

**AMANA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**AMANA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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**INDEPENDENT AUDITORS' REPORT**  
**To The Shareholders of**  
**Amana Cooperative Insurance Company**  
**(A Saudi Joint Stock Company)**

**Opinion**

We have audited the financial statements of **Amana Cooperative Insurance Company – a Saudi Joint Stock Company (“the Company”)**, which comprise the statement of financial position as at 31 December 2025, the statement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (collectively referred to as “International Financial Reporting Standards” as endorsed in the Kingdom of Saudi Arabia).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code), that are endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code’s requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

We draw attention to Note (2) to the financial statements of the Company with respect to going concern. The Company has incurred a net loss of SAR 1.92 million during the year ended 31 December 2025, and as of that date the Company’s accumulated losses amounted to SAR 187.82 million, representing 43.68% of the Company’s share capital. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended 31 December 2025. 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. Following is the description of the key audit matters and how the key audit matter was addressed:

**INDEPENDENT AUDITORS' REPORT**  
**To The Shareholders of**  
**Amana Cooperative Insurance Company**  
**(A Saudi Joint Stock Company)**  
**(Key audit matters (Continued...))**

<b>Key audit matter</b>	<b>How the key audit matter was addressed in our audit</b>
<p><b>Valuation of estimated present value of cash flows for incurred claims, risk adjustment for non-financial risk and loss component:</b></p> <p>As at 31 December 2025, the total valuation of estimated present value of cash flows for incurred claims, risk adjustment for non-financial risk and for loss component amount for insurance contracts issued amounts to SR 45.731 million, SR 1.791 million and SR 10.590 million respectively, as reported in Note 4 to the financial statements.</p> <p>The estimation of the liability for incurred claims and loss component involves a significant degree of judgement. This entails estimating the present value of future cash flows and the 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.</p> <p>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, together with the related claims handling costs.</p> <p>The loss component is recognized if at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous. Such loss component is remeasured at each reporting date as the difference between the amounts of the fulfillments cash flows determined under the general measurement model relating to the future service and the carrying amount of the liability for remaining coverage without the loss component.</p> <p>Accordingly, this complexity arises from calculating the actuarial best estimate and the margin using historical data which is sensitive to external inputs, such as claims cost inflation and medical trends, as well as the actuarial methodology that is applied and the assumptions on current and future events.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Assessed the design and implementation of internal control procedures and their operational effectiveness;</li> <li>• Evaluated and tested the data used in the process of valuation of the “Present Value of Future Cash Flows” (PVFCFs);</li> <li>• Tested samples of claims reserves by comparing the estimated amount of the reserve to appropriate documentation, such as reports from loss adjusters, reinsurance contracts etc.;</li> <li>• Evaluated the objectivity, skills, qualifications and competence of the independent external actuary and reviewing the terms of the actuary's engagement with the Company to determine if the scope of their work was sufficient for audit purposes.</li> <li>• Assessed the disclosures relating to this matter in the financial statements against the requirements of IFRSs.</li> </ul> <p>In addition, with the assistance of our actuarial specialists, we performed the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the Company's actuarial practices and provisions established, including the actuarial report issued by management's expert;</li> <li>• Assessed the calculation methods and the models used;</li> <li>• Assessed key actuarial assumptions including loss ratios, claims development factors, mortality rates, lapse rates and discount rates;</li> <li>• Determined if the estimates applied in the current and prior year were consistent; and</li> <li>• Developed a point estimate or range based on our understanding of the Company's business and evaluated the differences between management's point estimate and our point estimate or range.</li> </ul>

**INDEPENDENT AUDITORS' REPORT**  
**To The Shareholders of**  
**Amana Cooperative Insurance Company**  
**(A Saudi Joint Stock Company)**  
**Key Audit Matters (Continued...)**

<b>Key audit matter</b>	<b>How the key audit matter was addressed in our audit</b>
<p><b>Valuation of estimated present value of cash flows for incurred claims, risk adjustment for non-financial risk and loss component:</b></p> <p>Due to the inherent estimation uncertainty, complexity and subjectivity involved in the valuation of the estimates of present value of future cash flows, risk adjustment for non-financial risk and loss component arising from insurance contracts, we have considered this as a key audit matter.</p> <p><i>Refer to notes 2(e) and 3 for the critical accounting judgments, estimates and assumptions and material accounting policies adopted by the Company, involved in the initial recognition and subsequent measurement of insurance contract liabilities.</i></p>	

**Other Information**

Management is responsible for the other information. Other information comprises the information included in the Company's 2025 annual report, but does not include the financial statements and our auditors' report thereon. The Company's annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will 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 when it becomes available 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 Company's annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**INDEPENDENT AUDITORS' REPORT**  
**To The Shareholders of**  
**Amana Cooperative Insurance Company**  
**(A Saudi Joint Stock Company)**

**Other matter**

The financial statements for the year ended 31 December 2024 were jointly audited by another joint auditor, in respect of which an unmodified audit report dated 20 March 2025 (corresponding to 20 Ramadan 1446H) was issued.

**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 IFRSs, that are issued in Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and the Company's By-laws, 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, the 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 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 ISAs, as 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 the 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 ISAs, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism 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;

**INDEPENDENT AUDITORS' REPORT**  
**To The Shareholders of**  
**Amana Cooperative Insurance Company**  
**(A Saudi Joint Stock Company)**

**Auditors' Responsibilities for the Audit of the Financial Statements (Continued...)**

- 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 Company's internal control;
- 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 managements' 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 to cease to continue as a going concern; and
- 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 material audit findings, including any material 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 estimate threats or safeguards applied.

**INDEPENDENT AUDITORS' REPORT**  
**To The Shareholders of**  
**Amana Cooperative Insurance Company**  
**(A Saudi Joint Stock Company)****Auditors' Responsibilities for the Audit of the Financial Statements (Continued...)**

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 year 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.

**Crowe Solutions for Professional Consulting**  
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Kingdom of Saudi Arabia



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Registration No. 335

**For El Sayed El Ayouty & Co.**  
**Certified Public Accountants**  
P. O. Box 780  
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Kingdom of Saudi Arabia



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Certified Public Accountant  
Registration No. 345

Date: 25 March 2026  
Corresponding to: 6 Shawwal, 1447H



**AMANA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2025**

ASSETS	Notes	December 31,	December 31,
		2025	2024
		SAR' 000	
Cash and cash equivalents	8	197,148	96,858
Short term deposit	9	85,162	162,646
Insurance contract assets	4	43,929	27,838
Reinsurance contract assets	4	13,721	2,706
Investment measured at fair value through other comprehensive income	11 a	73,753	62,285
Investment measured at fair value through profit and loss	11 b	7,643	5,879
Investments held at amortised cost	11 c	21,383	21,162
Prepayments and other assets	13	20,714	21,623
Property and equipment	14	4,518	5,154
Intangible assets	14	4,858	1,174
Statutory deposit	21	64,500	64,500
Accrued income on statutory deposit		3,276	1,755
<b>TOTAL ASSETS</b>		<b>540,605</b>	<b>473,580</b>
<b>LIABILITIES</b>			
Insurance contract liabilities	4	194,560	131,894
Reinsurance contract liabilities	4	7,172	3,888
Accrued expenses and other liabilities	12	16,139	17,247
Employees' end-of-service benefits (EOSB)	20	5,589	4,462
Provision for zakat and income tax	19	3,000	1,547
Accrued income payable to Insurance Authority		3,276	1,755
<b>TOTAL LIABILITIES</b>		<b>229,736</b>	<b>160,793</b>
<b>EQUITY</b>			
Share capital	22	430,000	430,000
Accumulated losses		(187,820)	(174,541)
Fair value reserve for FVOCI investments	11 a	70,543	59,075
<b>Total Shareholders' Equity</b>		<b>312,723</b>	<b>314,534</b>
Re-measurement of EOSB related to insurance operations		(1,854)	(1,747)
<b>TOTAL EQUITY</b>		<b>310,869</b>	<b>312,787</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>540,605</b>	<b>473,580</b>

Commitments and Contingencies 15



Chief Financial Officer



Board Member



Chief Executive Officer

The accompanying notes 1 to 32 form an integral part of these financial statements.

AMANA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2025

		2025	2024
	Notes	SAR' 000	
Insurance revenue	5	282,107	212,597
Insurance service expenses	5	(288,041)	(197,590)
<b>Insurance service result before reinsurance contracts held</b>		(5,934)	15,007
Allocation of reinsurance premiums	5	(13,322)	(3,425)
Amounts payable to / (recoverable from) reinsurers for incurred claims	5	6,486	95
<b>Net expense from reinsurance contracts held</b>		(6,836)	(3,330)
<b>Insurance service result</b>		(12,770)	11,677
Investment income	11 e	14,003	13,827
Re-valuation gain on investments at FVTPL	11 b	1,683	3,007
Expected credit loss allowance on financial assets		32	53
<b>Net investment income</b>		15,718	16,887
Finance expenses from insurance contracts issued	4.1	(14)	(653)
Finance income from reinsurance contracts issued	4.2	64	-
<b>Net insurance finance expenses</b>		50	(653)
<b>Net insurance and investment result</b>		2,998	27,911
Other operating income		3,639	1,421
Other operating expenses	7.1	(13,555)	(13,054)
<b>Total (loss) / income for the year attributable to shareholders before zakat</b>		(6,918)	16,278
Provision for zakat	19	(6,361)	(4,251)
<b>Net (loss) / income for the year, after zakat, attributable to the shareholders</b>		(13,279)	12,027
<b>Earnings per share (expressed in SAR per share)</b>			
Basic and diluted earnings per share (expressed in SAR per share)	30	(0.31)	0.28
Weighted average number of ordinary outstanding shares (in 'thousands)		43,000	43,000

Chief Financial Officer

Board Member

Chief Executive Officer

The accompanying notes 1 to 32 form an integral part of these financial statements.

AMANA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
Notes	SAR' 000	
<b>Total (loss) / income for the year attributable to the shareholders</b>	<b>(13,279)</b>	12,027
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified to statement of income in subsequent years</i>		
Net changes in fair value of investments measured at FVOCI	11,468	17,378
Re-measurement gain on defined benefit obligations	(107)	686
Other comprehensive income for the year	<u>11,361</u>	<u>18,064</u>
<b>Total other comprehensive income for the year</b>	<b><u>11,361</u></b>	<b><u>18,064</u></b>
<b>Total comprehensive (loss) /income attributable to the shareholders</b>	<b><u>(1,918)</u></b>	<b><u>30,091</u></b>

Chief Financial Officer

Board Member

Chief Executive Officer

The accompanying notes 1 to 32 form an integral part of these financial statements.

AMANA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2025

	Share capital	Accumulated losses	Fair value reserve for FVOCI investments	Total Shareholders' Equity	Re-measurement of EOSB obligations	Total equity
	SAR' 000					
<b>2024</b>						
Balance at January 01, 2024	430,000	(186,568)	41,697	285,129	(2,433)	282,696
<b>Comprehensive income for the year:</b>						
Net changes in fair value of investments measured at FVOCI	-	-	17,378	17,378	-	17,378
Re-measurement gain on defined benefit obligations	-	-	-	-	686	686
Net profit for the year attributable to the shareholders	-	12,027	-	12,027	-	12,027
<b>Total comprehensive income for the year attributable to shareholders</b>	-	12,027	17,378	29,405	686	30,091
<b>Balance at December 31, 2024</b>	<b>430,000</b>	<b>(174,541)</b>	<b>59,075</b>	<b>314,534</b>	<b>(1,747)</b>	<b>312,787</b>
<b>2025</b>						
Balance at January 01, 2025	430,000	(174,541)	59,075	314,534	(1,747)	312,787
<b>Comprehensive income for the year:</b>						
Net changes in fair value of investments measured at FVOCI	-	-	11,468	11,468	-	11,468
Re-measurement gain on defined benefit obligations	-	-	-	-	(107)	(107)
Net loss for the year attributable to the shareholders	-	(13,279)	-	(13,279)	-	(13,279)
<b>Total comprehensive income for the year attributable to shareholders</b>	-	(13,279)	11,468	(1,811)	(107)	(1,918)
<b>Balance at December 31, 2025</b>	<b>430,000</b>	<b>(187,820)</b>	<b>70,543</b>	<b>312,723</b>	<b>(1,854)</b>	<b>310,869</b>

Chief Financial Officer

Board Member

Chief Executive Officer

The accompanying notes 1 to 32 form an integral part of these financial statements.

**AMANA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Note	2025 SAR' 000	2024 SAR' 000
<b>Cash flows from operating activities</b>			
(Loss) / profit for the year before zakat		(6,918)	16,278
<b>Adjustments for non-cash items:</b>			
Depreciation and amortization	14	1,309	1,480
Provision for end-of-service benefits	20	1,348	1,129
Accrued commission income	11c	(212)	(50)
Re-valuation gain on investments at FVTPL	11b	(1,683)	(3,007)
Change in ECL provision of investments		(27)	(35)
<b>Changes in operating assets and liabilities:</b>			
Insurance contracts assets		(16,091)	2,582
Reinsurance contracts assets		(11,015)	820
Insurance contracts liabilities		62,666	9,236
Reinsurance contracts liabilities		3,284	(1,093)
Prepayments and other assets		909	9,665
Accrued expenses and other liabilities		(1,108)	(3,428)
Zakat and income tax paid	19	(4,908)	(14,493)
Employees' end-of-service benefits paid	20	(328)	(1,162)
<b>Net cash generated from / (used in) operating activities</b>		<u>27,226</u>	<u>17,922</u>
<b>Cash flows from investing activities</b>			
Maturity / (addition) of short-term deposit		77,502	(86,404)
Addition in investment held at fair value through profit and loss	11b	(81)	(2,872)
Addition in investment held at amortised cost	11c	-	(3,548)
Additions in property, equipment and intangible assets	14	(4,357)	(1,499)
<b>Net cash (used in) / generated from investing activities</b>		<u>73,064</u>	<u>(94,323)</u>
<b>Net change in cash and cash equivalents</b>		<b>100,290</b>	<b>(76,401)</b>
Cash and cash equivalents at the beginning of the year		<u>96,858</u>	<u>173,259</u>
<b>Cash and cash equivalents at the end of the year</b>		<u><u>197,148</u></u>	<u><u>96,858</u></u>

**Chief Financial Officer**

**Board Member**

**Chief Executive Officer**

The accompanying notes 1 to 32 form an integral part of these financial statements.

**AMANA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Amana Cooperative Insurance Company (the “Company”) is a Saudi joint stock company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/35 dated Jumada Al-Akher 3, 1431 H (corresponding to May 17, 2010), and registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010288711 dated Jumada Al-Akher 10, 1431 H (corresponding to May 24, 2010). The Company’s head office is at Salah-uddin Al-Ayubi Street P.O. Box 27986, Riyadh 11427, Kingdom of Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations. Its principal lines of business include medical, motor, marine, fire, engineering, accident and liability and protection insurance.

On 2 Jumada II, 1424H, corresponding to July 31, 2003, the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32). During March 2008, Insurance Authority (IA) then known as SAMA, as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license to transact insurance activities in the Kingdom of Saudi Arabia.

The Board of Directors approved the distribution of the surplus from insurance operations in accordance with the Insurance Implementing Regulations issued by Insurance Authority (IA), whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders’ operations in full. Post implementation of IFRS 17, the surplus payable is included in the insurance contract liabilities under LIC.

The share capital of the Company as of December 31, 2025, is amounted to SAR 430 million comprising of 43 million shares of SAR 10 each (December 31, 2024: SAR 430 million comprising of 43 million shares of SAR 10 each). Refer note 23.

**2. BASIS OF PREPARATION**

**(a) Basis of preparation**

These financial statements of the Company for the year ended December 31, 2024, have been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and in compliance with Regulations for Companies in the Kingdom of Saudi Arabia and By-Laws of the Company.

The Company’s statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as non-current: property and equipment, intangible assets, statutory deposit, and employees’ end-of-service benefits. All other financial statements line items would generally be classified as current.

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders’ Operations and presents the financial information accordingly. Assets, liabilities, revenues and expenses clearly attributable to either activity is recorded in the respective accounts. The basis of the allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

The statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 25 of the financial statements have been provided as supplementary financial information to comply with the requirements of the Insurance Implementing Regulations and is not required under IFRSs. The implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the statements of financial position, statement of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

These financial statements are prepared under the historical cost convention, except for the measurement of investments carried at fair value through profit and loss (FVTPL) and investments carried at fair value through other comprehensive income (FVOCI), investment in equity accounted investments which is accounted for under the equity method, defined benefits obligation recorded at the present value using the projected unit credit method and liability of incurred claims (LIC) and assets for incurred claims (AIC) recorded at the present value at the current discount rates.

**AMANA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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**2. BASIS OF PREPARATION (CONTINUED)**

**(b) Basis of measurement**

In preparing the Company-level financial statements in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

***Going concern***

The Company has posted a net comprehensive loss of SAR 1.92 million (2024: Comprehensive income of SAR 30.09 million), the Company's accumulated losses have reached SAR 187.82 million (December 31, 2024: SAR 174.54 million), representing 43.68% of the Company's share capital (December 31, 2024: 40.59%). These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

However, the Company's management has developed a comprehensive five-year financial forecast, incorporating planned operational improvement measures, which have been reviewed and approved by the Board of Directors. These forecasts indicate a return to profitability starting from the financial year 2026 and continuing thereafter. Based on this assessment, management has determined that the Company has the ability to continue as a going concern, and accordingly, these financial statements have been prepared on a going concern basis.

**(c) Functional & presentation currency**

Amounts in these financial statements are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousands except where otherwise mentioned. Saudi Arabian Riyals (SAR) is the functional currency of the Company as well. Transactions denominated in foreign currencies are translated into Saudi Riyals at rates prevailing on the dates of such transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Saudi Riyals at rates prevailing on the reporting date. All differences are taken to the statement of income. Foreign exchange differences are not significant and have not been disclosed separately.

**(d) Seasonality of operations**

There are no seasonal changes that may affect the insurance operations of the Company.

**(e) Critical accounting judgments, estimates and assumptions**

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

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Following are the accounting judgments and estimates that are critical in preparation of these financial statements:

**Insurance and reinsurance contracts**

**i. PAA eligibility assessment**

The Company has applied the Premium Allocation Approach (PAA) only for contracts with a coverage period of 12 months or less. As this policy applies uniformly to all contracts based on their length, assessments to identify material differences between the model outcomes, for contracts where the coverage period was more than one year, have been deemed

**ii. Liability for remaining coverage**

**Acquisition cash flows**

For insurance acquisition cash flows, the Company is eligible to whether it recognize insurance acquisition cash flows as an expense when it incurs those costs or to include those cash flows within the liability for remain coverage (and hence amortize those cash flows over the coverage period).

The company had opted to recognize an asset for insurance acquisition cash flows paid and amortized those cash flows over the coverage period.

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**2. BASIS OF PREPARATION (CONTINUED)**

**(e) Critical Accounting Judgments, Estimates and Assumptions (continued)**

**ii. Liability for remaining coverage (continued)**

**Significant financing component**

The Company has assessed its Liability for Remaining Coverage (LRC) and Assets for remaining coverage (ARC) and concluded that no significant financing component exists within LRC and ARC respectively. Therefore, the Company has not adjusted the carrying amount of the LRC and ARC to reflect the time value of money and the effect of financial risk using the discount rates, for contracts with a coverage period longer than one year.

**Expected premium receipts adjustment**

Insurance revenue will be adjusted with the amounts of expected premium receipts adjustment calculated on premiums not yet collected as of the date of the statement of financial position. The computation is performed using IFRS 9 simplified approach to calculate Expected Credit Loss (ECL) allowance. The corresponding impact of this adjustment is recorded in the

**iii. Liability for incurred claims**

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims.

Estimates of salvage recoveries and subrogation reimbursements are also considered as an allowance in the measurement of the LIC. The allowance is the assessment of the amount that can be recovered from the third party.

These are projected using a combination of chain ladder technique and as a proportion of the corresponding claims.

**iv. Onerosity determination**

For contracts measured under GMM and VFA, A group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the statement of income in insurance service expense. The loss component is then amortized to statement of income over the coverage period to offset incurred claims in insurance service expense. For contracts measured under PAA, the Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise.

The Company also considers facts and circumstances to identify whether a group of contracts are onerous based on the following key inputs:

- Pricing information: Underwriting combined ratios and price adequacy ratios. This input is most relevant for the Medical and Motor insurance portfolio;
- Historical combined ratio of similar and comparable sets of contracts for Motor, P&C and Medical portfolios in particular;
- Any relevant inputs from underwriters;
- Other external factors such as inflation and change in market claims experience or change in regulations; and
- For subsequent measurement, the Company also relies on the same group of contracts' weighted actual emerging

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**2. BASIS OF PREPARATION (CONTINUED)**

**(e) Critical Accounting Judgments, Estimates and Assumptions (continued)**

**v. Expense attribution**

The Company identifies expenses which are directly attributable towards acquiring insurance contracts (acquisition costs) and fulfilling /maintaining (other attributable expenses) such contracts and those expenses which are not directly attributable to the aforementioned contracts (non-attributable expenses). Acquisition costs, such as underwriting costs including other expenses except for initial commission paid, are no longer recognized in the statement of income when incurred and instead spread over the lifetime of the group of contracts based on the passage of time.

Other attributable expenses are allocated to the groups of contracts using an allocation mechanism considering the activity-based costing principles. The Company has determined costs directly identified to the groups of contracts, as well as costs where a judgement is applied to determine the share of expenses as applicable to that group.

On the other hand, non-directly attributable expenses and overheads are recognized in the statement of income immediately when incurred. The proportion of directly attributable and non-attributable costs at inception will change the pattern at which expenses are recognized.

**vi. Estimates of future cash flows**

The Company primarily uses deterministic projections to estimate the present value of future cash flows and for some groups it uses stochastic modelling techniques. A stochastic model is a tool for estimating probability distributions of potential outcomes by allowing for random variation in one or more inputs over time. The random variation is usually based on fluctuations observed in historical data for a selected period using standard time-series techniques.

The following assumptions were used when estimating future cash flows:

**- Mortality and morbidity rates (insurance risk and reinsurance business)**

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by policyholder gender, underwriting class and contract type. An increase in expected mortality and morbidity rates will increase the expected claim cost which will reduce future expected profits of the Company.

**- Expenses**

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the expected level of expenses will reduce future expected profits of the Company. The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. (Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics).

**- Lapse and surrender rates**

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends. An increase in lapse rates early in the life of the policy would tend to reduce profits of the Company, but later increases are broadly neutral in effect.

## 2. BASIS OF PREPARATION (CONTINUED)

### (e) Critical Accounting Judgments, Estimates and Assumptions (continued)

#### vii. Discount rates

Under the bottom-up approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). Management uses judgement to assess liquidity characteristics of the liability cash flows.

#### viii. Risk adjustment for non-financial risk

Risk adjustment reflects the compensation that is required for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

For non-life insurance contracts, the Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 65th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 65th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

#### ix. Sensitivities on major assumptions considered while applying IFRS 17

The sensitivity analysis is done to evaluate the impact on gross and net liabilities, profit / loss before tax and equity for reasonably possible movements in key assumptions with all other assumptions in notes 2 and 3 held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in

The sensitivity analysis performed during the year and has been presented under Note 24.

#### x. Amortization of the contractual service margin

Under GMM/ VFA approach, the CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Company will recognize as it provides services in the future. The amount of the CSM for a group of insurance contracts is recognized in the statement of income as insurance revenue in each period to reflect the services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognizing any amounts in statement of income to reflect the services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future
- Recognizing in statement of income the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, which the Company determines by considering the quantity of the benefits provided and the expected coverage duration. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. The Company then allocates them based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

#### xi. Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios, and the relevant inputs used.

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**3. MATERIAL ACCOUNTING POLICIES**

The material accounting policies applied in the preparation of these financial statements are summarized below. These policies have been consistently applied to each of the years presented except new IFRS standards, IFRIC interpretations and amendments thereof, adopted by the Company as explained below:

**a) New accounting standards and amendments to accounting standards**

**i) Standards, interpretations and amendments to accounting and reporting standards which are effective in current year**

The amendments and interpretations apply for the first time in 2025, which are effective for annual periods beginning on or after 1 January 2025, all of which do not have a material effect on these financial statements.

<b>Standard / Interpretation</b>	<b>Description</b>	<b>Effective from periods beginning on or after the following date</b>
Amendments to IAS 21	Lack of exchangeability - Amendments to IAS 21	01 January 2025

**ii) Standards and amendments issued but not yet effective**

A number of new standards and amendments to standards are effective for annual periods beginning after January 01, 2026 and earlier application is permitted. However, the Company has not early adopted any of the forthcoming new or amended standards in preparing these financial statements.

<b>Standard / Interpretation</b>	<b>Description</b>	<b>Effective from periods beginning on or after the following date</b>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/effective date deferred indefinitely
New standard “ IFRS 18”	IFRS 18, ‘Presentation and Disclosure in Financial Statements’	January 01, 2027
New standard “ IFRS 19”	IFRS 19, ‘Subsidiaries without Public Accountability: Disclosures’	January 01, 2027
Amendments to IFRS 9 and IFRS 7	Classification and measurement of Financial Instruments- Amendments to IFRS 9 and IFRS 7	January 01, 2026
Annual Improvements to IFRS Accounting Standards	Clarification and amendments relating to various IFRSs under annual improvement program.	01 January 2026

The standards, interpretations, and amendments with an effective date of January 01, 2025 will not have any material impact on the Company’s financial statements, whereas, for other above-mentioned standards, interpretations, and amendments, the Company is currently assessing the implications on the financial statements on adoption.

### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **b) Material accounting policies, including key judgments and estimates**

##### **- IFRS 17 – Insurance contracts**

The Company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Cash flows from insurance contracts are split into Liability for Incurred Claims (“LIC”) and Liability for Remaining Coverage (“LRC”).

##### **Unit of account and measurement model**

The Company operates as a mono-line insurer, operating in the Private Medical Insurance (PMI) business. The PMI business is further divided as Corporate, SMEs and Others based on customer size. All insurance contracts within PMI line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

- (i) contracts that are onerous at initial recognition;
- (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- (iii) a group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

The GMM is the default model to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts.

The liability for remaining coverage includes:

- a) Fulfilment cash flows which are comprised of:
  - Discounted estimates of future cash flows.; and
  - A risk adjustment which is the compensation required for bearing uncertainty; and
- b) Contractual service margin which is the unearned profit that is recognized as services are provided.

The premium allocation approach (“PAA”) is a simplified approach for the measurement of the liability for remaining coverage, that an entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

The Company uses the PAA for measuring contracts with a coverage period of one year or less. The Company is adopting the PAA measurement model for the measurement of LRC for the whole business. This is principally based on the eligibility test for fulfillment cash flows and that coverage period for most contracts are one year or less. Some contracts have coverage period more than one year, but passed the eligibility test.

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**b) Material accounting policies, including key judgments and estimates (continued)**

**- IFRS 17 – Insurance contracts (continued)**

**Initial and subsequent measurement**

The liability for remaining coverage includes:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

For insurance contracts issued, on initial recognition, the Company measures the LRC as the amount of premiums received, less any acquisition cash flows paid.

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

- a) the LRC; and
- b) the LIC, comprising the fulfillment cash flows (“FCF”) related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
- b) decreased for insurance acquisition cash flows paid in the period;
- c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
- d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

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

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

The Company holds quota share reinsurance contract that provide coverage on the PMI insurance contracts for claims incurred during an accident year and are accounted for under the PAA since the Company does not expect significant variability in the fulfillment cash flows that would affect the measurement of the liability for remaining coverage under general measurement model.

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Group recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**b) Material accounting policies, including key judgments and estimates (continued)**

**- IFRS 17 – Insurance contracts (continued)**

**Initial and subsequent measurement (continued)**

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid, plus acquisition cost paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows. The Company is presenting income/ expense from reinsurance as a net line item in the consolidated statement of income.

**Liability for incurred claims “LIC”**

For contracts measured under the PAA, the LIC is measured similarly to the LIC’s measurement under the GMM. The Company estimates the liability for incurred claims and expenses as the fulfillment cash flows related to incurred claims and expenses. The fulfillment cash flows are an explicit, unbiased, and probability-weighted estimate of the present value of the future cash flows, within the contract boundary of a group of contracts, that will arise as the entity fulfills its obligation under the insurance contracts, including a risk adjustment for non-financial risk. The Company presents the entire change in risk adjustment as part of insurance service results.

The Company establishes insurance claims liabilities to cover the estimated liability for the cash flows associated with incurred losses as at the statement of financial position date, including claims not yet reported (“IBNR”) and loss adjustment expenses incurred with respect to insurance contracts underwritten and reinsurance contracts placed by the Company. The ultimate cost of claims liabilities is estimated by using generally accepted standard actuarial techniques.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking into account all the uncertainties involved.

**Surplus distribution**

The Company has reclassified the opening balance of surplus distribution payable to its policyholders into the liability for incurred claims. The surplus arising for the period, if any, will be treated or adjusted in fulfillment cash flows and it will be allocated to each line of business on a rational basis. The actual allocation of surplus over the relevant LOBs might vary as it will be done after the year end closure as per the Surplus distribution policy issued by the Insurance Authority (IA) previously known as SAMA.

**Contract boundary**

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of Groups of insurance contracts. This assessment is reviewed every reporting period. The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services.

- a. the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**b) Material accounting policies, including key judgments and estimates (continued)**

**- IFRS 17 – Insurance contracts (continued)**

**Contract boundary (continued)**

- b. both of the following criteria are satisfied:
- i. the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  - ii. the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

**Measurement model application**

The Company applies the Premium Allocation Approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds for which the coverage period is less than one year. For other contracts issued and held where the coverage period is more than one year, the Company performs PAA Eligibility testing as mentioned in section 2 to confirm whether the PAA may be applied. Subject to passing the PAA eligibility testing, the Company applied PAA on contract issued and reinsurance contracts held that pass the testing.

When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

**Insurance contracts measured under the PAA**

The Company uses the PAA for measuring contracts with a coverage period of one year or less and on contracts that pass the eligibility testing as mentioned in section 2.

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows).

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortization of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Company expects that the time between providing each part of the services and the related premium due date is no more than a year.

The Company recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted unless they are expected to be paid in one year or less from the date the claims are incurred.

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

- a. the LRC; and
- b. the LIC,

The carrying amount of a Group of reinsurance contracts held at the end of each reporting period is the sum of:

- a. the remaining coverage; and
- b. the incurred claims,

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**b) Material accounting policies, including key judgments and estimates (continued)  
- IFRS 17 – Insurance contracts (continued)**

**Insurance contracts measured under the PAA (continued)**

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- a. increased for premiums received in the period;
- b. decreased for insurance acquisition cash flows paid in the period;
- c. decreased for the amounts of expected premiums received recognized as insurance revenue for the services provided in the period; and
- d. increased for the amortization of insurance acquisition cash flows in the period recognized as insurance service expenses.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- a. increased for ceding premiums paid in the period; and
- b. decreased for the amounts of ceding premiums recognized as reinsurance expenses for the services received in the period.

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

**Insurance contracts not measured under the PAA**

On initial recognition, the contracts not measured under PAA are recorded as a total of group of insurance contracts:

- a. the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and
- b. the CSM.

The fulfilment cash flows of a group of insurance contracts do not reflect the Company's non-performance risk.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of insurance contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of:

- the fulfilment cash flows,
- any cash flows arising at that date and
- any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows)

If the total is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims.

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**b) Material accounting policies, including key judgments and estimates (continued)**

**- IFRS 17 – Insurance contracts (continued)**

**Insurance contracts not measured under the PAA (continued)**

The liability for remaining coverage comprises

- the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and
- any remaining CSM at that date.

The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

- Changes relating to future services – Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
- Changes relating to current or past services – Recognised in the insurance service result in profit or loss
- Effects of the time value of money, financial risk and changes therein on estimated future cash flows – Recognised as insurance finance income or expenses

The CSM of each group of contracts is calculated at each reporting date as follows:

*Insurance contracts without direct participation features*

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- the CSM of any new contracts that are added to the group in the year;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - a) any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component; or
  - b) any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- differences between
  - a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
  - b) the actual amount that becomes payable in the year;
- differences between any loan to a policyholder expected to become repayable in the year and the actual amount that becomes repayable in the year; and
- changes in the risk adjustment for non-financial risk that relate to future services.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM.

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### b) Material accounting policies, including key judgments and estimates (continued)

##### - IFRS 17 – Insurance contracts (continued)

##### **Insurance contracts not measured under the PAA (continued)**

###### Direct participating contracts

Direct participating contracts are contracts under which the Company's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Company's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Company provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of direct participating contracts, the Company adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Company then adjusts any CSM for changes in the amount of the Company's share of the fair value of the underlying items, which relate to future services, as explained below.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- the change in the amount of the Company's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
  - a) the Company has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows;
  - b) a decrease in the amount of the Company's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component; or
  - c) an increase in the amount of the Company's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses)
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items – e.g. the effect of financial

##### **Reinsurance contracts not measured under the PAA**

To measure a group of reinsurance contracts, the Company applies the same accounting policies as are applied to insurance contracts without direct participation features, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises:

- the fulfilment cash flows that relate to services that will be received under the contracts in future periods and
- any remaining CSM at that date.

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**b) Material accounting policies, including key judgments and estimates (continued)**

**- IFRS 17 – Insurance contracts (continued)**

**Reinsurance contracts not measured under the PAA (continued)**

The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of:

- the fulfilment cash flows;
- any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to
- any cash flows arising at that date; and
- any income recognised in profit or loss because of onerous underlying contracts recognised at that date.

However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Company recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts;
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year.

*Reinsurance of onerous underlying insurance contracts*

The Company adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Company expects to recover from the reinsurance contracts.

If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then the Company uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

A loss-recovery component is created or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid.

**Insurance acquisition costs**

The Company includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a Group of insurance contracts and that are:

- costs directly attributable to individual contracts and Groups of contracts; and

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**b) Material accounting policies, including key judgments and estimates (continued)**

**- IFRS 17 – Insurance contracts (continued)**

**Insurance acquisition costs (continued)**

- costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

Before a group of insurance contracts is recognized, the Company could pay directly attributable acquisition costs to originate them. When such prepaid costs are refundable in case of insurance contracts termination, they are recorded as a prepaid insurance acquisition cash flows asset within other assets and allocated to the carrying amount of a Group of insurance contracts when the insurance contracts are subsequently recognized.

The acquisition costs are generally capitalized and recognized in the statement of income over the life of the contracts. However, for contracts under PAA approach, there is an option to recognize any insurance acquisition cash flows as an expense when the Company incurs those costs. The company has elected not to choose the option and has capitalized the costs which would then be recognized over the life of contracts. No separate asset is recognized for deferred acquisition costs. Instead, qualifying insurance acquisition cash flows are subsumed into the insurance liability for remaining coverage.

**Insurance revenue**

As the Company provides services under the group of insurance contracts, it reduces the LRC and recognizes insurance revenue. The amount of insurance revenue recognized in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Company expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:
  - a. insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
    - i. amounts related to the loss component;
    - ii. repayments of investment components;
    - iii. amounts of transaction-based taxes collected in a fiduciary capacity; and
    - iv. insurance acquisition expenses;
  - b. changes in the risk adjustment for non-financial risk, excluding:
    - i. changes included in insurance finance income (expenses);
    - ii. changes that relate to future coverage (which adjust the CSM); and
  - iii. amounts allocated to the loss component;
  - c. amounts of the CSM recognized in statement of income for the services provided in the period; and
  - d. experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes. flows such as insurance acquisition cash flows and premium-based taxes.
- Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a Group of contracts.

For Groups of insurance contracts measured under the PAA, the Company recognizes insurance revenue based on the passage of time over the coverage period of a Group of contracts. Insurance revenue is adjusted to allow for policyholders' default on future premiums. The default probability is derived from the expected loss model prescribed under IFRS 9.

### **3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

#### **b) Material accounting policies, including key judgments and estimates (continued)**

##### **- IFRS 17 – Insurance contracts (continued)**

###### **Insurance service expenses**

Insurance service expenses include the following:

- incurred claims and benefits excluding investment components;
- other incurred directly attributable insurance service expenses;
- Insurance acquisitions costs incurred and amortization of insurance acquisition cash flows;
- changes that relate to past service (i.e. changes in the FCF relating to the LIC); and
- changes that relate to future service (i.e. losses/reversals on onerous Groups of contracts from changes in the loss components).

###### **Insurance finance income or expenses**

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- a. the effect of the time value of money and changes in the time value of money; and
- b. the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

- a. interest accreted on the FCF and the CSM;
- b. the effect of changes in interest rates and other financial assumptions; and
- c. foreign exchange differences arising from contracts denominated in a foreign currency.

For contracts measured under the VFA, the main amounts within insurance finance income or expenses are:

- a. changes in the fair value of underlying items;
- b. interest accreted on the FCF relating to cash flows that do not vary with returns on underlying items; and
- c. the effect of changes in interest rates and other financial assumptions on the FCF relating to cash flows that do not vary with returns on underlying items.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

- a. interest accreted on the LIC; and
- b. the effect of changes in interest rates and other financial assumptions.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

###### **Net income (expenses) from reinsurance contracts held**

The Company presents financial performance of Groups of reinsurance contracts held separately between the amounts recoverable from reinsurers and allocation of the premiums for reinsurance contracts held, comprising the following amounts:

- reinsurance expenses;
- incurred claims recovery;
- other incurred directly attributable insurance service expenses;
- effect of changes in risk of reinsurer non-performance;
- for contracts measured under the GMM, changes that relate to future service (i.e. changes in the FCF that do not adjust the CSM for the Group of underlying insurance contracts); and
- changes relating to past service (i.e. adjustments to incurred claims).

Reinsurance expenses are recognized similarly to insurance revenue. The amount of reinsurance expenses recognized in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Company expects to pay in exchange for those services.

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**b) Material accounting policies, including key judgments and estimates (continued)**

**- IFRS 17 – Insurance contracts (continued)**

**Net income (expenses) from reinsurance contracts held (continued)**

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:

- insurance claims and other expenses recovery in the period measured at the amounts expected to be incurred at the beginning of the period, excluding repayments of investment components;
- changes in the risk adjustment for non-financial risk, excluding:
  - changes included in finance income (expenses) from reinsurance contracts held; and
  - changes that relate to future coverage (which adjust the CSM);
- amounts of the CSM recognized in statement of income for the services received in the period; and
- ceded premium experience adjustments relating to past and current service.

**- IFRS 9 Financial instruments**

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The classification of financial assets are:

- (a) Financial assets carried at amortized cost;
- (b) Financial assets carried at fair value through other comprehensive income (FVOCI); and
- (c) Financial assets carried at fair value through profit or loss (FVTPL)

**(a) Financial assets at amortized cost:**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- (i) The asset is held within a "business model" whose objective is to hold assets to collect contractual cash flows;
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

***(i) Business model assessment***

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

***(ii) SPPI test***

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**b) Material accounting policies, including key judgments and estimates (continued)**

**- IFRS 9 Financial instruments (continued)**

**(ii) SPPI test (continued)**

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

**(b) Financial assets at fair value through other comprehensive income (FVOCI):**

***Debt instruments at FVOCI***

The Company applies the category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset meet the SPPI test.

This category only includes debt instruments, which the Company intends to hold for the foreseeable future, and which may be sold in response to needs for liquidity or in response to changes in market conditions. The Company classified its debt instruments at FVOCI. Debt instruments at FVOCI are subject to an impairment assessment under IFRS 9.

***Equity instruments at FVOCI***

Upon initial recognition, the Company may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

**(c) Financial assets at fair value through profit or loss (FVTPL)**

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. In addition, on initial recognition the Company may irrevocably designate a financial asset as FVTPL that otherwise meets the requirements to be measured at amortized cost or at FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of statement of income.

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### b) Material accounting policies, including key judgments and estimates (continued)

##### - IFRS 9 Financial instruments (continued)

#### Recognition, subsequent measurement and derecognition

##### *Debt instrument at amortized cost*

After initial measurement, financial assets are measured at amortized cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Financing income, foreign exchange gains and losses and impairment when the investments are impaired are recognized in the profit or loss.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition is recognized in the profit or loss.

Debt instruments that are measured at FVOCI category are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in the statement of comprehensive income. Interest income and foreign exchange gains and losses are recognized in the statement of income in the same manner as for financial assets measured at amortized cost.

On derecognition, cumulative gains or losses previously recognized in the statement of comprehensive income are reclassified from the statement of comprehensive income to the statement of income.

Equity instruments that are measured at FVOCI category are subsequently measured at fair value. Dividends are recognized as income in the statement of income when the Company's right to receive payment is established, unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognized in the statement of comprehensive income and are never reclassified to the statement of income. Cumulative gains and losses recognized in the statement of comprehensive income are transferred to retained earnings on disposal of an investment.

##### *Financial assets at fair value through other comprehensive income*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets that are measured at FVTPL category are subsequently measured at fair value. Changes in fair value are recorded in the statement of income. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using a contractual interest rate. Dividend income is recorded in the statement of income when the right to the payment has been established.

##### *Derecognition of financial assets*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### b) Material accounting policies, including key judgments and estimates (continued)

##### - IFRS 9 Financial instruments (continued)

##### *Derecognition of financial assets (continued)*

When the Company has neither transferred nor retained substantially all of the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Company's continuing involvement, in which case, the Company also recognizes an associated liability. The transferred assets and the associated liabilities are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognized in the statement of income or statement of comprehensive income as the case may be.

##### **Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The Company applies the expected credit losses ('ECL') on its financial assets measured at amortised cost and FVOCI, which are in the scope of IFRS 9 for impairment. The Company recognises a loss allowance for such losses at each reporting date.

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are recognized in two stages, 12-month expected credit losses and Lifetime expected credit losses.

If there is objective evidence that an impairment loss on a financial asset exists, the impairment for assets carried at amortized cost, impairment is based on estimated future cash flows that are discounted at the original effective commission rate.

##### ***Credit impaired financial assets:***

At each reporting date, the Company assesses whether financial assets measured at amortized cost and debt investments at FVOCI are credit impaired. A financial asset is credit impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

##### ***Recognition:***

Losses are recognized in statement of income and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset (either partially or in full), the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease is related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed in statement of income.

##### ***Presentation of loss allowances in the statement of financial position:***

Loss allowances for expected credit losses are presented as follows:

- financial assets measured at amortized cost: the loss allowance is deducted from the gross carrying amount of the assets;
- the ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in the statement of comprehensive income with a corresponding charge to the statement of income.

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### b) Material accounting policies, including key judgments and estimates (continued)

##### - IFRS 9 Financial instruments (continued)

##### *Presentation of loss allowances in the statement of financial position: (continued)*

##### *The calculation of ECLs*

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

The Company allocates its assets subject to ECL calculations to one of these categories, determined as follows:

##### **Stage 1- 12-month ECL (12mECL):**

The 12mECL is calculated as the portion of lifetime ECLs (LTECLs) that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate effective interest rate (EIR).

##### **Stage 2- LTECL:**

When an instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR.

##### **Stage 3- Credit impaired:**

For debt instruments considered credit-impaired, the Company recognizes the lifetime expected credit losses for these instruments. The method is similar to that for LTECL assets, with the PD set at 100%.

##### ***Forward looking information***

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Inflation

##### **- Write-offs**

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to expected credit loss expense. There were no write-offs over the period reported in these financial statements.

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**b) Material accounting policies, including key judgments and estimates (continued)**

**- Receivable from brokers / agents**

Insurance contracts sold via brokers where brokers have collected the premiums from the insured and not yet paid to the Company are classified as "receivable from brokers / agents". The balances are outside the contract boundary of insurance contracts issued and are subject to impairment assessment based on simplified approach of IFRS 9. Under IFRS 9 simplified approach, the Company measures the loss allowance at an amount equal to lifetime expected credit losses for Insurance receivables embedded within the LRC.

**- Dividend distribution**

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

**- Liability adequacy test**

At each statement of financial position date, liability adequacy tests are performed to ensure the adequacy of the insurance contracts liabilities net of related deferred policy acquisition costs. In performing these tests management uses current best estimates of future contractual cash flows and claims handling and administration expenses. Any deficiency in the carrying amounts is immediately charged to the statement of income by establishing a premium deficiency reserve arising from liability adequacy tests accordingly.

**- Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the statement of income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

**- Property and equipment**

Property and equipment is measured at cost net of accumulated depreciation and accumulated impairment in value if any. Cost includes expenditure that is directly attributable to the acquisition of the assets. Expenditure for repair and maintenance is charged to the statement of income. Improvements that increase the value or materially extend the life of the related assets are capitalised. Depreciation is charged to the statement of income on a straight line basis over the estimated useful lives of the assets. The estimated useful lives of the assets are:

	<b>Years</b>
Leasehold improvements	5
Furniture and fittings	5
Computer and office equipment	4
Motor Vehicles	4

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in statement of income.

Capital work-in-progress includes projects that to be commissioned in future. When commissioned, capital work-in-progress will be transferred to the respective category within property and equipment, and depreciated in accordance with the Company's policy.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in "Other operating income" in the statement of income.

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**b) Material accounting policies, including key judgments and estimates (continued)**

**- Trade date accounting**

All regular way purchases and sales of financial assets are recognized / derecognized on the trade date (i.e. the date that the Company commits to purchase or sell the assets). Regular way purchases or sales are purchases or sales of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the marketplace.

**- Provisions, accrued expenses and other liabilities**

Provisions are recognized when the Company has an obligation (legal or constructive) arising from past events, and the costs of settling the obligation are both probable and may be measured reliably. Provisions are not recognized for future operating losses. Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

**- Impairment of non-financial assets**

Assets that have an indefinite useful life. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

**- Investment property**

Investment property represents land and buildings that are held for capital appreciation purposes. Land and buildings are stated at cost less recognized impairment loss, if any.

Investment properties are derecognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property.

**- Foreign currencies**

Transactions in foreign currencies are recorded in Saudi Riyals at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to Saudi Arabian Riyals at the rate of exchange prevailing at the statement of financial position date. All differences are taken to the statements of income and comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as of the date of the initial transaction and are not subsequently restated. Foreign exchange gains or losses on available-for-sale investments are recognized in "Other operating income" in the statement of income and statement of comprehensive income.

**- Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and balances with banks including certain time deposits with less than three months maturity from the date of acquisition.

**- Short-term deposits**

Short-term deposits comprise of time deposits with banks with maturity periods of more than three months and less than one year from the date of acquisition.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**b) Material accounting policies, including key judgments and estimates (continued)**

**- Employees' end-of-service benefits (EOSB)**

The Company operates an end of service benefit plan for its employees based on the prevailing Saudi Labor Laws. Accruals are made at the present value of expected future payments in respect of services provided by the employees up to the end of the reporting period using the projected unit credit method. Consideration is given to the expected future wages and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds like dollar denominated KSA Sovereign Bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The benefit payments obligation is discharged as and when it falls due. Re-measurements (actuarial gains/ losses) as a result of experience adjustments and changes in actuarial assumptions are recognized in the statement of comprehensive income.

**- Zakat and taxes**

Zakat and income tax are provided in accordance with the Regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia. Zakat provision is charged to the statement of income. Zakat is computed on the Saudi shareholder's share of the zakat base, while income tax is calculated on the foreign shareholder's share of adjusted net income. Income tax is charged to the statement of income. The Company is settling the zakat and income tax annually to ZATCA whereas Zakat and income tax is accrued on a quarterly basis.

**- Deferred income tax:**

Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. The deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

**- Cash flow statement**

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

**- Operating segments**

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

- Medical insurance provides coverage for health insurance.
- Motor insurance provides coverage for vehicles' insurance.
- Property & Casualty insurance provides coverage for Property, Engineering, Marine and other general insurance.

Segment performance is evaluated based on statement of income which, in certain respects, is measured differently from statement of income in the financial statements.

No inter-segment transactions occurred during the year. If any transaction was to occur, transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**b) Material accounting policies, including key judgments and estimates (continued)**

**- Operating segments (continued)**

Shareholders' income is a non-operating segment. Income earned from time deposits and investments is the only revenue generating activity. Certain direct operating expenses and other overhead expenses are allocated to this segment on an appropriate basis.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions.

**- Other operating income**

Income from Haj and Umrah fund is recognized as other operating income on the basis of quarterly financial statements released by the Fund Manager.

**- Statutory reserve**

In accordance with the Company's by-laws, the Company shall allocate 20% of its annual net income from shareholders' operations each year to the statutory reserve until it has built up a reserve equal to the share capital. The reserve is not available for distribution.

**- Intangible assets**

Intangible assets are shown at historical cost less accumulated amortization. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. The Company amortises intangible assets with a limited useful life using straight-line method over 4 years.

AMANA COOPERATIVE INSURANCE COMPANY  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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4. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17

	Valuation Approach	December 31, 2025	December 31, 2024
<b>SAR' 000</b>			
<b>Insurance contract balances</b>			
– Insurance contract assets			
4.1.1 - Medical	PAA	26,313	16,182
4.1.2 - Motor	PAA	9,055	10,408
4.1.3 - Property & Casualty	PAA	1,538	1,248
4.1.4 - Employers' delinquency insurance pool	PAA	7,023	-
4.1.5 - Inherent defect insurance pool	GMM	-	-
Total Insurance contract assets		43,929	27,838
– Insurance contract liabilities			
4.1.1 - Medical	PAA	151,205	108,802
4.1.2 - Motor	PAA	24,481	20,293
4.1.3 - Property & Casualty	PAA	3,600	2,799
4.1.4 - Employers' delinquency insurance pool	PAA	6,238	-
4.1.5 - Inherent defect insurance pool	GMM	9,036	-
Total Insurance contract liabilities		194,560	131,894
<b>Total Insurance contract assets &amp; liabilities, net</b>		<b>150,631</b>	<b>104,056</b>
<b>Reinsurance contracts</b>			
– Reinsurance contract assets			
4.2.1 - Medical	PAA	2,152	-
4.2.2 - Motor	PAA	1,650	1,612
4.2.3 - Property & Casualty	PAA	1,505	1,094
4.2.4 - Employers' delinquency insurance pool	PAA	3,594	-
4.2.5 - Inherent defect insurance pool	GMM	4,820	-
Total Reinsurance contract assets		13,721	2,706
– Reinsurance contract liabilities			
4.2.1 - Medical	PAA	-	534
4.2.2 - Motor	PAA	2,094	1,541
4.2.3 - Property & Casualty	PAA	1,196	1,813
4.2.4 - Employers' delinquency insurance pool	PAA	3,882	-
4.2.5 - Inherent defect insurance pool	GMM	-	-
Total Reinsurance contract liabilities		7,172	3,888
<b>Total Reinsurance contract assets &amp; liabilities, net</b>		<b>(6,549)</b>	<b>1,182</b>

AMANA COOPERATIVE INSURANCE COMPANY  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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4. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

4.1 Analysis of Insurance contract assets and liabilities for contracts measured under PAA & GMM

All segments / portfolios under PAA & GMM	As at December 31, 2025					As at December 31, 2024				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	(LRC)		(LIC)			(LRC)		(LIC)		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
SAR' 000					SAR' 000					
Opening assets	(27,320)	-	(515)	(3)	(27,838)	(30,416)	-	-	(4)	(30,420)
Opening liabilities	73,599	9,940	46,209	2,146	131,894	57,689	9,775	52,887	2,307	122,658
Adjustment due to IDI pool subscription (note 4.1.5)*	6,110	-	176	3	6,289	-	-	-	-	-
<b>Net opening balance</b>	<b>52,389</b>	<b>9,940</b>	<b>45,870</b>	<b>2,146</b>	<b>110,345</b>	<b>27,273</b>	<b>9,775</b>	<b>52,887</b>	<b>2,303</b>	<b>92,238</b>
<b>Changes in the statement of income</b>										
Insurance revenue	(282,107)	-	-	-	(282,107)	(212,597)	-	-	-	(212,597)
<i>Insurance service expenses</i>										
Incurred claims	-	-	195,869	1,595	197,464	-	-	132,961	1,662	134,623
Directly attributable non-acquisition expenses	-	-	31,018	-	31,018	-	-	27,232	-	27,232
Changes relating to liabilities for incurred claims	-	-	(3,791)	(1,950)	(5,741)	-	-	(15,937)	(1,822)	(17,759)
Losses / (loss reversals) on onerous contracts	-	650	-	-	650	-	165	-	-	165
Insurance acquisition cost incurred	64,472	-	-	-	64,472	53,148	-	-	-	53,148
Surplus distribution to policyholders	-	-	17	-	17	-	-	181	-	181
Other methodology diff	-	-	161	-	161	-	-	-	-	-
<b>Insurance service expenses</b>	<b>64,472</b>	<b>650</b>	<b>223,274</b>	<b>(355)</b>	<b>288,041</b>	<b>53,148</b>	<b>165</b>	<b>144,437</b>	<b>(160)</b>	<b>197,590</b>
<b>Insurance service result</b>	<b>217,635</b>	<b>(650)</b>	<b>(223,274)</b>	<b>355</b>	<b>(5,934)</b>	<b>159,449</b>	<b>(165)</b>	<b>(144,437)</b>	<b>160</b>	<b>15,007</b>
Finance income / (expenses) from insurance contracts issued	(248)	-	234	-	(14)	-	-	(653)	-	(653)
Total amounts recognised in statement of income	217,387	(650)	(223,040)	355	(5,948)	159,449	(165)	(145,090)	160	14,354
<b>Cash flows</b>										
Premiums received	343,384	-	-	-	343,384	232,962	-	-	-	232,962
Claims paid	-	-	(187,420)	-	(187,420)	-	-	(131,193)	-	(131,193)
Directly attributable non-acquisition expenses paid	-	-	(35,676)	-	(35,676)	-	-	(21,820)	-	(21,820)
Insurance acquisition cash flows	(85,807)	-	-	-	(85,807)	(54,420)	-	-	-	(54,420)
Other cash flows	(60)	-	(83)	-	(143)	(87)	-	730	-	643
<b>Total cash flows</b>	<b>257,517</b>	<b>-</b>	<b>(223,179)</b>	<b>-</b>	<b>34,338</b>	<b>178,455</b>	<b>-</b>	<b>(152,283)</b>	<b>-</b>	<b>26,172</b>
<b>Net closing balance</b>	<b>92,519</b>	<b>10,590</b>	<b>45,731</b>	<b>1,791</b>	<b>150,631</b>	<b>46,279</b>	<b>9,940</b>	<b>45,694</b>	<b>2,143</b>	<b>104,056</b>
Closing liabilities	136,254	10,590	45,910	1,806	194,560	73,599	9,940	46,209	2,146	131,894
Closing assets	(43,735)	-	(179)	(15)	(43,929)	(27,320)	-	(515)	(3)	(27,838)
<b>Net closing balance</b>	<b>92,519</b>	<b>10,590</b>	<b>45,731</b>	<b>1,791</b>	<b>150,631</b>	<b>46,279</b>	<b>9,940</b>	<b>45,694</b>	<b>2,143</b>	<b>104,056</b>

\* The opening balance has been recognized in accordance with the newly executed agreement with the IDI pool, which defines the terms and obligations applicable from the effective date for opening balances of the pool.

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4. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

4.1.1 Analysis of Insurance contract assets and liabilities for contracts measured under PAA - Medical

Medical	As at December 31, 2025					As at December 31, 2024				
	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)			Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows SAR' 000	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows SAR' 000	Risk adjustment	Total
Opening assets	(16,182)	-	-	-	(16,182)	(15,500)	-	-	-	(15,500)
Opening liabilities	64,714	8,486	34,054	1,548	108,802	52,130	7,656	33,189	1,412	94,387
<b>Net opening balance</b>	<b>48,532</b>	<b>8,486</b>	<b>34,054</b>	<b>1,548</b>	<b>92,620</b>	<b>36,630</b>	<b>7,656</b>	<b>33,189</b>	<b>1,412</b>	<b>78,887</b>
<b>Changes in the statement of income</b>										
Insurance revenue	(238,999)	-	-	-	(238,999)	(185,202)	-	-	-	(185,202)
<i>Insurance service expenses</i>										
Incurring claims	-	-	169,078	1,029	170,107	-	-	121,418	1,508	122,926
Directly attributable non-acquisition expenses	-	-	22,837	-	22,837	-	-	22,274	-	22,274
Changes relating to liabilities for incurred claims	-	-	678	(1,518)	(840)	-	-	(12,486)	(1,372)	(13,858)
Losses / (loss reversals) on onerous contracts	-	(1,354)	-	-	(1,354)	-	830	-	-	830
Insurance acquisition cost incurred	51,765	-	-	-	51,765	41,258	-	-	-	41,258
Surplus distribution to policyholders	-	-	17	-	17	-	-	171	-	171
Other methodology diff	-	-	-	-	-	-	-	-	-	-
<b>Insurance service expenses</b>	<b>51,765</b>	<b>(1,354)</b>	<b>192,610</b>	<b>(489)</b>	<b>242,532</b>	<b>41,258</b>	<b>830</b>	<b>131,377</b>	<b>136</b>	<b>173,601</b>
<b>Insurance service result</b>	<b>187,234</b>	<b>1,354</b>	<b>(192,610)</b>	<b>489</b>	<b>(3,533)</b>	<b>143,944</b>	<b>(830)</b>	<b>(131,377)</b>	<b>(136)</b>	<b>11,601</b>
Finance income / (expenses) from insurance contracts issued	-	-	252	-	252	-	-	(345)	-	(345)
Total amounts recognised in statement of income	<b>187,234</b>	<b>1,354</b>	<b>(192,358)</b>	<b>489</b>	<b>(3,281)</b>	<b>143,944</b>	<b>(830)</b>	<b>(131,722)</b>	<b>(136)</b>	<b>11,256</b>
<b>Cash flows</b>										
Premiums received	297,723	-	-	-	297,723	197,466	-	-	-	197,466
Claims paid	-	-	(169,611)	-	(169,611)	-	-	(114,588)	-	(114,588)
Directly attributable non-acquisition expenses paid	-	-	(27,502)	-	(27,502)	-	-	(16,859)	-	(16,859)
Insurance acquisition cash flows	(71,566)	-	-	-	(71,566)	(41,533)	-	-	-	(41,533)
Other cash flows	-	-	(53)	-	(53)	(87)	-	590	-	503
<b>Total cash flows</b>	<b>226,157</b>	<b>-</b>	<b>(197,166)</b>	<b>-</b>	<b>28,991</b>	<b>155,846</b>	<b>-</b>	<b>(130,857)</b>	<b>-</b>	<b>24,989</b>
<b>Net closing balance</b>	<b>87,455</b>	<b>7,132</b>	<b>29,246</b>	<b>1,059</b>	<b>124,892</b>	<b>48,532</b>	<b>8,486</b>	<b>34,054</b>	<b>1,548</b>	<b>92,620</b>
Closing liabilities	113,768	7,132	29,246	1,059	151,205	64,714	8,486	34,054	1,548	108,802
Closing assets	(26,313)	-	-	-	(26,313)	(16,182)	-	-	-	(16,182)
<b>Net closing balance</b>	<b>87,455</b>	<b>7,132</b>	<b>29,246</b>	<b>1,059</b>	<b>124,892</b>	<b>48,532</b>	<b>8,486</b>	<b>34,054</b>	<b>1,548</b>	<b>92,620</b>

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4. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

4.1.2 Analysis of Insurance contract assets and liabilities for contracts measured under PAA - Motor

Motor	As at December 31, 2025					As at December 31, 2024				
	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)			Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows SAR' 000	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows SAR' 000	Risk adjustment	Total
Opening assets	(9,893)	-	(515)	-	(10,408)	(13,653)	-	-	-	(13,653)
Opening liabilities	8,231	1,454	10,052	556	20,293	5,212	2,119	16,683	832	24,846
<b>Net opening balance</b>	<b>(1,662)</b>	<b>1,454</b>	<b>9,537</b>	<b>556</b>	<b>9,885</b>	<b>(8,441)</b>	<b>2,119</b>	<b>16,683</b>	<b>832</b>	<b>11,193</b>
<b>Changes in the statement of income</b>										
Insurance revenue	(29,801)	-	-	-	(29,801)	(26,005)	-	-	-	(26,005)
<i>Insurance service expenses</i>										
Incurring claims	-	-	19,895	148	20,043	-	-	11,294	144	11,438
Directly attributable non-acquisition expenses	-	-	6,907	-	6,907	-	-	4,533	-	4,533
Changes relating to liabilities for incurred claims	-	-	(3,765)	(406)	(4,171)	-	-	(2,624)	(420)	(3,044)
Losses / (loss reversals) on onerous contracts	-	2,004	-	-	2,004	-	(665)	-	-	(665)
Insurance acquisition cost incurred	10,656	-	-	-	10,656	10,717	-	-	-	10,717
Surplus distribution to policyholders	-	-	-	-	-	-	-	7	-	7
Other methodology diff	-	-	-	-	-	-	-	-	-	-
<b>Insurance service expenses</b>	<b>10,656</b>	<b>2,004</b>	<b>23,037</b>	<b>(258)</b>	<b>35,439</b>	<b>10,717</b>	<b>(665)</b>	<b>13,210</b>	<b>(276)</b>	<b>22,986</b>
<b>Insurance service result</b>	<b>19,145</b>	<b>(2,004)</b>	<b>(23,037)</b>	<b>258</b>	<b>(5,638)</b>	<b>15,288</b>	<b>665</b>	<b>(13,210)</b>	<b>276</b>	<b>3,019</b>
Finance expenses from insurance contracts issued	-	-	(119)	-	(119)	-	-	(296)	-	(296)
Total amounts recognised in statement of income	19,145	(2,004)	(23,156)	258	(5,757)	15,288	665	(13,506)	276	2,723
<b>Cash flows</b>										
Premiums received	36,221	-	-	-	36,221	33,485	-	-	-	33,485
Claims paid	-	-	(17,709)	-	(17,709)	-	-	(16,258)	-	(16,258)
Directly attributable non-acquisition expenses paid	-	-	(6,907)	-	(6,907)	-	-	(4,534)	-	(4,534)
Insurance acquisition cash flows	(11,821)	-	-	-	(11,821)	(11,418)	-	-	-	(11,418)
Other Cash Flows	-	-	-	-	-	-	-	140	-	140
<b>Total cash flows</b>	<b>24,400</b>	<b>-</b>	<b>(24,616)</b>	<b>-</b>	<b>(216)</b>	<b>22,067</b>	<b>-</b>	<b>(20,652)</b>	<b>-</b>	<b>1,415</b>
<b>Net closing balance</b>	<b>3,593</b>	<b>3,458</b>	<b>8,077</b>	<b>298</b>	<b>15,426</b>	<b>(1,662)</b>	<b>1,454</b>	<b>9,537</b>	<b>556</b>	<b>9,885</b>
Closing liabilities	12,488	3,458	8,237	298	24,481	8,231	1,454	10,052	556	20,293
Closing assets	(8,895)	-	(160)	-	(9,055)	(9,893)	-	(515)	-	(10,408)
<b>Net closing balance</b>	<b>3,593</b>	<b>3,458</b>	<b>8,077</b>	<b>298</b>	<b>15,426</b>	<b>(1,662)</b>	<b>1,454</b>	<b>9,537</b>	<b>556</b>	<b>9,885</b>

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4. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

4.1.3 Analysis of Insurance contract assets and liabilities for contracts measured under PAA - Property & Casualty

Property & Casualty	As at December 31, 2025					As at December 31, 2024				
	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)			Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows SAR' 000	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows SAR' 000	Risk adjustment	Total
Opening assets	(1,245)	-	-	(3)	(1,248)	(1,263)	-	-	(4)	(1,267)
Opening liabilities	654	-	2,103	42	2,799	347	-	3,015	63	3,425
<b>Net opening balance</b>	<b>(591)</b>	<b>-</b>	<b>2,103</b>	<b>39</b>	<b>1,551</b>	<b>(916)</b>	<b>-</b>	<b>3,015</b>	<b>59</b>	<b>2,158</b>
<b>Changes in the statement of income</b>										
Insurance revenue	(3,665)	-	-	-	(3,665)	(1,390)	-	-	-	(1,390)
<i>Insurance service expenses</i>										
Incurring claims	-	-	850	32	882	-	-	249	10	259
Directly attributable non-acquisition expenses	-	-	1,245	-	1,245	-	-	425	-	425
Changes relating to liabilities for incurred claims	-	-	(658)	(25)	(683)	-	-	(827)	(30)	(857)
Losses / (loss reversals) on onerous contracts	-	-	-	-	-	-	-	-	-	-
Insurance acquisition cost incurred	1,852	-	-	-	1,852	1,173	-	-	-	1,173
Surplus distribution to policyholders	-	-	-	-	-	-	-	3	-	3
Other methodology diff	-	-	-	-	-	-	-	-	-	-
<b>Insurance service expenses</b>	<b>1,852</b>	<b>-</b>	<b>1,437</b>	<b>7</b>	<b>3,296</b>	<b>1,173</b>	<b>-</b>	<b>(150)</b>	<b>(20)</b>	<b>1,003</b>
<b>Insurance service result</b>	<b>1,813</b>	<b>-</b>	<b>(1,437)</b>	<b>(7)</b>	<b>369</b>	<b>217</b>	<b>-</b>	<b>150</b>	<b>20</b>	<b>387</b>
Finance income / (expenses) from insurance contracts issued	-	-	3	-	3	-	-	(12)	-	(12)
Total amounts recognised in statement of income	<b>1,813</b>	<b>-</b>	<b>(1,434)</b>	<b>(7)</b>	<b>372</b>	<b>217</b>	<b>-</b>	<b>138</b>	<b>20</b>	<b>375</b>
<b>Cash flows</b>										
Premiums received	4,579	-	-	-	4,579	2,011	-	-	-	2,011
Claims paid	-	-	(6)	-	(6)	-	-	(347)	-	(347)
Directly attributable non-acquisition expenses paid	-	-	(1,245)	-	(1,245)	-	-	(427)	-	(427)
Insurance acquisition cash flows	(2,385)	-	-	-	(2,385)	(1,469)	-	-	-	(1,469)
Other Cash Flows	(60)	-	-	-	(60)	-	-	-	-	-
<b>Total cash flows</b>	<b>2,134</b>	<b>-</b>	<b>(1,251)</b>	<b>-</b>	<b>883</b>	<b>542</b>	<b>-</b>	<b>(774)</b>	<b>-</b>	<b>(232)</b>
<b>Net closing balance</b>	<b>(270)</b>	<b>-</b>	<b>2,286</b>	<b>46</b>	<b>2,062</b>	<b>(591)</b>	<b>-</b>	<b>2,103</b>	<b>39</b>	<b>1,551</b>
Closing liabilities	1,234	-	2,305	61	3,600	654	-	2,103	42	2,799
Closing assets	(1,504)	-	(19)	(15)	(1,538)	(1,245)	-	-	(3)	(1,248)
<b>Net closing balance</b>	<b>(270)</b>	<b>-</b>	<b>2,286</b>	<b>46</b>	<b>2,062</b>	<b>(591)</b>	<b>-</b>	<b>2,103</b>	<b>39</b>	<b>1,551</b>

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4. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

4.1.4 Analysis of Insurance contract assets and liabilities for contracts measured under PAA - Employers' delinquency insurance pool

Employers' delinquency insurance pool	As at December 31, 2025					As at December 31, 2024					
	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)			Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)			Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows SAR' 000	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows SAR' 000	Risk adjustment		
Opening assets	-	-	-	-	-	-	-	-	-	-	
Opening liabilities	-	-	-	-	-	-	-	-	-	-	
<b>Net opening balance</b>	-	-	-	-	-	-	-	-	-	-	
<b>Changes in the statement of income</b>											
Insurance revenue	(9,522)	-	-	-	(9,522)	-	-	-	-	-	
<i>Insurance service expenses</i>											
Incurring claims	-	-	5,876	383	6,259	-	-	-	-	-	
Directly attributable non-acquisition expenses	-	-	29	-	29	-	-	-	-	-	
Changes relating to liabilities for incurred claims	-	-	-	-	-	-	-	-	-	-	
Losses / (loss reversals) on onerous contracts	-	-	-	-	-	-	-	-	-	-	
Insurance acquisition cost incurred	199	-	-	-	199	-	-	-	-	-	
Surplus distribution to policyholders	-	-	-	-	-	-	-	-	-	-	
Other methodology diff	-	-	161	-	161	-	-	-	-	-	
<b>Insurance service expenses</b>	<b>199</b>	<b>-</b>	<b>6,066</b>	<b>383</b>	<b>6,648</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Insurance service result</b>	<b>9,323</b>	<b>-</b>	<b>(6,066)</b>	<b>(383)</b>	<b>2,874</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Finance income from insurance contracts issued	-	-	100	-	100	-	-	-	-	-	
Total amounts recognised in statement of income	<b>9,323</b>	<b>-</b>	<b>(5,966)</b>	<b>(383)</b>	<b>2,974</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Cash flows</b>											
Premiums received	2,335	-	-	-	2,335	-	-	-	-	-	
Claims paid	-	-	(89)	-	(89)	-	-	-	-	-	
Directly attributable non-acquisition expenses paid	-	-	(22)	-	(22)	-	-	-	-	-	
Insurance acquisition cash flows	(35)	-	-	-	(35)	-	-	-	-	-	
Other Cash Flows	-	-	-	-	-	-	-	-	-	-	
<b>Total cash flows</b>	<b>2,300</b>	<b>-</b>	<b>(111)</b>	<b>-</b>	<b>2,189</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net closing balance</b>	<b>(7,023)</b>	<b>-</b>	<b>5,855</b>	<b>383</b>	<b>(785)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Closing liabilities	-	-	5,855	383	6,238	-	-	-	-	-	
Closing assets	(7,023)	-	-	-	(7,023)	-	-	-	-	-	
<b>Net closing balance</b>	<b>(7,023)</b>	<b>-</b>	<b>5,855</b>	<b>383</b>	<b>(785)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

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4. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

4.1.5 Analysis of Insurance contract assets and liabilities for contracts measured under GMM - Inherent defect insurance pool

Inherent defect insurance pool	As at December 31, 2025					As at December 31, 2024					
	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)			Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)			Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows SAR' 000	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows SAR' 000	Risk adjustment		
Opening balance	-	-	-	-	-	-	-	-	-	-	
Adjustment due to IDI pool subscription (note 4.1.5)*	6,110	-	176	3	6,289	-	-	-	-	-	
<b>Opening balance after IDI pool adjustment</b>	<b>6,110</b>	<b>-</b>	<b>176</b>	<b>3</b>	<b>6,289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Changes in the statement of income</b>											
Insurance revenue	(120)	-	-	-	(120)	-	-	-	-	-	
<i>Insurance service expenses</i>											
Incurring claims	-	-	170	3	173	-	-	-	-	-	
Directly attributable non-acquisition expenses	-	-	-	-	-	-	-	-	-	-	
Changes relating to liabilities for incurred claims	-	-	(46)	(1)	(47)	-	-	-	-	-	
Losses / (loss reversals) on onerous contracts	-	-	-	-	-	-	-	-	-	-	
Insurance acquisition cost incurred	-	-	-	-	-	-	-	-	-	-	
Surplus distribution to policyholders	-	-	-	-	-	-	-	-	-	-	
Other methodology diff	-	-	-	-	-	-	-	-	-	-	
<b>Insurance service expenses</b>	<b>-</b>	<b>-</b>	<b>124</b>	<b>2</b>	<b>126</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Insurance service result</b>	<b>120</b>	<b>-</b>	<b>(124)</b>	<b>(2)</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Finance expenses from insurance contracts issued	(248)	-	(2)	-	(250)	-	-	-	-	-	
Total amounts recognised in statement of income	<b>(128)</b>	<b>-</b>	<b>(126)</b>	<b>(2)</b>	<b>(256)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Cash flows</b>											
Premiums received	2,526	-	-	-	2,526	-	-	-	-	-	
Claims paid	-	-	(5)	-	(5)	-	-	-	-	-	
Directly attributable non-acquisition expenses paid	-	-	-	-	-	-	-	-	-	-	
Insurance acquisition cash flows	-	-	-	-	-	-	-	-	-	-	
Other Cash Flows	-	-	(30)	-	(30)	-	-	-	-	-	
<b>Total cash flows</b>	<b>2,526</b>	<b>-</b>	<b>(35)</b>	<b>-</b>	<b>2,491</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net closing balance</b>	<b>8,764</b>	<b>-</b>	<b>267</b>	<b>5</b>	<b>9,036</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Closing liabilities	8,764	-	267	5	9,036	-	-	-	-	-	
Closing assets	-	-	-	-	-	-	-	-	-	-	
<b>Net closing balance</b>	<b>8,764</b>	<b>-</b>	<b>267</b>	<b>5</b>	<b>9,036</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

\* The opening balance has been recognized in accordance with the newly executed agreement with the IDI pool, which defines the terms and obligations applicable from the effective date for opening balances of the pool.

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4. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

4.1.5 Analysis of Insurance contract assets and liabilities for contracts measured under GMM - Inherent defect insurance pool (continued)

Inherent defect insurance pool	As at December 31, 2025				As at December 31, 2024			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin (CSM)	Total	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin (CSM)	Total
	SAR' 000				SAR' 000			
Opening balance	-	-	-	-	-	-	-	-
Adjustment due to IDI pool subscription (note 4.1.5)*	(535)	314	6,510	6,289	-	-	-	-
<b>Opening balance after IDI pool adjustment</b>	<b>(535)</b>	<b>314</b>	<b>6,510</b>	<b>6,289</b>	-	-	-	-
<i>Insurance service result before reinsurance contracts held</i>								
Changes that relate to current service	(5,265)	3	64	(5,198)	-	-	-	-
Changes that relate to future service	7,614	(155)	(2,311)	5,148	-	-	-	-
Changes that relate to past service	46	(2)	-	44	-	-	-	-
Insurance service expenses	2,395	(154)	(2,247)	(6)	-	-	-	-
Finance expenses from insurance contracts issued	(29)	(17)	(204)	(250)	-	-	-	-
<b>Total amounts recognised in statement of income</b>	<b>2,366</b>	<b>(171)</b>	<b>(2,451)</b>	<b>(256)</b>	-	-	-	-
<b>Cash flows</b>								
Premiums received	2,526	-	-	2,526	-	-	-	-
Incurred claims paid	(5)	-	-	(5)	-	-	-	-
Insurance acquisition cash flows	-	-	-	-	-	-	-	-
Other Cash Flows	(30)	-	-	(30)	-	-	-	-
<b>Total cash flows</b>	<b>2,491</b>	-	-	<b>2,491</b>	-	-	-	-
<b>Net closing balance</b>	<b>(410)</b>	<b>485</b>	<b>8,961</b>	<b>9,036</b>	-	-	-	-

\* The opening balance has been recognized in accordance with the newly executed agreement with the IDI pool, which defines the terms and obligations applicable from the effective date for opening balances of the pool.

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4. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

4.2 Analysis of Reinsurance contract assets and liabilities for contracts measured under PAA & GMM

	As at December 31, 2025					As at December 31, 2024				
	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)			Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)		
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total
	SAR' 000					SAR' 000				
<b>All segments / portfolios under PAA &amp; GMM</b>										
Opening liabilities	(3,536)	-	(352)	-	(3,888)	(4,951)	-	-	(30)	(4,981)
Opening assets	28	-	2,674	4	2,706	348	-	3,145	33	3,526
Adjustment due to IDI pool subscription (note 4.1.5)*	3,913	-	119	-	4,032					
<b>Net opening balance</b>	<b>405</b>	<b>-</b>	<b>2,441</b>	<b>4</b>	<b>2,850</b>	<b>(4,603)</b>	<b>-</b>	<b>3,145</b>	<b>3</b>	<b>(1,455)</b>
<b>Changes in the statement of income</b>										
Allocation of reinsurance premiums	13,322	-	-	-	13,322	3,425	-	-	-	3,425
<i>Amounts recoverable from reinsurance</i>										
Incurred claims & other expenses	-	-	6,430	237	6,667	-	-	474	2	476
Changes in amounts recoverable on incurred claims	-	-	(183)	2	(181)	-	-	(425)	(1)	(426)
Loss recovery / (loss recovery reversals) for onerous contracts	-	-	-	-	-	-	-	-	-	-
Change in profit commission / sliding scale commission	-	-	-	-	-	-	-	45	-	45
<b>Total amounts recoverable from reinsurers</b>	<b>-</b>	<b>-</b>	<b>6,247</b>	<b>239</b>	<b>6,486</b>	<b>-</b>	<b>-</b>	<b>94</b>	<b>1</b>	<b>95</b>
<b>Net expense from reinsurance contracts held</b>	<b>(13,322)</b>	<b>-</b>	<b>6,247</b>	<b>239</b>	<b>(6,836)</b>	<b>(3,425)</b>	<b>-</b>	<b>94</b>	<b>1</b>	<b>(3,330)</b>
Finance income / (expenses) from reinsurance contracts issued	191	-	(127)	-	64	-	-	-	-	-
<b>Total changes in the statement of income</b>	<b>(13,131)</b>	<b>-</b>	<b>6,120</b>	<b>239</b>	<b>(6,772)</b>	<b>(3,425)</b>	<b>-</b>	<b>94</b>	<b>1</b>	<b>(3,330)</b>
<b>Cash flows</b>										
Premiums paid	(12,123)	-	-	-	(12,123)	(6,588)	-	-	-	(6,588)
Claims and other recoveries	-	-	575	-	575	-	-	939	-	939
Reinsurance commission received	888	-	-	-	888	334	-	-	-	334
Profit / sliding scale commission received	124	-	-	-	124	-	-	45	-	45
Other Cash flows	158	-	(93)	-	65	1,734	-	(67)	-	1,667
<b>Total cash flows</b>	<b>(10,953)</b>	<b>-</b>	<b>482</b>	<b>-</b>	<b>(10,471)</b>	<b>(4,520)</b>	<b>-</b>	<b>917</b>	<b>-</b>	<b>(3,603)</b>
<b>Net closing balance</b>	<b>(1,773)</b>	<b>-</b>	<b>8,079</b>	<b>243</b>	<b>6,549</b>	<b>(3,508)</b>	<b>-</b>	<b>2,322</b>	<b>4</b>	<b>(1,182)</b>
Closing liabilities	(6,538)	-	(634)	-	(7,172)	(3,536)	-	(352)	-	(3,888)
Closing assets	4,765	-	8,713	243	13,721	28	-	2,674	4	2,706
<b>Net closing balance</b>	<b>(1,773)</b>	<b>-</b>	<b>8,079</b>	<b>243</b>	<b>6,549</b>	<b>(3,508)</b>	<b>-</b>	<b>2,322</b>	<b>4</b>	<b>(1,182)</b>

\* The opening balance has been recognized in accordance with the newly executed agreement with the IDI pool, which defines the terms and obligations applicable from the effective date for opening balances of the pool.

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4. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

4.2.1 Analysis of Reinsurance contract assets and liabilities for contracts measured under PAA - Medical

Medical	As at December 31, 2025					As at December 31, 2024					
	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)			Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)			Total
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment		
SAR' 000					SAR' 000						
Opening liabilities	(534)	-	-	-	(534)	(1,264)	-	-	-	(1,264)	
Opening assets	-	-	-	-	-	-	-	307	-	307	
<b>Net opening balance</b>	<b>(534)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(534)</b>	<b>(1,264)</b>	<b>-</b>	<b>307</b>	<b>-</b>	<b>(957)</b>	
<b>Changes in the statement of income</b>											
Allocation of reinsurance premiums	3,726	-	-	-	3,726	384	-	-	-	384	
<i>Amounts recoverable from reinsurance</i>											
Incurred claims & other expenses	-	-	2,293	-	2,293	-	-	307	-	307	
Changes in amounts recoverable on incurred claims	-	-	293	-	293	-	-	-	-	-	
Loss recovery / (loss recovery reversals) for onerous contracts	-	-	-	-	-	-	-	-	-	-	
Change in profit commission / sliding scale commission	-	-	-	-	-	-	-	-	-	-	
<b>Total amounts recoverable from reinsurers</b>	<b>-</b>	<b>-</b>	<b>2,586</b>	<b>-</b>	<b>2,586</b>	<b>-</b>	<b>-</b>	<b>307</b>	<b>-</b>	<b>307</b>	
<b>Net expense from reinsurance contracts held</b>	<b>(3,726)</b>	<b>-</b>	<b>2,586</b>	<b>-</b>	<b>(1,140)</b>	<b>(384)</b>	<b>-</b>	<b>307</b>	<b>-</b>	<b>(77)</b>	
Finance expenses from reinsurance contracts issued	-	-	(14)	-	(14)	-	-	-	-	-	
<b>Total changes in the statement of income</b>	<b>(3,726)</b>	<b>-</b>	<b>2,572</b>	<b>-</b>	<b>(1,154)</b>	<b>(384)</b>	<b>-</b>	<b>307</b>	<b>-</b>	<b>(77)</b>	
<b>Cash flows</b>											
Premiums paid	(4,275)	-	-	-	(4,275)	(1,114)	-	-	-	(1,114)	
Claims and other recoveries	-	-	435	-	435	-	-	614	-	614	
Reinsurance commission received	-	-	-	-	-	-	-	-	-	-	
Profit / sliding scale commission received	-	-	-	-	-	-	-	-	-	-	
Other Cash flows	-	-	-	-	-	-	-	-	-	-	
<b>Total cash flows</b>	<b>(4,275)</b>	<b>-</b>	<b>435</b>	<b>-</b>	<b>(3,840)</b>	<b>(1,114)</b>	<b>-</b>	<b>614</b>	<b>-</b>	<b>(500)</b>	
<b>Net closing balance</b>	<b>15</b>	<b>-</b>	<b>2,137</b>	<b>-</b>	<b>2,152</b>	<b>(534)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(534)</b>	
Closing liabilities	-	-	-	-	-	(534)	-	-	-	(534)	
Closing assets	15	-	2,137	-	2,152	-	-	-	-	-	
<b>Net closing balance</b>	<b>15</b>	<b>-</b>	<b>2,137</b>	<b>-</b>	<b>2,152</b>	<b>(534)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(534)</b>	

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4. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

4.2.2 Analysis of Reinsurance contract assets and liabilities for contracts measured under PAA - Motor

	As at December 31, 2025					As at December 31, 2024				
	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)			Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)		
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total
	SAR' 000					SAR' 000				
Opening liabilities	(1,189)	-	(352)	-	(1,541)	(2,722)	-	-	-	(2,722)
Opening assets	-	-	1,612	-	1,612	-	-	1,271	-	1,271
<b>Net opening balance</b>	<b>(1,189)</b>	<b>-</b>	<b>1,260</b>	<b>-</b>	<b>71</b>	<b>(2,722)</b>	<b>-</b>	<b>1,271</b>	<b>-</b>	<b>(1,451)</b>
<b>Changes in the statement of income</b>										
Allocation of reinsurance premiums	1,850	-	-	-	1,850	2,481	-	-	-	2,481
<i>Amounts recoverable from reinsurance</i>										
Incurring claims & other expenses	-	-	-	-	-	-	-	-	-	-
Changes in amounts recoverable on incurred claims	-	-	(95)	-	(95)	-	-	206	-	206
Loss recovery / (loss recovery reversals) for onerous contracts	-	-	-	-	-	-	-	-	-	-
Change in profit commission / sliding scale commission	-	-	-	-	-	-	-	-	-	-
<b>Total amounts recoverable from reinsurers</b>	<b>-</b>	<b>-</b>	<b>(95)</b>	<b>-</b>	<b>(95)</b>	<b>-</b>	<b>-</b>	<b>206</b>	<b>-</b>	<b>206</b>
<b>Net expense from reinsurance contracts held</b>	<b>(1,850)</b>	<b>-</b>	<b>(95)</b>	<b>-</b>	<b>(1,945)</b>	<b>(2,481)</b>	<b>-</b>	<b>206</b>	<b>-</b>	<b>(2,275)</b>
Finance expenses from reinsurance contracts issued	-	-	(15)	-	(15)	-	-	-	-	-
<b>Total changes in the statement of income</b>	<b>(1,850)</b>	<b>-</b>	<b>(110)</b>	<b>-</b>	<b>(1,960)</b>	<b>(2,481)</b>	<b>-</b>	<b>206</b>	<b>-</b>	<b>(2,275)</b>
<b>Cash flows</b>										
Premiums paid	(1,579)	-	-	-	(1,579)	(4,014)	-	-	-	(4,014)
Claims and other recoveries	-	-	134	-	134	-	-	379	-	379
Reinsurance commission received	-	-	-	-	-	-	-	-	-	-
Profit / sliding scale commission received	-	-	-	-	-	-	-	-	-	-
Other Cash flows	-	-	-	-	-	-	-	(162)	-	(162)
<b>Total cash flows</b>	<b>(1,579)</b>	<b>-</b>	<b>134</b>	<b>-</b>	<b>(1,445)</b>	<b>(4,014)</b>	<b>-</b>	<b>217</b>	<b>-</b>	<b>(3,797)</b>
<b>Net closing balance</b>	<b>(1,460)</b>	<b>-</b>	<b>1,016</b>	<b>-</b>	<b>(444)</b>	<b>(1,189)</b>	<b>-</b>	<b>1,260</b>	<b>-</b>	<b>71</b>
Closing liabilities	(1,460)	-	(634)	-	(2,094)	(1,189)	-	(352)	-	(1,541)
Closing assets	-	-	1,650	-	1,650	-	-	1,612	-	1,612
<b>Net closing balance</b>	<b>(1,460)</b>	<b>-</b>	<b>1,016</b>	<b>-</b>	<b>(444)</b>	<b>(1,189)</b>	<b>-</b>	<b>1,260</b>	<b>-</b>	<b>71</b>

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4. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

4.2.3 Analysis of Reinsurance contract assets and liabilities for contracts measured under PAA - Property & Casualty

Property & Casualty	As at December 31, 2025					As at December 31, 2024					
	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)			Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)			Total
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment		
SAR' 000					SAR' 000						
Opening liabilities	(1,813)	-	-	-	(1,813)	(965)	-	-	(30)	(995)	
Opening assets	28	-	1,062	4	1,094	348	-	1,567	33	1,948	
<b>Net opening balance</b>	<b>(1,785)</b>	<b>-</b>	<b>1,062</b>	<b>4</b>	<b>(719)</b>	<b>(617)</b>	<b>-</b>	<b>1,567</b>	<b>3</b>	<b>953</b>	
<b>Changes in the statement of income</b>											
Allocation of reinsurance premiums	2,312	-	-	-	2,312	560	-	-	-	560	
<i>Amounts recoverable from reinsurance</i>											
Incurred claims & other expenses	-	-	610	8	618	-	-	167	2	169	
Changes in amounts recoverable on incurred claims	-	-	(339)	2	(337)	-	-	(631)	(1)	(632)	
Loss recovery / (loss recovery reversals) for onerous contracts	-	-	-	-	-	-	-	-	-	-	
Change in profit commission / sliding scale commission	-	-	-	-	-	-	-	45	-	45	
<b>Total amounts recoverable from reinsurers</b>	<b>-</b>	<b>-</b>	<b>271</b>	<b>10</b>	<b>281</b>	<b>-</b>	<b>-</b>	<b>(419)</b>	<b>1</b>	<b>(418)</b>	
<b>Net expense from reinsurance contracts held</b>	<b>(2,312)</b>	<b>-</b>	<b>271</b>	<b>10</b>	<b>(2,031)</b>	<b>(560)</b>	<b>-</b>	<b>(419)</b>	<b>1</b>	<b>(978)</b>	
Finance expenses from reinsurance contracts issued	-	-	(37)	-	(37)	-	-	-	-	-	
<b>Total changes in the statement of income</b>	<b>(2,312)</b>	<b>-</b>	<b>234</b>	<b>10</b>	<b>(2,068)</b>	<b>(560)</b>	<b>-</b>	<b>(419)</b>	<b>1</b>	<b>(978)</b>	
<b>Cash flows</b>											
Premiums paid	(3,694)	-	-	-	(3,694)	(1,460)	-	-	-	(1,460)	
Claims and other recoveries	-	-	-	-	-	-	-	(54)	-	(54)	
Reinsurance commission received	533	-	-	-	533	334	-	-	-	334	
Profit / sliding scale commission received	-	-	-	-	-	-	-	45	-	45	
Other Cash flows	158	-	(93)	-	65	1,734	-	95	-	1,829	
<b>Total cash flows</b>	<b>(3,003)</b>	<b>-</b>	<b>(93)</b>	<b>-</b>	<b>(3,096)</b>	<b>608</b>	<b>-</b>	<b>86</b>	<b>-</b>	<b>694</b>	
<b>Net closing balance</b>	<b>(1,094)</b>	<b>-</b>	<b>1,389</b>	<b>14</b>	<b>309</b>	<b>(1,785)</b>	<b>-</b>	<b>1,062</b>	<b>4</b>	<b>(719)</b>	
Closing liabilities	(1,196)	-	-	-	(1,196)	(1,813)	-	-	-	(1,813)	
Closing assets	102	-	1,389	14	1,505	28	-	1,062	4	1,094	
<b>Net closing balance</b>	<b>(1,094)</b>	<b>-</b>	<b>1,389</b>	<b>14</b>	<b>309</b>	<b>(1,785)</b>	<b>-</b>	<b>1,062</b>	<b>4</b>	<b>(719)</b>	

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4. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

4.2.4 Analysis of Reinsurance contract assets and liabilities for contracts measured under PAA - Employers' delinquency insurance pool

	As at December 31, 2025					As at December 31, 2024					
	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)			Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)			Total
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment		
SAR' 000					SAR' 000						
Employers' delinquency insurance pool											
Opening liabilities	-	-	-	-	-	-	-	-	-	-	-
Opening assets	-	-	-	-	-	-	-	-	-	-	-
<b>Net opening balance</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Changes in the statement of income</b>											
Allocation of reinsurance premiums	5,219	-	-	-	5,219	-	-	-	-	-	-
<i>Amounts recoverable from reinsurance</i>											
Incurred claims & other expenses	-	-	3,423	229	3,652	-	-	-	-	-	-
Changes in amounts recoverable on incurred claims	-	-	-	-	-	-	-	-	-	-	-
Loss recovery / (loss recovery reversals) for onerous contracts	-	-	-	-	-	-	-	-	-	-	-
Change in profit commission / sliding scale commission	-	-	-	-	-	-	-	-	-	-	-
<b>Total amounts recoverable from reinsurers</b>	-	-	3,423	229	3,652	-	-	-	-	-	-
<b>Net expense from reinsurance contracts held</b>	(5,219)	-	3,423	229	(1,567)	-	-	-	-	-	-
Finance expenses from reinsurance contracts issued	-	-	(58)	-	(58)	-	-	-	-	-	-
<b>Total changes in the statement of income</b>	(5,219)	-	3,365	229	(1,625)	-	-	-	-	-	-
<b>Cash flows</b>											
Premiums paid	(1,461)	-	-	-	(1,461)	-	-	-	-	-	-
Claims and other recoveries	-	-	-	-	-	-	-	-	-	-	-
Reinsurance commission received	-	-	-	-	-	-	-	-	-	-	-
Profit / sliding scale commission received	124	-	-	-	124	-	-	-	-	-	-
Other Cash flows	-	-	-	-	-	-	-	-	-	-	-
<b>Total cash flows</b>	(1,337)	-	-	-	(1,337)	-	-	-	-	-	-
<b>Net closing balance</b>	(3,882)	-	3,365	229	(288)	-	-	-	-	-	-
Closing liabilities	(3,882)	-	-	-	(3,882)	-	-	-	-	-	-
Closing assets	-	-	3,365	229	3,594	-	-	-	-	-	-
<b>Net closing balance</b>	(3,882)	-	3,365	229	(288)	-	-	-	-	-	-

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4. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

4.2.5 Analysis of Reinsurance contract assets and liabilities for contracts measured under GMM - Inherent defect insurance pool

	As at December 31, 2025					As at December 31, 2024					
	Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)			Assets for remaining coverage (ARC)		Assets for amounts recoverable on incurred claims (AIC)			Total
	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of the present value of future cash flows	Risk adjustment		
SAR' 000					SAR' 000						
<b>Inherent defect insurance pool</b>											
Opening balance	-	-	-	-	-	-	-	-	-	-	-
Adjustment due to IDI pool subscription (note 4.1.5)*	3,913	-	119	-	4,032	-	-	-	-	-	-
<b>Opening balance after IDI pool adjustment</b>	<b>3,913</b>	<b>-</b>	<b>119</b>	<b>-</b>	<b>4,032</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Changes in the statement of income</b>											
Allocation of reinsurance premiums	215	-	-	-	215	-	-	-	-	-	-
<i>Amounts recoverable from reinsurance</i>											
Incurred claims & other expenses	-	-	104	-	104	-	-	-	-	-	-
Changes in amounts recoverable on incurred claims	-	-	(42)	-	(42)	-	-	-	-	-	-
Loss recovery / (loss recovery reversals) for onerous contracts	-	-	-	-	-	-	-	-	-	-	-
Change in profit commission / sliding scale commission	-	-	-	-	-	-	-	-	-	-	-
<b>Total amounts recoverable from reinsurers</b>	<b>-</b>	<b>-</b>	<b>62</b>	<b>-</b>	<b>62</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net expense from reinsurance contracts held</b>	<b>(215)</b>	<b>-</b>	<b>62</b>	<b>-</b>	<b>(153)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Finance income / (expenses) from reinsurance contracts issued	191	-	(3)	-	188	-	-	-	-	-	-
<b>Total changes in the statement of income</b>	<b>(24)</b>	<b>-</b>	<b>59</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>											
Premiums paid	(1,114)	-	-	-	(1,114)	-	-	-	-	-	-
Claims and other recoveries	-	-	6	-	6	-	-	-	-	-	-
Reinsurance commission received	355	-	-	-	355	-	-	-	-	-	-
Profit / sliding scale commission received	-	-	-	-	-	-	-	-	-	-	-
Other Cash flows	-	-	-	-	-	-	-	-	-	-	-
<b>Total cash flows</b>	<b>(759)</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>(753)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net closing balance</b>	<b>4,648</b>	<b>-</b>	<b>172</b>	<b>-</b>	<b>4,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Closing liabilities	-	-	-	-	-	-	-	-	-	-	-
Closing assets	4,648	-	172	-	4,820	-	-	-	-	-	-
<b>Net closing balance</b>	<b>4,648</b>	<b>-</b>	<b>172</b>	<b>-</b>	<b>4,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* The opening balance has been recognized in accordance with the newly executed agreement with the IDI pool, which defines the terms and obligations applicable from the effective date for opening balances of the pool.

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4. INSURANCE AND REINSURANCE CONTRACTS UNDER IFRS-17 (CONTINUED)

4.2.5 Analysis of Reinsurance contract assets and liabilities for contracts measured under GMM - Inherent defect insurance pool (continued)

Inherent defect insurance pool	As at December 31, 2025				As at December 31, 2024			
	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin (CSM)	Total	Present value of future cash flows	Risk adjustment for non-financial risk	Contractual Service Margin (CSM)	Total
	SAR' 000				SAR' 000			
Opening balance	-	-	-	-	-	-	-	-
Adjustment due to IDI pool subscription (note 4.1.5)*	106	276	3,650	4,032	-	-	-	-
<b>Opening balance after IDI pool adjustment</b>	<b>106</b>	<b>276</b>	<b>3,650</b>	<b>4,032</b>	-	-	-	-
<i>Net (expenses) / income from reinsurance contracts held</i>								
Changes that relate to current service	5,362	(2)	(41)	5,319	-	-	-	-
Changes that relate to future service	(5,635)	116	88	(5,431)	-	-	-	-
Changes that relate to past service	(41)	-	-	(41)	-	-	-	-
Reinsurance service expenses	(314)	114	47	(153)	-	-	-	-
Finance income/(expenses) from reinsurance contracts issued	53	16	119	188	-	-	-	-
<b>Total amounts recognised in statement of income</b>	<b>(261)</b>	<b>130</b>	<b>166</b>	<b>35</b>	-	-	-	-
<b>Cash flows</b>								
Ceded premium	(1,114)	-	-	(1,114)	-	-	-	-
Incurred claims recoveries	6	-	-	6	-	-	-	-
Commission and management fee	355	-	-	355	-	-	-	-
Other Cash Flows	-	-	-	-	-	-	-	-
<b>Total cash flows</b>	<b>(753)</b>	-	-	<b>(753)</b>	-	-	-	-
<b>Net closing balance</b>	<b>598</b>	<b>406</b>	<b>3,816</b>	<b>4,820</b>	-	-	-	-

\* The opening balance has been recognized in accordance with the newly executed agreement with the IDI pool, which defines the terms and obligations applicable from the effective date for opening balances of the pool.

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5. INSURANCE REVENUE	Notes	2025	2024
		<u>SAR' 000</u>	
<i>Contracts measured under the PAA &amp; GMM</i>			
<b>INSURANCE REVENUE</b>			
Gross Written Premium	6	340,276	226,216
Change in Unearned Premium Reserves (Including AURR)		(58,380)	(9,819)
Change in Premium Debtors' Provision (net of write-offs)	7	94	(3,800)
Other methodology diff		(3)	-
Expected incurred claims and other service expenses		44	-
Change in Risk Adjustment for Non-Financial Risk		4	-
CSM recognized for service period		72	0
<b>Total insurance revenue</b>		<u>282,107</u>	<u>212,597</u>
<b>INSURANCE SERVICE EXPENSES</b>			
Incurred claims	4.1	(197,464)	(134,623)
Directly attributable non-acquisition expenses	4.1	(31,018)	(27,232)
Changes relating to liabilities for incurred claims	4.1	5,741	17,759
Loss reversals on onerous contracts	4.1	(650)	(165)
Insurance acquisition cost incurred	4.1	(64,472)	(53,148)
Surplus distribution to policyholders	4.1	(17)	(181)
Other methodology diff	4.1	(161)	-
<b>Total insurance service expenses</b>		<u>(288,041)</u>	<u>(197,590)</u>
<b>Insurance service result before reinsurance contracts held</b>		<u>(5,934)</u>	<u>15,007</u>
<b>NET EXPENSE FROM REINSURANCE CONTRACT HELD</b>			
Premium ceded on reinsurance contracts held	4.2	(13,322)	(3,425)
Amounts payable to / (recoverable from) reinsurers for incurred claims	4.2	6,486	95
<b>Net expense from reinsurance contracts held</b>		<u>(6,836)</u>	<u>(3,330)</u>
<b>Insurance service result</b>		<u>(12,770)</u>	<u>11,677</u>

**6. GROSS PREMIUM WRITTEN**

Premium written during the year is as follows:

	For the year ended December 31, 2025			
	Medical	Motor	P&C	Total
SAR' 000				
- Corporate enterprises	4,671	10,468	11,624	26,763
- Medium enterprises	2,751	-	829	3,580
- Small enterprises	21,789	258	1,714	23,761
- Very Small enterprises	248,233	950	322	249,505
- Individual	13,383	23,269	15	36,667
<b>Total Gross premiums written</b>	<u>290,827</u>	<u>34,945</u>	<u>14,504</u>	<u>340,276</u>
	For the year ended December 31, 2024			
	Medical	Motor	P&C	Total
SAR' 000				
- Corporate enterprises	10,216	11,332	605	22,153
- Medium enterprises	7,786	21	935	8,742
- Small enterprises	11,950	23	310	12,283
- Very Small enterprises	164,956	97	98	165,151
- Individual	4,399	13,488	-	17,887
<b>Total Gross premiums written</b>	<u>199,307</u>	<u>24,961</u>	<u>1,948</u>	<u>226,216</u>

Gross written premium and change in unearned premium reserves includes an amount of SAR 9.65 million and SAR 0.13 million respectively for the year ended 31 December 2025 (2024: SAR nil) that pertains to the Company's share of Employers' Delinquency (ED) portfolio.

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7. EXPENSE ALLOCATION ANALYSIS

7.1 Following is the breakdown of expenses by category:

	For the year ended December 31, 2025					For the year ended December 31, 2024						
	ECL on premiums receivable	Insurance acquisition costs	Attributable non-acquisition expenses	Total attributable expenses	Non-attributable expenses	Total	ECL on premiums receivable	Insurance acquisition costs	Attributable non-acquisition expenses	Total attributable expenses	Non-attributable expenses	Total
	SAR' 000					SAR' 000						
<i>Allocation of expenses</i>												
Commissions incurred on premium written during the year	-	27,934	-	27,934	-	27,934	-	26,443	-	26,443	-	26,443
Claims handling and other expenses	-	21,679	-	21,679	-	21,679	-	12,893	-	12,893	-	12,893
Other underwriting expenses	-	3,580	-	3,580	-	3,580	-	4,761	-	4,761	-	4,761
Change in Premium Debtors' Provision (net of write-offs)	94	-	-	94	-	94	(3,800)	-	-	(3,800)	-	(3,800)
<b>Total</b>	<b>94</b>	<b>53,193</b>	<b>-</b>	<b>53,287</b>	<b>-</b>	<b>53,287</b>	<b>(3,800)</b>	<b>44,097</b>	<b>-</b>	<b>40,297</b>	<b>-</b>	<b>40,297</b>
<i>Common general and administrative</i>												
Staff cost	-	11,279	22,463	33,742	3,691	37,433	-	9,051	19,189	28,240	3,320	31,560
Depreciation and amortization	-	-	589	589	720	1,309	-	-	665	665	815	1,480
Professional and legal costs	-	-	3,033	3,033	1,713	4,746	-	-	2,918	2,918	1,482	4,400
Communication and technology	-	-	3,212	3,212	2,917	6,129	-	-	2,900	2,900	2,478	5,378
Rents	-	-	857	857	1,047	1,904	-	-	761	761	929	1,690
Transportation & Travel	-	-	-	-	611	611	-	-	-	-	595	595
Office related exp & maintenance	-	-	864	864	1,075	1,939	-	-	799	799	1,029	1,828
<b>Total</b>	<b>-</b>	<b>11,279</b>	<b>31,018</b>	<b>42,297</b>	<b>11,774</b>	<b>54,071</b>	<b>-</b>	<b>9,051</b>	<b>27,232</b>	<b>36,283</b>	<b>10,648</b>	<b>46,931</b>
<i>Expenses pertaining to shareholders' operations</i>												
Shareholder Expenses	-	-	-	-	1,781	1,781	-	-	-	-	2,406	2,406
<b>Total Expenses</b>	<b>94</b>	<b>64,472</b>	<b>31,018</b>	<b>95,584</b>	<b>13,555</b>	<b>109,139</b>	<b>(3,800)</b>	<b>53,148</b>	<b>27,232</b>	<b>76,580</b>	<b>13,054</b>	<b>89,634</b>

7.2 The breakdown of the expenses attributed and allocated to insurance operations by major product line of business is presented below:

	For the year ended December 31, 2025				For the year ended December 31, 2024			
	ECL on premiums receivable	Insurance acquisition costs	Attributable non-acquisition expenses	Total attributable expenses	ECL on premiums receivable	Insurance acquisition costs	Attributable non-acquisition expenses	Total attributable expenses
	SAR' 000				SAR' 000			
Medical	4	51,765	22,837	74,606	(2,122)	41,258	22,274	61,410
Motor	215	10,656	6,907	17,778	(1,481)	10,717	4,533	13,769
Property & Casualty	(125)	2,051	1,274	3,200	(197)	1,173	425	1,401
<b>Total</b>	<b>94</b>	<b>64,472</b>	<b>31,018</b>	<b>95,584</b>	<b>(3,800)</b>	<b>53,148</b>	<b>27,232</b>	<b>76,580</b>

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**7. EXPENSE ALLOCATION ANALYSIS (continued)**

7.3 The breakdown of remuneration for the statutory audit, quarterly reviews, zakat, tax and other services of the company's financial statements is presented below:

	<b>Insurance operations</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
	<b>SAR'000</b>	
Annual and Quarterly reviews – Moore (El Sayed El Ayouty & Co.)	534,750	534,750
Annual and Quarterly reviews – Forvis Mazars SA (AlKharashi and Co.)	86,000	515,000
Annual and Quarterly reviews – Crowe Solutions for Professional Consulting.	400,000	-
Zakat and tax services – PKF (Al Bassam Chartered Accountants)	167,500	145,000
Zakat and tax services – Elite horizon (Al Afaq Al Mutamayza Co.)	90,000	-
Fee for AUP related to related parties – Forvis Mazars SA	10,000	10,000
Fee for AUP related to agents balances – Moore / Forvis Mazars SA	30,000	30,000
Fee for AUP related to surplus distribution – Moore	35,000	35,000
<b>Total</b>	<b>1,353,250</b>	<b>1,269,750</b>

**8. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise the following:

	<b>Insurance operations</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
	<b>SAR'000</b>	
Cash and bank balances	31,691	17,199
Deposits maturing within 3 months from the acquisition date	23,742	28,350
ECL on Cash and Cash Equivalents	(1)	(2)
<b>Total</b>	<b>55,432</b>	<b>45,547</b>

	<b>Shareholders' operations</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
	<b>SAR'000</b>	
Cash and bank balances	63,948	2,539
Deposits maturing within 3 months from the acquisition date	77,769	48,777
ECL on Cash and Cash Equivalents	(1)	(5)
<b>Total</b>	<b>141,716</b>	<b>51,311</b>
<b>Total cash and cash equivalents</b>	<b>197,148</b>	<b>96,858</b>

Deposits are maintained with financial institutions and have a maturity of three months or less from the date of acquisition. These earn commission at an average rate of 4.97% per annum as at December 31, 2025 (2024: 5.52% per annum).

Bank balances and murabaha deposits are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology.

Cash and cash equivalents includes an amount of SAR 0.69 million and 4.32 million as of December 31, 2025 (2024: SAR nil) that pertains to the Company's share of ED and IDI portfolio respectively.

**9. SHORT TERM DEPOSIT:**

	<b>Insurance operations</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
	<b>SAR'000</b>	
Short term deposits	940	-
<b>Total</b>	<b>940</b>	<b>-</b>

	<b>Shareholders' operations</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
	<b>SAR'000</b>	
Short term deposits	84,226	162,668
ECL on short Term Deposits	(4)	(22)
<b>Total</b>	<b>84,222</b>	<b>162,646</b>
<b>Total short term deposits</b>	<b>85,162</b>	<b>162,646</b>

Deposits are maintained with financial institutions and have a maturity of three months or less from the date of acquisition. These earn commission at an average rate of 5.85% per annum as at December 31, 2025 (2024: 5.51% per annum).

Short term deposits includes an amount of SAR 0.94 million as of December 31, 2025 (2024: SAR nil) that pertains to the Company's share of IDI portfolio.

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**10. RECEIVABLE FROM AGENTS**

These comprise balances receivable from agents on account of the sale of insurance policies by the agent on behalf of the Company.

	<b>December 31, 2025</b>	December 31, 2024
	<b>SAR'000</b>	
Receivable from brokers / agents	45,500	60,241
Less: expected credit loss allowance	<b>(23,486)</b>	(24,297)
<b>Closing balance</b>	<b>22,014</b>	35,944

**11. INVESTMENTS**

**Maximum exposure to credit risk – financial instruments subject to ECL**

The Company's exposures to credit risk are not collateralized. The following tables contains an analysis of the credit risk exposure of the financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets measured at amortised cost below also represents the Company's maximum exposure to credit risk on these assets.

	<b>Notes</b>	<b>Insurance operations</b>	
		<b>December 31, 2025</b>	December 31, 2024
		<b>SAR'000</b>	
Investment measured at FVOCI	<b>11a</b>	72,758	61,154
		<b>72,758</b>	61,154
		<b>Shareholders' operations</b>	
		<b>December 31, 2025</b>	December 31, 2024
		<b>SAR'000</b>	
Investment measured at FVOCI	<b>11a</b>	995	1,131
Investment measured at FVTPL	<b>11b</b>	7,643	5,879
Investment measured at amortized cost	<b>11c</b>	21,383	21,162
		<b>30,021</b>	28,172
<b>Total</b>		<b>102,779</b>	89,326

**11(a). The movement in investments measured at FVOCI is as follows:**

	<b>December 31, 2025</b>	December 31, 2024
	<b>SAR'000</b>	
<b>Insurance Operations</b>		
Opening balance	61,154	43,484
Changes in fair value of investments measured at FVOCI	11,604	17,670
<b>Closing balance</b>	<b>72,758</b>	61,154
<b>Shareholders' Operations</b>		
Opening balance	1,131	1,423
Changes in fair value of investments measured at FVOCI	(136)	(292)
<b>Closing balance</b>	<b>995</b>	1,131
<b>Total</b>	<b>73,753</b>	62,285

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11. INVESTMENTS (CONTINUED)

11(a). The movement in investments measured at FVOCI (continued):

The investment measured at FVOCI includes investment in Najm, Real estate investment trusts "REITs") & Initial Public Offerings ("IPOs") that has been valued as follows:

	December 31, 2025	December 31, 2024
	SAR'000	
Cost of investment	3,210	3,210
<b>Fair Value Reserve</b>		
At the beginning of the year	59,075	41,697
Changes in fair value	11,468	17,378
<b>Fair value reserve- closing balance</b>	<b>70,543</b>	<b>59,075</b>
<b>Total Investment at FVOCI</b>	<b>73,753</b>	<b>62,285</b>

The fair value of Najm is based on the independent valuation report dated December 31, 2025. The independent valuer has been appointed by the Najm.

11(b). The movement in investments measured at FVTPL is as follows:

The investment measured at FVTPL includes investment in Rasan, Saudi Aramco & Arabian Mills Co. ("IPOs") that has been valued as follows:

	December 31, 2025	December 31, 2024
	SAR'000	
<b>Shareholders' Operations</b>		
<b>Cost of investments measured at FVTPL</b>		
Opening balance	2,872	-
Purchases	81	2,872
Cost of investments measured at FVTPL	<b>2,953</b>	<b>2,872</b>
<b>Changes in fair value of investments measured at FVTPL</b>		
At the beginning of the year	3,007	-
Fair value income for the year	1,683	3,007
<b>Changes in fair value of investments at FVTPL</b>	<b>4,690</b>	<b>3,007</b>
<b>Total Investment at FVTPL</b>	<b>7,643</b>	<b>5,879</b>

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**11(c). The movement in investments measured at amortised costs is as follows:**

<b>Shareholders' Operations</b>	<b>December 31,</b>	December 31,
	<b>2025</b>	<b>2024</b>
	<b>SAR'000</b>	
Opening balance	21,179	17,581
Purchases	-	3,548
	<b>21,179</b>	<b>21,129</b>
Add: Accrued Commission Income	212	50
	<b>21,391</b>	<b>21,179</b>
Less: Impairment loss	(8)	(17)
<b>Net closing balance</b>	<b>21,383</b>	<b>21,162</b>

**11(d). The breakdown of investments measured at amortised costs is as follows:**

<b>Shareholders' Operations</b>	<b>December 31,</b>	December 31,
	<b>2025</b>	<b>2024</b>
	<b>SAR'000</b>	
Sukuks and fund	21,383	21,162
Murabaha deposits	84,226	162,668
	<b>105,609</b>	<b>183,830</b>

The term deposits having original maturity exceeding three months have been placed with reputable commercial banks and financial institutions locally. They are mostly denominated in Saudi Arabian Riyals. These deposits earn yield at rates 5.85% per annum. Term deposits are placed with counterparties that have credit ratings equivalent to AAA+ to BBB ratings under standard and Poor's Fitch and Moody's rating Methodology.

**11(e). The breakdown of investments income is as follows:**

<b>Insurance operations</b>	For the year ended	
	<b>December 31,</b>	December 31,
	<b>2025</b>	<b>2024</b>
	<b>SAR'000</b>	
Murabaha deposits	1,030	824
	<b>1,030</b>	<b>824</b>

  

<b>Shareholders' Operations</b>	For the year ended	
	<b>December 31,</b>	December 31,
	<b>2025</b>	<b>2024</b>
	<b>SAR'000</b>	
Sukuks and fund	1,464	1,055
Dividend	97	96
Murabaha deposits	11,412	11,852
	<b>12,973</b>	<b>13,003</b>
<b>Total investment income</b>	<b>14,003</b>	<b>13,827</b>

Investment income from Murabaha deposits includes an amount of SAR 0.03 million and SAR 0.06 million for the year ended December 31, 2025 (2024: nil) that pertains to the Company's share of Employers' Delinquency (ED) and Inherent Defect Insurance (IDI) portfolio respectively.

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**12. ACCRUED EXPENSES AND OTHER LIABILITIES**

	<b>December 31, 2025</b>	December 31, 2024
	<b>SAR' 000</b>	
<b>Insurance Operations</b>		
Accrual against stale cheques	3,082	3,082
Accrued employees' benefits	3,279	3,921
Unallocated receipts	-	2,809
Provision for withholding tax	387	2,058
Others	5,814	1,780
	<b>12,562</b>	<b>13,650</b>
<b>Shareholders' Operations</b>		
Accrued Board of Directors (BoD) allowances	1,820	1,840
Others	1,757	1,757
	<b>3,577</b>	<b>3,597</b>
<b>Total</b>	<b>16,139</b>	<b>17,247</b>

Others includes an amount of SAR 1.20 million as of December 31, 2025 (2024: SAR nil) that pertains to the Company's share of Inherent Defect Insurance (IDI) portfolio.

**13. PREPAYMENTS AND OTHER ASSETS**

	<b>December 31, 2025</b>	December 31, 2024
	<b>SAR' 000</b>	
<b>Insurance Operations</b>		
Receivable from Zakat, Tax and Customs Authority	1,488	-
Prepaid subscriptions and other expenses	1,448	1,176
Prepaid medical insurance premiums	1,261	1,405
Accrued hajj and umrah income	-	2,717
Employees' receivables	845	1,241
Value added tax (VAT) refundable	461	-
Prepaid rent	250	294
Accrued interests	30	122
Others	11,205	10,132
	<b>16,988</b>	<b>17,087</b>
<b>Shareholders' Operations</b>		
Accrued interests	3,402	4,327
Others	324	209
	<b>3,726</b>	<b>4,536</b>
<b>Total</b>	<b>20,714</b>	<b>21,623</b>

Others includes an amount of SAR 0.64 million and VAT refundable adjusted an amount of SAR 0.45 million respectively as of December 31, 2025 (2024: SAR nil) that pertains to the Company's share of Employers' Delinquency (ED) portfolio.

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14. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

	December 31, 2025						
	SAR' 000						
	Leasehold improvements	Furniture and fittings	Computer and office equipment	Motor Vehicles	Capital work in progress	Total property and equipment	Intangible assets
<b>Cost</b>							
1 January	6,181	2,384	7,838	219	4,488	21,110	7,898
Additions	-	-	183	-	3,050	3,233	1,124
Transfer	-	-	-	-	(3,403)	(3,403)	3,403
31 December 2025	<u>6,181</u>	<u>2,384</u>	<u>8,021</u>	<u>219</u>	<u>4,135</u>	<u>20,940</u>	<u>12,425</u>
<b>Accumulated depreciation/amortisation</b>							
1 January	5,970	2,278	7,489	219	-	15,956	6,724
Charge for the year	147	64	255	-	-	466	843
31 December 2025	<u>6,117</u>	<u>2,342</u>	<u>7,744</u>	<u>219</u>	<u>-</u>	<u>16,422</u>	<u>7,567</u>
<b>Net book value:</b>							
31 December 2025	<u>64</u>	<u>42</u>	<u>277</u>	<u>-</u>	<u>4,135</u>	<u>4,518</u>	<u>4,858</u>
	December 31, 2024						
	SAR' 000						
	Leasehold improvements	Furniture and fittings	Computer and office equipment	Motor Vehicles	Capital work in progress	Total property and equipment	Intangible assets
<b>Cost</b>							
1 January	6,167	2,364	7,711	219	4,014	20,475	7,034
Additions	14	20	127	-	474	635	864
31 December 2024	<u>6,181</u>	<u>2,384</u>	<u>7,838</u>	<u>219</u>	<u>4,488</u>	<u>21,110</u>	<u>7,898</u>
<b>Accumulated depreciation/amortisation</b>							
1 January	5,552	2,113	7,023	219	-	14,907	6,293
Charge for the year	418	165	466	-	-	1,049	431
31 December 2024	<u>5,970</u>	<u>2,278</u>	<u>7,489</u>	<u>219</u>	<u>-</u>	<u>15,956</u>	<u>6,724</u>
<b>Net book value:</b>							
31 December 2024	<u>211</u>	<u>106</u>	<u>349</u>	<u>-</u>	<u>4,488</u>	<u>5,154</u>	<u>1,174</u>

Capital work in progress represents cost incurred for various software related projects.

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**15. COMMITMENTS AND CONTINGENCIES**

The Company's commitments and contingencies are as follows:

	<b>December 31, 2025</b>	December 31, 2024
	<b>SAR'000</b>	
Capital and other commitments	<b>585</b>	357
	<b>585</b>	357

The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. The Company's management, based on independent legal advice, believes that the outcome of court cases will not have a material impact on the Company's income or financial condition.

**16. FAIR VALUES OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantages accessible market for the asset or liability

The management assessed that cash and short-term deposits, premium and reinsurance receivables, receivables from related parties, trade and other payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

***Determination of fair value and fair value hierarchy***

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

***a) Carrying amounts and fair value***

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value.

**Insurance operations**

	<b>31 December 2025</b>				
	<b>Carrying value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>SAR' 000</b>				
<b>Investment measured at FVOCI</b>	<b>72,758</b>	-	-	<b>72,758</b>	<b>72,758</b>
	<b>72,758</b>	-	-	<b>72,758</b>	<b>72,758</b>
	<b>31 December 2024</b>				
	<b>Carrying value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>SAR' 000</b>				
Investment measured at FVOCI	61,154	-	-	61,154	61,154
	61,154	-	-	61,154	61,154

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16. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Shareholders' operations

	31 December 2025				Total
	Carrying value	Level 1	Level 2	Level 3	
			SAR' 000		
Investment measured at FVOCI	995	995	-	-	995
Investment measured at FVTPL	7,643	7,643	-	-	7,643
	<u>8,638</u>	<u>8,638</u>	-	-	<u>8,638</u>
			31 December 2024		
	Carrying value	Level 1	Level 2	Level 3	Total
			SAR' 000		
Investment measured at FVOCI	1,131	1,131	-	-	1,131
Investment measured at FVTPL	5,879	5,879	-	-	5,879
	<u>7,010</u>	<u>7,010</u>	-	-	<u>7,010</u>

The fair value of other financial assets and liabilities, not included in the table above, are not materially different from the carrying values included in the financial statements.

*b) Measurement of fair value*

Financial assets at FVOCI at 31 December 2025 include 689,655 shares (31 December 2024: 689,655 shares) in Najm for Insurance Services ("Najm"). The investment is carried at fair value of SR 72.76 million as at 31 December 2025 (31 December 2024 at SR 61.15 million) computed using "Discounted Cash Flow Method". Major assumptions related to revenue growth, cost of sales, interest income, general and admin expenses and depreciation were assessed for reasonableness based on recent projections.

The assumptions used involve a considerable degree of estimation on the part of expert. Actual conditions may differ from assumptions and thus actual cash flows may be different to those expected with a potential material effect on the recoverability of amounts. The most significant assumptions used in the determination of expected discounted cash flows for the next 5 years are:

- Weighted average cost of capital of 16.5% (2024: 16.5%) and
- Long-term growth rate of 2% (2024: 2%).

Although management believes that the assumptions used to evaluate potential impairment are reasonable, with a significant portion based on the actual performance achieved in the past, such assumptions are inherently subjective.

A sensitivity analysis has been performed and an increase of 0.5% of the weighted average cost of capital and a decrease of 0.5% of the long-term growth have no material impact on the valuation.

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**17. OPERATING SEGMENTS**

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's Board of directors in their function as chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the income statement. Segment assets and liabilities comprise operating assets and liabilities.

Segment assets do not include cash and cash equivalents, due from shareholders' operations, prepaid expenses & other assets, property and equipment, intangible assets. Accordingly, these are included in unallocated assets.

Segment liabilities do not include accrued and other liabilities, due to shareholders' operations, end of service benefit liability, related to insurance operations thereon. Accordingly, these are included in unallocated liabilities.

These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

Segments do not include shareholders' assets and liabilities and equity hence, these are presented under unallocated assets / liabilities accordingly.

The segment information provided to the Company's chief executive officer for the reportable segments for the Company's total assets and liabilities as at December 31, 2025 and December 31, 2024, its total revenues, expenses, and net income / (loss) for the year then ended, are as follows:

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**17. OPERATING SEGMENTS (CONTINUED)**

**Financial Position**

An analysis of the amounts presented on the balance sheet for insurance contracts and reinsurance contracts has been included in the table below:

Operating segments	31 December 2025						
	Motor	Medical / Health	Property & Casualty	Unallocated	Total - Insurance operations	Shareholders' operations	Total
	SAR' 000						
<b>Assets:</b>							
Cash and cash equivalents	-	-	-	55,432	55,432	141,716	197,148
Short term deposit	-	-	-	940	940	84,222	85,162
Insurance contract assets	9,055	26,313	8,561	-	43,929	-	43,929
Reinsurance contract assets	1,650	2,152	9,919	-	13,721	-	13,721
Investment measured at fair value through other comprehensive income	-	-	-	72,758	72,758	995	73,753
Investment measured at fair value through profit and loss	-	-	-	-	-	7,643	7,643
Investments held at amortised cost	-	-	-	-	-	21,383	21,383
Prepayments and other assets	-	-	-	16,988	16,988	3,726	20,714
Property and equipment	-	-	-	4,518	4,518	-	4,518
Intangible assets	-	-	-	4,858	4,858	-	4,858
Statutory deposit	-	-	-	-	-	64,500	64,500
Accrued income on statutory deposit	-	-	-	-	-	3,276	3,276
<b>Total assets</b>	<b>10,705</b>	<b>28,465</b>	<b>18,480</b>	<b>155,494</b>	<b>213,144</b>	<b>327,461</b>	<b>540,605</b>
<b>Liabilities, accumulated surplus &amp; equity:</b>							
Insurance contract liabilities	24,481	151,205	18,874	-	194,560	-	194,560
Reinsurance contract liabilities	2,094	-	5,078	-	7,172	-	7,172
Accrued expenses and other liabilities	-	-	-	12,562	12,562	3,577	16,139
Employees' end-of-service benefits (EOSB)	-	-	-	5,589	5,589	-	5,589
Provision for zakat and income tax	-	-	-	-	-	3,000	3,000
Accrued income payable to Insurance Authority	-	-	-	-	-	3,276	3,276
<b>Total liabilities, accumulated surplus and equity</b>	<b>26,575</b>	<b>151,205</b>	<b>23,952</b>	<b>18,151</b>	<b>219,883</b>	<b>9,853</b>	<b>229,736</b>

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**17. OPERATING SEGMENTS (CONTINUED)**

Operating segments	31 December 2024						Total
	Motor	Medical / Health	Property & Casualty	Unallocated	Total - Insurance operations	Shareholders' operations	
	SAR' 000						
<b>Assets:</b>							
Cash and cash equivalents	-	-	-	45,547	45,547	51,311	96,858
Short term deposit	-	-	-	-	-	162,646	162,646
Insurance Contract Assets	10,408	16,182	1,248	-	27,838	-	27,838
Reinsurance Contract Assets	1,612	-	1,094	-	2,706	-	2,706
Investment designated as fair value through other comprehensive income	-	-	-	61,154	61,154	1,131	62,285
Investment designated as fair value through profit and loss	-	-	-	-	-	5,879	5,879
Investments held at amortised cost	-	-	-	-	-	21,162	21,162
Prepayments and other assets	-	-	-	17,087	17,087	4,536	21,623
Property and equipment	-	-	-	5,154	5,154	-	5,154
Intangible assets	-	-	-	1,174	1,174	-	1,174
Statutory deposit	-	-	-	-	-	64,500	64,500
Accrued income on statutory deposit	-	-	-	-	-	1,755	1,755
<b>Total assets</b>	<b>12,020</b>	<b>16,182</b>	<b>2,342</b>	<b>130,116</b>	<b>160,660</b>	<b>312,920</b>	<b>473,580</b>
<b>Liabilities, accumulated surplus &amp; equity:</b>							
Insurance Contract liabilities	20,293	108,802	2,799	-	131,894	-	131,894
Reinsurance Contract liabilities	1,541	534	1,813	-	3,888	-	3,888
Accrued expenses and other liabilities	-	-	-	13,650	13,650	3,597	17,247
Employees' end-of-service benefits	-	-	-	4,462	4,462	-	4,462
Provision for zakat and income tax	-	-	-	-	-	1,547	1,547
Accrued income payable to Insurance Authority	-	-	-	-	-	1,755	1,755
<b>Total liabilities, accumulated surplus and equity</b>	<b>21,834</b>	<b>109,336</b>	<b>4,612</b>	<b>18,112</b>	<b>153,894</b>	<b>6,899</b>	<b>160,793</b>

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17. OPERATING SEGMENTS (CONTINUED)

Operating segments	For the year ended December 31, 2025						
	Motor	Medical	Property & Casualty	Unallocated SAR' 000	Insurance Operations	Shareholders' Operations	Total
Insurance revenue	29,801	238,999	13,307	-	282,107	-	282,107
Insurance service expenses	(35,439)	(242,532)	(10,070)	-	(288,041)	-	(288,041)
<b>Insurance service result before reinsurance contracts held</b>	<b>(5,638)</b>	<b>(3,533)</b>	<b>3,237</b>	<b>-</b>	<b>(5,934)</b>	<b>-</b>	<b>(5,934)</b>
Allocation of reinsurance premiums	(1,850)	(3,726)	(7,746)	-	(13,322)	-	(13,322)
Amounts (recoverable from) / payable to reinsurers for incurred claims	(95)	2,586	3,995	-	6,486	-	6,486
<b>Net expense from reinsurance contracts held</b>	<b>(1,945)</b>	<b>(1,140)</b>	<b>(3,751)</b>	<b>-</b>	<b>(6,836)</b>	<b>-</b>	<b>(6,836)</b>
Investment income	-	-	-	1,030	1,030	12,973	14,003
Re-valuation gain on investments at FVTPL	-	-	-	-	-	1,683	1,683
Expected credit loss allowance on financial assets	-	-	-	-	-	32	32
<b>Net investment income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,030</b>	<b>1,030</b>	<b>14,688</b>	<b>15,718</b>
Finance (expense) / income from insurance contracts issued	(119)	252	(147)	-	(14)	-	(14)
Finance (expense) / income from reinsurance contracts issued	(15)	(14)	93	-	64	-	64
<b>Net insurance finance expenses</b>	<b>(134)</b>	<b>238</b>	<b>(54)</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>50</b>
<b>Net insurance and investment result</b>	<b>(7,717)</b>	<b>(4,435)</b>	<b>(568)</b>	<b>1,030</b>	<b>(11,690)</b>	<b>14,688</b>	<b>2,998</b>
Other operating income	-	-	-	3,639	3,639	-	3,639
Other operating expenses	-	-	-	(11,774)	(11,774)	(1,781)	(13,555)
<b>Total income for the year attributable to the shareholders before zakat</b>	<b>(7,717)</b>	<b>(4,435)</b>	<b>(568)</b>	<b>(7,105)</b>	<b>(19,825)</b>	<b>12,907</b>	<b>(6,918)</b>
Provision for zakat	-	-	-	-	-	(6,361)	(6,361)
<b>Total income for the year attributable to the shareholders after zakat</b>	<b>(7,717)</b>	<b>(4,435)</b>	<b>(568)</b>	<b>(7,105)</b>	<b>(19,825)</b>	<b>6,546</b>	<b>(13,279)</b>

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17. OPERATING SEGMENTS (CONTINUED)

Operating segments	For the year ended December 31, 2024						
	Motor	Medical	Property & Casualty	Unallocated SAR' 000	Insurance Operations	Shareholders' Operations	Total
Insurance Revenue	26,005	185,202	1,390	-	212,597	-	212,597
Insurance Service expenses	(22,986)	(173,601)	(1,003)	-	(197,590)	-	(197,590)
<b>Insurance service result before reinsurance contracts held</b>	<b>3,019</b>	<b>11,601</b>	<b>387</b>	<b>-</b>	<b>15,007</b>	<b>-</b>	<b>15,007</b>
Allocation of reinsurance premiums	(2,481)	(384)	(560)	-	(3,425)	-	(3,425)
Amounts payable to / (recoverable from) reinsurers for incurred claims	206	307	(418)	-	95	-	95
<b>Net expense from reinsurance contracts held</b>	<b>(2,275)</b>	<b>(77)</b>	<b>(978)</b>	<b>-</b>	<b>(3,330)</b>	<b>-</b>	<b>(3,330)</b>
Investment income	-	-	-	824	824	13,003	13,827
Re-valuation gain on investments at FVTPL	-	-	-	-	-	3,007	3,007
Expected credit loss allowance on financial assets	-	-	-	-	-	53	53
<b>Net investment income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>824</b>	<b>824</b>	<b>16,063</b>	<b>16,887</b>
Finance expense from insurance contracts issued	(296)	(345)	(12)	-	(653)	-	(653)
Finance expense from reinsurance contracts issued	-	-	-	-	-	-	-
<b>Net insurance finance expenses</b>	<b>(296)</b>	<b>(345)</b>	<b>(12)</b>	<b>-</b>	<b>(653)</b>	<b>-</b>	<b>(653)</b>
<b>Net insurance and investment result</b>	<b>448</b>	<b>11,179</b>	<b>(603)</b>	<b>824</b>	<b>11,848</b>	<b>16,063</b>	<b>27,911</b>
Other operating income	-	457	779	185	1,421	-	1,421
Other operating expenses	-	-	-	(10,648)	(10,648)	(2,406)	(13,054)
<b>Total income for the year attributable to the shareholders before zakat</b>	<b>448</b>	<b>11,636</b>	<b>176</b>	<b>(9,639)</b>	<b>2,621</b>	<b>13,657</b>	<b>16,278</b>
Provision for Zakat	-	-	-	-	-	(4,251)	(4,251)
<b>Total income for the year attributable to the shareholders after zakat</b>	<b>448</b>	<b>11,636</b>	<b>176</b>	<b>(9,639)</b>	<b>2,621</b>	<b>9,406</b>	<b>12,027</b>

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**18. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the year and the related balances:

<b>DUE FROM RELATED PARTIES</b>	<i>Transactions for the year ended</i>		<i>Balance receivable / (payable) as at</i>	
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>SAR' 000</b>	<b>SAR' 000</b>	<b>SAR' 000</b>	<b>SAR' 000</b>
<i>Entities controlled, jointly controlled or significantly influenced by related parties due to common director ship</i>				
<b>El Seif companies group</b>				
- Premium issued	<b>50</b>	173	<b>1,368</b>	1,516
- Claims incurred	<b>11</b>	79	-	-
	<b>61</b>	252	<b>1,368</b>	1,516
<b>Globe-Med</b>				
- Volume rebate	<b>6,800</b>	4,400	<b>6,800</b>	4,400
Total	<b>6,861</b>	4,652	<b>8,168</b>	5,916
Less: expected credit loss			<b>(840)</b>	(928)
Due from related parties, net			<b>7,328</b>	4,988

The movement in the provision for doubtful receivables regarding related parties was as following:

	<b>December 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
	<b>SAR' 000</b>	<b>SAR' 000</b>
Opening balance	<b>928</b>	912
(Reversal) / charge during the year	<b>(88)</b>	16
Closing balance	<b>840</b>	928

**DUE TO RELATED PARTIES**

	<i>Amounts of transactions</i>		<i>Balances as at</i>	
	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>SAR' 000</b>	<b>SAR' 000</b>	<b>SAR' 000</b>	<b>SAR' 000</b>
<b>Board of Directors &amp; related committee</b>				
Bonus and other allowances	<b>1,486</b>	1,690	<b>1,820</b>	1,840
<b>Globe-Med (Group entity)</b>				
Administration fees for handling medical claims and others	<b>14,521</b>	11,788	<b>750</b>	5,416
	<b>16,007</b>	13,478	<b>2,570</b>	7,256

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer, and the Chief Operating Officer of the Company.

The compensation of key management personnel during the year is as follows:

	<b>December 31,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
	<b>SAR' 000</b>	<b>SAR' 000</b>
Salaries and other allowances	<b>5,174</b>	4,038
End of service indemnities	<b>717</b>	258
	<b>5,891</b>	4,296

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**19. PROVISION FOR ZAKAT AND INCOME TAX**

The Company has filed Zakat and income tax returns with Zakat, Tax, and Customs Authority up to the year ended December 31, 2024 and obtained the required certificate that is valid up to April 30, 2026.

**Status of assessments**

**Zakat and Tax:**

The Company has settled all zakat and income tax liabilities up to 2021. For 2022, ZATCA issued an assessment of SAR 2.3 million, which is currently under review following the Company's accepted request for application of the New By-Laws. The Company has filed its zakat and income tax returns for 2023 and 2024 and obtained the relevant certificates; however, ZATCA has not yet finalized its review as at the reporting date.

**Value Added Tax (VAT):**

The Company has settled all VAT liabilities up to the year 2018. For FY 2019 to 2022, ZATCA issue VAT assessment amounted in total 1.9 million, the Company paid the amount and cancelled penalties as ZATCA initiatives. The Company has filed an appeal before the General Secretariat of Tax Committees regarding the assessments for the years 2019 to 2022 which is still under review. For FY 2024, ZATCA issued an assessment of SAR 14 thousand, which is accepted by the Company, and has been settled.

**Provision for zakat and income tax**

Provision for zakat has been made at 2.586% of the higher of approximate zakat base or adjusted net income and 2.5% on adjusted net income attributable to the Saudi shareholders of the Company.

Income tax is payable at 20% of the adjusted net income attributable to the foreign shareholders of the Company.

**ZAKAT**

The current year's zakat provision is based on the following:

	2025	2024
	SAR' 000	
Share capital	430,000	430,000
Reserves, opening provisions and other adjustments	(36,672)	(33,621)
Book value of long term assets	(276,031)	(336,750)
	<u>117,297</u>	<u>59,629</u>
Adjusted income for the year (Zakat)	(13,144)	12,741
Adjusted income for the year (Tax)	(88)	107
Zakat base	117,297	59,629
Tax base	(88)	107
Saudi Shareholder's share of Zakat base @ 98.99%	<u>116,101</u>	<u>59,021</u>
Total zakat and income tax	<u>3,000</u>	<u>1,547</u>

The differences between the financial and zakatable results are mainly due to provisions, which are not allowed in the calculation of adjusted income. The movement in the zakat provision for the year was as follows:

	2025	2024
	SAR' 000	
Opening balance	1,547	11,789
Charge for the year	3,000	1,547
Paid during the year	(4,908)	(14,493)
Charge for prior year	3,361	2,704
Closing balance	<u>3,000</u>	<u>1,547</u>

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**20. EMPLOYEES' END-OF-SERVICE BENEFITS**

The Company operates an end of service benefit plan for its employees based on the prevailing Saudi Labor Laws. Accruals are made in accordance with the actuarial valuation under projected unit credit method while the benefit payments obligation is discharged as and when it falls due. The amounts recognized in the statement of financial position and movement in the obligation during the year based on its present value are as follows:

	<b>2025</b>	<b>2024</b>
	<b>SAR' 000</b>	<b>SAR' 000</b>
Present value of defined benefit obligation	<b>5,589</b>	4,462
<b>Movement of defined benefit obligation</b>		
Opening balance	4,462	5,181
<i>Charge to statement of income</i>		
Current service cost	1,135	1,287
Interest cost	216	207
Past service cost	(3)	-
Curtailment / Settlement Gain / Loss	-	(365)
	<b>1,348</b>	1,129
<i>Charge to statement of comprehensive income</i>		
Actuarial loss / (gain) on employees' end-of-service benefits	107	(686)
Payment of benefits during the year	(328)	(1,162)
Closing balance	<b>5,589</b>	4,462
<b>Principal actuarial assumptions</b>	<b>2025</b>	<b>2024</b>
Valuation discount rate	4.70%	5.10%
Expected rate of increase in salary level across different age bands	4.65%	5.10%

The impact of changes in sensitivities on present value of defined benefit obligation is as follows:

	<b>2025</b>	<b>2024</b>
Valuation discount rate		
- Increase by 1%	5,384	4,526
- Decrease by 1%	5,808	5,014
Expected rate of increase in salary level across different age bands		
- Increase by 1%	5,833	5,034
- Decrease by 1%	5,357	4,504
Mortality rate		
- 1 year mortality rate set back	5,588	4,758
- 1 year mortality rate set forward	5,587	4,757
Employee turnover		
- Increase by 10%	5,506	4,683
- Decrease by 10%	5,679	4,841

**21. STATUTORY DEPOSIT**

In accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia, the Company is required to maintain a statutory deposit at 10%. Further, Insurance Authority (IA) has increased the statutory deposit by 5%. This statutory deposit cannot be withdrawn without the consent of Insurance Authority. During the year ended 2022, the company increased its paid capital to SR 430 million by right issue shares. After the aforementioned amendments to the capital, the company increased the amount of deposit to SR 64.5 million to be fully compliant with regulatory requirements. The statutory deposit is currently maintained at 15% of the new paid-up capital, SR 430 million, amounting to SR 64.5 million.

The statutory deposit is placed with a counterparty having investment grade credit rating. Accrued commission income on statutory deposit is shown as an asset and liability in the statement of financial position.

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
	<b>SAR' 000</b>	
Statutory deposit	<b>64,500</b>	64,500
	<b>64,500</b>	64,500

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**22. CAPITAL MANAGEMENT**

Objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares.

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital, reserves and retained earnings.

As per guidelines laid out by Insurance Authority (IA) previously known as SAMA in Article 66 of the Insurance Implementing Regulations detailing the solvency margin required to be maintained, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per Insurance Implementing Regulations:

- Minimum Capital Requirement of SAR 100 million
- Premium Solvency Margin
- Claims Solvency Margin

The Company's net admissible assets as of December 31, 2025 are 176% (2024: 212%) of the required minimum margin for solvency. Further, the Company is in compliance with all externally imposed capital requirements with sound solvency margin. The capital structure of the Company as of December 31, 2025 consists of paid-up share capital of SAR 430 million and accumulated losses of SAR 187.82 million (December 31, 2024: paid-up share capital of SAR 430 million and accumulated losses of SAR 174.54 million.) in the statement of financial position.

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial year.

**23. SHARE CAPITAL**

As of December 31, 2025, the authorized, subscribed and paid-up share capital of the Company was SR 430 million, divided into 43 million shares of SR 10 each. (December 31, 2024: SR 430 million share capital dividend into 43 million shares of SR 10 each).

	31 December 2025		31 December 2024	
	Authorized and issued	Paid up	Authorized and issued	Paid up
	No. of Shares	SAR "000"	No. of Shares	SAR "000"
Major shareholders	4,376	43,761	4,376	43,761
Others	38,624	386,239	38,624	386,239
Total	43,000	430,000	43,000	430,000

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**24. RISK MANAGEMENT**

Risk management covers mainly the followings::

- Insurance Risks
- Financial Risks

**1-Insurance Risks**

For non-life insurance contracts, the most significant risks arise from climate changes, natural disasters and manmade accidents. For longer tail claims that take some years to settle, there is also inflation risk.

For life insurance contracts, the main risks are, as follows:

- Mortality risk – risk of loss arising due to the incidence of policyholder death being different than expected
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

**Reinsurance Risks**

The Company purchases reinsurance as part of its risk mitigation program. Reinsurance held (outward reinsurance) is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Retention limits for non-proportional excess-of-loss reinsurance vary by product line.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Reinsurers are selected using the following parameters and guidelines set by the Company's Board of Directors, CEO and reinsurance department. The criteria may be summarized as follows:

- Minimum acceptable credit rating by recognized rating agencies (e.g. S&P) that is not lower than BBB or equivalent
- Reputation of particular reinsurance companies
- Existing or past business relationship with the reinsurer.

Furthermore, the financial strength and managerial and technical expertise as well as historical performance of the reinsurers, wherever applicable, are thoroughly reviewed by the Company and agreed to pre-set requirements of the Company's Board of Directors and Reinsurance Committee before approving them for exchange of reinsurance business. As of December 31, 2025, and December 31, 2024, there is no significant concentration of reinsurance balances.

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

The nature of the Company's exposure to insurance risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

The following tables show the concentration of net insurance contract liabilities by type of contract:

	December 31, 2025			December 31, 2024		
	Insurance contracts issued	Reinsurance contracts held	Net	Insurance contracts issued	Reinsurance contracts held	Net
	SAR' 000			SAR' 000		
Medical	151,205	-	151,205	108,802	(534)	108,268
Motor	24,481	(2,094)	22,387	20,293	(1,541)	18,752
Property & Casualty	3,600	(1,196)	2,404	2,799	(1,813)	986
Employers' delinquency insurance (ED) pool	6,238	(3,882)	2,356	-	-	-
Inherent defect insurance (IDI) pool	9,036	-	9,036	-	-	-
<b>Total</b>	<b>194,560</b>	<b>(7,172)</b>	<b>187,388</b>	<b>131,894</b>	<b>(3,888)</b>	<b>128,006</b>

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24. RISK MANAGEMENT (CONTINUED)

1. Insurance Risks (Continued)

Sensitivities on major assumptions considered while applying IFRS 17

The following sensitivity analysis shows the impact on gross and net liabilities, profit / loss before tax and equity for reasonably possible movements in key assumptions with all other assumptions in notes 2 and 3 held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

The method used for deriving sensitivity information and significant assumptions did not change from the previous year.

Board of directors

The risk governance is the centralized oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Following are the sensitivities derived for the portfolios computed under PAA approach before and after risk mitigation by reinsurance contracts held:

	December 31, 2025			December 31, 2024		
	Insurance contract liabilities	Impact on profit/(loss) before zakat and tax	Impact on equity	Insurance contract liabilities	Impact on profit/(loss) before zakat and tax	Impact on equity
	<b>SAR' 000</b>					
<b>Insurance contract liabilities</b>						
Expenses increase by 5%	158,616	(15,580)	302,207	104,870	7,496	287,882
Expenses decrease by 5%	142,658	1,733	319,520	102,880	17,110	297,496
Yields curve shift up by 0.5 %	150,509	(6,796)	310,991	103,760	12,417	292,804
Yields curve shift down by 0.5 %	150,753	(7,040)	310,747	103,989	12,188	292,575
Loss reserve increase by 5 %	153,104	(9,391)	308,396	105,591	10,587	290,973
Loss reserve decrease by 5 %	148,158	(4,445)	313,342	102,159	14,019	294,405

Following are the sensitivities derived for the portfolios computed under PAA approach after risk mitigation by reinsurance contracts held

	December 31, 2025			December 31, 2024		
	Net insurance contract liabilities	Impact on profit/(loss) before zakat and tax	Impact on equity	Net insurance contract liabilities	Impact on profit/(loss) before zakat and tax	Impact on equity
	<b>SAR' 000</b>					
Insurance contract liabilities	194,560			131,894		
Reinsurance contract Assets	7,172			3,888		
<b>Net insurance contract liabilities</b>	<b>187,388</b>			<b>128,006</b>		
Expenses increase by 5%	152,067	(15,580)	302,207	103,688	7,496	287,882
Expenses decrease by 5%	136,109	1,733	319,520	101,698	17,110	297,496
Yields curve shift up by 0.5 %	143,960	(6,796)	310,991	102,578	12,417	292,804
Yields curve shift down by 0.5 %	144,204	(7,040)	310,747	102,807	12,188	292,575
Loss reserve increase by 5 %	146,460	(9,296)	308,491	104,409	10,587	290,973
Loss reserve decrease by 5 %	141,704	(4,540)	313,247	100,977	14,019	294,405

2. Financial risk

Financial risk comprises of the followings:

- Liquidity Risk
- Market Risk
- Credit Risk

These risks have been briefly explained below:

a. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:

- The Company's liquidity risk policy sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs.

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24. RISK MANAGEMENT (CONTINUED)

1. Insurance Risks (Continued)

CLAIMS DEVELOPMENT TABLE

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. As required by IFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment.

In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

The Company aims to maintain adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. Claims triangular analysis is by accident years spanning a number of financial years.

A) Gross Claims development

	2020 & earlier	2021	2022	2023	2024	2025	Total
<b>SAR' 000</b>							
<b>2025</b>							
<b>Accident year</b>							
<b>Undiscounted liabilities for incurred claims, gross of reinsurance:</b>							
At end of accident year	363,750	247,184	179,083	92,543	118,336	167,965	167,965
1 year later	446,869	290,931	200,527	98,753	136,510	-	136,510
2 years later	447,412	294,000	201,582	98,651	-	-	98,651
3 years later	447,500	294,231	198,592	-	-	-	198,592
4 years later	447,873	295,112	-	-	-	-	295,112
5 years later	447,795	-	-	-	-	-	-
6 years later	447,795	-	-	-	-	-	447,795
<b>Gross estimates of the undiscounted amount of the claims</b>	<b>447,795</b>	<b>295,112</b>	<b>198,592</b>	<b>98,651</b>	<b>136,510</b>	<b>167,965</b>	<b>1,344,625</b>
<b>Cumulative gross claims and other directly attributable expenses paid</b>	<b>(447,627)</b>	<b>(294,232)</b>	<b>(197,070)</b>	<b>(97,793)</b>	<b>(135,951)</b>	<b>(151,520)</b>	<b>(1,324,193)</b>
<b>Gross undiscounted liabilities for incurred claims</b>	<b>168</b>	<b>880</b>	<b>1,522</b>	<b>858</b>	<b>559</b>	<b>16,445</b>	<b>20,432</b>
Effect of discounting		(1,775)	(1,961)	1,681	653	(50)	(1,452)
<b>Gross discounted liabilities for incurred claims excluding risk adjustment</b>							<b>21,884</b>
Effect of the risk adjustment margin for non-financial risk							-
<b>Gross liabilities for incurred claims</b>							<b>21,884</b>

B) Net Claims development

	2020 & earlier	2021	2022	2023	2024	2025	Total
<b>SAR' 000</b>							
<b>2025</b>							
<b>Accident year</b>							
<b>Undiscounted liabilities for incurred claims, net of reinsurance</b>							
At end of accident year	191,719	239,032	179,095	92,543	118,336	167,820	167,820
1 year later	248,619	282,778	200,103	98,753	136,510	-	136,510
2 years later	249,041	285,863	201,157	98,651	-	-	98,651
3 years later	248,995	286,094	198,445	-	-	-	198,445
4 years later	249,486	286,975	-	-	-	-	286,975
5 years later	249,419	-	-	-	-	-	-
6 years later	249,419	-	-	-	-	-	249,419
<b>Net estimates of the undiscounted amount of the claims</b>	<b>249,419</b>	<b>286,975</b>	<b>198,445</b>	<b>98,651</b>	<b>136,510</b>	<b>167,820</b>	<b>1,137,820</b>
<b>Cumulative net claims and other directly attributable expenses paid</b>	<b>(249,255)</b>	<b>(286,381)</b>	<b>(197,062)</b>	<b>(97,793)</b>	<b>(135,951)</b>	<b>(151,520)</b>	<b>(1,117,962)</b>
<b>Net undiscounted liabilities for incurred claims</b>	<b>164</b>	<b>594</b>	<b>1,383</b>	<b>858</b>	<b>559</b>	<b>16,300</b>	<b>19,858</b>
Effect of discounting		(1,775)	(1,961)	1,681	653	(50)	(1,452)
<b>Net discounted liabilities for incurred claims excluding risk adjustment</b>							<b>21,310</b>
Effect of the risk adjustment margin for non-financial risk							-
<b>Net liabilities for incurred claims</b>							<b>21,310</b>

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24. RISK MANAGEMENT (CONTINUED)

1. Insurance Risks (Continued)

A) Gross Claims development	2019 & earlier	2020	2021	2022	2023	2024	Total
<b>2024</b>	SAR' 000						
<b>Accident year</b>							
<b>Undiscounted liabilities for incurred claims, gross of reinsurance:</b>							
At end of accident year	244,788	191,727	247,184	179,083	92,543	118,336	118,336
1 year later	275,217	248,628	290,931	200,527	98,753	-	98,753
2 years later	276,004	249,050	294,000	201,582	-	-	201,582
3 years later	275,830	249,004	294,231	-	-	-	294,231
4 years later	275,622	249,495	-	-	-	-	249,495
5 years later	275,520	-	-	-	-	-	-
6 years later	275,580	-	-	-	-	-	275,580
<b>Gross estimates of the undiscounted amount of the claims</b>	275,580	249,495	294,231	201,582	98,753	118,336	1,237,977
<b>Cumulative gross claims and other directly attributable expenses paid</b>	(275,571)	(249,264)	(293,013)	(197,152)	(97,618)	(104,043)	(1,216,661)
<b>Gross undiscounted liabilities for incurred claims</b>	9	231	1,218	4,430	1,135	14,293	21,316
Effect of discounting			(1,775)	(1,961)	1,681	653	(1,402)
<b>Gross discounted liabilities for incurred claims excluding risk adjustment</b>							22,718
Effect of the risk adjustment margin for non-financial risk							-
<b>Gross liabilities for incurred claims</b>							<u>22,718</u>

B) Net Claims development	2019 & earlier	2020	2021	2022	2023	2024	Total
<b>2024</b>	SAR' 000						
<b>Accident year</b>							
<b>Undiscounted liabilities for incurred claims, net of reinsurance</b>							
At end of accident year	190,951	191,719	239,032	179,095	92,543	118,336	118,336
1 year later	217,077	248,619	282,778	200,103	98,753	-	98,753
2 years later	217,469	249,041	285,863	201,157	-	-	201,157
3 years later	217,390	248,995	286,094	-	-	-	286,094
4 years later	217,184	249,486	-	-	-	-	249,486
5 years later	217,083	-	-	-	-	-	-
6 years later	217,143	-	-	-	-	-	217,143
<b>Net estimates of the undiscounted amount of the claims</b>	217,143	249,486	286,094	201,157	98,753	118,336	1,170,969
<b>Cumulative net claims and other directly attributable expenses paid</b>	(217,134)	(249,255)	(285,162)	(197,144)	(97,618)	(104,631)	(1,150,944)
<b>Net undiscounted liabilities for incurred claims</b>	9	231	932	4,013	1,135	13,705	20,025
Effect of discounting			(1,775)	(1,961)	1,681	653	(1,402)
<b>Net discounted liabilities for incurred claims excluding risk adjustment</b>							21,427
Effect of the risk adjustment margin for non-financial risk							-
<b>Net liabilities for incurred claims</b>							<u>21,427</u>

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24. RISK MANAGEMENT (CONTINUED)

2. Financial risk (Continued)

i. Maturity profiles

**Maturity analysis for insurance and reinsurance contract liabilities (present value of future cash flows basis)**

The following table summarizes the maturity profile of groups of insurance contracts issued and reinsurance contracts held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

	2025						Total
	Up to 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	
	SAR' 000						
<b>Insurance contract Liabilities</b>							
Medical	120,149	4,743	-	-	-	-	124,892
Motor	9,545	3,939	1,942	-	-	-	15,426
Property & Casualty	1,749	290	23	-	-	-	2,062
<b>Reinsurance contract liabilities</b>							
Medical	(2,071)	(81)	-	-	-	-	(2,152)
Motor	275	113	56	-	-	-	444
Property & Casualty	(300)	(4,538)	(3)	-	-	-	(4,841)
<b>Total</b>	<b>129,347</b>	<b>4,466</b>	<b>2,018</b>	-	-	-	<b>148,929</b>
	2024						
	Up to 1 Year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
	SAR' 000						
<b>Insurance contract Liabilities</b>							
Medical	89,172	3,165	265	17	1	-	92,620
Motor	6,870	1,610	1,175	150	80	-	9,885
Property & Casualty	1,494	-	46	10	1	-	1,551
<b>Reinsurance contract liabilities</b>							
Medical	514	18	2	-	-	-	534
Motor	(49)	(12)	(8)	(1)	(1)	-	(71)
Property & Casualty	693	-	21	5	-	-	719
<b>Total</b>	<b>98,694</b>	<b>4,781</b>	<b>1,501</b>	<b>181</b>	<b>81</b>	-	<b>102,874</b>

**Maturity analysis for financial assets (contractual undiscounted cash flow basis)**

The following table summarizes the maturity profile of financial assets of the Company based on the remaining undiscounted contractual cash flows, including interest receivable:

	2025						Total
	Up to 1 Year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	
	SAR' 000						
<b>Insurance Operations - Financial assets</b>							
Cash and cash equivalents	55,432	-	-	-	-	-	55,432
Short term deposit	940	-	-	-	-	-	940
Investment measured at FVOCI	72,758	-	-	-	-	-	72,758
Prepayments and other assets	16,988	-	-	-	-	-	16,988
Due from shareholders' operations	75,720	-	-	-	-	-	75,720
	<b>221,838</b>	-	-	-	-	-	<b>221,838</b>
<b>Shareholders' Operations - Financial assets</b>							
Cash and cash equivalents	141,716	-	-	-	-	-	141,716
Short term deposit	84,222	-	-	-	-	-	84,222
Investment measured at FVOCI	995	-	-	-	-	-	995
Investment measured at FVTPL	7,643	-	-	-	-	-	7,643
Investment measured at amortized cost	-	3,710	17,673	-	-	-	21,383
Prepayments and other assets	3,726	-	-	-	-	-	3,726
Statutory deposit	64,500	-	-	-	-	-	64,500
Accrued income on statutory deposit	3,276	-	-	-	-	-	3,276
	<b>306,078</b>	<b>3,710</b>	<b>17,673</b>	-	-	-	<b>327,461</b>
<b>Total</b>	<b>527,916</b>	<b>3,710</b>	<b>17,673</b>	-	-	-	<b>549,299</b>

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24. RISK MANAGEMENT (CONTINUED)

2. Financial risk (Continued)

	2024						Total
	Up to 1 Year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	
	SAR' 000						
<b>Insurance Operations - Financial assets</b>							
Cash and cash equivalents	45,547	-	-	-	-	-	45,547
Short term deposit	-	-	-	-	-	-	-
Investment measured at FVOCI	61,154	-	-	-	-	-	61,154
Prepayments and other assets	17,087	-	-	-	-	-	17,087
Due from shareholders' operations	50,718	-	-	-	-	-	50,718
	174,506	-	-	-	-	-	174,506
<b>Shareholders' Operations - Financial assets</b>							
Cash and cash equivalents	51,311	-	-	-	-	-	51,311
Short term deposit	162,646	-	-	-	-	-	162,646
Investment measured at FVOCI	1,131	-	-	-	-	-	1,131
Investment measured at FVTPL	5,879	-	-	-	-	-	5,879
Investment measured at amortized cost	-	-	3,554	17,608	-	-	21,162
Prepayments and other assets	4,536	-	-	-	-	-	4,536
Statutory deposit	64,500	-	-	-	-	-	64,500
Accrued income on statutory deposit	1,755	-	-	-	-	-	1,755
	291,758	-	3,554	17,608	-	-	312,920
<b>Total</b>	<b>466,264</b>	<b>-</b>	<b>3,554</b>	<b>17,608</b>	<b>-</b>	<b>-</b>	<b>487,426</b>

**b. Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued, or reinsurance contract held will fluctuate because of changes in market prices. Market risk comprises three types of risk:

- Currency risk;
- Price risk; and
- Commission rate risk.

**i. Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument, insurance contract assets and/or liabilities will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried out in Saudi Arabian Riyals (SAR) and its exposure to foreign exchange risk arises primarily with respect to the US dollar. The Company's financial assets are primarily denominated in the SAR.

Management believes that there is minimal risk of significant losses due to exchange rate fluctuation as the majority of monetary assets and liabilities are in currencies linked to the SAR. In addition, Company's foreign currency transactions are primarily in US dollars which is pegged with SAR and therefore the financial instruments are not sensitive to currency fluctuations.

The Company mitigates some of the foreign currency risk associated with insurance contracts by holding reinsurance contracts denominated in the same currencies as its insurance contract liabilities.

	2025			2024		
	Saudi Riyals	US Dollars	Total	Saudi Riyals	US Dollars	Total
	SAR' 000					
<b>Insurance Operations - Financial assets</b>						
Cash and cash equivalents	55,432	-	55,432	45,547	-	45,547
Short term deposit	940	-	940	-	-	-
Insurance contract assets	43,929	-	43,929	27,838	-	27,838
Reinsurance contract assets	13,721	-	13,721	2,706	-	2,706
Investment measured at FVOCI	72,758	-	72,758	61,154	-	61,154
Prepayments and other assets	16,988	-	16,988	17,087	-	17,087
Due from shareholders' operations	75,720	-	75,720	50,718	-	50,718
	279,488	-	279,488	205,050	-	205,050
<b>Shareholders' Operations - Financial assets</b>						
Cash and cash equivalents	141,716	-	141,716	51,311	-	51,311
Short term deposit	84,222	-	84,222	162,646	-	162,646
Investment measured at FVOCI	995	-	995	1,131	-	1,131
Investments measured at FVTPL	7,643	-	7,643	5,879	-	5,879
Investment measured at amortized cost	3,710	17,673	21,383	3,554	17,608	21,162
Prepayments and other assets	3,726	-	3,726	4,536	-	4,536
Statutory deposit	64,500	-	64,500	64,500	-	64,500
Accrued income on statutory deposit	3,276	-	3,276	1,755	-	1,755
	309,788	17,673	327,461	295,312	17,608	312,920
<b>Total</b>	<b>589,276</b>	<b>17,673</b>	<b>606,949</b>	<b>500,362</b>	<b>17,608</b>	<b>517,970</b>

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24. RISK MANAGEMENT (CONTINUED)

2. Financial risk (Continued)

b. Market Risk (continued)

	2025			2024		
	Saudi Riyals	US Dollars	Total	Saudi Riyals	US Dollars	Total
	SAR' 000					
<b>Insurance Operations - Financial Liabilities</b>						
Insurance contract liabilities	194,560	-	194,560	131,894	-	131,894
Reinsurance contract liabilities	7,172	-	7,172	3,888	-	3,888
Accrued expenses and other liabilities	12,562	-	12,562	13,650	-	13,650
Employees' end-of-service benefits (EOSB)	5,589	-	5,589	4,462	-	4,462
	<b>219,883</b>	-	<b>219,883</b>	153,894	-	153,894
<b>Shareholders' Operations - Financial Liabilities</b>						
Accrued expenses and other liabilities	3,577	-	3,577	3,597	-	3,597
Due to insurance operation	75,720	-	75,720	50,718	-	50,718
Accrued income payable to Insurance Authority	3,276	-	3,276	1,755	-	1,755
Provision for zakat and income tax liabilities	3,000	-	3,000	1,547	-	1,547
	<b>85,573</b>	-	<b>85,573</b>	57,617	-	57,617
<b>Total</b>	<b>305,456</b>	-	<b>305,456</b>	211,511	-	211,511

ii. Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments or insurance contract assets and/or liabilities will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or contract, or by factors affecting all similar contracts or financial instruments traded in the market.

iii. Commission rate risk

Commission rate risk arises from the possibility that changes in commission rates will affect future profitability or the fair values of financial instruments. The Company has no significant concentration of commission rate risk.

c. Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial instruments held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position.

Credit risk measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information.

The key judgements and assumptions adopted by the Company in addressing the requirements of IFRS 9 are discussed below:

Significant increase in credit risk

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative and qualitative criteria have been met.

Quantitative criteria:

- Downward movement in the external credit rating by two notches;
- Downward movement in the external credit rating by one notch if the revised external credit rating becomes below "investment grade";
- Contractual payments are more than 30 days past due ;

Qualitative criteria:

- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the counterparty that results in a significant decrease in the counterparty's ability to meet its obligations to the Company;
- A group company of the counterparty has defaulted and in the Company's opinion repayment capacity of the counterparty would also be significantly impacted.

## 24. RISK MANAGEMENT (CONTINUED)

### 2. Financial risk (Continued)

#### c. Credit Risk (continued)

##### *Definition of default and credit-impaired assets*

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

##### *Quantitative criteria:*

- Contractual payments are more than 90 days past due;
- Counterparty's refusal to pay the amounts due.

##### *Qualitative criteria:*

- Information about the bankruptcy of the counterparty;
- Legal case on recovery proceedings;

The criteria above have been applied to all financial assets. An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of twelve month. This period has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on consideration of a variety of external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the KSA and selected private-sector and academic forecasters. The base case represents a most-likely outcome. The other scenarios represent more optimistic and more pessimistic outcomes.

The Company considers scenarios in range of 3-5 years horizon (consistent with forecast available from public sources) beyond which long term average macroeconomic conditions prevail. Externally available macroeconomic forecast from Global Rating Agencies and the Insurance Authority are used for making base case forecast. For other scenarios, adjustment are made to base case forecast based on expert judgement. The Company uses multiple scenarios and probabilities are assigned to each scenario based on expert judgement.

Based on the detailed analysis of the Companies exposures to the credit risk, the management of the Company have opted to benefit from the practical expedient in calculating the expected credit losses provided by IFRS 9 for financial assets with low credit risk. The management of the Company measures impairment using 12-month expected credit losses for its financial assets subject to impairment. The low credit risk financial assets of the Company meet the following requirements of IFRS 9 to measure impairment using 12-month expected credit losses:

- Low credit risk of default;
- The counterparties have a strong capacity to meet their obligations in the near term;
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparties to fulfil their contractual cash flow obligations.

The Company uses external credit risk ratings of well-known and reputable rating agencies to assess the probability of default of individual counterparties.

The Company does not recognise lifetime expected credit losses on a financial instrument simply because it was considered to have low credit risk in the previous reporting period and is not considered to have low credit risk at the reporting date. In such a case, the Company will determine whether there has been a significant increase in credit risk since initial recognition and thus whether lifetime expected credit losses are required to be recognised.

##### *Measuring expected credit losses*

The Expected Credit Loss (ECL) is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12-month PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the exposure.

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24. RISK MANAGEMENT (CONTINUED)

2. Financial risk (Continued)

Maximum exposure to credit risk – financial instruments subject to ECL

The following tables contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets measured at amortised cost below, also represents the Company’s maximum exposure to credit risk on these assets.

	2025			2024		
	Gross	ECL	Net	Gross	ECL	Net
	SAR “000”					
<b>Insurance Operations - Financial assets</b>						
Cash and cash equivalents	55,433	(1)	55,432	45,549	(2)	45,547
Short term deposits	940	-	940	-	-	-
Premium receivables	82,365	(39,915)	42,450	89,449	(40,010)	49,439
Reinsurance receivables	2,748	(40)	2,708	1,555	(695)	860
Investment measured at FVOCI	72,758	-	72,758	61,154	-	61,154
Prepayments and other assets	16,988	-	16,988	17,087	-	17,087
Due from shareholders' operations	75,720	-	75,720	50,718	-	50,718
	<b>306,952</b>	<b>(39,956)</b>	<b>266,996</b>	<b>265,512</b>	<b>(40,707)</b>	<b>224,805</b>
<b>Shareholders’ Operations - Financial assets</b>						
Cash and cash equivalents	141,717	(1)	141,716	51,316	(5)	51,311
Short term deposits	84,226	(4)	84,222	162,668	(22)	162,646
Investment measured at FVOCI	995	-	995	1,131	-	1,131
Investment measured at FVTPL	7,643	-	7,643	5,879	-	5,879
Investment measured at amortized cost	21,391	(8)	21,383	21,179	(17)	21,162
Prepayments and other assets	3,726	-	3,726	4,536	-	4,536
	<b>259,698</b>	<b>(13)</b>	<b>259,685</b>	<b>246,709</b>	<b>(44)</b>	<b>246,665</b>
<b>TOTAL</b>	<b>566,650</b>	<b>(39,969)</b>	<b>526,681</b>	<b>512,221</b>	<b>(40,751)</b>	<b>471,470</b>

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**25. SUPPLEMENTARY INFORMATION**

**25.1 Statement of financial position**

	31 December 2025			31 December 2024		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR' 000			SAR' 000		
<b>ASSETS</b>						
Cash and cash equivalents	55,432	141,716	197,148	45,547	51,311	96,858
Short term deposit	940	84,222	85,162	-	162,646	162,646
Insurance contract assets	43,929	-	43,929	27,838	-	27,838
Reinsurance contract assets	13,721	-	13,721	2,706	-	2,706
Investment measured at FVOCI	72,758	995	73,753	61,154	1,131	62,285
Investment measured at FVTPL	-	7,643	7,643	-	5,879	5,879
Investments held at amortised cost	-	21,383	21,383	-	21,162	21,162
Prepayments and other assets	16,988	3,726	20,714	17,087	4,536	21,623
Property and equipment	4,518	-	4,518	5,154	-	5,154
Intangible assets	4,858	-	4,858	1,174	-	1,174
Statutory deposit	-	64,500	64,500	-	64,500	64,500
Due from shareholders' operations	75,720	-	75,720	50,718	-	50,718
Accrued income on statutory deposit	-	3,276	3,276	-	1,755	1,755
<b>TOTAL ASSETS</b>	<b>288,864</b>	<b>327,461</b>	<b>616,325</b>	<b>211,378</b>	<b>312,920</b>	<b>524,298</b>
<b>LIABILITIES</b>						
Insurance contract liabilities	194,560	-	194,560	131,894	-	131,894
Reinsurance contract liabilities	7,172	-	7,172	3,888	-	3,888
Accrued expenses and other liabilities	12,562	3,577	16,139	13,650	3,597	17,247
Employees' end-of-service benefits (EOSB)	5,589	-	5,589	4,462	-	4,462
Provision for zakat and income tax	-	3,000	3,000	-	1,547	1,547
Accrued income payable to Insurance Authority	-	3,276	3,276	-	1,755	1,755
Due to insurance operation	-	75,720	75,720	-	50,718	50,718
<b>TOTAL LIABILITIES</b>	<b>219,883</b>	<b>85,573</b>	<b>305,456</b>	<b>153,894</b>	<b>57,617</b>	<b>211,511</b>
<b>EQUITY</b>						
Share capital	-	430,000	430,000	-	430,000	430,000
Accumulated losses	-	(187,820)	(187,820)	-	(174,541)	(174,541)
Re-measurement of EOSB related to insurance operations	(1,854)	-	(1,854)	(1,747)	-	(1,747)
Fair value reserve for FVOCI investments	70,835	(292)	70,543	59,231	(156)	59,075
<b>TOTAL SHAREHOLDERS' EQUITY</b>						
<b>TOTAL EQUITY</b>	<b>68,981</b>	<b>241,888</b>	<b>310,869</b>	<b>57,484</b>	<b>255,303</b>	<b>312,787</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>288,864</b>	<b>327,461</b>	<b>616,325</b>	<b>211,378</b>	<b>312,920</b>	<b>524,298</b>

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25. SUPPLEMENTARY INFORMATION (CONTINUED)

25.2 Statement of income statement

	December 31, 2025			December 31, 2024		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR' 000			SAR' 000		
Insurance revenue	282,107	-	282,107	212,597	-	212,597
Insurance service expenses	(288,041)	-	(288,041)	(197,590)	-	(197,590)
<b>Insurance service result before reinsurance contracts held</b>	<b>(5,934)</b>	<b>-</b>	<b>(5,934)</b>	15,007	-	15,007
Allocation of reinsurance premiums	(13,322)	-	(13,322)	(3,425)	-	(3,425)
Amounts payable to / (recoverable from) reinsurers for incurred claims	6,486	-	6,486	95	-	95
<b>Net expenses from reinsurance contracts held</b>	<b>(6,836)</b>	<b>-</b>	<b>(6,836)</b>	(3,330)	-	(3,330)
<b>Insurance service result</b>	<b>(12,770)</b>	<b>-</b>	<b>(12,770)</b>	11,677	-	11,677
Investment income	1,030	12,973	14,003	824	13,003	13,827
Re-valuation gain on investments at FVTPL	-	1,683	1,683	-	3,007	3,007
Expected credit loss allowance on financial assets	-	32	32	-	53	53
<b>Net investment income</b>	<b>1,030</b>	<b>14,688</b>	<b>15,718</b>	824	16,063	16,887
Finance expense from insurance contracts issued	(14)	-	(14)	(653)	-	(653)
Finance income from reinsurance contracts issued	64	-	64	-	-	-
<b>Net insurance and investment result</b>	<b>(11,690)</b>	<b>14,688</b>	<b>2,998</b>	11,848	16,063	27,911
Other operating income	3,639	-	3,639	1,421	-	1,421
Other operating expenses	(11,774)	(1,781)	(13,555)	(10,648)	(2,406)	(13,054)
<b>Total income for the year attributable to the shareholders before zakat</b>	<b>(19,825)</b>	<b>12,907</b>	<b>(6,918)</b>	2,621	13,657	16,278
Provision for Zakat	-	(6,361)	(6,361)	-	(4,251)	(4,251)
<b>Total income for the year attributable to the shareholders after zakat</b>	<b>(19,825)</b>	<b>6,546</b>	<b>(13,279)</b>	2,621	9,406	12,027

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25. SUPPLEMENTARY INFORMATION (CONTINUED)

25.3 Statement of cash flows

	31 December 2025			31 December 2024		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SAR' 000			SAR' 000		
<b>Cash flows from operating activities</b>						
(Loss) / profit for the year before zakat	-	(6,918)	(6,918)	-	16,278	16,278
<b>Adjustments for non-cash items:</b>						
Depreciation and amortization	1,309	-	1,309	1,480	-	1,480
Provision for end-of-service benefits	1,348	-	1,348	1,129	-	1,129
Accrued commission income	-	(212)	(212)	-	(50)	(50)
Re-valuation gain on investments at FVTPL	-	(1,683)	(1,683)	-	(3,007)	(3,007)
Change in ECL provision of investments	-	(27)	(27)	-	(35)	(35)
<b>Changes in operating assets and liabilities:</b>						
Insurance contracts assets	(16,091)	-	(16,091)	2,582	-	2,582
Reinsurance contracts assets	(11,015)	-	(11,015)	820	-	820
Insurance contracts liabilities	62,666	-	62,666	9,236	-	9,236
Reinsurance contracts liabilities	3,284	-	3,284	(1,093)	-	(1,093)
Prepayments and other assets	99	810	909	12,951	(3,286)	9,665
Accrued expenses and other liabilities	(1,088)	(20)	(1,108)	(3,450)	22	(3,428)
Zakat and income tax paid	-	(4,908)	(4,908)	-	(14,493)	(14,493)
Due to insurance operation	-	25,002	25,002	-	13,019	13,019
Due from shareholders' operations	(25,002)	-	(25,002)	(13,019)	-	(13,019)
Employees' end-of-service benefits paid	(328)	-	(328)	(1,162)	-	(1,162)
<b>Net cash generated from / (used in) operating activities</b>	<b>15,182</b>	<b>12,044</b>	<b>27,226</b>	<b>9,474</b>	<b>8,448</b>	<b>17,922</b>
<b>Cash flows from investing activities</b>						
(Addition) / maturity of short-term deposit	(940)	78,442	77,502	-	(86,404)	(86,404)
Addition in investment held at fair value through profit and loss	-	(81)	(81)	-	(2,872)	(2,872)
Addition in investment held at amortised cost	-	-	-	-	(3,548)	(3,548)
Additions in property, equipment and intangible assets	(4,357)	-	(4,357)	(1,499)	-	(1,499)
<b>Net cash (used in) / generated from investing activities</b>	<b>(5,297)</b>	<b>78,361</b>	<b>73,064</b>	<b>(1,499)</b>	<b>(92,824)</b>	<b>(94,323)</b>
<b>Net change in cash and cash equivalents</b>	<b>9,885</b>	<b>90,405</b>	<b>100,290</b>	<b>7,975</b>	<b>(84,376)</b>	<b>(76,401)</b>
Cash and cash equivalents, beginning of the year	45,547	51,311	96,858	37,572	135,687	173,259
<b>Cash and cash equivalents, end of the year</b>	<b>55,432</b>	<b>141,716</b>	<b>197,148</b>	<b>45,547</b>	<b>51,311</b>	<b>96,858</b>

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**26. EMPLOYERS' DELINQUENCY ("ED") POOL**

On October 6, 2024, The Employers' Delinquency ("ED") product contract was signed between Al Etihad Cooperative Insurance Company ("Operator") and Ministry of Human Resources and Social Development ("HRSD") for the insurance of the financial dues of non-Saudi workers in the private sector, in cooperation with a number of Saudi insurance and Reinsurance companies, and, in accordance with the agreed terms and conditions and the insurance policy approved by the Insurance Authority. The signed policy represents the cooperation between the Government Entity and the Insurance Authority to protect financial rights of non-Saudi workers in delinquent entities.

On November 3, 2024, co-insurance agreement was signed among nineteen insurance companies ("Participating Companies") operating in Kingdom of Saudi Arabia for Employers' Delinquency ("ED") Pool, based on the approval of Insurance Authority authorizing Al-Etihad Cooperative Insurance Company as the leading company ("Operator"), to manage the ED Pool on behalf of the participating insurance companies, selling the product and providing its insurance coverage by creating joint insurance portfolios.

The Company has accounted for in the financial statements the ED pool assets, liabilities, revenues and expenses relating to their share in the portfolio in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

**27. INHERENT DEFECT INSURANCE ("IDI") POOL**

On 01 January 2025 the Company, signed the Inherent Defect Insurance (IDI) shared agreement with 17 other participating insurance companies relating to inherent defects insurance provides coverage against post usage detected defects in buildings and constructions. Malath as a leading company manages the IDI pool on behalf of the participating insurance companies and will exclusively be entitled to management fees of managing the pool.

The Company has accounted for in the financial statements the IDI pool assets, liabilities, revenues and expenses relating to their share in the pool in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

The agreement of IDI pool leadership for Malath ended at June 24 2025 and was not renewed, therefore the product pool leadership has transferred to another insurance manager to resume the pool management starting from June 24, 2025. As a result, from the date of the agreement ending, all the assets and liabilities have been shifted for both participants and policyholders to the new insurance manager.

**28. COMPARATIVE FIGURES**

Certain comparative amounts have been reclassified to conform with the current period's presentation. These reclassifications did not have a material impact on the financial statements.

**29. DIVIDEND**

No dividend was proposed or paid during the year December 31, 2025 (2024: nil).

**30. EARNING/ (LOSS) PER SHARE ("EPS")**

Basic and diluted earnings / (loss) per share for the year ended December 31, 2025 and 2024 have been calculated by dividing the net income for the year by the weighted average number of ordinary shares issued and outstanding at the end of the period.

Earnings per share for the year ended December 31, 2025 and 2024 is calculated by dividing the net income for the year attributable to the equity holders by 43 million shares.

**31. EVENTS AFTER THE REPORTING DATE**

No significant events have occurred after the reporting date that would require adjustment or disclosure in the financial statements.

**32. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved by the Board of Directors on March 10, 2026 (corresponding to 21st Ramadan 1447 H).