

INDEPENDENT LIMITED ASSURANCE REPORT

TO THE SHAREHOLDERS OF THE COMPANY OF COOPERATIVE INSURANCE
A SAUDI JOINT STOCK COMPANY
RIYADH, KINGDOM OF SAUDI ARABIA

(1 /4)

INTRODUCTION

According to the request of the management of The Company for Cooperative Insurance ("the Company"), we have been engaged to perform a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the subject matter detailed below ("Subject Matter"), has not been reported and presented fairly, in all material respects, in accordance with the applicable criteria mentioned below ("Applicable Criteria").

SUBJECT MATTER

The scope of the limited assurance engagement relates to the Company's assessment of the financial solvency requirements as per the applicable requirements of Part Six, Chapter One, Article 17.3 of the Implementing Regulations of the New Companies Law for Listed Joint Stock Companies issued by the Capital Market Authority ("CMA") of the Kingdom of Saudi Arabia dated 18 January 2023 (as amended) ("the Implementing Regulations" or the "Criteria") and the accompanying statement of the proposed buy-back of shares ("The Statement") prepared by the management of the Company and submitted to us.

APPLICABLE CRITERIA

Article 17.3 of the Implementing Regulations of the New Companies Law for Listed Joint Stock Companies issued by the Capital Market Authority ("CMA") of the Kingdom of Saudi Arabia dated 18 January 2023 (as amended) ("the Implementing Regulations" or the "Criteria").

MANAGEMENT RESPONSIBILITY

The management and the chairman of the Company's board of directors are responsible for preparing the subject matter of assurance and presenting it as appropriate in accordance with applicable criteria. The Company's management is also responsible for establishing and maintaining an adequate internal control system for the preparation and presentation of the subject matter of assurance that are free of material misstatements, whether arising from fraud or error, choosing and applying appropriate controls, maintaining adequate records, and making reasonable estimates according to the circumstances.

OUR RESPONSIBILITY

It is our responsibility to express the conclusion of a limited assurance on the subject matter of assurance based on the limited assurance engagement that we have performed in accordance with the International Standard for Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" that is endorsed in the Kingdom of Saudi Arabia and the terms and conditions of this engagement as agreed with the Company's management.

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OUR RESPONSIBILITY (Continued)

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and as such do not provide all of the evidence that would require to provide a reasonable assurance. The procedures performed depend on our professional judgment, including the risk of material misstatement of the subject matter, whether due to fraud or error. While, we considered the effectiveness of management's internal control when determining the nature and extent of our procedure, our engagement was not designed to provide assurance on the effectiveness of internal control system.

INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence requirements in accordance with the Code of Professional Conduct and Ethics for Professional Accountants, issued by the International Ethics Standard Board for Accountants, that is endorsed in the Kingdom of Saudi Arabia by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Our firm applies International Standard on Quality Management (ISQM 1), "Quality Management for firms that perform audits or reviews of financial statements, or other assurance or related services engagements, that is endorsed in the Kingdom of Saudi Arabia. Accordingly, ISQM 1 maintains a comprehensive system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

SUMMARY OF PROCEDURES PERFORMED

Our procedures regarding systems and controls relating to the Company's assessment of the financial solvency requirements as per the applicable requirements of Part Six, Chapter One, Article 17.3 of the Implementing Regulations of the New Companies Law for Listed Joint Stock Companies issued by the Capital Market Authority ("CMA") of the Kingdom of Saudi Arabia dated 18 January 2023 (as amended) ("the Implementing Regulations", the "Criteria"), are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Furthermore, such procedures may not be relied upon as evidence of the effectiveness of the systems and controls against fraudulent collusion, especially on the part of those holding positions of authority or trust.

The procedures performed in the limited assurance engagement differ in nature and timing and are less in scope than the reasonable assurance engagement. Consequently, the level of assurance obtained in the limited assurance engagement is much less than the assurance that would have been obtained had we performed the reasonable assurance engagement. As part of this engagement, we have not performed any procedures of reviewing, examining, or verifying the subject matter of assurance, nor of the records or other sources from which the subject in question was extracted. Accordingly, we will not express reasonable assurance opinion.

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SUMMARY OF PROCEDURES PERFORMED (Continued)

Our assurance procedure are as follows:

1. With respect to Section (a) of the Statement:

- a. Obtained the forecasted working capital of the Company as per International Financial Reporting Standard 4 (IFRS 4) – Insurance Contracts (calculated as current assets minus current liabilities) at 31 December 2025 (budget) and at 31 December 2026 (forecast), supporting Excel workings as well as checked respective approvals.
- b. Reconciled the statement comprising the forecasted working capital of the Company as per IFRS 4 at 31 December 2025 (budget) and at 31 December 2026 (forecast) to the supporting excel workings.
- c. Checked the arithmetical accuracy of the statement comprising the forecasted working capital at 31 December 2025 (budget) and at 31 December 2026 (forecast), as well as the supporting Excel workings obtained from the management in step 1 (a) above.

2. With respect to Section (b) of the Statement:

- a. Obtained the market price per share of the Company prevailing on 28 February 2025 from Tadawul to estimate the purchase cost of the share buy-back.
- b. Reviewing minutes of the meeting of the Nomination & Remuneration Committee of the Company, in which the resolution relevant to the proposed shares buy-back was approved.
- c. 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 2024.
- d. 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).

3. With respect to Section (c) of the Statement:

- 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 2024.
- 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.

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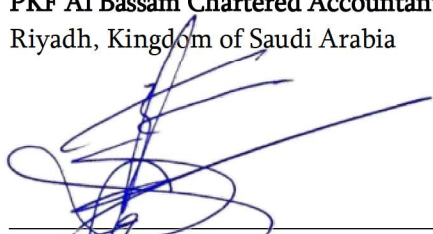
CONCLUSION

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Company's assessment of the financial solvency requirements has not complied, in all material respects, as per the applicable requirements of Part Six, Chapter One, Article 17.3 of the Implementing Regulations of the New Companies Law for Listed Joint Stock Companies issued by the Capital Market Authority of the Kingdom of Saudi Arabia.

RESTRICTIONS ON THE USE OF OUR REPORT

Our report has been solely prepared upon the request of the Company's management to be presented to the Board of Directors in their meeting in accordance with the requirements of Part Six, Chapter One, Article 17.3 of the Implementing Regulations of the New Companies Law for Listed Joint Stock Companies issued by the Capital Market Authority of the Kingdom of Saudi Arabia, and it should not be used for any other purpose.

PKF Al Bassam Chartered Accountants
Riyadh, Kingdom of Saudi Arabia



Ibrahim A. Al Bassam
Certified Public Accountant
License No. 337
Riyadh: 10 March 2024
Corresponding to: 10 Ramadan 1446H



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 5 May 2025.

The forecasted working capital as at 31 December 2025 and 31 December 2026 (i.e., post 12 months following the proposed date of the share buy-back transaction):

Particulars	31 December 2025	31 December 2026
	SAR '000	
Current assets	30,747,000	36,020,000
Current liabilities	(26,674,000)	(30,708,000)
Working capital excess	4,073,000	5,312,000

b) Summary of the assets and liabilities as at 31 December 2024

	31 December 2024
	SAR' 000
Total assets	20,995,701
Total liabilities	(16,517,458)
Total contingent liabilities	(422,000)
Net assets	4,056,243
Estimated cost of treasury shares to be purchased (199,862 * 144.6)	
[Maximum shares to be purchase (199,862 shares) * Estimated purchase price per share (SAR 144.6)]	(28,900)
Net assets after share buy-back	4,027,343

c) Treasury shares

	31 December 2024
	SAR' 000
Retained earnings	1,449,060
Estimated cost of the treasury shares to be purchased	(28,900)
Retained earnings after the share buy-back	1,420,160

This appendix should be read in conjunction with our factual finding report, dated 10 March 2025 issued vide an engagement letter with PKF Al Bassam Chartered Accountants and The Company for Cooperative Insurance Company, dated 09 March 2025.



Chief Executive Officer

Document classification: 





Chief Financial Officer

