

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AL-ETIHAD COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

DHAHRAN, KINGDOM OF SAUDI ARABIA

OPINION

We have audited the financial statements of the Al-Etihad Cooperative Insurance Company, (Saudi Joint Stock Company) (the "Company"), which comprise the statement of financial position as at December 31, 2025, and the statement of income, comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, comprising material accounting policies information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Al-Etihad Cooperative Insurance Company (the "Company") as at December 31, 2025 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

BASIS FOR OPINION

We conducted our audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the **Auditors' Responsibilities for the Audit of the Financial Statements** section of our report. We are independent from the Company in accordance with the International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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KEY AUDIT MATTER (continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of liability for incurred claims and loss component	
<p>The estimation of the liability for incurred claims and loss component involves a significant degree of judgment. This entails estimating the present value of future cash flows and risk adjustment for non-financial risk (forming part of liability for incurred claims) and loss component (forming part of liability for remaining coverage). The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils its obligations under insurance contracts. The present value of future cash flows is based on the best-estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not. The loss component is recognised if at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous.</p> <p>The Company uses an external actuary (“Appointed Actuary”) to provide them with the estimate of such liabilities. A range of methods were used to determine these liabilities which were based on a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.</p> <p>As at December 31, 2025, the estimates of present value of future cash flows, risk adjustment for non-financial risk and loss component amounts to ₪ 359.3 million, ₪ 12.5 million and ₪ 17.7 million, respectively, as disclosed in Note 10 to the financial statements.</p> <p>We have considered this as a key audit matter due to the inherent estimation uncertainty and complexity and subjectivity involved in the valuation of the estimates of present value of future cashflows, risk adjustment for non-financial risk and loss component arising from insurance contracts.</p> <p>Refer to Notes 3 and 4 for the material accounting policy information and significant accounting judgements, estimates and assumptions related to insurance contract liabilities.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Understood, evaluated and tested key controls around the claims handling and provision setting processes; • Evaluated the competence, capabilities and objectivity of the Appointed Actuary based on their professional qualifications and experience and assessed their independence; • Performed substantive procedures, on a sample basis, on the amounts recorded for claims notified and paid, including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claims; • Checked the completeness of the underlying data used as inputs into the actuarial valuations and tested, on sample basis, the accuracy of underlying claims data used by the Appointed Actuary in estimating the present value of the future cash flows, risk adjustment for non-financial risk and loss component by comparing it to the accounting and other records; • Involved our actuarial expert to evaluate the Company's actuarial practices, adequacy of the provisions maintained and to obtain comfort over the actuarial report issued by the Appointed Actuary. Our actuarial expert also performed the following: <ul style="list-style-type: none"> (i) Evaluated whether the Company's actuarial methodologies were consistent with the generally accepted actuarial practices; (ii) Assessed the appropriateness of the calculation methods and approach along with the key actuarial assumptions used and sensitivity analysis performed; and (iii) Performed independent projections on present value of future cash flows, risk adjustment for non-financial risk and loss component for significant product lines to compare them with the amounts recorded by management; and • Assessed the adequacy and appropriateness of the related disclosures in the financial statements.

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OTHER INFORMATION

Other information consists of the information included in the Company's 2025 annual report, other than the financial statements and our auditors' report thereon. Management is responsible for the other information in its annual report expected to be made available to us after the date of the auditors' report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report of the Company, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA and Regulations for Companies and the Company's Bylaws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

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AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**PKF Albassam Chartered
Accountants**



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Shawwal 7, 1447H
March 26, 2026

