

AGREED-UPON PROCEDURES on statement of compliance with Article 17(3), Part 6 Chapter 1 of the Implementing Regulation of the Companies Law for Listed Joint Stock Companies

To: Dr. Othman Alkassabi
Chief Executive Officer,
The Company for Cooperative Insurance
P.O. Box: 86959 Riyadh 11632
Kingdom of Saudi Arabia

7 June 2023

Purpose of this Agreed-Upon Procedures Report and Restriction on Use and Distribution

Our report has been prepared solely upon the request of the management of The Company for Cooperative Insurance (the "Company"), to assist the Company's Directors in fulfilling their reporting obligations under Article 17(3), Part 6 Chapter 1 of the Implementing Regulation of the Companies Law for Listed Joint Stock Companies (the "Regulation") of the Company's compliance with the solvency requirements and may not be suitable for another purpose. This report is intended solely for the Company, its shareholders and for the submission to Capital Market Authority ("CMA") with respect to the proposed shares buy-back transaction that the Company intends to execute during the year ending 31 December 2023, and should not be used by, or distributed to, any other parties.

Responsibilities of the Engaging Party

The management of the Company have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Directors of the Company (also the "Responsible Party") are responsible for the preparation of statement of compliance in accordance with Article 17(3), Part 6 Chapter 1 of the Implementing Regulation of the Companies Law for Listed Joint Stock Companies on which these agreed-upon procedures are performed. Specifically, the Directors of the Company are responsible for making available to us, on a timely basis, information necessary to perform the procedures set out below in this report and remain solely responsible for it and for the creation and maintenance of all accounting and other records supporting its contents.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the *International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures engagements*, as endorsed in the kingdom of Saudi Arabia. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. The procedures were performed solely to assist the Company's Directors in fulfilling their reporting obligations under Article 17(3), Part 6, Chapter 1 of the Implementing Regulation of the Companies Law for Listed Joint Stock Companies in respect of the Appendix A prepared in compliance with the Regulation. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical and the independence requirements in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with its requirements.

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below, which were agreed-upon with the Company in the terms of engagement dated 7 June 2023, on the statement of compliance in accordance with Article 17(3), Part 6 Chapter 1 of the Implementing Regulation of the Companies Law for Listed Joint Stock Companies attached as Appendix A and stamped for identification purposes.

	Procedures	Findings
1.	Obtained from the management the financial and other information pertaining to the statement of compliance as attached in Appendix A, comprising of the following;	
	<p>i. Section (a): Statement comprising the forecasted working capital of the Company (calculated as current assets minus current liabilities) at 31 December 2023 (budget) and at 31 December 2024 (forecast).</p> <p>Note: As per Article 17(3) of the Regulation, prior to buying its shares the Company must have sufficient working capital for the twelve (12) months immediately following the date of completion of the share buy-back transaction.</p>	<p>We have obtained the statement comprising the forecasted working capital of the Company at:</p> <ul style="list-style-type: none"> - 31 December 2023 (budget); and - 31 December 2024 (forecast).
	ii. Section (b): Statement comprising of assets, liabilities, contingent liabilities and net assets of the Company outstanding as at 31 December 2022.	We have obtained the statement comprising of the balances of assets, liabilities, contingent liabilities and net assets of the Company outstanding as at 31 December 2022 and no exceptions were noted.
	iii. Section (c): Balance of retained earnings of the Company, balance of treasury shares after the purchase and excess of the balance of retained earnings over the balance of treasury shares.	We have obtained the balance of retained earnings of the Company at 31 December 2022, balance of treasury shares after the purchase and excess of the balance of retained earnings over balance of treasury shares and no exceptions were noted.


Procedures and Findings (continued)

	Procedures	Findings
2.	With respect to Section (a):	
	i. Obtained from the management the forecasted working capital of the Company (calculated as current assets minus current liabilities) at 31 December 2023 (budget) and at 31 December 2024 (forecast), supporting Excel workings as well as checked respective approvals.	We have obtained with no exceptions the statement comprising the forecasted working capital of the Company: - At 31 December 2023 (budget). We also obtained management representation that it has been approved by the Board of Directors on 27 December 2022 as part of the annual plan and budget approval; and - At 31 December 2024 (forecast). We confirmed with management through a representation that it has yet to be approved.
	ii. Reconciled the statement comprising the forecasted working capital of the Company at 31 December 2023 (budget) and at 31 December 2024 (forecast) to the supporting Excel workings.	We have reconciled the statement comprising net assets of the Company: - At 31 December 2023 (budget); and - At 31 December 2024 (forecast) to the supporting Excel workings. No exceptions were noted.
	iii. Checked the arithmetical accuracy of the statement comprising the forecasted working capital at 31 December 2023 (budget) and at 31 December 2024 (forecast), as well as the supporting Excel workings obtained from the management in step 2(i) above.	We have checked the arithmetical accuracy of i) the statement comprising the forecasted working capital of the Company (calculated as current assets minus current liabilities) at 31 December 2023 (budget) and at 31 December 2024 (forecast) as well as the supporting Excel workings, and no exceptions were noted.
3	With respect to Section (b):	
	i. Obtained the market price per share of the Company prevailing on date of the Agreed- upon Procedures ("AuP") Report from Tadawul to estimate the purchase cost of the share buy-back.	The market price per share of the Company prevailing on the date of the AuP Report were agreed to closing market price per share on the Tadawul and no exceptions were noted.

Procedures and Findings (continued)

	Procedures	Findings
3	<p>ii. Compared the balances of total assets, total liabilities and total contingent liabilities with the audited consolidated financial statements of the Company for the year ended 31 December 2022.</p> <p>iii. Checked the arithmetical accuracy of the computation of the surplus net assets therein (being the amount of net assets remaining after deduction from total assets of total liabilities, total contingent liabilities and estimated cost of proposed share buy-back).</p>	<p>The balances of total assets, total liabilities and total contingent liabilities were matched with the audited consolidated financial statements of the Company for the year ended 31 December 2022 and no exceptions were noted.</p> <p>The computation of the surplus net asset remaining after deduction from total assets of total liabilities, total contingent liabilities and estimated cost of proposed share buy-back are arithmetically accurate and no exceptions were noted.</p>
4	With respect to Section (c):	
	a) Matched the balance of the retained earnings of the Company with the respective balance in the audited consolidated financial statements for the year ended 31 December 2022.	The balance of the retained earnings of the Company was agreed with the respective balance in the in the audited consolidated financial statements for the year ended 31 December 2022 and no exceptions were noted.
	b) Checked the arithmetical accuracy of the calculation of the balance of the retained profits of the Company, net of treasury shares balance after the buy-back of such treasury shares.	The calculation of the balance of the retained earnings of the Company, net of treasury shares balance after the buy-back of such treasury shares are arithmetically accurate and no exceptions were noted.

For BDO - Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountants
License No. 362



Riyadh on: 18 Thul Qi'dah 1444 (H)
Corresponding to: 7 June 2023 (G)

Appendix A
The Company for Cooperative Insurance

Statement of compliance in accordance with Article 17(3), Part 6 Chapter 1 of the Implementing Regulation of the Companies Law for Listed Joint Stock Companies

a) Adequacy of the working capital

The proposed date for the share buy-back is 25th October 2023 (within three months from the date of General Assembly Meeting).

The forecasted working capital as at 31 December 2023 and 31 December 2024 (i.e. post 12 months following the proposed date of the share buy-back transaction):

Particulars	31 December 2023	31 December 2024
	SAR '000	
Current assets	21,304,839	23,057,857
Current liabilities	(18,056,943)	(19,491,428)
Working capital excess (forecasted)	3,247,896	3,566,429

b) Summary of the assets and liabilities as at 31 December 2022

	31 December 2022
	SAR' 000
Total assets	18,914,997
Total liabilities	(15,549,855)
Total contingent liabilities	(276,000)
Net assets	3,089,142
Estimated cost of treasury shares to be purchased (137,500 * SAR 124)	
[Maximum shares to be purchase (137,500 shares) * Estimated purchase price per share (SAR 124)]	(17,050)
Net assets after share buy-back	3,072,092

c) Treasury shares

	31 December 2022
	SAR' 000
Retained earnings	797,650
Estimated cost of the treasury shares to be purchased	(17,050)
Retained earnings after the share buy-back	780,600

This appendix should be read in conjunction with agreed -upon procedures report, dated 7 June 2023 issued vide an engagement letter with BDO and The Company for Cooperative Insurance Company, dated 7 June 2023.



Chief Executive Officer (Acting)



Chief Financial Officer



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