Swap Ratio, which determines the number of shares that Al Sagr shareholders will receive in Gulf Union Al Ahlia upon the completion of the Merger Transaction, after negotiation and discussion between the Two Companies. During this negotiation phase, Gulf Union Al Ahlia sought the advice of its Advisors and reviewed the necessary due diligence data for Al Sagr business.

The discussions held on the Swap Ratio were subject to the provisions of the MoU signed between Gulf Union Al Ahlia and Al Sagr on 23/02/1444H (corresponding to 19/09/2022G), where it was agreed between the Two Companies that in the event of a final decision is issued on the Merger Transaction, this will be done by merging Al Sagr into Gulf Union Al Ahlia through the issuance by the latter of the

new shares to the shareholders of Al Sagr in exchange for the transfer of the assets and liabilities of Al Sagr to Union Gulf Al Ahlia. It was also agreed between the Two Companies that the valuation process will be as follows:

- The book value of the equity after making the amendments that will be agreed upon according to the results of the necessary professional inspection and any other amendments, provided that the book value of the equity is based on the financial statements declared by each of the Two Companies before or on the date of signing the Merger Agreement. Accordingly, the book value methodology for equity (as published in Q3 2022G financial statements) has been used, mutatis mutandis.

Table 2.5: Valuation Method and Calculation of Swap Ratio:

In SAR, save as otherwise mentioned			
As of the Financial Statements declared for Q3 2022G	Gulf Union Al Ahlia	Al Sagr Company	The Merging Company
A. Book value of equity as of 30/09/2022G	326,340,292	130,655,732	
Amendments to the book value of equity for Gulf Union Al Ahlia			
(-) Possible further zakat and tax obligations	(8,836,496)		
(+) Revaluation of Gulf Union Al Ahlia share in Najm Insurance Services Company	24,102,374		
(+) Reverse overdue distribution	3,071,194		
B. Total amendments to Gulf Union Al Ahlia (as reflected in amendments of due diligence inspection and the inputs of Gulf Union Al Ahlia and Al Sagr Company as agreed upon by both Parties)	18,337,072		
Amendments to the book value of equity for Sagr			
(-) Possible further zakat and tax obligations		(7,144,024)	
(-) Lack of reserves of claims incurred and unreported for medical insurance		(3,938,000)	
(-) ERP prepayments		(2,917,000)	N/A
(-) Writing disputed receivables off		(2,539,000)	
(-) Remuneration of Directors		(1,980,000)	
(-) Impairment of the fair value of Levin Lichtmann Capital Partners International Fund		(1,330,000)	
(-) Writing debt balances off		(937,000)	
(-) Remuneration due to the former CEO		(133,000)	
(-) Impairment of the fair value of a mutual investment fund		(93,000)	
(-) Remuneration due to the current Managing Director		(600,000)	
(+) Revaluation of Al Sagr Company's share in Najm Insurance Services Company		12,051,187	
C. Total amendments to Al Sagr Company (as reflected in amendments of due diligence inspection and the inputs of Al Sagr Company and Gulf Union Al Ahlia as agreed upon by both Parties)		(9,559,837)	
Final valuation after amendments of due diligence inspection and the inputs of Gulf Union Al Ahlia and Al Sagr Company as agreed upon by both Parties	(A+B) 344,677,364	(A+C) 121,095,895	465,773,259
Ownership in the Merging Company%	74.00%	26.00%	100%
No. of currently issued shares of Gulf Union Al Ahlia (share)			45,894,928
No. of currently issued shares of Al Sagr (share)			14,000,000
No. of shares to be issued for Al Sagr shareholders (share)			16,124,317
Swap Ratio towards each (1) share held in Al Sagr Company (No. of shares to be issued for Al Sagr shareholders ÷ No. of currently issued shares)			1.151736928571430
Total shares of the Merger Transaction (After the completion of the Merger Transaction) (share)			62,019,245

Based on the above Swap Ratio, Gulf Union Al Ahlia will increase their capital and issue 16,124,317 ordinary shares at a nominal value of SAR 10 per share, to be registered in favor of the shareholders of Al Sagr, and at a total nominal value of SAR 161,243,170. Total market value of the new shares based on the swap Ratio and the closing price of Gulf Union Al Ahlia share at SAR 8.63 as of 29/08/1444H (corresponding to 21/03/2023G) (the last trading day preceding the date of signing the Merger Agreement) is SAR 139,152,856. Total market value of Consideration Shares based on the Swap Ratio and the closing price of Gulf Union Al Ahlia share at SAR 11.44 as of 12/01/1445H (corresponding to 30/07/2023G) (as of the nearest trading day before the Document is published) is SAR 184,462,186. Total value of the Consideration Shares to be reflected in Gulf Union Al Ahlia financial statements will be determined at a later date based on the closing price of Gulf Union Al Ahlia shares on the last trading day prior to the of the completion of the Merger Transaction.

Table 2.6: Shows the value of the Consideration according to the share price of Gulf Union Al Ahlia, as compared to the market value of Al Sagr Company:

Number of shares to be issued for Al Sagr Company shareholders	16,124,317 ordinary shares	
The total value of consideration according to the closing price of Gulf Union Al Ahlia on 29/08/1444H (corresponding to 21/03/2023G) (the last trading day prior to the date of signing the Merger Agreement)	139,152,856 Saudi riyals	- Closing Price of Gulf Union Al Ahlia: 8.63 Saudi Riyals.
The total value of the consideration according to the closing price of Gulf Union Al Ahlia on 12/07/1445H (corresponding to 30/07/2023G) (according to the nearest trading day before the publication of the Circular)	184,462,186 Saudi Riyals	- Closing Price of Gulf Union Al Ahlia: 11.44 Saudi Riyals.
Market value of Al Sagr Company on 29/08/1444H (corresponding to 21/03/2023G) (the last trading day prior to the date of signing the Merger Agreement)	205,240,000 Saudi Riyals	- Closing Price of Al Sagr Company: 14.66 Saudi Riyals. - Number of currently issued shares in Al Sagr Company is 14,000,000 ordinary shares.
Market value of Al Sagr Company on 12/01/1444H (corresponding to 30/07/2023G) (according to the nearest trading day before publication of the Circular)	236,880,000 Saudi Riyals	- Closing Price of Al Sagr Company: 16.92 Saudi Riyals. - Number of currently issued shares in Al Sagr Company is 14,000,000 ordinary shares.
Difference between market value of Al Sagr Company and total value of consideration on 29/08/1444H (corresponding to 21/03/2022G) (which is the last trading day prior to the date of signing the Merger Agreement)	Decrease by 32.2%	
Percentage of the difference between the market value of Al Sagr Company and the total value of the consideration on 12/01/1445H (corresponding to 30/07/2023G) (the last trading day prior to the date of publication of the Circular)	Decrease by 21.1%	

Table 2.7: A detailed table indicating calculation method of Swap Ratio:

Item	Explanation
Merging Company Assessment (Post-Merger Transaction)	Valuation of Gulf Union Al Ahlia + Al Sagr Company
Percentage of Gulf Union Al Ahlia in the Merging Company (Post-Merger Transaction)	$\frac{\text{Evaluation of Gulf Union Al Ahlia}}{\text{Merging Company Assessment (Post-Merger Transaction)}}$
Al Sagr Company Equity in the Merging Company (Post-Merger Transaction)	$\frac{\text{Evaluation of Al Sagr Company}}{\text{Merging Company Assessment (Post-Merger Transaction)}}$
Number of shares for Gulf Union Al Ahlia current shareholders after the Merger Transaction	As is prior to the Capital Increase, i.e., (45,894,928) shares
Number of new shares for Al Sagr Company current shareholders	$\frac{\text{Number of currently issued Gulf Union shares}}{\text{Gulf Union Equity in the Merging Company (Post-Merger Transaction)}} - \text{Number of currently issued Gulf Union Al Ahlia shares}$
Swap Ratio or Exchange Ratio against each (1) share owned in Al Sagr Company	$\frac{\text{Number of shares to be issued for Al Sagr Company shareholders for the Merger}}{\text{Number of currently issued Al Sagr Company shares}}$

2.5 Funding the Merger Transaction

Gulf Union Al Ahlia will not pay any cash consideration to the shareholders of Al Sagr for the purpose of merging Al Sagr into Gulf Union Al Ahlia and will not receive any external financing to complete the Merger Transaction. The offer in the Merger Transaction will be through the issuance of 16,124,317 new paid-up ordinary shares in Gulf Union Al Ahlia for the benefit of the shareholders of Al Sagr Company in exchange for the merger of Al Sagr into Gulf Union Al Ahlia at a nominal value of SAR 10 per share for the shareholders of Al Sagr, i.e. 1.151736928571430 shares will be issued in Gulf Union Al Ahlia towards every one share held in Al Sagr. These shares will be registered in favor of the eligible shareholders of Al Sagr, and the new shares issued because of the capital increase of Gulf Union Al Ahlia will be of equal value, classification, and rights in all respects with the currently issued shares of Gulf Union Al Ahlia.

In this context, the Board of Directors of Gulf Union Al Ahlia confirms that no commission, payment of any value, or guarantee will be given on any securities in Gulf Union Al Ahlia (whether incidental or not) in any form whatsoever as part of the Merger Transaction with Al Sagr.

2.6 Merger Agreement and Summary of the Terms and Conditions of the Merger Transaction

Gulf Union Al Ahlia and Al Sagr have entered into the Merger Agreement on 30/08/1444H (corresponding to 22/03/2023G), as amended on 30/12/1444H (corresponding to 18/07/2023G), which included special conditions for the execution of the Merger Transaction in accordance with the steps, procedures, and Swap Ratio specified in the Offer Document, in addition to certain warranties and representation of the management of the Two Companies. The Merger Transaction will therefore be subject to the terms set out in the terms of the Merger Agreement and set out below. The following is a summary of the material terms, conditions, and conditions precedent or representations contained in the Merger Agreement:

Material terms and conditions and conditions precedent or warranties contained in the documents or warranties contained in the Merger Agreement

2.6.1 Agreement to Merge

1. Al Sagr is merged and incorporated into Gulf Union Al Ahlia Company and all its rights, obligations, assets and liabilities are transferred to Gulf Union Al Ahlia Company under the Companies Law as of the effective date of the Merger resolution.
2. On the date of the completion of the Merger Transaction, or as soon as practicable after the completion of the Merger Transaction, the new shares will be issued to the shareholders appearing in Al Sagr register of shareholders on the second trading day following the date of suspension of Sagr's shares, or on any other day determined by the Capital Market Authority, Tadawul or Securities Depository Center (Edaa) in accordance with the exchange ratio;
3. On the effective date of the Merger Resolution, Al Sagr will not exist as an independent company.
4. The "Exchange Ratio" shall be as follows: 1.151736928571430 shares in Gulf Union Al Ahlia Company for every one share owned in Al Sagr.
5. In the event that the calculation of the number of shares due to any of the shareholders of Al Sagr based on the exchange ratio shown above results in fractional shares, the resulting figure will be rounded to the lowest integer number.
6. In accordance with applicable laws and regulations, Gulf Union Al Ahlia Company will collect partial entitlements and sell the relevant Gulf Union Company shares on behalf of all shareholders of Gulf Union Al Ahlia Company who are entitled to receive the partial shares of Gulf Union Al Ahlia Company in the market in cash, after which Gulf Union Al Ahlia Company will distribute the net cash proceeds to the shareholders of Gulf Union Al Ahlia Company in proportion to their partial entitlements.
7. Gulf Union Al Ahlia Company and Al Sagr will cooperate to announce the signing of the Merger Agreement on Saudi Exchange immediately upon signature (or as soon as practicable thereafter).
8. The parties agree that upon completion of the Merger, 74% of the capital of Gulf Union Al Ahlia shall be allocated to the shareholders of Gulf Union Al Ahlia Company, and the remaining 26% of the capital of Gulf Union Al Ahlia shall be allocated to the shareholders of Al Sagr.

2.6.2 Conditions Precedent

In accordance with Clause (3) of the Merger Agreement, Gulf Union Al Ahlia and Al Sagr shall take reasonable endeavors (to the extent of their respective capabilities) to ensure that the following conditions are met as soon as practicable. Each Party shall coordinate with the other as required in this regard. Gulf Union Al Ahlia and Al Sagr have agreed that the terms may not be waived or amended except with the written consent of both companies:

1. A no-objection shall be attained from the General Authority for Competition, on the economic concentration resulting from the Merger Transaction, or a conditional no-objection regarding the merger (but on acceptable terms for the National Gulf Al Ahlia and Al Sagr) or the expiry of the applicable legal review period, in accordance with the Competition Law.
2. The Saudi Central Bank approval of the Merger Agreement and the capital increase of Gulf Union Al Ahlia.
3. The CMA approval of the application for registration and offering of the capital increase shares of Gulf Union Al Ahlia and approval of the Offer Document publishing.

4. Tadawul approval of the application to list the new shares of Gulf Union Al Ahlia in Tadawul in accordance with the Listing Rules.
5. The approval of the Ministry of Commerce or CMA (as applicable) shall be obtained for the proposed amendments to the Articles of Association of Gulf Union Al Ahlia, as stipulated in the Merger resolutions of Gulf Union Al Ahlia.
6. The approval by the Extraordinary General Assembly of Gulf Union Al Ahlia Company, by a majority of not less than three-quarters of the voting shares represented at the meeting, on the terms of the Merger Transaction and other related resolutions, namely the approval of the capital increase of Gulf Union Al Ahlia Company in accordance with the terms and conditions of the Merger Agreement, and the approval of the proposed amendments to the Articles of Association of Gulf Union Al Ahlia Company for the Merger transaction and the approval of the authorization of the Board of Directors of Gulf Union Al Ahlia Company or any person authorized by the Board of Directors of Gulf Union Al Ahlia to issue any resolution or take any action that may be necessary to implement any of the said resolutions relating to the Merger Transaction;
7. The approval by the Extraordinary General Assembly of Al Sagr by a majority of not less than three-quarters of the voting shares represented at the meeting on the Merger transaction and other related resolutions, namely voting on the offer submitted by Gulf Union Al Ahlia Company in accordance with the terms and conditions of the Merger Agreement, and authorizing the Board of Directors of Al Sagr, or any person authorized by the Board of Directors of Al Sagr, to issue any resolution or take any action that may be necessary to implement any of the resolutions related to the Merger Transaction; and
8. No judicial order, judgment, decree or any other action has been issued by any judicially competent government body in the Kingdom of Saudi Arabia which is valid and prohibits the effectiveness of the Merger resolution in accordance with the terms of the Merger Agreement or renders it illegal.

Al Sagr undertakes that its Board of Directors shall issue a letter addressed to Gulf Union Al Ahlia Company confirming whether (1) any of Al Sagr's employees, senior executives or consultants is entitled to remuneration, compensation of commissions or any other remuneration in respect of the Merger and to provide full details of such entitlements; (2) any payments have been made or will be made (and the date of such payment); (3) the amount of any payment has been accrued in Al Sagr's accounts as in financial statements to the extent that payments have been made or will be made but not calculated as in the financial statements, this amount will be reduced from Al Sagr's final valuation.

Gulf Union Al Ahlia also undertakes that its Board of Directors shall issue a letter addressed to Al Sagr confirming whether (1) any of Gulf Union Al Ahlia's employees, senior executives or consultants is entitled to remuneration, compensation of commissions or any other remuneration in respect of the Merger and provide full details of such entitlements; (2) any payments have been made or will be made (and the date of such payment); (3) the amount of any payment has been accrued in Gulf Union accounts as in the financial statements to the extent that payments have been made or will be made but not accounted as in the financial statements, this amount will be reduced from the final valuation of Gulf Union Al Ahlia.

Gulf Union Al Ahlia undertakes to notify Al Sagr, subject to the applicable Law, immediately upon becoming aware of (1) the fulfillment of any of the above conditions; or (2) the delay in fulfilling any condition, act, omission, event, or any other reason of any nature, which may result in the delay or non-fulfillment of the above conditions.

2.6.3 Shareholders' Documents

Subject to Clause 5 of the Merger Agreement, Gulf Union Al Ahlia and Al Sagr shall take all necessary actions within their powers to ensure that the Al Sagr Board of Directors' Circular (in the case of Al Sagr) and the Offer Document and Gulf Union Shareholders' Circular (in the case of Gulf Union Al Ahlia) have been:

- a. Completed and approved by CMA (where applicable); And
- b. Published in accordance with CMA requirements.

In each case, as soon as reasonably practicable after the date of the announcements, and provided that Gulf Union Al Ahlia issues the declaration of the Company's confirmed intent in accordance with the Merger Agreement.

Gulf Union Al Ahlia undertakes to provide all information relating to it immediately, as reasonably required, for inclusion in the Gulf Union Al Ahlia Shareholders Circular and the Offer Document as applicable, and to provide any assistance to each other regarding the completion of the circular of the Board of Directors of Al Sagr Company or the circular of shareholders of Gulf Union National Company, including ensuring access to the relevant professional advisors and ensuring that the required assistance is provided.

If the publication of a supplementary instrument of merger is required by any party under the applicable law, each party shall cooperate with the other to provide such information as the other party may reasonably request, to complete and publish that instrument in accordance with the requirements of the applicable law.

If a party is obliged under the Merger Agreement to provide information that may be "reasonably required", "necessary" or "reasonably desirable", then and wherever such information is required under the applicable law, it shall always be deemed (respectively) "reasonably required", "necessary" or "reasonably desirable".

2.6.4 Extraordinary General Assembly of Gulf Union Al Ahlia and Al Sagr Company

In accordance with Clause 6 of the Merger Agreement, Gulf Union Al Ahlia undertakes towards Al Sagr to:

- a. Immediately after CMA's approval of the Extraordinary General Meeting of Gulf Union Al Ahlia, Gulf Union Al Ahlia shall publish the notice of the Extraordinary General Assembly in accordance with Gulf Union Al Ahlia Articles of Association, Companies Law, and the CMA Regulations so that the Extraordinary General Assembly of Gulf Union Al Ahlia shall be held no later than twenty-one (21) days after the publishing of the Offer Document and Shareholders Circular (or any later date that may be agreed upon between Gulf Union Al Ahlia and Al Sagr). If the quorum for the first invitation to the Extraordinary General Assembly of Gulf Union Al Ahlia is not reached, the start of the meeting is deferred by one hour. If there is no quorum for the second invitation to the Extraordinary General Assembly of Gulf Union Al Ahlia, and subject to obtaining the approval of CMA, Gulf Union Al Ahlia shall call for the third invitation to Extraordinary General Assembly of Gulf Union Al Ahlia (3rd Meeting) within five working days after the originally proposed date of the Extraordinary General Assembly of Gulf Union Al Ahlia (or any other date that may be agreed between Gulf Union Al Ahlia and Al Sagr Company);
- b. Gulf Union Al Ahlia warrants that:
 1. A statement has been included in the Shareholders' Circular and Offer Document that the Directors of Gulf Union Al Ahlia who are entitled to vote on the merger have agreed to the terms of the merger;
 2. A recommendation has been included in the Shareholders Circular of Gulf Union Al Ahlia from the Board of Directors of Gulf Union Al Ahlia to the shareholders of Gulf Union Al Ahlia to approve the merger and each resolution of Gulf Union Al Ahlia;
 3. The BOD approval and recommendation referred to in clauses 6.1(b)(b)1 and 6.1(b)2 of the Merger Agreement have not been amended, withdrawn, or reserved about prior to the Extraordinary General Assembly of Gulf Union Al Ahlia;
- c. In the event of the approval of the Extraordinary General Assembly of Gulf Union Al Ahlia, Gulf Union Al Ahlia shall make the necessary arrangements to publish the special resolutions of Gulf Union Al Ahlia in accordance with the regulatory requirements in force as soon as practicable after the Extraordinary General Assembly of Gulf Union Al Ahlia;
- d. Gulf Union Al Ahlia shall take all reasonable measures required prior to the completion of the Merger in preparation for the following:
 1. Issue the shares of the new Gulf Union Al Ahlia Company upon the completion of the Merger or as soon as practicable thereafter that date;
 2. Appointment of the new Directors in accordance with Clause 9 of the Merger Agreement.

Provided that the obligations set out in clauses 6.1(a) and (b) of the Merger Agreement shall cease to apply, in each case, if the Board of Directors of Gulf Union Al Ahlia (acting in good faith) decides not to give its recommendation to the Shareholders of Gulf Union Al Ahlia (to approve the merger and each resolution of Gulf Union Al Ahlia) (or considers that this recommendation should be amended, withdrawn, or reserved about).

Al Sagr Company undertakes to Gulf Union Al Ahlia as follows:

- a. Immediately after CMA's approval of the Extraordinary General Meeting of Al Sagr, Al Sagr shall ensure that the notice of the Extraordinary General Assembly is published in accordance with Al Sagr Articles of Association, Companies Law, and the CMA Regulations so that the Extraordinary General Assembly of Al Sagr shall be held no later than twenty-one (21) days after the publishing date of the Transaction Documents (or any later date that may be agreed upon between Gulf Union Al Ahlia and Al Sagr). If the quorum for the first invitation to the Extraordinary General Assembly of Al Sagr Company is not reached, Al Sagr Company shall ensure that the start of the meeting is deferred by one hour. If there is no quorum for the second invitation to the Extraordinary General Assembly of Al Sagr Company, and subject to obtaining the approval of CMA, Al Sagr Company shall ensure the publication of the notice of the Extraordinary General Assembly of Al Sagr Company for the third invitation to the Extraordinary General Assembly of Al Sagr Company within five working days after the originally proposed date of the Extraordinary General Assembly of Al Sagr Company (or any other date so that the meeting could be held at the same day in which the third invitation to the Extraordinary General Assembly of Gulf Union Al Ahlia is addressed or any other date that may be agreed between Gulf Union Al Ahlia and Al Sagr Company);
- b. Al Sagr Company warrants:
 1. A statement has been included in the Shareholders' Circular of Al Sagr Company that the Directors of Al Sagr Company have agreed to the terms of the merger;
 2. A recommendation has been included in the Shareholders Circular of Al Sagr Company from the Board of Directors of Al Sagr Company to the shareholders of Gulf Union Al Ahlia to approve the merger and each resolution of the Extraordinary General Assembly of Al Sagr Company;
 3. The approval and recommendation referred to in clauses 6.2(b)(b)1 and 6.2(b)2 of the Merger Agreement have not been amended, withdrawn, or reserved about prior to the Extraordinary General Assembly of Al Sagr;

- c. In the event of the approval of the Extraordinary General Assembly of Al Sagr Company, Al Sagr Company shall make the necessary arrangements to publish the special resolutions of Al Sagr Company in accordance with the regulatory requirements in force as soon as practicable after the Extraordinary General Assembly of Al Sagr Company (such publishing date shows "Al Sagr Company's Publishing Date");
- d. After Al Sagr Company's Publishing Date, Al Sagr Company shall take all reasonable and required arrangements (if any) to delist Al Sagr Company's shares and stop their trading in Tadawul on effective date or as soon as practicable thereafter.

The obligations set out in clauses 6.2 (a) and 6.2 (b) of the Merger Agreement shall cease to apply, in each case, if the Board of Directors of Al Sagr Company (acting in good faith) decides not to give its recommendation to the Shareholders of Al Sagr Company (to approve the merger and each special resolution of Al Sagr Company) (or considers that this recommendation should be amended, withdrawn, or reserved about).

2.6.5 Creditor Objections

In accordance with Article seven of the Merger Agreement, Gulf Union Al Ahlia Company and Al Sagr have agreed that:

- a. In accordance with paragraph 2 of Article 227 of the Companies Law, in the event an objection is raised by an Al Sagr creditor creditor objection period, the merger shall be suspended unless:
 1. The relevant of Al Sagr creditor waives his objection;
 2. Either
 - Al Sagr pays its Al Sagr creditor the amount due (if the amount is payable prior to or on the creditor objection end period);
 - Al Sagr or Gulf Union Al Ahlia Company shall provide the Al Sagr creditor with sufficient guarantee or collateral for the settlement of the relevant Al Sagr owned amount (if the amount is payable after the creditor objection end date) provided that this guarantee or collateral becomes binding on Al Sagr or Gulf Union Al Ahlia Company (as applicable) after effective date of the Merger;
 3. The court determines in a final judgment to reject an application of Al Sagr creditor to suspend the Merger.
- b. On the creditor objection end date (or as soon as practicable thereafter), Al Sagr shall make an announcement on Tadawul:
 1. Confirming that no Al Sagr creditor objections have been received (or that Al Sagr creditor objections were received but were since waived by the applicable Al Sagr creditors, or that Al Sagr has satisfied the objections in accordance with clause 7.1(b) of the Merger Agreement or, as applicable, the Court has rejected the application of the Al Sagr's creditor to suspend the Merger; or
 2. setting out such details of Al Sagr creditor objections received and not satisfied in full as may be agreed between Al Sagr Company and Gulf Union Al Ahlia Company.
- c. To the extent that any Al Sagr creditor objections remains unsatisfied pursuant to clause (7.1) (b) of the Merger Agreement 'by the end of the creditor objection end date, Al Sagr shall make an announcement on Tadawul as soon as practicable after the last of such Al Sagr creditor objections is satisfied pursuant to clause (7.1) (b) of the Merger Agreement, confirming that all the Al Sagr creditor objections have been fully satisfied.
- d. If an Al Sagr creditor whose debt is due before or during the creditor objection period, then Al Sagr shall:
 1. Pay the full amount payable on the due date.
 2. Agree the deferral of the payment of the due amount in question.

2.6.6 Integration

In accordance with Clause 11 of the Merger Agreement, Gulf Union Al Ahlia, and Al Sagr shall proceed with the appointment of two of their senior executives to represent them in connection with the merger of business and discussion of its affairs after the Merger effective date between Gulf Union Al Ahlia and Al Sagr. Such representatives may submit their recommendations to the parties for consideration and adoption.

2.6.7 Warranties

In accordance with Clause 12 of the Merger Agreement, each party warrants to the other that:

- a. that it has the authorities and powers necessary to enter into and meet its obligations under the Merger Agreement;
- b. its obligations under the Merger Agreement constitute binding obligations in accordance with its terms;
- c. The signing and execution of the obligations thereunder will not lead to a material violation of any provision of the constituent documents of each party.

Each party makes the following representations and warranties to the other:

- a. Neither it or any of its subsidiaries nor affiliates (if any) has not been declared bankrupt and there are no circumstances known or may be known when reasonably investigated that would give any person the right to request the liquidation of either or appointment of a receiver over its facilities or assets, either in full or in part;
- b. Neither has unpaid obligations including: (1) securities convertible into shares or exchangeable for shares of any class with any party (if applicable); (2) options, warrants or other rights to subscribe to or purchase shares of any class with any party (if applicable); or (3) agreements whatsoever relating to the issuance of any shares of any class with any party, or any securities transferable to shares or in exchange for shares or any options, warrants or rights (if any);
- c. That its audited financial statements for the financial period ended on the accounting date disclosed to the other party provide a true, non-misleading, and accurate vision of that party's outcomes for the relevant period and its financial position at the end of the said period;
- d. That such party does not engage in any business or activity other than the insurance activities authorized by the Saudi Central Bank;
- e. That the signing and execution of the Merger Agreement and fulfilling the obligations thereunder shall not lead to material breach or negligence, cause negligence or give rise to any right of termination or any right to a material change (in price, services, or otherwise) under any substantial agreement to which that party is a party or bound, other than as disclosed to the other;
- f. That all information provided to the other party in connection with the merger (including during due diligence study) concerning the party or any of its group is, as of the date to which it refers, true and accurate in all material respects and not misleading in any material respect; and
- g. It has not concealed any material information in the context of the merger.

Each party warrants to the other that all information provided by each party about itself and its group to the other party after the date of the Merger Agreement (including all information reasonably required from the other party or as required by the applicable law, in each case for the purposes of completing any transaction documentation) is, as of the date to which it refers, true and accurate in all material respects and not misleading in any material respect.

2.6.8 Effective Date and Related Costs

- a. As soon as practicable after the completion of the Merger Transaction:
 1. Al Sagr will take all necessary measures to suspend the trading of its shares in Tadawul, allowing Edaa to prepare a list of Al Sagr shareholders eligible to receive the shares of the new shares of Gulf Union Al Ahlia, at the end of the second trading day following the date of such suspension or any other day determined by the Capital Market Authority, Tadawul or Edaa;
 2. Gulf Union Al Ahlia shall take all necessary measures to issue and deliver new fully paid-up shares to the shareholders of Al Sagr Company, as recorded in the Agreed List according to the swap ratio. The new shares will be available for trading on the Main Market.
- b. Following the publication of Gulf Union Al Ahlia Company's special resolutions (including those of Al Sagr Company) and prior to the effectiveness of the Merger Transaction Resolution, Gulf Union Al Ahlia shall update the services investment license issued by the Ministry of Investment to reflect the changes resulting from the merger.

Upon the completion of the Merger or as soon as practicable thereafter, Gulf Union Al Ahlia and Al Sagr shall:

- a. Take all necessary actions that may be required to delist Al Sagr shares on Tadawul.
- b. Upon the effectiveness of the Merger Transaction resolution or as soon as practicable thereafter, Gulf Union Al Ahlia shall work to publish the Merger announcement on Tadawul.

2.6.9 Governance

According to Clause 9 and Appendix 1 of the Merger Agreement:

- a. Gulf Union Al Ahlia and Al Sagr agree that the Board of Directors of Gulf Union Al Ahlia shall be formed after the completion of the Merger Transaction of nine (9) Directors.
- b. According to Appendix 1 of the Merger Agreement and no later than twenty (20) working days prior to the publication of the Gulf Union Al Ahlia Shareholders' Circular:
 - Upon written notice addressed to the representative of Gulf Union Al Ahlia, Al Sagr shall select four (4) of its current directors or others who all meet all the conditions for membership in the board of directors of an insurance company in the Kingdom of Saudi Arabia in accordance with the rules and regulations issued by the Capital Market Authority and the Saudi Central Bank and who are also approved by the Saudi Central Bank ("New Board Members") to be appointed to the board of directors of Gulf Union Al Ahlia for its current session and they shall be approved during the General Assembly Meeting of Gulf Union Al Ahlia, as of the completion of the Merger Transaction, and
 - Gulf Union Al Ahlia Company shall, by virtue of a written notice addressed to the representative of Al Sagr Company, select five (5) of its current board members to complete their sessions as members of the Gulf Union Al Ahlia Board of Directors
- c. Gulf Union Al Ahlia and Al Sagr shall disclose the arrangements set forth in Clause 9 and Appendix 1 of the Merger Agreement in the Al Sagr Board of Directors' Circular (in relation to Al Sagr) and in the Gulf Union Al Ahlia Shareholders Circular and this Document (in respect of Gulf Union Al Ahlia), in accordance with the requirements of the applicable law.
- d. Upon the completion of the Merger Transaction or as soon as practicable thereafter, Gulf Union Al Ahlia shall apply for the Ministry of Commerce (as applicable) to add the arrangements set forth in Clause 9 and Appendix 1 of the Merger Agreement in their certificate of commercial registration.

2.6.10 Conduct of Business

Except as required by the applicable law, each party undertakes to the other that it shall not, nor agreed to and ensures that the relevant members of its group shall not nor agree do any of the following before (1) the effectiveness of the Merger Transaction resolution and (2) the termination date of the Merger Agreement in accordance with its terms, whichever is earlier, without the prior written consent of the other party (provided that such consent may not be withheld or delayed unreasonably):

- a. continue business outside the ordinary course and inconsistent with its past practices (except where such practices conflict with the applicable law) in all material respects;
- b. change the general nature or scope of its business in any substantial way, or enter into any substantial new lines of business;
- c. with respect to the parties only, declare, make, set aside, or pay any other dividends or other profits (whether cash, equity or real estate) for any period;
- d. purchase or dispose of any material asset, enter into or amend any agreement or assume any obligation for this purpose, in each case if this involves consideration, expenses or liabilities exceeding SAR 1,000,000 (or equivalent); or
- e. make any amendments to its capital or constituent documentation.

Nothing in the previous paragraph shall be construed in such a way as to restrict or prevent Gulf Union Al Ahlia, Al Sagr or members of their groups from: (a) taking any action publicly announced or communicated to the other party prior to the date of this Agreement; or (b) performing any act provided for in the Merger Agreement (including incurring any costs or appointing any persons for the purposes of the merger of Gulf Union and Al Sagr Company);

Any proposed action notified by a party to the other in accordance with the aforementioned shall be deemed to have been approved if it is actually adopted, or if the other party brought no objection against it within ten (10) business days from the date of receipt of the application for approval.

The parties acknowledge and agree that any breach of the terms set forth in this section constitutes a material adverse event, provided that such breach has a material and adverse effect on the merger at the reasonable discretion of the non-breaching party.

2.6.11 Confidentiality & Announcements

According to Article 13 of the Merger Agreement:

- a. Gulf Union Al Ahlia Company and Al Sagr shall at all times maintain confidentiality and shall not use any confidential information that may be in their custody or known in connection with the Merger, commercial information, customers, business, finance, assets or affairs of the other party. This shall exclude any information that:
 1. Be publicly available or become so without breach of this Clause.
 2. Disclosed to this party by a third party who has not received it under an obligation of confidentiality.
 3. Must be disclosed by law, rules or any orders issued by any court, arbitral tribunal, body of competent jurisdiction, stock exchange, regulatory or governmental body having jurisdiction over them.
 4. Disclosed with a prior written consent of the other party, and that party shall not withhold or delay the consent for an unreasonable reason.
 5. Disclosed to a party's directors, officers, employees, legal advisors, or other advisors to the extent necessary to enable that party to perform or enforce any of the rights granted to him under the Merger Agreement or the obligations arisen thereunder.
- b. The confidentiality obligations set forth in Section 13 of the Merger Agreement shall continue to apply for a period of five (5) calendar years after the termination of the Agreement.
- c. Except as excluded in the Merger Agreement or required by the applicable law, neither party shall make any declaration in respect of the Merger Transaction without the prior written consent of the other party.

2.6.12 Costs and Expenses

- a. Unless otherwise agreed by Gulf Union Al Ahlia and Al Sagr, each shall bear all costs incurred in connection with the preparation, negotiation and conclusion of the Merger Agreement (including the fees of each party's advisors), and all statutory costs and expenses charged by government bodies (except the General Authority for Competition), the Saudi Stock Exchange or the Securities Depository Center (Eadaa) in connection with the Merger Transaction and the documents to be entered into thereunder.
- b. Gulf Union Al Ahlia and Al Sagr agree to bear equally all costs incurred in connection with the preparation of their respective consolidated interim financial statements and all regulatory costs and expenses imposed by the General Authority for Competition in connection with the Merger Transaction.

2.6.13 Material Adverse Changes

If a party considers that a material adverse event occurred in relation to the other prior to the Merger Agreement effective date, it must promptly give written notice to the other ("**Material Adverse Event Notice**"). Representatives of both parties shall then meet within ten (10) business days of receipt of the Material Adverse Event Notice to consider the circumstances. If neither party agrees that a specific event or incident has resulted in a material adverse event, the parties shall cooperate to appoint an independent expert from one of the Big Four audit firms (such as Deloitte, Ernst & Young, KPMG and Price Waterhouse Cooper) (the "Expert"), which will act as an expert and not as an arbitrator to study the circumstances and issue a final and mutually binding report showing whether or not the scenario of the material adverse event actually occurred. All fees, costs and expenses for the appointment of such expert shall initially be paid equally by the parties, but if the expert finds that no material adverse event has occurred, the party who alleged such an event shall be liable to compensate the other for the costs paid by the latter for appointing such expert. Both parties shall agree on the expert identity. If the representatives of both parties were unable to meet within ten (10) business days from the date of receipt of the Material Adverse Event Notice or if they reached no agreement on the identity of the expert within twenty (20) working days of receiving the Material Adverse Event Notice, the party alleging a material adverse event may apply to the Arbitration Center in the Kingdom of Saudi Arabia for the sole purpose of nominating an expert, and such nomination shall be binding on the parties.

Once the parties have agreed or the expert has issued a binding decision on the occurrence of a material adverse event:

- a. The parties may complete the Merger Transaction by mutual agreement in accordance with the terms of the Merger Agreement; or
- b. A party whose business has not been affected by the material adverse event may terminate the Merger Agreement and require the other party to pay the separation fee immediately, but before terminating the Merger Agreement and demanding prompt payment of the separation fee, the parties must first enter into bona fide negotiation and review the terms of the Merger Agreement, including but not limited to renegotiating the exchange rate, so that the parties reach an agreement to complete the Merger Transaction. In the event that the parties are unable to agree on any review of the Merger Agreement by bona fide negotiation means within fourteen (14) business days of the agreement of the parties or the expert makes a binding decision that a material adverse event has occurred, the party whose business has not been affected by the material adverse event may immediately terminate the Merger Agreement and require the other party to pay immediately the break-up fees detailed in Subclause (b)2 of Clause 15 of the Merger Agreement.

The exercise of the right of either party to terminate the Merger Agreement and to demand prompt payment of separation fees under Subclause (b)2 of Clause 15 of the Merger Agreement shall be by written notice within thirty (30) business days of receipt of the Material Adverse Event Notice (in the event that neither party objects to the existence of a material adverse event) or not later than thirty (30) business days of the expert rendering a final and binding decision to that effect (when one of the parties objects to the existence of a material adverse event and the expert confirms that such event exists), otherwise the right to terminate the Merger Agreement and claim the separation fees detailed in Subclause (b)2 of Clause 15 of the Merger Agreement under Subsection (b)2 of Clause 15 of the Merger Agreement shall cease, and the party who has served the Material Adverse Event Notice shall be deemed to have agreed to complete the Merger Transaction in accordance with the terms of the Merger Agreement.

2.6.14 Termination

Subject to Clause 14.2 of the Merger Agreement, the Merger Agreement shall terminate with immediate effect and all rights and obligations of the parties under the Merger Agreement shall cease if any of the following occurs:

- a. Written notice of termination is served by a party to the other after the other party's violation of the Merger Agreement where the said breach constitutes a material adverse event, including a violation by either party of:
 1. an obligation under Clause 5 of the Merger Agreement, relating to the obligations of Al Sagr and Gulf Union Al Ahlia to submit the necessary documents to the CMA and obtain the CMA's approval of all documents necessary for the completion of the Merger Agreement, and to cooperation and provision each other with the necessary information, as reasonably necessary, in order for each of the companies to finalize the documents required to be submitted to the CMA;
 2. an undertaking in accordance with Clause 10.1 of the Merger Agreement, which has not been approved or is no longer approved by the other party;
 3. a warranty under clauses 12.2(f) and 12.2(g) of the Merger Agreement, which provides that all information provided by a party to the other in connection with the merger (including during due diligence inspection), with respect to such party or any of its group, is true and accurate in all material respects and not misleading in any material respect as of the date of submission of such information, and that it has not withheld any material information in the course of the Merger Transaction.
 4. Any representation contained in Clause 12.3 of the Merger Agreement, which provides that each of the parties to the Agreement undertakes that all information provided by it to the other party about itself and its group after the date of signing the Merger Agreement (including all information reasonably required by the other party or as required by applicable laws, in all cases for the purposes of termination of the Merger Agreement documents), is true and accurate in all material respects and not misleading in any material respects as of the date on which that information was provided.
- b. The effectiveness of the Merger Transaction Resolution is not fulfilled on or before the closing date of the Transaction, and the closing date shall be nine (9) months after the date of signing the Transaction, or such other date as may be agreed upon by the parties in writing;
- c. The conditions precedent are not fulfilled or waived, in part or in full, before the closing date;
- d. by either party in accordance with of Clause 15.2 of the Merger Agreement; and
- e. The parties agree to terminate the Merger Agreement in writing.

The Merger Agreement shall be terminated without prejudice to any rights that may have arisen to any party prior to such termination. The terms of the Agreement relating to confidentiality, termination, non-assignment of the Merger Agreement to any third party, and the fact that the Merger Agreement constitutes the entire agreement of the parties with respect to the Merger, costs and expenses, dispute resolution and the governing law, shall remain in force even after the termination of the Merger Agreement.

If the Merger Agreement is terminated in accordance with its terms, neither party will be able to bring any claim whatsoever against the other under the Merger Agreement, except in the following cases:

- a. for the purpose of payment of break-up fees in accordance with Clauses 15 and 16 of the Merger Agreement of this document, or
- b. with respect to any rights or obligations owed to any party prior to such termination, or
- c. Under any of the provisions that remain in force as set forth in Clause 14.2 of the Merger Agreement.

2.6.15 Break-Up Fee

In exchange for Al Sagr agreement to allocate resources and incur expenses, attorneys' fees and other costs to achieve Al Sagr interest in the merger, Gulf Union National undertakes under the Merger Agreement to pay the separation fees amounting to three million (SAR 3,000,000) immediately to Al Sagr or the body designated by Al Sagr (no later than in any case five (5) working days after Al Sagr first request) if, after the date of signature Merger Agreement, the Merger has been canceled, withdrawn, or terminated before its effective date as a result of any of the following:

- a. The Board of Directors of Gulf Union Al Ahlia is unable to recommend a merger to the shareholders of Gulf Union Al Ahlia, or if the Board of Directors of Gulf Union Al Ahlia withdraws from the Merger Transaction, or makes a negative and substantial amendment to its recommendation to complete the Merger Transaction as described in the Shareholders Circular of Gulf Union National Al Ahlia, or if it recommends another offer to the Shareholders of Gulf Union Al Ahlia other than the offer contained in the Gulf Union Al Ahlia Offer Document;
- b. Gulf Union Al Ahlia fails to take all actions reasonably appropriate and necessary and within its authority to perform the Merger as required by the Merger Agreement, to bring the Merger Agreement into force before the termination date (except for actions that Al Sagr Company has expressly and in writing agreed not to render Gulf Union Al Ahlia obligated or required to take in accordance with the terms of the Merger Agreement);
- c. Except by the parties' written agreement to terminate the Merger Agreement, Gulf Union Al Ahlia causes the cancellation or withdrawal of the offer contained in the Gulf Union Offer Document or this Document, as the case may be; or
- d. Gulf Union Al Ahlia violates any of the representations contained in Section 2.6.10 (**Conduct of Business**) as per Section 2-6-14 (Termination), Item (A) of the Second paragraph of this Document.

In exchange for Gulf Union Al Ahlia agreeing to allocate resources and incur expenses, attorneys' fees and other costs to achieve Gulf Union Al Ahlia interest in the merger, Al Sagr undertakes under the Merger Agreement to pay the separation fees immediately to Gulf Union Al Ahlia or the body designated by Gulf Union Al Ahlia (no later than in any event five (5) business days after the first request from Gulf Union Al Ahlia). If, after the date of signing the Merger Agreement, the Merger was canceled, withdrawn or terminated before its effective date as a result of any of the following:

- a. The Board of Directors of Al Sagr Company is unable to recommend the merger to the Al Sagr Shareholders, or if the Board of Directors of Al Sagr withdraws from the Merger Transaction, or makes a negative and substantial amendment to its recommendation to complete the Merger Transaction as described in the Shareholders Circular of Al Sagr, or if it recommends another offer to Al Sagr Shareholders other than the offer contained in the Gulf Union Al Ahlia Offer Document;
- b. Al Sagr Company fails to take all actions reasonably appropriate and necessary and within its authority to complete the Merger as required by the Merger Agreement, to bring the Merger Agreement into force before the termination date (except for actions that Gulf Union Al Ahlia has expressly and in writing agreed not to render Al Sagr Company obligated or required to take in accordance with the terms of the Merger Agreement);
- c. Except by the parties' written agreement to terminate the Merger Agreement, Al Sagr Company causes the cancellation or withdrawal of the offer contained in the Gulf Union Offer Document or this Document, as the case may be; or
- d. Al Sagr violates any of the representations contained in Section 2.6.10 (**Conduct of Business Resumption**) as per Section 2-6-14 (Termination), Item (A) of the Second paragraph of this Document.

2.6.16 Gulf Union Al Ahlia Board Members and Executive Management

- a. Upon completion of the Merger Transaction and obtaining all relevant approvals from the Board of Directors, shareholders and regulators, the Board of Directors of Gulf Union Company will be composed during the remainder of its current session, as follows:
 - Five (5) members out of nine (9) members to be determined by Gulf Union Al Ahlia Company from its current board members. Mr. Abdulaziz Al-Turki will be the Chairman of the Board of Directors of Gulf Union. Gulf Union will notify Al Sagr Company, no later than twenty (20) working days prior to the publication of the Gulf Union Al Ahlia shareholders' circular, of the names of the members who will complete their current session on the Board of Directors of Gulf Union Company after the completion of the Merger.
 - Four (4) of the nine (9) members nominated by Al Sagr, whether current members of its Board of Directors or otherwise. Al Sagr will notify Gulf Union Company, no later than twenty (20) working days prior to the publication of the Gulf Union Al Ahlia shareholders' circular, of the persons nominated by Al Sagr for membership of the Board of Directors for the remainder of its current session after the completion of the Merger.
- b. The Board of Directors of Gulf Union Company shall appoint Mr. Meshal Ibrahim Alshaya as Chief Executive Officer of Gulf Union Company upon completion of the Merger Transaction.
- c. Upon completion of the Merger Transaction, Gulf Union Executive Management will include the following:
 - Mr. Abdullah Saeed Al-Harith as a General Manager,
 - Mr. Fares Salman Al-Habad as a Chief Finance Manager.

2.6.17 Dispute Resolution & Governing Law

1. The Merger Agreement and all non-contractual and other obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws and regulations of the Kingdom of Saudi Arabia.
2. Any dispute, controversy or claim arising out of or in connection with the Merger Agreement or its validity, interpretation or performance shall be settled amicably between the Parties within thirty (30) days from the date on which one Party provides written notice to the other party of the relevant Dispute, and both parties shall use their best efforts and good faith to achieve this. The parties may extend the thirty-day period referred to at the beginning of this paragraph by agreement between them in writing. After the expiry of the said period (or any extension agreed upon between the parties), any party may refer any unsettled dispute to the Saudi Arbitration Center for final decision and settlement.
3. Any dispute that the parties cannot settle amicably in accordance with the provisions of the above paragraph shall be referred to arbitration, and the final decision shall be made in accordance with the arbitration law that applies the rules of the Saudi Arbitration Center.
4. The number of arbitrators shall be three (3).
5. The seat of arbitration shall be in the city of Dammam in the Kingdom of Saudi Arabia, and the language of arbitration shall be Arabic.
6. The arbitration award shall be binding on the parties, and the parties under the Merger Agreement shall waive their right to demand reconsideration of the arbitration award, except as permitted by the Rules.
7. The arbitrators' decision must be in writing and reasoned and indicate whether one party has to bear the costs of the arbitration, or the costs incurred by the other party.

2.7 Required Legal Approvals for the Completion of Merger Transaction

In order to complete the Merger, it is required to conduct a number of legal procedures and obtain approvals from the legal authorities as follows:

- a. Obtaining the certificate of no objection from the GAC on the economic concentration resulting from the Merger. The certificate of no objection was obtained from the GAC on 04/07/1444H (corresponding to 26/01/2023G).
- b. Obtaining the approval of the Saudi Central Bank on the Merger and increase of the property of Gulf Union Al Ahlia. The approval of the Saudi Central Bank was obtained on 29/12/1444H (corresponding to 17/07/2023G)
- c. Obtaining the approval of Tadawul on listing the Shares issued in favor of the Shareholders of Al Sagr Co. following the increase of the capital of Gulf Union Al Ahlia. The approval of Tadawul was obtained on 30/12/1444H (corresponding to 18/07/2023G)
- d. Obtaining the approval of the CMA on the request for increase of Gulf Union Al Ahlia and publishing the Offer Document. The approval of the CMA was obtained on 08/01/1445H (corresponding to 26/07/2023G)
- e. Obtaining the approval of CMA on inviting the Extraordinary General Assembly of Gulf Union Al Ahlia and Al Sagr, separately, with respect to the Merger.

2.8 Meetings of the Extraordinary General Assembly

In addition to the legal approvals mentioned in Clause 6 of the Merger Agreement, it is required to complete the Merger to obtain a number of approvals from the Shareholders of Gulf Union Al Ahlia and Shareholders of Al Sagr in the meetings of the Extraordinary General Assembly, as follows:

2.8.1 Meetings of the Extraordinary General Assembly of Gulf Union Al Ahlia

First meeting:

The quorum of the meeting of the Extraordinary General Assembly of Gulf Union Al Ahlia is met when the Shareholders in Gulf Union Al Ahlia that hold Shares representing half the number of voting shares in Gulf Union Al Ahlia, attend personally, by virtue of proxy or via remote voting. In case of admission of the Merger through voting of Shareholders that hold at least three quarters of Shares representing in the Extraordinary General Assembly of Gulf Union Al Ahlia personally, by virtue of proxy or via remote voting, the Merger shall be considered to have been admitted by Gulf Union Al Ahlia. The increase of the capital shall be approved, provided that this increase shall be enforceable after amending the Commercial Register of Gulf Union Al Ahlia as per the provisions of the Companies Law.

Second meeting:

If the quorum is not met in the first meeting of the Extraordinary General Assembly of Gulf Union Al Ahli, an invitation shall be sent to hold a second meeting of the Extraordinary General Assembly of Gulf Union Al Ahlia ("Second Meeting of the Extraordinary General Assembly of Gulf Union Al Ahlia"). The second meeting may be held an hour after the end of the period specified for holding the first meeting, on condition that the invitation for the first meeting shall state that it is possible to hold this second meeting. In this second meeting, the quorum is met by attending a number of shares, representing quarter of the number of Shares that have the right of votes in Gulf Union

Al Ahlia, personally, by proxy or via remote voting. In case of admission of the Merger through voting of Shareholders that hold at least three quarters of Shares representing in the Extraordinary General Assembly of Gulf Union Al Ahlia personally, by virtue of proxy or via remote voting, the Merger shall be considered to have been admitted by Gulf Union Al Ahlia. The increase of the capital shall be approved, provided that this increase shall be enforceable as of the date of registering the details of Al Sagr Co. in the Commercial Register of Gulf Union Al Ahlia and issuing the updated Commercial Register by Gulf Union Al Ahlia as per the provisions of the Companies Law.

Third meeting:

If the required quorum is not met to hold the second meeting of the Extraordinary General Assembly of Gulf Union Al Ahli, an invitation shall be sent to hold a third meeting of the Extraordinary General Assembly of Gulf Union Al Ahlia ("Third Meeting of the Extraordinary General Assembly of Gulf Union Al Ahlia") upon the approval of the CMA. The quorum shall be met in this meeting irrespective of the number of Shareholders of Gulf Union Al Ahlia representing therein personally, by proxy or via remote voting. In case of admission of the Merger through voting of Shareholders that hold at least three quarters of Shares representing in the Extraordinary General Assembly of Gulf Union Al Ahlia personally, by virtue of proxy or via remote voting, the Merger shall be considered to have been admitted by Gulf Union Al Ahlia. The increase of the capital shall be approved, provided that this increase shall be enforceable as of the date of registering the details of Al Sagr Co. in the Commercial Register of Gulf Union Al Ahlia and issuing the updated Commercial Register by Gulf Union Al Ahlia as per the provisions of the Companies Law.

The Shareholders of Gulf Union Al Ahlia who could not personally attend the Extraordinary General Assembly of Gulf Union Al Ahlia (or second or third meetings of the Extraordinary General Assembly, if so is required) can vote remotely as per the mechanism set out in Section 2.8.2 below of the Offer Document or by authorizing another person to vote on their behalf in the meeting. It is worth mentioning that based on Article (3.n) of the Regulations of Merger and Acquisition, the Shareholder who holds Shares in each of Gulf Union Al Ahlia and Al Sagr may only vote on the resolution of Merger in the Extraordinary General Assembly of either Companies.

2.8.2 Extraordinary General Assembly of Al Sagr Co.

First meeting:

The quorum of the meeting of the Extraordinary General Assembly of Al Sagr Co. is met when the Shareholders in Al Sagr Co. that hold Shares representing half the number of voting shares in Al Sagr Co., attend personally, by virtue of proxy or via remote voting.

In this meeting, the Merger shall be admitted in case of voting for it by the Shareholders of Al Sagr Co. that hold at least three quarters of Shares representing in the meeting, personally, by proxy or via remote voting. The Merger shall be considered enforceable upon the lapse of the period of the creditors' objection or resolution of all objections of the creditors on the Merger (whichever is later) and after issuing the Consideration Shares in favor of the Eligible Shareholders of Al Sagr Co.

Second meeting:

If the quorum is not met in the first meeting of the Extraordinary General Assembly of Al Sagr Co., an invitation shall be sent to hold a second meeting of the Extraordinary General Assembly of Al Sagr Co. ("**Second Meeting of the Extraordinary General Assembly of Al Sagr Co.**"). The second meeting may be held an hour after the end of the period specified for holding the first meeting, on condition that the invitation for the first meeting shall state that it is possible to hold this second meeting. In this second meeting, the quorum is met by attending a number of Shareholders of Al Sagr Co. that hold at least quarter of the number of voting shares in Al Sagr Co., personally, by proxy or via remote voting; In case of voting of the Shareholders that hold at least three quarters of the Shares representing in the second meeting of the Extraordinary General Assembly of Al Sagr Co. personally, by proxy or via remote voting. The Merger shall be considered enforceable as of the date of registering the details of Al Sagr Co. in the Commercial Register of Gulf Union Al Ahlia as per the provisions of the Companies Law.

Third meeting:

If the required quorum is not met to hold the second meeting of the Extraordinary General Assembly of Al Sagr Co., an invitation shall be sent to hold a third meeting of the Extraordinary General Assembly of Al Sagr Co. ("**Third Meeting of the Extraordinary General Assembly of Al Sagr Co.**") upon the approval of the CMA. The quorum shall be met in this meeting irrespective of the number of Shareholders of Al Sagr Co. representing therein personally, by proxy or via remote voting. In this meeting, the Merger shall be admitted in case of voting for it by the Shareholders of Al Sagr Co. that hold at least three quarters of Shares representing in the meeting, personally, by proxy or via remote voting. The Merger shall be considered enforceable as of the date of registering the details of Al Sagr Co. in the Commercial Register of Gulf Union Al Ahlia as per the provisions of the Companies Law.

The Shareholders of Al Sagr Co. that could not personally attend the Extraordinary General Assembly of Al Sagr Co. (second or third meetings of the Extraordinary General Assembly, if so is required) can vote remotely or authorize another person to vote on their behalf in the meeting. Voting in the Extraordinary General Assembly of Al Sagr Co. via the modern means of technology, It is worth mentioning that based on Article (3.n) of the Regulations of Merger and Acquisition, the Shareholder who holds Shares in each of Gulf Union Al Ahlia and Al Sagr may only vote on the resolution of Merger in the Extraordinary General Assembly of either Companies.

2.8.3 Remote voting

As per the requirements of the CMA with respect to voting in the Extraordinary General Assembly, including the resolution of increase of capital of Gulf Union Al Ahlia for the purpose of Merger and resolution of voting on the offer of Gulf Union Al Ahlia to admit the Merger by the Shareholders of Al Sagr Co. as per the instructions of the CMA, the Shareholders of Gulf Union Al Ahlia and Al Sagr Co. may vote remotely on the items of the agenda via the Tadawulaty service, which allows the Shareholders to vote electronically. Registration in this service directly via Tadawulaty website or by visiting the Agent where the Shareholder owns active portfolio, which allows submission of application in Tadawulaty system.

The following are the terms and conditions of remote voting, which should be taken into consideration before starting the remote voting:

1. Remote voting shall count towards the quorum of the General Assembly held in this regard and when taking relevant resolutions.
2. The option, which the Shareholder votes on, shall be generalized to all Shares owned by it.
3. Last voting shall supersede the previous votes.

All the required measures shall be taken to verify that all who voted hold Shares, subject matter of voting, on the date of the Extraordinary General Assembly held in this regard, including exclusion of (1) votes related to Shares, all or part of which are sold in the period of remote voting; (2) votes related to Shareholders who hold Shares in the Two Companies and they voted on the resolution of Merger in the Extraordinary General Assembly of both Companies (their votes on the resolution of Merger in the Extraordinary General Assembly shall be counted for either Company).

If the Merger is admitted by the Shareholders of Al Sagr Co. and by the Shareholders of Gulf Union Al Ahlia and after the completion of the Merger, listing of the Shares of Al Sagr Co. shall be cancelled in Tadawul. All Shareholders of Al Sagr Co., including those who did not vote on the proposed resolutions to admit the Merger or those who voted against it, shall have New Shares in Gulf Union Al Ahlia as per the terms and conditions of this Offer.

2.9 Creditors' Objection Period

Al Sagr Co. and Gulf Union Al Ahlia shall announce the Merger at least thirty (30) days prior to the date specified for taking the resolution with respect to the proposal of and voting on Merger as per Article 227 of the Companies Law.

Notice of Al Sagr Co. shall refer to the right of any creditor of Al Sagr Co. to object to the Merger by sending registered letter to the head office of Al Sagr Co. or any other means set out in the notice, in fifteen (15) days as of the date of notice of Merger. In accordance with the Companies Law, if any creditor of Al Sagr Co. submits objection within the said period, Al Sagr Co. shall pay the debt of the objecting creditor if it is currently due or submit sufficient guarantee of payment if it is deferred.

The creditor who informed Al Sagr Co. of its objection to the Merger and Al Sagr Co. has not paid the debt if it is currently due or does not submit sufficient guarantee of payment if it is deferred, may refer to the competent judicial authority within at least ten (10) days prior to the date specified for taking the resolution of Merger. The competent judicial authority may, in this case, order to pay the debt if it is currently due or submit a guarantee of payment if it is deferred. If the judicial authority finds out that the Merger will lead to serious damages to the objecting creditor in a way that does not allow the Merged or Merging Companies to pay the debt or submit the guarantee, may order to stop or postpone the Merger, provided that its decision shall be issued before enforcing the resolution of Merger. If the competent judicial authority does not decide on the objection of the creditor before effectiveness of the Merger Transaction resolution, and it is proven to it afterwards that the claim of the objecting creditor is authentic, it may issue a decision to compensate the creditor for the damages incurred by it due to this Merger.

Upon the lapse of the period of creditors' objection, Al Sagr Co. will announce of the website of Tadawul the results for that period as follows:

- No objections are received in that period or no objections are received but they are withdrawn or resolved or the court of competent jurisdiction rejected the request of the creditor for suspension or the Merger; or
- Clarifying the details of received objections, which are not resolved and still exist as agreed upon with Gulf Union Al Ahlia. In this case, Al Sagr Co. will, upon the resolution of all received objections, announce the same on the website of Tadawul.

2.10 Details of Shareholders after the Completion of the Merger

Upon completion of the procedures of deregistration of Al Sagr Co. and following the effectiveness of the Merger Transaction Resolution, Al Sagr Co. will become directly owned by Gulf Union Al Ahlia. All its assets and liabilities will be transferred to Gulf Union Al Ahlia. Moreover, there are no special agreements, arrangements or memoranda of understanding with any party holding Shares in Al Sagr Co. that would affect the transfer of Shares. Upon the completion of the Merger Transaction, the merging company will not have controlling Shareholders; i.e. from those who hold or control by 30% of the merging company or who are able to control over its resolutions. As a result of completion of the Merger Transaction, increase of the capital of Gulf Union Al Ahlia and registration of Issuing Shares in favor of the Shareholders of Al Sagr Co., the number of Shares of Gulf Union Al Ahlia and the percentages of ownership for the Shareholders of Gulf Union Al Ahlia will change as follows (as of 21/12/1444H (corresponding to 09/07/2023G).

Table 2.8: Percentages of Ownership of Shareholders in Gulf Union Al Ahlia as of 21/12/1444H (corresponding to 09/07/2023G)

Shareholder	Before Completion of the Merger Transaction				After Completion of the Merger Transaction			
	Number of Shares directly owned	Percentage of direct ownership	Percentage of indirect ownership	Total percentage of (direct and indirect) ownership	Number of Shares directly owned*	Percentage of direct ownership	Percentage of indirect ownership	Total percentage of (direct and indirect) ownership
Rawabi Holding	4,717,998	10.28%	N/A	10.28%	4,717,998	7.61%	N/A	7.61%
Gulf Union Holding*	2,475,000	5.39%	N/A	5.39%	2,475,000	3.99%	N/A	3.99%
Directors and Senior Executives in Gulf Union Al Ahlia**	556,270	1.21%	5.16%	6.38%	556,270	0.897%	3.82%	4.72%
Al Sagr National Insurance Company					4,192,322	6.76%	N/A	6.76%
Directors and Senior Executives of Al Sagr***			N/A			N/A	0.40%	0.40%
Public	38,145,660	83.12%		N/A	50,077,655	80.75%		N/A
Total	45,894,928	100%		N/A	62,019,245	100%		N/A

Source: Gulf Union Al Ahlia

* It is worth mentioning that the percentage of ownership of Gulf Union Holding will decrease from 5.39% to 3.99% from the capital of Gulf Union Al Ahlia after the completion of the Merger Transaction. Accordingly, it will not stand as a major Shareholder in Gulf Union Al Ahlia after completion of the Merger Transaction. Accordingly, the ownership of Gulf Union holding after the completion of the Merger Transaction will be counted among the public ownership, where the percentage of public ownership after the completion of the Merger Transaction will be 84.74% of the total capital of Gulf Union Al Ahlia.

** The direct ownership of the Directors arises from the direct ownership of Abdulaziz bin Ali Al-Turki, Zaid bin Abdullah Al-Yaish and Munir Hashem Al-Borno and indirect ownership of the Directors arising from the indirect ownership of Abdulaziz bin Ali Al-Turki arises from his direct ownership in Rawabi Holding and Gulf Union Holding,

**** The indirect ownership of the Directors and Senior Executives of Al Sagr arises from the indirect ownership of Mr. Majid Abdalla Al-Sari (Chairman of Al Sagr Co.). He owns 25% of the capital of Investment Group Pvt Ltd, which owns 50% of the capital of Gulf General Investment Company, which owns 47.08% of the capital of Al Sagr National Insurance Company, which owns 26% of the capital of Al Sagr Co. It is worth noting that it will be counted in the ownership of the public of Gulf Union Al Ahlia after the completion of the Merger.

2.11 Completion of the Merger Transaction

The completion of the Merger Transaction shall be after the end of the Creditors' Objection Period and after the publication of the approved resolution of the extraordinary general assembly of the Gulf Union Al Ahlia Company of the Merger and the extraordinary general assembly of Al Sagr. After the completion of the Merger Transaction, Gulf Union Al Ahlia will issue shares to the shareholders of Al Sagr Company registered in Al Sagr shareholder register during a period not less than the second trading period after the completion of the Merger Transaction and not more than the sixth trading period after the completion of the Merger Transaction. The shares will be deposited in the portfolios of the shareholders of Al Sagr Company with a number of 1.151736928571430 shares in the Gulf Union Al Ahlia Company for every one share owned in the Al Sagr Company. The shareholders of Al Sagr Company will become owners of 26% of the capital of the Gulf Union Al Ahlia Company. The owners of the new shares will have the right to receive the distributed profits announced by Gulf Union Al Ahlia Company after the date of completion of the Merger Transaction. The eligibility for dividends shall be for the shareholders registered in the shareholder registers at the end of the day specified for the entitlement. After the completion of the Merger Transaction, the shares of Al Sagr will be delisted from Tadawul.

2.12 Effectiveness of the Merger Transaction Resolution

The effectiveness of the Merger Transaction Resolution shall be from the date of issuance of the amended commercial registry of Gulf Union Al Ahlia Company in which the data of Al Sagr Company are registered due to the completion of the Merger Transaction, in accordance with Article 228 of the Companies Law. After the effectiveness of the Merger Transaction Resolution, all the rights, obligations, assets and contracts of Al Sagr Company will be transferred to Gulf Union Al Ahlia Company. Afterwards, the commercial registration of Al Sagr Company will be written off, and thus the Al Sagr Company will be terminated.

2.13 Management and Employees

The policy of Gulf Union Al Ahlia with respect to the human resources focuses on the proper selection, training and development of potentials of its employees, keeping them and ensuring fair treatment and equal opportunities to them in a suitable work environment to allow all workers to make progress in their positions and career. This policy will contribute in the productivity and efficiency of work, in a way that positively reflects on the business of Gulf Union Al Ahlia and achieving better proceeds for the Shareholders. Upon the effectiveness of the Merger resolution, Gulf Union Al Ahlia aims at submitting its future plans with respect to its human resources and human resources, which will be transferred from Al Sagr Co. It is stipulated in the Merger Agreement that each of Gulf Union Al Ahlia and Al Sagr Co. will appoint two of their Senior Executives to represent them both with respect to the Merger and discuss their affairs after the effectiveness of Merger resolution between Gulf Union Al Ahlia and Al Sagr Co. Those representatives may submit their recommendations to the parties to consider and approve them.

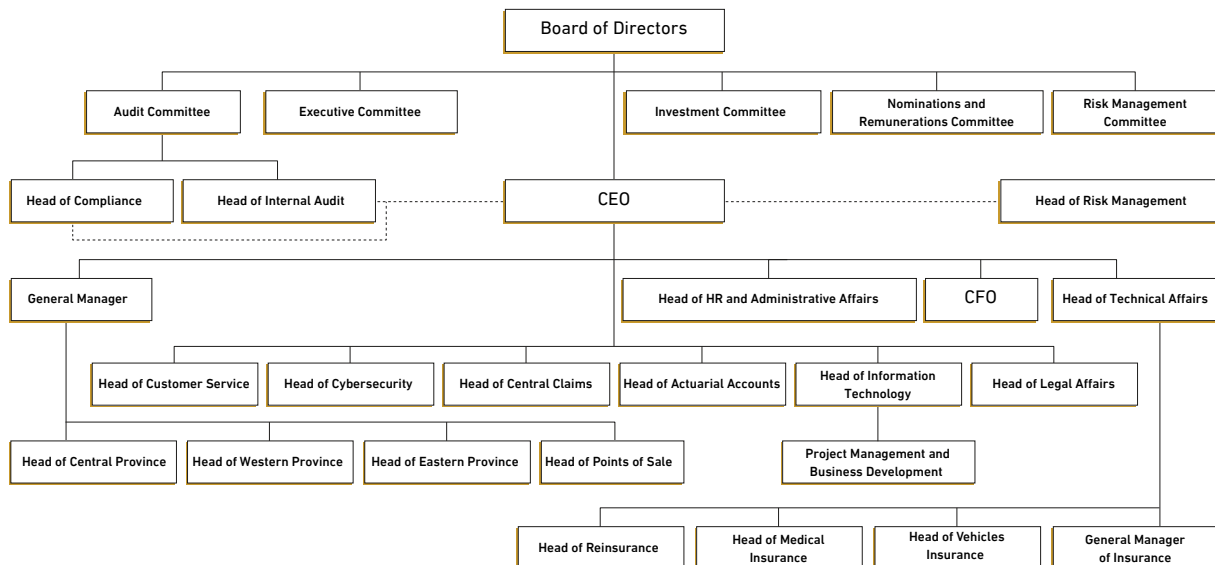
2.14 Special Arrangements or Conditions

There are no agreements, arrangements or memoranda of understanding, including any arrangements of compensation (of whatever nature) between Gulf Union Al Ahlia (or any person that acts on its behalf or in agreement with it) and any Directors, current Shareholders or any other person who was a director or shareholder in Al Sagr Co. within the twelve months preceding the date of publishing this Document.

2.15 Confirmation of Cash Adequacy

The entire value of the Offer will be paid by issuing Shares in favor of the Shareholders in Al Sagr Co. Therefore, the value of the Offer or any part thereof will not be paid in cash. For more details, please refer to Section 2-4 ("Valuation of Gulf Union Al Ahlia and Al Sagr Company") of this Document.

2.16 Organizational Chart of Gulf Union Al Ahlia upon the Completion of Merger Transaction



3.

Financial Information

3.1 Share Closing Price

The table below showcases the closing price of Gulf Union Al Ahlia shares on the last day of trading of each month of the six months prior to the date of publication of this Document, the last day of trading before announcement of confirmed intention and the last available date before publishing this Document as follows:

Table 3.1: The closing price of Gulf Union Al Ahlia shares on the last day of trading of each month of the six months prior to the date of publication of this Document, last day of trading prior to the announcement of confirmed intention and the last available date prior to publication of this Document:

Date	Closing Price (SAR)
30/07/2023G (Last day of trading before publication of the Offer Document)	11.44
[22/06/2023G]	(10.98)
[31/05/2023G]	(10.90)
[30/04/2023G]	(10.42)
[30/03/2023G]	(9.74)
[28/02/2023G]	(9.10)
[31/01/2023G]	(9.35)
[21/03/2023G (Last day of trading before the date of concluding the Merger Agreement)]	(8.63)

Source: Tadawul

The table showcases the closing price of Al Sagr Company's shares on the last day of trading of each month of the six months prior to the date of publication of this Document, the last day of trading before announcement of confirmed intention and the last available date before publishing this Document as follows:

Table 3.2: The closing price of Al Sagr Company's shares on the last day of trading of each month of the six months prior to the date of publication of this Document, the last day of trading prior to the announcement of confirmed intention and the last available date prior to publication of this Document:

Date	Closing Price (SAR)
30/07/2023G (Last day of trading before publication of the Offer Document)	16.92
[22/06/2023G]	18.10
[31/05/2023G]	19.00
[30/04/2023G]	14.20
[30/03/2023G]	12.78
[28/02/2023G]	15.18
[31/01/2023G]	16.34
[21/03/2023G (Last day of trading before the date of concluding the Merger Agreement)]	14,66

Source: Tadawul

3.2 Distributions and Dividend Policy

The Consideration Shares which will be issued in favor of the Shareholders of Al Sagr Company as a result of the completion of the Merger are ordinary shares similar to the Shares, currently issued for the Shareholders of Gulf Union Al Ahlia and equal in value and classification of rights. There will be no priority or preferential rights for the Current Shareholders in Gulf Union Al Ahlia compared to the Shareholders of Al Sagr Company to whom New Shares will be issued for them. The Consideration Shares grant their holders, as of the date of listing them, the right to obtain any due profits as of the date of completing the Merger Transaction as per the policy of profits of Gulf Union Al Ahlia, which is stipulated in the Articles of Association of Gulf Union Al Ahlia like the other Shareholders in Gulf Union Al Ahlia. The eligibility of profits for the Registered Shareholders shall be at the end of the day of maturity. Gulf Union Al Ahlia shall notify the CMA without delay of any resolutions or recommendation of distribution of profits. Profits to be distributed among Shareholders shall be paid at the place and time determined by the competent authority subject to the prior written approval of the Saudi Central Bank. Moreover, it is stipulated in Article (45) of the Articles of Association of Gulf Union Al Ahlia that Gulf Union Al Ahlia shall (1) set aside the prescribed Zakat and income tax; (2) set aside 20% of net profits to form the legal reserve. The Ordinary General Assembly of Gulf Union Al Ahlia may stop this set aside when the total of reserves reach 100% of the paid-up capital; (3) The Ordinary General Assembly may, when determining the share in net profits, decide to form other reserves in a way that serves the interest of Gulf Union Al Ahlia or guarantees fixed dividends as much as possible for the Shareholders; and (4) Annual net profits of the Company as determined shall be distributed after deducting all general expenses and other costs and form the reserves required to cover bad debts, losses of investments and contingent liabilities, which the Board of Directors find necessary, in line with the provisions of the Cooperative Insurance Companies Control Law and conditions of the Saudi Central Bank. After deducting the prescribed reserves by virtue of related laws and Zakat, at least 5% of the paid-up capital shall be withheld to be distributed among the Shareholders as proposed by the Board of Directors and decided by the General Assembly. If the remaining percentage of due profits for Shareholders is not sufficient to pay this percentage, it is impermissible to decide distributing percentage of profits more than what is proposed by the Board of Directors. It is worth noting that Gulf Union Al Ahlia did not distribute cash profits among its Shareholders since it was listed in Tadawul. There are no restrictions over Gulf Union Al Ahlia with respect to the distribution of profits among its Shareholders.

3.3 Effect of End of Offer

If the Merger is not approved by Gulf Union Al Ahlia and Al Sagr Company in the Extraordinary General Assembly of both Companies, each separately, including any subsequent date of the Extraordinary General Assembly and cannot be extended), the present Offer shall be considered to have ended and it will be impossible to accept the offer at a later date. Should the Merger Agreement be terminated as per its provisions before the Extraordinary General Assembly of Al Sagr Company; the Shareholders of Al Sagr Company will have no right to accept the Offer. Gulf Union Al Ahlia or its Shareholders will not be obliged to proceed with the Offer based on any prior approval from them.

4.

Information related to Gulf Union Al Ahlia

4.1 Background Information

4.1.1 Incorporation

Gulf Union Al Ahlia Cooperative Insurance Co. is a Saudi joint stock company incorporated under Council of Ministers Resolution No. (233) dated 16/09/1427H (corresponding to 09/10/2006G) and Royal Decree No. M/60, dated 18/09/1427H (corresponding to 11/10/2006G), and holds a license to practice insurance activity from the Saudi Central Bank under No. TMN/9/20079, dated 29/08/1428H (corresponding to 11/09/2007G). It is registered in the Commercial Register No. 2050056228 issued by Dammam on 13/08/1428H (corresponding to 26/08/2007G) and holds a service investment license from the Ministry of Investment under No. 2732029484, dated 13/09/1426H (corresponding to 16/10/2005G). The Company's registered head office is located in Dammam, Al Khalidiyah South District, Salman Al Farsi St., Unit 1-2-3 of the Kyoto Business District.

On 20/02/1427H (corresponding to 21/03/2006G), the partners in Gulf Union Al Ahlia decided to incorporate Gulf Union Al Ahlia as a Saudi joint stock company under the Cooperative Insurance Companies Control Law and the Companies Law and its amendments. Hence, the shares of Gulf Union Al Ahlia were listed on the main market on the Saudi Stock Exchange on 28/08/1428H (corresponding to 11/09/2007G).

Gulf Union Al Ahlia is a publicly listed company on the Saudi Stock Exchange in the insurance sector. The current capital of Gulf Union Al Ahlia is four hundred fifty-eight million nine hundred forty-nine thousand two hundred eighty (458,949,280) Saudi Riyals divided into forty-five million eight hundred ninety-four thousand nine hundred twenty-eight (45,894,928) shares with a nominal value of ten (10) Saudi Riyals per share.

4.1.2 Financial Year and Independent Auditors of Gulf Union Al Ahlia

The financial year of Gulf Union Al Ahlia commences on 01 January and ends on 31 December in the same year of each Gregorian year. The General Assembly of Gulf Union Al Ahlia appointed Pricewaterhousecoopers Chartered Accountants and Al-Kharashi & Partners Chartered Accountants & Auditors as independent auditors for the financial years ending on December 31, 2019G and 2020G for Gulf Union Al Ahlia. It also appointed Pricewaterhousecoopers Chartered Accountants and United Accountants Professional Consulting Company as independent auditors for the financial year ended on December 31, 2021G and for the inspection report on the unaudited summarized financial information for the three month and nine month periods ended 30 September 2022G for Gulf Union Al Ahlia.

4.1.3 Structure of Capital and Shareholders

The current capital of Gulf Union Al Ahlia is four hundred fifty-eight million nine hundred forty-nine thousand two hundred eighty (458,949,280) Saudi Riyals divided into forty-five million eight hundred ninety-four thousand nine hundred twenty-eight (45,894,928) shares with a nominal value of ten (10) Saudi Riyals per share. The following table (4-1) details the equity structure of Gulf Union Al Ahlia prior to the completion of the Merger as of 21/12/1444H (corresponding to 09/07/2023G).

Table 4.1: Shareholding structure of Gulf Union Al Ahlia prior to the completion of the Merger as of 21/12/1444H (corresponding to 09/07/2023G).

Shareholder	Before the completion of the Merger Transaction - Gulf Union Al Ahlia			
	Number of Directly Owned Shares	Direct Ownership	Indirect Ownership	Total Ownership (Direct and Indirect)
Rawabi Holding Company	4,717,998	10.28%	N/A	10.28%
Gulf Union Holding Company	2,475,000	5.39%	N/A	5.39%
Directors and Senior Executives of Gulf Union Al Ahlia*	556,270	1.21%	5.16%	6.38%
The public	38,145,660	83.12%		N/A
Total	45,894,928	100%		N/A

Source: Gulf Union Al Ahlia

*The direct ownership of the Directors is the result of the direct ownership of Abdulaziz Ali Al Turki, Zaid Abdullah Al Yaish and Munir Hashim Al-Borno, and the indirect ownership of the Directors is the result of the indirect ownership of Abdulaziz Ali Al Turki resulting from his direct ownership in Rawabi Holding Company and Gulf Union Holding Company.

4.2 Key Historical Events

Table 4.2: The following are the key historical events of Gulf Union Al Ahlia since its incorporation to date:

Event	Date
Obtaining the license to incorporate Gulf Union Al Ahlia under the name of "Gulf Union Al Ahlia Cooperative Insurance Co." under Council of Ministers Resolution No. 233.	06/09/1427H (corresponding to 09/10/2006G).
Issuance of Royal Decree No. M/60 regarding the incorporation of Gulf Union Al Ahlia Cooperative Insurance Co.	18/09/1427H (corresponding to 11/10/2006G)
Issuance of Ministerial Resolution No. 196/Q on the incorporation of Gulf Union Al Ahlia Cooperative Insurance Co.	22/07/1428H (corresponding to 05/08/2007G)
Listing of Gulf Union Al Ahlia Cooperative Insurance Co. on Tadawul	29/08/1428H (corresponding to 11/09/2007G)
Gulf Union Al Ahlia Cooperative Insurance Co. obtained the Saudi Central Bank permit No. TMN/21/20095 to practice insurance activity.	15/05/1430H (corresponding to 11/05/2009G)
The Extraordinary General Assembly approved the capital reduction of Gulf Union Al Ahlia Cooperative Insurance Co. to one hundred fifty million (150,000,000) Saudi Riyals, equivalent to the capital decrease of Gulf Union Al Ahlia by 31.82% and the decrease in the number of shares of Gulf Union Al Ahlia to fifteen million (15,000,000) shares.	22/08/1438H (corresponding to 18/05/2017G)
The Extraordinary General Assembly approved the recommendation of the Board of Directors to increase the capital of Gulf Union Al Ahlia to the amount of two hundred twenty-nine million four hundred seventy-four thousand six hundred forty (229,474,640) Saudi Riyals by merging with Al Ahlia Cooperative Insurance Co. and issuing Consideration Shares at seven million nine hundred forty-seven thousand four hundred sixty-four (7,947,464) shares with a nominal value of ten (10) Saudi Riyals per share. Hence, the total number of shares of Gulf Union Al Ahlia is twenty-two million nine hundred forty-seven thousand four hundred sixty-four (22,947,464) shares.	18/02/1442H (corresponding to 05/10/2020G)
The decision to merge Al Ahlia Cooperative Insurance Co. into Gulf Union Al Ahlia Cooperative Insurance Co., which was operating at that time under the name of "Gulf Union Cooperative Insurance Co.", came into force.	21/04/1442H (corresponding to 06/12/2020G)
The name of Gulf Union Al Ahlia "Gulf Union Cooperative Insurance Co." was changed to "Gulf Union Al Ahlia Cooperative Insurance Co."	15/05/1442H (corresponding to 30/12/2020G)
Renewal of the Saudi Central Bank's permit No. TMN/21/20095 for Gulf Union Al Ahlia to practice insurance activity for a period of three years, changing its expiry date to 25/08/1446H (corresponding to 24/02/2025G).	20/03/1443H (corresponding to 26/10/2021G)
Approval for increasing the capital of Gulf Union Al Ahlia by 100% by way of issuing twenty-two million nine hundred forty-seven thousand four hundred sixty-four (22,947,464) new ordinary shares with pre-emptive rights, with the capital of Gulf Union Al Ahlia becoming four hundred fifty-eight million nine hundred forty-nine thousand two hundred eighty (458,949,28) Saudi Riyals. The total number of shares of Gulf Union Al Ahlia will be forty five million eight hundred ninety-four thousand nine hundred twenty (45,894,928) ordinary shares with a nominal value of ten (10) Saudi Riyals	19/09/1443H (corresponding to 20/04/2022G)
The merger agreement was signed with Al Sagr Company, which includes increasing the capital of Gulf Union Al Ahlia through the issuance of (16,124,317) new ordinary shares with a nominal value of ten (10) Saudi riyals per share; with the capital of Al Sagr Company becoming (620,192,450) Saudi Riyals.	30/08/1444H (corresponding to 22/03/2023G)

Source: Gulf Union Al Ahlia

4.3 Vision

The vision of Gulf Union Al Ahlia is to obtain its position and strength through its customers and to be one of the leading companies in the insurance sector. Gulf Union Al Ahlia also aspires to provide the customers with high quality insurance products and services with appropriate prices, and to be one of the best companies in the field of insurance in terms of services and products provided and its professional dealings with customers, shareholders and all related parties within its work group at an equal level. Gulf Union Al Ahlia seeks to implement work plans appropriate the size of the Saudi insurance market that is centered around the level of service rendered to clients, and search for new products that fulfills their needs and satisfy their aspirations.

4.4 Mission

- To support the Company's capital and increase its profitability;
- To be one of the best insurance providing companies working in KSA;
- To achieve the highest level of efficiency and good management of operations;
- To gain the customers' satisfaction through constant care of their customer service; and
- To continue to provide and develop competitive services and the use of technology to all Gulf Union Al Ahlia customers.

4.5 Competitive Benefits

- Maintain the continuity of the competitiveness benefits of Gulf Union Al Ahli;
- Develop and raise the value of Gulf Union Al Ahlia and its shares with customers and shareholders while continuing to provide technology and digital excellence; and
- Gulf Union Al Ahlia provides different insurance products.

4.6 Strategy

Gulf Union Al Ahlia continuously strives to achieve the best for all relevant parties from the shareholders and customers of Gulf Union Al Ahlia. Our responsibility towards achieving our ambitions is reflected in our future plans of Gulf Union Al Ahlia, the most important of which are as follows:

- Upgrade the services of Gulf Union Al Ahlia to better levels to reach distinctive classification within insurance companies;
- Continuously upgrade and develop the customer care management;
- Develop electronic systems and comprehensive digital transformation, to support the strategy of Gulf Union Al Ahlia to achieve its goals;
- Continuously upgrade and develop the points of sale to be able to market all products and achieve the desired goals;
- Redistribute the existing points of sale and open new ones in accordance with the vision of Gulf Union Al Ahlia to achieve geographical spread;
- Develop the information technology system of Gulf Union Al Ahlia in a manner, that helps develop the work and serves all departments of Gulf Union Al Ahlia;
- Continuously improve the solvency margin;
- Achieve good financial return that enables Gulf Union Al Ahlia to distribute dividends to shareholders;
- Develop the portfolios of certain insurance products that distinguish Gulf Union Al Ahlia to achieve the highest possible profitability while maintaining the diversity of the portfolio of Gulf Union Al Ahlia;
- Maintain the growth rates in investment portfolios through the application of the investment policy in terms of the distribution of these investments to achieve the highest possible return while maintaining the minimization of risks;
- Continue with plans of development and training of employees internally and externally; and
- Raise the Saudization rate according to the requirements of the statutory authorities by employing a number of distinguished national cadres.

4.7 Sales

Table 4.3: The following is an analysis of Gulf Union Al Ahlia's sales by insurance products:

Premiums written according to insurance products	The Financial year ended on December 31 (in Saudi Riyals)			Percentage of gross premiums written
	2019G	2020G	2021G	2021G
Motor	177,971,678	99,230,577	229,689,914	40.1%
Properties and Accidents	69,629,155	66,542,161	82,572,660	14.4%
Health	311,195,458	391,350,710	260,260,476	45.5%
Total	558,796,291	557,123,448	572,523,050	100%

Source: Gulf Union Al Ahlia

4.8 Products

Table 4.4: List of insurance products of Gulf Union Al Ahlia that have received approval from the Saudi Central Bank:

No.	Name of Insurance Product	Description of Insurance Produce	Status of Approval
1	Mandatory cooperative health insurance policy	Medical	Approved
2	Health insurance policy for visit visa	Medical	Approved
3	Health insurance policy for tourist visa	Medical	Approved
4	Health insurance policy for privileged accommodation	Medical	Approved
5	Health insurance extension policy for visit visa	Medical	Approved
6	Third party motor insurance policy (individuals)	Vehicles	Approved
7	Third party motor insurance policy in addition to other specific benefits for individuals	Vehicles	Approved
8	Third party motor insurance policy (groups)	Vehicles	Approved
9	Third party motor insurance policy in addition to other specific benefits (groups)	Vehicles	Approved
10	Comprehensive motor insurance policy (individuals)	Vehicles	Approved
11	Comprehensive motor insurance policy (commercial groups)	Vehicles	Approved
12	Third party motor insurance policy (ports)	Vehicles	Approved
13	Fire insurance policy	General	Approved
14	Fire and business interruption insurance policy	General	Approved
15	Fire and lightning insurance policy	General	Approved
16	Sabotage and terrorism insurance policy	General	Approved
17	All risks insurance policy	General	Approved
18	Insurance policy against all risks and business interruption	General	Approved
19	All jewelry insurance policy	General	Approved
20	Home insurance policy	General	Approved
21	Boiler and pressure vessel insurance policy	General	Approved
22	Contractors' All Risk (CAR) insurance policy	General	Approved
23	Contractors' equipment and machinery insurance policy	General	Approved
24	Deterioration of stock in cold storage insurance policy	General	Approved
25	Electronic equipment insurance policy	General	Approved
26	Installation risk insurance policy	General	Approved
27	Machinery breakdown insurance policy	General	Approved
28	Loss of profits due to equipment failures	General	Approved
29	Theft insurance policy	General	Approved
30	Comprehensive liability insurance policy	General	Approved
31	Liability insurance for Company directors and executives and Company compensation insurance	General	Approved
32	Employer's liability insurance policy	General	Approved
33	Trust insurance policy	General	Approved
34	Group protection insurance policy	General	Approved
35	Medical malpractice insurance policy	General	Approved
36	Money insurance policy	General	Approved
37	Car trade insurance policy (internal risks)	General	Approved
38	Car trade insurance policy (external risks)	General	Approved
39	Personal accident insurance policy (individuals)	General	Approved
40	Personal accident insurance policy (groups)	General	Approved
41	General liability and product liability insurance policy	General	Approved

No.	Name of Insurance Product	Description of Insurance Produce	Status of Approval
42	Public liability insurance policy	General	Approved
43	Shippers and ship unloaders liability insurance policy	General	Approved
44	Travel insurance policy	General	Approved
45	Work injury insurance policy	General	Approved
46	Glass insurance policy	General	Approved
47	Domestic workers contract insurance policy	General	Approved
48	Occupational risk insurance policy "financial advisors"	General	Approved
49	Occupational risk insurance policy "accountants"	General	Approved
50	Occupational risks insurance policy "engineers and architects"	General	Approved
51	Land transport insurance policy for one trip	General	Approved
52	Open road transport insurance policy	General	Approved
53	Sea freight insurance policy for an individual trip	General	Approved
54	Open sea freight insurance policy	General	Approved
55	Hull insurance policy	General	Approved
56	Hull and machinery insurance policy	General	Approved
57	Protection and indemnity policy	General	Approved
58	Yacht and private boat insurance policy	General	Approved

Source: Gulf Union Al Ahlia

4.9 Reinsurance

To reduce insurance risks and to ensure the stability of operations and capital sources, reduce loss risks and to contribute in the stability of profitability, Gulf Union Al Ahlia shall reinsure part of the risks insured under the insurance operations they carry out. This is conforming with the Implementing Regulations issued by the Saudi Central Bank. To reduce reinsurance concentration risks, Gulf Union Al Ahlia have developed reinsurance programs with several global recognized reinsurers. Gulf Union Al Ahlia deals with several insurers for reinsurance activities, which credit rating is above the minimum limit as set in the Regulation of Reinsurance Activities issued by Saudi Central Bank. Here are the credit rating agencies:

Table 4.5: Minimum Credit Rating of Companies

No.	Credit Rating Agency*	Minimum Rating Limit
1	AM Best	B+
2	Fitch Ratings	BBB
3	Moody's Investor Service (Moody's)	Baa
4	Standard& Poor's Corporation (S&P)	BBB

*For more information about credit rating agencies and ratings, please see the credit rating agencies' websites.

The credit ratings primarily indicate the strength of the reinsurer's financial position and efficiency to cover claims in addition to the quality of its services and strength of its reinsurance programs. Gulf Union Al Ahlia deals with more than 80 reinsurers, which are rated by global credit rating agencies.

The following table sets out the reinsurers, with which Gulf Union Al Ahlia deals, and the credit rating of each reinsurer.

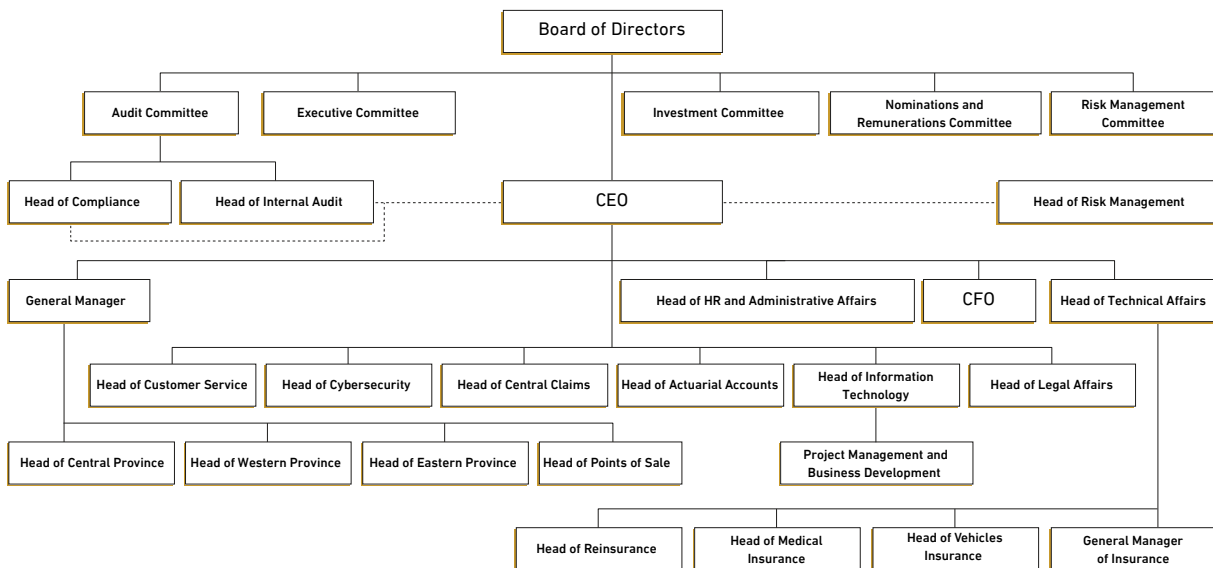
Table 4.6: The reinsurers, with which Gulf Union Al Ahlia deals, and credit rating of each reinsurer

No.	Reinsurer	Country	Credit rating	Credit Rating Agency
1	Great Lakes Insurance SE	UK	A+	AMBest
2	ACR Re	UAE	A-	AMBest
3	Active Re	Barbados	A-	AMBest
4	ADNIC	UAE	A-	S&P
5	ADNT	UAE	A-	AMBest
6	African Re	Nigeria	A-	S&P
7	Agora	USA	A+	S&P
8	AIG Re	UAE	A+	S&P
9	Al Ain Ahlia Insurance Co.	UAE	A-	S&P
10	Al Dhafra Insurance Co. P.S.C.	UAE	BBB+	AMBest
11	ANTARAH	UAE	A+	S&P
12	Apollo Syndicate Management Ltd	UK	A	AMBest
13	Argo	UAE	A	AMBest
14	ARAB INSURANCE GROUP (B.S.C)	Kingdom of Bahrain	B++	AMBest
15	Arma Underwriting Ltd.	UAE	A+	AMBest
16	ASCOT	UK	A+	AMBest
17	Aspen	USA	A	AMBest
18	AXA XL	UAE	A+	S&P
19	AXIS UK	UK	A	AMBest
20	BAHRAIN NATIONAL INSURANCE CO.	Kingdom of Bahrain	BBB+	AMBest
21	BARENTS RE	Lebanon	A	AMBest
22	Berkshire	UK	AA	S&P
23	Best Meridien Insurance Co	USA	A-	AMBest
24	Catlin	UK	A+	S&P
25	CCR RE	France	AA	S&P
26	Central Re	Taiwan	AA-	S&P
27	Chaucer	UAE	A+	S&P
28	Chubb Syndicate	UK	A+	AMBest
29	Continental Re	Nigeria	B+	AMBest
30	Damana	Kingdom of Bahrain	A-	AMBest
31	Deutsche Rueck	Germany	A+	S&P
32	DTW1991	UK	A+	AMBest
33	Dubai Insurance Company (P.S.C.)	UAE	A-	AMBest

No.	Reinsurer	Country	Credit rating	Credit Rating Agency
34	Echo Re	Germany	A-	S&P
35	Emerald Risk Transfer	South Africa	A-	S&P
36	Emirates Cooperative Reinsurance	UAE	B++	AMBest
37	Everest Re Group, Ltd. (Everest RE)	Bermuda	A+	AMBest
38	ASSICURAZIONI GENERALI	UAE	A	AMBest
39	GIC Re	UAE	B++	AMBest
40	Gulf Reinsurance Ltd.	UAE	A+	S&P
41	Hannover Re	Germany	A+	AMBest
42	Hardy Syndicate	UK	A	AMBest
43	Hartford Syndicate	UK	A	AMBest
44	HCC International Insurance Company PLC	UK	A++	AMBest
45	Helvetia	Switzerland	A+	S&P
46	IGI	UAE	A	AMBest
47	KILN510	UK	A	AMBest
48	Korean Reinsurance Company	South Korea	A	AMBest
49	Kuwait Reinsurance Company K.S.C.P.	Kuwait	A-	AMBest
50	Liberty Specialty Markets	UAE	A+	S&P
51	Lloyds Underwriting Syndicate	UK	A+	S&P
52	MapFRE	Spain	A	AMBest
53	MALAYSIAN RE INT'L INS.	UAE	A-	AMBest
54	MENA RE Underwriters Limited	UAE	A-	S&P
55	Milli Re	Turkey	B	AMBest
56	Mirabilis	Switzerland	AA-	S&P
57	Munich Re	Germany	A+	AMBest
58	Lloyds Syndicate	UK	A+	S&P
59	New India Assurance Co Ltd	Kingdom of Bahrain	A+	S&P
60	NewRE	Switzerland	A+	AMBest
61	Ocean Re	Barbados	A-	AMBest
62	ODYSSEY RE	France	A	AMBest
63	Oman Insurance Company	Oman	A	AMBest
64	PARTNER RE SA	France	A+	S&P
65	QBE	UK	A+	S&P
66	R+V RE	Germany	AA-	S&P
67	RSA	UK	A	S&P
68	Saudi Reinsurance Company Enaya Cooperative "Saudi Re"	Kingdom of Saudi Arabia	BBB+	S&P
69	SINGAPORE RE	Malaysia	A-	AMBest
70	SCOR GLOBAL P&C	France	AA-	S&P

No.	Reinsurer	Country	Credit rating	Credit Rating Agency
71	SOMPO JAPAN	Japan	A+	S&P
72	Swift Re	Switzerland	A+	S&P
73	Swiss Reinsurance Company Ltd	Switzerland	AA-	S&P
74	Thomas Miller Specialty	UK	A+	S&P
75	Trans Re	USA	A+	AMBest
76	TRUST INTERNATIONAL INSURANCE CO.	Kingdom of Bahrain	B++	AMBest
77	VHV	Germany	A-	S&P
78	Volante Global	UAE	A+	S&P
79	WTS UW	UK	A+	AM Best
80	XL Catlin	UK	A+	S&P

4.10 Current Organizational Structure of Gulf Union Al Ahlia



Board of Directors Members

The Board of Directors of Gulf Union Al Ahlia as on the date of this Document consists of 7 members as follows:

Table 4.7: The Board of Directors of Gulf Union Al Ahlia as on the date of this Document

No.	Name	Position	Capacity
1	Mr. Abdulaziz Ali Al Turki	Chairman	Non-Executive
2	Mr. Zaid Abdullah Al Yaish	Vice-Chairman	Independent
3	Mr. Munir Hashim Al Borno	Board of Directors Member	Executive
4	Mr. Majed Shatti Al Dhufairi	Board of Directors Member	Non-Executive
5	Mr. Ahmed Sulaiman Al Muzaini	Board of Directors Member	Independent
6	Mr. Mohammed Abdulrahman Al Katheer	Board of Directors Member	Independent
7	Mr. Abdullah Abdulrahman Abdulwahab	Board of Directors Member	Independent

Source: Gulf Union Al Ahlia

5.

Additional Information

5.1 Details of responsibility regarding the content of this Offer

The Directors of Gulf Union Al Ahlia, whose names indicated in Section 4-10 of this Document, are responsible for all information mentioned in this Document, except for the information provided by Al Sagr Company. The information, for which the Directors of Gulf Union Al Ahlia are responsible, was listed in this Document based on the information provided by the management of Al Sagr Company (after conducting reasonable and possible investigations to ensure its correctness and accuracy). The Directors of Gulf Union Al Ahlia believe that this information is conforming with the facts and are not neglecting any part which may affect the accuracy and importance of these information.

5.2 Statement of equity and transactions in the shares of Gulf Union Al Ahlia

Neither Gulf Union Al Ahlia nor any of its Directors, nor any of the persons acting in concert with Gulf Union Al Ahlia (according to the definition of "Acting in Concert" set in the Merger and Acquisition Regulations) own any direct or indirect shares in Al Sagr Company whether directly or indirectly. The following table explains the details of ownership in Gulf Union Al Ahlia for each of the Directors and Senior Executives of Gulf Union Al Ahlia prior to the completion of the Merger as of 21/12/1444H (corresponding to 09/07/2023G):

Table 5.1: Ownership details in Gulf Union Al Ahlia for both Directors and Senior Executives of Gulf Union Al Ahlia before the completion of the Merger

Name	Position	Number of Shares (Directly Owned)	Direct Ownership	Indirect Ownership	Total equity
Mr. Abdulaziz Ali Al Turki	Chairman	454,908	0.99%	5.16%*	6.16%
Mr. Zaid Abdullah Al Yaish	Vice-Chairman	100,000	0.22%	N/A	0.22%
Mr. Munir Hashim Al Borno	Board of Directors Member	1,362	0.003%	N/A	0.003%
Mr. Abdullah Abdulrahman Abdulwahab	Board of Directors Member			N/A	
Mr. Majed Shatti Humood Al Dhufairi	Board of Directors Member			N/A	
Mr. Ahmed Sulaiman Al Muzaini	Board of Directors Member			N/A	
Mr. Mohammed Abdulrahman Al Katheer	Board of Directors Member			N/A	
Total – Directors	-	556,270	1.2%	5.16%*	6.38%
Total - Senior Executives	-		N/A		
Total - Directors and Senior Executives	-	556,270	1.2%	5.16%	6.38%

Source: Gulf Union Al Ahlia

*The indirect ownership of Abdulaziz Ali Al Turki – Chairman – is the result of his direct ownership in Rawabi Holding Company and Gulf Union Holding Company.

5.3 Statement of equity and transactions in the shares of Al Sagr Company

As of 21/12/1444H (corresponding to 09/07/2023G): Neither does Al Sagr Company nor any of its Directors nor any of the persons acting in concert with Al Sagr Company (according to the definition of "Acting in Concert" set in the Merger and Acquisition Regulations) own any direct or indirect shares in Gulf Union Al Ahlia whether directly or indirectly. The following showcases the shares owned by the Senior Executives Directors of Al Sagr Company in the capital of Al Sagr Company:

Table 5.2: The shares owned by the Directors and Senior Executives of Al Sagr Company in the capital of Al Sagr Company:

Name	Position	Number of Shares (Directly Owned)	Direct Ownership	Indirect Equity	Total equity
Majed Abdullah Al Sari*	Chairman - Non-Executive	N/A		1.53%	1.53%
Abdulmohsen Nafeth Jaber	Vice-Chairman - Non-Executive		N/A		
Abdullah Juma Al Sari	Director - Non-Executive		N/A		
Sultan Abdulaziz Al Suwaidi	Director - Non-Executive		N/A		
Yasser Mohammed Alharbi	Director - Executive		N/A		
Abdullah Suleiman Al Hindi	Director - Independent		N/A		
Fahad Talal Kurdi	Director - Independent		N/A		
Mohammed Abdulrahman Aljibreen	Director - Independent		N/A		
Saud Saleh Al Arifi	Director - Independent		N/A		
Total – Directors	-	N/A		1.53%	1.53%
Total - Senior Executives	-		N/A		
Total - Directors and Senior Executives	-	N/A		1.53%	1.53%

Source: Al Sagr Company

* The indirect ownership of Mr. Majid Abdullah Al-Sari is the result of his indirect ownership in the capital of Al Sagr National Insurance Co., as he owns 25% of the capital of Private Investment Group Ltd., which in turn owns 50% of the capital of Gulf General Investment Company, which in turn owns 47.08% of the capital of Al Sagr National Insurance Co., which in turn owns 26% of the capital of Al Sagr Company.

Gulf Union Al Ahlia does not own any equity shares or controlling shares in Al Sagr Company nor is there any controlling interest in Al Sagr Company, which any Director in Gulf Union Al Ahlia has an interest in, nor is there any controlling interest in Al Sagr Company which is owned or controlled by persons acting in concert with Gulf Union Al Ahlia or persons adhered to accept the current Offer irrevocably prior to publishing the current Offer Document. Moreover, no Directors, whose names are mentioned above and are required to disclose their equity according to Article (38) of the Merger and Acquisition Regulations, have dealt in the shares of Gulf Union Al Ahlia and Al Sagr Company during the previous twelve months and until the date preceding the publication of this Document.

Additionally, there are no arrangements made for the payment of any compensation regarding the shares of Al Sagr Company by Gulf Union Al Ahlia, Al Sagr Company or any other person acting in concert with Gulf Union Al Ahlia or Al Sagr Company. There are no special arrangements regarding the shares of Al Sagr Company made by Gulf Union Al Ahlia, Al Sagr Company or any other person acting in concert with Gulf Union Al Ahlia or Al Sagr Company.

Neither Gulf Union Al Ahlia nor any person acting in concert with it announced any engagement or agreement which involves arrangements for compensation, options, agreements or understandings of any nature whatsoever (officially or unofficially), where it would be motive for any person to retain, deal or refrain from dealing in the shares of Al Sagr Company.

5.4 Statement of share trading

Neither Gulf Union Al Ahlia nor any of its Directors nor any of the persons acting in concert with it have dealt in the shares of Al Sagr Company, and neither Al Sagr Company, nor any of its Directors nor any of the persons acting in concert with it have dealt in the shares of Gulf Union Al Ahlia during the twelve-month period preceding the Offer's period and until the day preceding the publication of this Document.

5.5 Taxes and Zakat

Gulf Union Al Ahlia is subject to the laws and regulations of ZATCA in the KSA. Zakat and taxes are calculated according to ZATCA's applicable laws regarding income tax, Zakat and VAT. Zakat and taxes are calculated on accounting accrual basis. The amounts of Zakat are calculated according to the Zakat base or the adjusted net income. Any difference in the estimates is recorded upon approval of the final assessment, in which the provision is settled.

5.6 Effect of accepting the Offer in the capital and income generated for shareholders in the Offeree Company

If the Offer is fully accepted and if the Merger Transaction is approved by the shareholders of Gulf Union Al Ahlia, Gulf Union Al Ahlia shall, for the purpose of Merger Transaction, issue new shares or Consideration Shares for the shareholders of Al Sagr Company at (16,124,317) new ordinary shares representing (35.13%) of the current capital of Gulf Union Al Ahlia. The shareholders of Al Sagr Company shall be entitled to (26.00%) of the business and profits of the Merging Company (the percentage of their current entitlement to the business and profits of Al Sagr Company is (100%)).

The new shares, which shall be issued for the shareholders of Al Sagr Company and listed on the Saudi Stock Exchange shall have the same rights of the shares currently issued in Gulf Union Al Ahlia, including the voting rights, rights to dividends, repurchase rights or rights in surplus assets upon liquidation or wind up, and other rights, with further reference to the fact that all issued shares and shares to be issued for the Merger Transaction in Gulf Union Al Ahlia are of one class. No share shall entitle its holder any preferential or priority rights regardless of their type. If the Offer is accepted, the shareholders of Al Sagr Company shall own (26.00%) of Gulf Union Al Ahlia. Regarding the income generated for the shareholders of Al Sagr Company, the new shareholders shall be entitled to receive the first payment of dividends, which shall be announced by Gulf Union Al Ahlia Company after the date of concluding the Merger Transaction. The shareholder shall be entitled to his share in the profits according to the General Assembly's resolution adopted in this regard. Such resolution shall specify the maturity date and the distribution date. The entitlement to profits shall be given to the owners of the shares registered in the shareholders' register by the end of the day set for maturity.

5.7 Effect of (fully) accepting the Offer for the purpose of control of the assets, profits, and business of Gulf Union Al Ahlia, which can be significant to conduct the correct evaluation of the Offer

If the Offer is fully accepted, the shareholders of Al Sagr Company shall own (26.00%) of the Merging Company's capital and assets (their current equity in the capital and assets of Al Sagr Company is 100%). The shareholders of Al Sagr Company shall be entitled to (26.00%) of the business and profits of the Merging Company, (their current entitlement to the business and profits of Al Sagr Company is 100%).

5.8 Final owners of the shares of Al Sagr Company and the controlling shareholders in Gulf Union Al Ahlia and Merging Company

Table 5.3: The following table shows a description of the substantial shareholders of Al Sagr Company and Gulf Union Al Ahlia as well as the shareholders owing or controlling 30% or more of the capital or the persons capable of taking decisions and directing the management of the Merging Company (before completion of the Merger Transaction):

Al Sagr Company				
	Shareholders	Number of Shares	Equity	Description
1	Al Sagr National Insurance Co.	3,640,000	26.00%	UAE joint stock company licensed to practice insurance
Gulf Union Al Ahlia				
	Shareholders	Number of Shares	Equity	Description
1	Rawabi Holding Company	4,717,998	10.28%	Rawabi Holding Company is a holding company working in various sectors
2	Gulf Union Holding Company	2,475,000	5.39%	Gulf Union Holding Company is a holding company working in various sectors.

Gulf Union Al Ahlia (after the completion of the Merger)

There shall be no shareholders controlling 30% or more of the capital of Gulf Union Al Ahlia or the Merging Company or capable of taking decisions or directing the management of Gulf Union Al Ahlia or the Merging Company after the effectiveness of the Merger Transaction resolution.

Source: Gulf Union Al Ahlia and Al Sagr Company

Gulf Union Al Ahlia confirms that there are no transfers of any shares to be acquired under the current Offer for other persons or parties, and there are no relevant agreements, arrangements or understandings in this regard. It is worth noting that there is no person or group of persons in Gulf Union Al Ahlia owning or controlling 30% of the capital of Al Sagr Company or capable of taking decisions or directing the management of the Al Sagr Company.

5.9 Statement of Redemption of Securities of the Offeror

Gulf Union Al Ahlia has not redeemed or purchased any shares in Gulf Union Al Ahlia during the twelve-month period preceding the date of publication of this Document.

6.

Financial Statements of Gulf Union Al Ahlia

The following tables summarize the financial statements of Gulf Union Al Ahlia for the nine months ended on 30 September 2022G:

Table 6.1: The financial statements of Gulf Union Al Ahlia for the nine months ended on 30 September 2022G (Statement of Income)

Statement of Income - all amounts in Saudi riyals	For a nine-month period ended on 30 September 2022G	For a nine-month period ended on 30 September 2021G
Revenues		
Gross premiums written Reinsurance premiums ceded:	366,560,495	421,672,124
- Foreign	(52,908,018)	(71,976,452)
- Local	(8,868,014)	(9,411,261)
Surplus of premium losses:		
- Foreign	(7,790,171)	(17,086,733)
- Local	(3,050,591)	(1,577,658)
Net premiums written	293,943,701	321,620,020
Changes in unearned premiums	24,667,136	119,335,604
Changes in reinsurers' share of unearned premiums	(9,587,203)	7,502,027
Net premiums earned	309,023,634	448,457,651
Reinsurance commissions	15,851,513	16,779,431
Fee income from insurance	388,646	289,498
Total revenues	325,263,793	465,526,580
Underwriting costs and expenses		
Gross claims paid	(358,878,230)	(461,979,710)
Reinsurers' share of gross claims paid	57,458,857	59,510,095
Expenses incurred related to claims	(4,204,662)	(11,619,055)
Net claims and other benefits paid	(305,624,035)	(414,088,670)
Changes in outstanding claims	3,586,801	(5,318,726)
Changes in reinsurers' share of claims of the	(8,019,954)	1,063,986
Changes in claims incurred but not reported	61,458,364	(42,844,491)
Changes in reinsurance share of claims incurred but not reported	(5,735,823)	1,948,413
Net claims and other benefits incurred	(254,334,647)	(459,239,488)
Costs of acquiring insurance policies	(25,727,896)	(41,251,529)
Changes in additional premium reserves	2,302,715	(7,273,532)
Changes in other technical reserves	6,266,963	(2,955,212)
Other underwriting expenses	(16,455,364)	(7,703,129)
Total underwriting costs and expenses, net	(287,948,229)	(518,422,890)
Net/(loss) of underwriting income	37,315,564	(52,896,310)
Other operating (expenses)/income		
Allowance for reversal of doubtful debts	(3,033,785)	(5,124,271)

Statement of Income - all amounts in Saudi riyals	For a nine-month period ended on 30 September 2022G	For a nine-month period ended on 30 September 2021G
General and administrative expenses	(76,220,608)	(83,028,840)
Investment income and commission, net	14,490,032	13,333,864
Financing costs on leases	(174,201)	(219,660)
Other revenues	13,057,555	7,281,782
Total revenues/other operating (expenses)	(51,881,007)	(67,757,125)
Total income/(loss) for the period before Zakat and income tax	(14,565,443)	(120,653,435)
Zakat expenses	(1,500,000)	(2,000,000)
Income tax expenses	-	-
Net income/(loss) for the period attributable to shareholders	(16,065,443)	(122,653,435)
Profitability/(loss) of share (in Saudi riyal per share)	(0.45)	(4.92)
Weighted average number of issued shares	36,060,147	24,919,184

Source: Preliminary condensed unaudited financial information for the three and nine months ended on September 30, 2022G for Gulf Union Al Ahlia

Table 6.2: The financial statements of Gulf Union Al Ahlia for the nine months ended on 30 September 2022G (Statement of Financial Position)

Statement of Financial Position - all amounts in Saudi riyals	As on 30 September 2022G	As on 31 December 2021G
Assets		
Cash and cash equivalent	91,632,827	114,982,093
Short-term deposits	70,000,000	-
Insurance and reinsurance premiums receivable – net	164,390,678	161,223,340
Debit insurance premiums – related parties – net	6,335,688	4,452,622
Reinsurers' share of unearned premiums	34,414,318	44,001,521
Reinsurers' share of outstanding claims	26,210,238	34,230,197
Reinsurers' share of claims incurred but not reported	15,710,593	21,446,416
Deferred policy acquisition costs	17,681,917	17,232,872
Surplus of loss of deferred insurance premiums	1,922,770	-
Investments	274,888,994	277,766,632
Prepaid expenses and other assets	34,939,248	45,713,164
Long-term deposits	90,000,000	40,032,877
Properties and equipment	7,091,485	8,854,908
Right of use assets	6,405,923	7,584,087
Intangible assets	43,654,736	43,378,547
Goodwill	76,697,750	67,697,750
Statutory deposit	68,842,392	34,421,196
Revenues due on a statutory deposit	8,326,859	7,738,807
Total assets	1,030,146,416	930,757,029
Accounts payable	114,309,238	117,346,288
Other dues and liabilities	26,333,707	14,500,495

Statement of Financial Position - all amounts in Saudi riyals	As on 30 September 2022G	As on 31 December 2021G
Credit reinsurance balances	8,764,871	14,478,470
Unearned premiums	231,329,037	255,996,173
Unearned reinsurance commission	8,722,739	10,342,959
Outstanding claims	90,408,184	93,994,985
Incurred but unreported claims	125,389,605	186,847,969
Additional premium reserves	19,716,848	22,019,563
Other technical reserves	11,717,075	17,984,038
Lease obligations	6,907,011	6,732,810
Employee benefits obligations	17,600,692	16,927,680
Zakat and income tax	21,572,948	20,072,948
Dues from the distribution of surplus	12,707,310	13,748,722
Revenues payable to the Saudi Central Bank	8,326,859	7,738,807
Total liabilities	703,806,124	798,731,907
Equity		
Capital	458,949,280	229,474,640
Statutory reserve	4,885,691	4,885,691
Accumulated Losses	(130,240,752)	(111,242,809)
Reserve for remeasurement of employee benefit liabilities	(168,351)	(168,351)
Fair value reserve for investments	(7,085,576)	9,075,951
Total equity	326,340,292	132,025,122
Total liabilities and equity	1,030,146,416	930,757,029

Source: Preliminary condensed unaudited financial information for the three and nine months ended on September 30, 2022G for Gulf Union Al Ahlia

7.

Available documents for inspection

Copies of the following documents will be available for inspection at the headquarters of Gulf Union Al Ahlia, from Sunday to Thursday, from nine in the morning until five in the evening, except for official holidays in the KSA as of the date of publication of the Offer Document until the end of the Offer period:

- The Bylaws of Gulf Union Al Ahlia and any amendments thereto (if any) and the Articles of Association of Al Sagr Company.
- The financial statements of Gulf Union Al Ahlia for the financial years ended December 31, 2019G, 2020G and 2021G and the unaudited condensed interim financial information for the three and nine months ended on September 30, 2022G.
- The Pro-Forma financial statements of Gulf Union Al Ahlia for the financial year ended on December 31, 2021G and for the nine-month period ended on September 30, 2022G for the purpose of the Merger Transaction.
- The financial statements of Al Sagr Company for the financial years ended on December 31, 2020G and 2021G.
- The Merger Agreement signed between each of Gulf Union Al Ahlia Company and Al Sagr Company on 30/08/1444H (corresponding to 22/03/2023G) as amended on 30/12/1444H (corresponding to 18/07/2023G).
- Approval letters by the advisors of Gulf Union Al Ahlia for using their names, logos and statements in this Document, which are:
 - a. Financial Advisor (Aljazira Capital Company (Aljazira Capital))
 - b. Legal Advisor (Abdulaziz Alajlan & Partners - Legal Advisors)
 - c. Financial, Tax, Zakat and Actuary Due Diligence Adviser (Deloitte Financial Advisory Services Ltd.)
 - d. Independent Auditors of Gulf Union Al Ahlia (PricewaterhouseCoopers Chartered Accountants, Al-Kharashi & Partners Chartered Accountants & Auditors financial and United Accountants Professional Consulting Company)
 - e. Pro-Forma Financial Statements Accountant (Baker Tilly MKM Chartered Accountants)
- Assessment report issued to the financial Advisor of Gulf Union Al Ahlia (Aljazira Capital)

8.

Appendixes

This section includes the following Appendixes for circulation:

- Amendments related to the Bylaws of Gulf Union Al Ahlia concerning the Merger Transaction (please see Appendix 1 of this Document).

Appendix 1

Amendments related to the bylaws of Gulf Union Al Ahlia concerning the Merger Transaction

Subject of Article	Current Law		Amended Law	
	Article No.	Text	Article No.	Text
Company's Name	2	Gulf Union Al Ahlia Cooperative Insurance Co. "Saudi Joint Stock Company"	2	Al Sagr Company/Gulf Union Al Ahlia "Saudi Joint Stock Company"
Capital	8	The Company's capital is (458,949,280) four hundred fifty-eight million nine hundred forty-nine thousand two hundred eighty Saudi Riyals, divided into (45,894,928) forty-five million eight hundred ninety-four thousand nine hundred twenty-eight shares of equal value with a nominal value of ten (10) Saudi Riyals per share, all of which are ordinary cash shares.	8	The Company's capital is six hundred twenty million one hundred ninety-two thousand four hundred fifty (620,192,450) Saudi Riyals, divided into sixty-two million nineteen thousand two hundred forty-five (62,019,245) shares of equal value with a nominal value of ten (10) Saudi Riyals per share, all of which are cash ordinary shares.
Management of the Company	15	The Company shall be managed by a Board of Directors consisting of seven (7) members elected by the Ordinary General Assembly for a period not exceeding three years, provided the composition of the Board of Directors shall reflect an appropriate representation of independent members. In all cases, the number of independent members of the Board may not be less than two or one-third of the members of the Assembly, whichever is greater. As an exception, the constituent assembly shall appoint the members of the first Board of Directors for a period not exceeding three (3) years starting as of the date of the declaring the decision of the Ministry of Commerce and Investment to incorporate the Company.	15	The Company shall be managed by a Board of Directors consisting of nine (9) members, who shall be natural persons, elected by the Ordinary General Assembly for a period not exceeding four (4) years, provided the composition of the Board of Directors shall reflect an appropriate representation of independent members. In all cases, the number of independent members of the Board may not be less than two or one-third of the members of the Council, whichever is greater.



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