

Item #2:

**To review and discuss the financial
statements for the fiscal year
ended on 31/12/2025G.**

MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION

(All amounts are in thousands Saudi Riyal unless otherwise stated)

AS AT 31 DECEMBER 2025

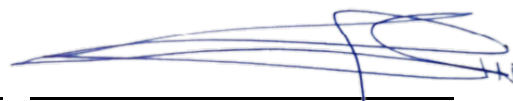
	Notes	31 December 2025	31 December 2024
ASSETS			
Cash and cash equivalents	4	194,204	172,975
Term deposits	5	363,089	523,258
Reinsurance contract assets	6	140,527	130,480
Insurance contract assets	6	7,320	-
Investments	7	257,400	205,014
Investment property	13	64,018	-
Prepayments and other assets	12	117,763	83,923
Property and equipment	16	2,189	3,028
Right-of-use assets	17	227	688
Accrued income on statutory deposit		688	5,285
Statutory deposit	24	74,996	74,986
TOTAL ASSETS		1,222,421	1,199,637
LIABILITIES			
Accrued expenses and other liabilities	14	40,052	54,627
Insurance contract liabilities	6	659,250	653,353
Reinsurance contract liabilities	6	3,035	-
Provision for zakat	8	24,662	23,663
Lease liabilities	18	231	701
Employees' end-of-service benefits	15	32,172	29,233
Accrued income payable to Insurance Authority		688	5,285
TOTAL LIABILITIES		760,090	766,862
EQUITY			
Share capital	9	500,000	500,000
Statutory reserve	10	2,131	2,131
Accumulated losses		(86,359)	(108,060)
Investments fair value reserve		67,697	57,596
Re-measurement reserve on defined benefit plans		(21,138)	(18,892)
TOTAL EQUITY		462,331	432,775
TOTAL LIABILITIES AND EQUITY		1,222,421	1,199,637
Commitments and contingencies	21		



FINANCIAL CONTROLLER



CHIEF EXECUTIVE OFFICER



CHAIRMAN

The accompanying notes 1 to 33 form an integral part of these financial statements.

MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF INCOME

(All amounts are in thousands Saudi Riyal unless otherwise stated)

AS AT 31 DECEMBER 2025

	Notes	2025	2024
Insurance service revenue	6.1	1,445,363	1,010,723
Insurance service expenses	6.1	(1,477,561)	(976,030)
Insurance service result before reinsurance contracts held		(32,198)	34,693
Allocation of reinsurance premiums	6.2	(60,200)	(64,121)
Amounts recoverable from reinsurance	6.2	79,337	25,229
Net revenues / (expenses) from reinsurance contracts held		19,137	(38,892)
Insurance service result		(13,061)	(4,199)
Investment income on financial assets at amortised cost		31,461	22,469
Investment (loss) / income on financial assets at FVTPL	7.1	(68)	14,229
Impairment reversal / (losses) on financial assets		86	(1)
Fair value gain on investment properties	13	21,463	-
Net investment income		52,942	36,697
Finance expenses from insurance contracts issued	6.1	(17,689)	(14,174)
Finance income from reinsurance contracts held	6.2	5,346	3,977
Net insurance finance expenses		(12,343)	(10,197)
Net insurance and investment result		27,538	22,301
Other operating expenses	25	(34,895)	(31,080)
Other income	7.2	37,158	45,172
Net income for the year attributable to shareholders before zakat		29,801	36,393
Zakat expense for the year	8	(8,100)	(9,504)
Net income for the year attributable to shareholders		21,701	26,889
Earnings per share			
Basic and diluted earning per share	11	0.43	0.54
Weighted average number of shares issued throughout the year (thousands)		50,000	50,000



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MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in thousands Saudi Riyal unless otherwise stated)

AS AT 31 DECEMBER 2025

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Net income for the year attributable to shareholders		21,701	26,889
Other comprehensive income:			
<u>Items that will not be recycled to statements of income in subsequent years:</u>			
Re-measurement loss on defined benefit plan	15	(2,246)	(3,858)
Change in fair value of financial investments at FVTOCI	7	10,101	19,654
Total other comprehensive income for the year		7,855	15,796
Total comprehensive income for the year		29,556	42,685


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MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN EQUITY

(All amounts are in thousands Saudi Riyal unless otherwise stated)

AS AT 31 DECEMBER 2025

	Share capital	Statutory reserve	Accumulated losses	Investments fair value reserve	Re- measurement reserve on defined benefit plans	Total equity
Balance at 31 December 2023	500,000	2,131	(134,949)	37,942	(15,034)	390,090
Net income for the year attributable to shareholders	-	-	26,889	-	-	26,889
Change in fair value of financial investments at FVTOCI	-	-	-	19,654	-	19,654
Re-measurement loss on defined benefit plan	-	-	-	-	(3,858)	(3,858)
Total comprehensive income	-	-	26,889	19,654	(3,858)	42,685
Balance at 31 December 2024	<u>500,000</u>	<u>2,131</u>	<u>(108,060)</u>	<u>57,596</u>	<u>(18,892)</u>	<u>432,775</u>
Balance at 31 December 2024	500,000	2,131	(108,060)	57,596	(18,892)	432,775
Net income for the year attributable to shareholders	-	-	21,701	-	-	21,701
Change in fair value of financial investments at FVTOCI	-	-	-	10,101	-	10,101
Re-measurement loss on defined benefit plan	-	-	-	-	(2,246)	(2,246)
Total comprehensive income	-	-	21,701	10,101	(2,246)	29,556
Balance at 31 December 2025	<u>500,000</u>	<u>2,131</u>	<u>(86,359)</u>	<u>67,697</u>	<u>(21,138)</u>	<u>462,331</u>



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MALATH COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS

(All amounts are in thousands Saudi Riyal unless otherwise stated)

AS AT 31 DECEMBER 2025

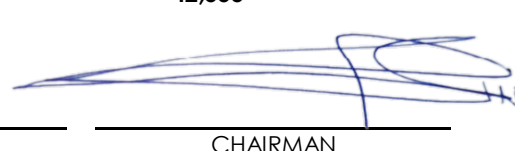
	<u>Notes</u>	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before zakat		29,801	36,393
Adjustments for:			
Depreciation of property and equipment & amortisation of ROU Asset	16 & 17	1,861	3,085
Fair value gain on investment properties	13	(21,463)	-
Investment loss / (income) on financial assets		5,656	(14,229)
Finance expenses from insurance contracts issued	6.1	17,689	14,174
Finance income from reinsurance contracts held	6.2	(5,346)	(3,977)
Reversal of Zakat provisions		-	(9,172)
Impairment reversal on financial assets		(86)	1
Finance cost on lease liabilities	18	28	129
Provision for employees' end-of-service benefits	15	4,615	4,082
Changes in operating assets and liabilities:			
Reinsurance contract assets		(4,701)	(18,912)
Insurance contract assets		(7,320)	-
Prepayments and other assets		(76,393)	29,320
Accrued expenses and other liabilities		(14,575)	15,448
Insurance contract liabilities		(11,792)	205,657
Reinsurance contract liabilities		3,035	(2,274)
		<u>(78,992)</u>	<u>259,725</u>
Zakat paid	8	(7,101)	(6,688)
Employees' end-of-service benefits paid	15	(3,922)	(2,440)
Net cash (used in) / generated from operating activities		<u>(90,015)</u>	<u>250,597</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from matured / (net placements to) term deposits		160,173	(193,886)
Additions to investments	7	(143,545)	(56,935)
Proceeds from investments disposals		95,676	64,370
Additions to property and equipment	16	(561)	(764)
Net cash generated from / (used in) investing activities		<u>111,743</u>	<u>(187,215)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liabilities paid	18	(498)	(978)
Net cash used in financing activities		<u>(498)</u>	<u>(978)</u>
Net change in cash and cash equivalents		21,229	62,404
Cash and cash equivalents at the beginning of the year	4	172,975	110,571
Cash and cash equivalents at the end of the year	4	<u>194,204</u>	<u>172,975</u>
Supplemental non-cash information:			
Change in fair value of financial investments at FVTOCI		10,101	19,654
Reclassification from prepayments and other assets to investment property		42,555	-



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MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in thousands Saudi Riyal unless otherwise stated)

FOR THE YEAR ENDED 31 DECEMBER 2025

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

Malath Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/60 and incorporated on 21 Rabi Al-Awal 1428H corresponding to 9 April 2007 under Commercial Registration No. 1010231787. The Company's head office is situated at Mohammad Bin Abdelaziz Street, P.O. Box 99763, Riyadh 11625, and Kingdom of Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance and agency activities. Its principal lines of business includes medical, motor, marine, property, engineering, casualty and other general insurance.

On 31 July 2003, corresponding to 2 Jumada II 1424H, the Law on the Supervision of Cooperative Insurance Companies ("Insurance Law") was promulgated by Royal Decree Number (M/32). During March 2008, the 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. The surplus payable is included in the insurance contract liabilities under liability for incurred claims.

PROPOSED MERGER

The Company signed a non-binding Memorandum of Understanding (the "MOU") with Liva Insurance Company on 18-02-1446H (corresponding to 22-08-2024G) to evaluate a potential merger between the two companies and the subsequent development announcement on 05/03/1446H (corresponding to 08/09/2024G) regarding the appointment of the financial adviser, and the subsequent development announcement on 16/05/1446H (corresponding to 18/11/2024G) regarding the issuance of the non-objection of the General Authority for Competition on the completion of the economic concentration resulting from the Potential Merger. Any final binding agreement will be entered into by both companies in respect of the Proposed Transaction will include a number of conditions precedent including but not limited to the approvals of the Insurance Authority, the Capital Market Authority and the Saudi Exchange, as well as obtaining the requisite approvals of the shareholders of both companies. The consideration under the Proposed Transaction will be in the form of newly issued ordinary shares issued by one company to the shareholders of the other Company and shall be based on an agreed exchange ratio which shall be determined after each party concluding (to its satisfaction) all due diligence measures.

MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in thousands Saudi Riyal unless otherwise stated)

FOR THE YEAR ENDED 31 DECEMBER 2025

1 ORGANIZATION AND PRINCIPAL ACTIVITIES (continued)

PROPOSED MERGER (continued)

The signing of the non-binding MoU does not mean that both companies will reach a final and binding decision regarding the Proposed Transaction nor that the Proposed Transaction will be completed. Malath and Liva have agreed, on a non-binding and preliminary basis, that the Potential Merger structure will be through merging Liva as the merged company into Malath as the merging company. The Potential Merger is under consideration and no binding agreement has been reached to date on the Potential Merger and the structure.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared 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") 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 presented in order of liquidity but not presented using a current / non-current classification. However, the following items would generally be classified as non-current: statutory deposit, accrued income on statutory deposit, property and equipment, right-of-use assets, investments measured at amortized cost, investments measured at FVTOCI (partially), investment property, accrued income payable to Insurance Authority (IA), lease liabilities (partially), provision for employees' end-of-service benefits and those insurance & reinsurance contracts liabilities and assets that would not settled within next twelve months. All other financial statements line items would generally be classified as current.

In preparing the financial statements in compliance with IFRS, the balances and transactions of the insurance operations are combined with those of the shareholders' operations. Inter-operations balances, transactions if any, are eliminated in full during preparation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

The statement of financial position, statement of income, statement of comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 28 of the financial statements have been provided as supplementary financial information to comply with the requirements of the Insurance Implementing Regulations (the "Implementing Regulations") and is not required by IFRS. The implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the statement of financial position, statement of income, statement of comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the statement of financial position, statement of income, statement of comprehensive income of the respective operations.

MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in thousands Saudi Riyal unless otherwise stated)

FOR THE YEAR ENDED 31 DECEMBER 2025

2 BASIS OF PREPARATION (continued)

(b) Basis of measurement

The financial statements are prepared under the going concern basis and 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 ("FVTOCI"), liabilities for defined benefit obligations recorded at the present value using the projected unit credit method and liabilities for incurred claim ("LIC") and assets for incurred claim ("AIC") recorded at the present value of the current discount rates.

(c) Functional and presentation currency

These financial statements have been presented in Saudi Riyals (SR), which is also the functional currency of the Company. All financial information presented in Saudi Riyals (SR) has been rounded to the nearest thousand, unless otherwise stated.

(d) Seasonality of operations

There are no seasonal changes that affect insurance operations.

(e) Fiscal year

The Company follows a fiscal year ending December 31.

(f) Critical accounting judgments, estimates and assumptions

The preparation of the 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 expense. 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:

(i) Premium Allocation Approach (PAA) eligibility assessment

Eligibility assessment testing to apply PAA on insurance and reinsurance contracts where the contract period is more than one year is the area where management assumptions and assessment are involved. The Company has applied the Premium Allocation Approach (PAA) only for contracts with a coverage period of 12 months or less. 'Inherent Defect Insurance' "IDI" portfolio pertains to the company share is measured at General Measurement Model (GMM).

MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in thousands Saudi Riyal unless otherwise stated)

FOR THE YEAR ENDED 31 DECEMBER 2025

2 BASIS OF PREPARATION (continued)

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

(ii) Liability for remaining coverage (LRC)

The Company does not discount the LRC to reflect the time value of money and financial risk for such insurance and reinsurance contracts with a coverage period of one year or less, that are measured at premium allocation approach.

Acquisition cash flows

The Company has opted to defer and amortize insurance acquisition cash flows over the term of the insurance contracts to which these relate, similar to premiums earned.

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 LRC.

(iii) Liability for incurred claims

The ultimate cost of incurred claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder, Bornheutter-Ferguson and other 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 analysed by accident years, 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. 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 best estimate ultimate cost of claims. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

MALATH COOPERATIVE INSURANCE COMPANY

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NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in thousands Saudi Riyal unless otherwise stated)

FOR THE YEAR ENDED 31 DECEMBER 2025

2 BASIS OF PREPARATION (continued)

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

(iv) Onerosity determination

For contracts measured under GMM and PAA, 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.
- Historical combined ratio of similar and comparable sets of contracts
- Any relevant inputs from underwriters,
- Other external factors such as inflation and change in market claims experience or change in regulations

(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 such contracts (non-attributable expenses).

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.

MALATH COOPERATIVE INSURANCE COMPANY

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NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in thousands Saudi Riyal unless otherwise stated)

FOR THE YEAR ENDED 31 DECEMBER 2025

2 BASIS OF PREPARATION (continued)

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

(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.

(vii) 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.

Three stochastic methods were considered: Mack models, Stochastic - Bornheutter Ferguson, and Bootstrap. The paid triangles gross of recoveries were used. For each portfolio, once the risk adjustment was calculated based on the selected methodology, diversification was applied using the solvency II correlation matrix. The total diversified risk adjustment obtained was then allocated to each line proportional to its non - diversified risk adjustment. The Company decided to adopt the 75th percentile risk adjustment figures based on their risk appetite. The risk adjustment percentages will be revised once a year, unless more frequent review was deemed necessary.

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

MALATH COOPERATIVE INSURANCE COMPANY

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NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in thousands Saudi Riyal unless otherwise stated)

FOR THE YEAR ENDED 31 DECEMBER 2025

2 BASIS OF PREPARATION (continued)

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

(ix) Unit of account

Judgement is involved in the identification of portfolios of contracts, as required by IFRS 17 (that is, having similar risks and being managed together). Aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts. Similar grouping assessment is required for reinsurance contracts held. Areas of potential judgements include:

- The determination of contract sets within portfolios and whether the Company has reasonable and supportable information to conclude that all contracts within a set would fall into the same group, as required by IFRS 17,
- judgements might be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts.

For insurance contracts issued which are measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.

(x) Discount rates

Insurance contract liabilities and Reinsurance contracts assets are calculated by discounting expected future cash flows at a discount rate that reflects the characteristics of the cash flows and the liquidity characteristics of the insurance contracts. The Company applied bottom-up approach to derive the applicable yield curve when determining the discount rate, where the curve is based on the European Insurance and Occupational Pensions Authority (EIOPA) volatility adjusted risk-free curve denominated in United States Dollars while applying certain adjustments for factors under IFRS 17.

Discount rates applied for discounting of future cash flows are listed below:

Discount Yield Curve

Evaluation date

31December 2025

31December 2024

1 Year	2 Year	3 Year	4 Year
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4.44%	4.32%	4.34%	4.41%
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5.47%	5.37%	5.35%	5.32%
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NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in thousands Saudi Riyal unless otherwise stated)

FOR THE YEAR ENDED 31 DECEMBER 2025

2 BASIS OF PREPARATION (continued)

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

(xi) Measurement of the Expected Credit Losses allowance (ECL)

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL requires the use of complex models and significant assumptions about future economic conditions and credit behavior. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held). A number of factors are also considered in applying the accounting requirements for measuring ECL, such as:

- determining the criteria for significant increase in credit risk,
- choosing appropriate models and assumptions for the measurement of ECL, and
- establishing groups of similar financial assets for the purposes of measuring ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

(xiii) Fair value of financial instruments

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values.

(xiv) Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

MALATH COOPERATIVE INSURANCE COMPANY

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NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in thousands Saudi Riyal unless otherwise stated)

FOR THE YEAR ENDED 31 DECEMBER 2025

3 MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these financial statements are summarized below.

3.1 Standards, interpretations and amendments to accounting and reporting standards which are effective in current year

These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements.

	Effective from annual period beginning on or after:
- IAS 21 Lack of Exchangeability	1 January 2025

3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following new accounting standards, interpretations and amendments have been issued by the IASB that are effective in future accounting periods. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective

- IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
- IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial	1 January 2026
IFRS 10 and IAS 28 Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	Available for optional adoption/effective date deferred indefinitely
- IFRS 18, 'Presentation and Disclosure in Financial Statements'	1 January 2027
- IFRS 19, 'Subsidiaries without Public Accountability'	1 January 2027

MALATH COOPERATIVE INSURANCE COMPANY

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NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in thousands Saudi Riyal unless otherwise stated)

FOR THE YEAR ENDED 31 DECEMBER 2025

3 MATERIAL ACCOUNTING POLICIES (continued)

3.3 Insurance and reinsurance contracts

The Company has aggregated contracts issued more than one year apart for groups of contracts applying the modified retrospective approach at transition, as it did not have supportable information to aggregate contracts into groups including only contracts issued within one year.

At the date of initial recognition of a group of insurance contracts originating before the transition date, groups are discounted using an observable yield curve that, based on discount rates for 2019-2021, approximate the yield curve, had discount rate principles for fully retrospective approach been applied.

The Company estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at the transition date by the expected release of risk in the periods before transition. The expected release of risk was determined with reference to the release of risk for similar contracts that the Company has issued subsequent to the transition date.

Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: (a) onerous contracts, (b) contracts with no significant risk of becoming onerous, and (c) the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). Further, no group for level of aggregation purposes contains contracts issued more than one year apart.

The Company has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each quarter of issue, portfolios of contracts are divided into three groups, as

- A group of contracts that are onerous at initial recognition (if any),
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any),
- A group of the remaining contracts in the portfolio (if any).

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.3 Insurance and reinsurance contracts (continued)

Level of aggregation (continued)

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

The Company does not issue any insurance contracts and reinsurance contracts held which qualify for contract combination / unbundling.

Length of Cohorts

The Company has adopted quarterly cohorts to measure groups of insurance contracts issued and reinsurance contracts held. This means that the group of contracts are identified at a more granular level. The Company has elected to use quarterly cohorts that aligns with external quarterly reporting periods as well.

Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts,
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date,
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.3 Insurance and reinsurance contracts (continued)

Recognition (continued)

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 Company 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.

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

Measurement model

The Company applies the Premium Allocation Approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds. The Company applies the PAA as the coverage period of these contracts is one year or less. In case of contracts with more than one-year of coverage period, the Company had carried out the PAA eligibility test to confirm that PAA may be applied. 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 as well as provision for incurred not in data (ENID). On co - insurance pool products, the company follows the pool leader measurement if accounted for as join operation.

Contract boundary

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 substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or

Both of the following criteria are satisfied:

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.3 Insurance and reinsurance contracts (continued)

Contract boundary (continued)

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio, and
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

Insurance contracts – initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or

For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the General Measurement Model ("GMM").

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition,
- Minus any insurance acquisition cash flows at that date,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows, and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

For all insurance contracts, there is no allowance for time value of money in the calculation of LRC. 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.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in statement of income for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.3 Insurance and reinsurance contracts (continued)

VAT treatment

Transaction-based taxes (such as premium taxes, value added taxes and goods & services taxes) and levies that arise directly from existing insurance contracts, or that can be attributed to them on a reasonable and consistent basis are included within insurance contract liabilities as part of fulfilment cash flows within the boundary of insurance contracts.

Reinsurance contracts held – initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage

Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period,
- Minus insurance acquisition cash flows,
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group,
- Plus any adjustment to the financing component, where applicable,
- Minus the amount recognised as insurance revenue for the services provided in the period, and
- Minus any investment component paid or transferred to the liability for incurred claims, where applicable.

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.3 Insurance and reinsurance contracts (continued)

Insurance contracts – subsequent measurement (continued)

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment).

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in statement of income for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:
expired), or

- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.3 Insurance and reinsurance contracts (continued)

Presentation

The Company presents separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

The Company disaggregates the total amount recognised in the statement of income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period (excluding any investment component). The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

Fees that are integral part of policies issuance is recognized under insurance revenues. Accounting for shared pools where the company is not the leader, net profit share forms part of insurance revenue.

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3 MATERIAL ACCOUNTING POLICIES (continued)

Insurance service expense

Insurance service expense includes the following:

- a. incurred claims and benefits excluding investment components;
- b. other incurred directly attributable insurance service expenses;
- c. Insurance acquisitions costs incurred and amortization of insurance acquisition cash flows;
- d. changes that relate to past and future services (i.e. changes in the FCF relating to the LIC)

For contracts not measured under the PAA, amortization of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above.

For contracts measured under the PAA, amortization of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the statement of income.

Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Loss-recovery components

Where the Company recognises a loss on onerous group of underlying insurance contracts, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses. The loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Insurance finance income and expense / reinsurance finance income and expenses

They comprise the change in the carrying amount of the group of insurance contracts issued / reinsurance contracts held arising from:

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

The Company presents insurance / reinsurance finance income or expenses of insurance contracts issued / reinsurance contracts held in the statement of income.

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3 MATERIAL ACCOUNTING POLICIES (continued)

Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statement of income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held.

Accounting for shared pools

The Company measures its share in the IDI under joint operation and presented in the note 6 of the financial statement. The Company measures its share from any other pool arrangement in proportion of its share under the insurance revenue applying joint venture of accounting.

Policyholder surplus accounting

Policyholder surplus is recognized under liability for incurred claims within insurance contract liabilities with the corresponding effect recorded under insurance service expenses.

The Company writes back surplus to 'other income' in the statement of income that remains unclaimed for more than 5 years.

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

Financial assets measured at amortised cost

Financial assets are held at amortised cost if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The details of these conditions are outlined below:

a) 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.

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 IFRS 9 – Financial instruments (continued)

Financial assets measured at amortised cost (continued)

a) Business model assessment (continued)

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount, and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- The expected frequency, value and timing of asset sales are also important aspects of the Company's assessment.

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 realised 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.

b) The solely payments of principal and interest (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 amortisation of the premium / discount).

The most significant elements of interest within a debt 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 interest rate is set.

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 IFRS 9 – Financial instruments (continued)

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

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

The Company elects to present changes in the fair value of certain equity investments that are not held for trading in other comprehensive income. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These instruments largely comprise debt instruments that had previously been classified as available-for-sale.

This investment portfolio has been designated at fair value through profit or loss since the Company has provided an unconditional mandate to the Investment Manager to make purchases and sales decisions without referring to the Company for each transaction. Hence, the Company does not carry the capacity to hold these Investments to realize contractual cash flows on these Investments, either partly or wholly.

Subsequent measurement

Financial assets at amortised cost

After initial measurement, financial assets are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised 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. ECLs are recognised in the statement of income and deducted from the gross carrying amount of an asset.

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 IFRS 9 – Financial instruments (continued)

Subsequent measurement (continued)

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.

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 recognised 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 recognised in the statement of comprehensive income and are never reclassified to the statement of income. Cumulative gains and losses recognised in the statement of comprehensive income are transferred to retained earnings on disposal of an investment.

ii) IFRS 9 – accounting policies, including key judgments and estimates (continued)

Financial assets at fair value through profit or loss

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 contractual interest rate.

Dividend income is recorded in statement of income when the right to the payment has been established.

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 IFRS 9 – Financial instruments (continued)

Derecognition of financial assets

The Company derecognises 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.

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 recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability 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 recognised 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. 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.

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 IFRS 9 – Financial instruments (continued)

Impairment of financial assets (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The receivables to be in default when it is due more than 365. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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 12m ECL is calculated as the portion of life time 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 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, 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.

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 IFRS 9 – Financial instruments (continued)

Impairment of financial assets (continued)

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,

- 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.

All potential write-offs are reviewed for recoverability before it is submitted to the Board for their approval as per Company's standard operating procedures.

3.2.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Recognition of commission income

Under IFRS 9, commission income is recorded using the effective interest rate (EIR) method for all debt instruments measured at amortised cost.

If expectations of a fixed rate financial asset's cash flows are revised for reasons other than credit risk, the changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference to the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset in the statement of financial position with a corresponding increase or decrease in commission income.

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.5 Right-of-use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The Company applies the cost model, and measure right of use asset at cost;

1. less any accumulated amortization and any accumulated impairment losses; and
2. adjusted for any re-measurement of the lease liability for lease modifications.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, generally, the initial carrying value of a right-of-use asset would be equal to the lease liability. However,

If there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction needs to be added to the right of use asset value.

The recognised right-of-use assets are amortized on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. The estimated useful lives of the assets for the calculation of amortization are as follows:

	Years
Right-of-use assets	1 to 3

Lease Liabilities

On initial recognition, the lease liability is the present value of all remaining payments to the lessor, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate is used.

After the commencement date, Company measures the lease liability by:

1. Increasing the carrying amount to reflect interest on the lease liability.
2. Reducing the carrying amount to reflect the lease payments made and;
3. Re-measuring the carrying amount to reflect any re-assessment or lease modification.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.5 Right-of-use Assets (continued)

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line

3.6 Segment reporting

An operating segment is a component of the Company that is engaged in business activities from which it earns revenues and incur expenses and about which discrete financial statements is available that is evaluated regularly by the chief executive officer deciding how to allocate resources and in assessing performance.

Segment assets do not include cash and cash equivalents, short-term deposits, long-term deposits, statutory deposit, investments, prepaid expenses and other receivable, due from shareholders' / insurance operations, right-of-use asset, furniture and equipment, intangible assets and accrued income on statutory deposit.

Segment liabilities do not include accrued expenses and other liabilities, lease liability, due to a related party, employee benefit obligations, zakat and income tax, due to shareholders' / insurance operations and accrued income payable to Insurance Authority.

For management purposes, the Company is organized into business units based on their products and services and has the following reportable segments:

- i- Medical
- ii- Motor
- iii- Property
- iv- Engineering
- v- Marine
- vi- Others

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements

3.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments, if any, with less than three months maturity from the date of acquisition.

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.8 Short-term and long-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 placement. Long-term deposits represent time deposits with maturity periods of more than one year from the date of placement.

3.9 Property and equipment

Furniture and equipment are initially recorded at cost and are subsequently stated at cost less accumulated depreciation and any impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred. The cost of other items of property and equipment is depreciated on the straight line method to allocate the cost over estimated useful lives, as follows:

	<u>Years</u>
Leasehold improvements	5
Computer & Peripherals	4
Furniture and fixtures	10
Office equipment	4-5
Motor vehicle	5

The assets' residual values, depreciation and useful lives are reviewed at each reporting date and adjusted if appropriate. The carrying values of these assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

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

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.10 Investment properties

Investment property whose fair value can be measured reliably is recorded initially at its cost. The cost comprises its origination amount or purchase price and any directly attributable such as property transfer taxes and other transaction costs. If payment is beyond normal credit terms, the cost is present value of all future payments. Investment properties are held to earn rental and/or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in operation activities

Investment property is subsequently measured at each reporting period at its fair value, derived from the current market prices for comparable real estate determined by external qualified valuers. The valuers use the prices in binding sale agreements or recent transactions for identical or similar assets, adjusted, if necessary for circumstances between the measurement date and date of the agreement of the transaction. Changes in fair value are recognised in statement of income.

3.11 Provisions, accrued expenses and other liabilities

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company.

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and estimable.

3.12 Provision for employees' end-of-service benefits

The Company operates a single post-employment benefit scheme of defined benefit plan driven by the labor laws and workman laws of the Kingdom of Saudi Arabia which is based on most recent salary and number of service years.

The post-employment benefits plans are not funded. Accordingly, valuations of the obligations under the plan are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits and unwinding of the liability at discount rates used are recorded in the statement of income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the statement of comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in the statement of comprehensive income and transferred to retained earnings in the statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in statement of income as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the labor law of Saudi Arabia.

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.13 Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority ("ZATCA"). Zakat is calculated based on higher of approximate zakat base and adjusted profit and charged to profit or loss. Additional zakat, if any, is accounted for when determined to be required for payment.

Amounts accrued for zakat expense in one year may have to be adjusted in a subsequent year if the estimate of the annual charge changes. Additional current income tax, if any, is accounted for when determined to be required for payment.

3.14 Statutory deposit

The statutory deposit, which is equal to 15% of the Company's paid up capital, consisted mainly of Murabaha deposit maintained at a local bank in compliance with Insurance Authority's requirement. Statutory deposit is shown separately in financial statement as financial assets measured at amortised cost.

3.15 Dividend distribution

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

3.16 Withholding tax

The Company withholds taxes on certain transactions with non-resident parties as required under Saudi Arabian Income Tax Law.

3.17 Value Added Tax (VAT)

Output VAT related to revenue is payable to tax authorities on the earlier of:

- (a) Collection of receivables from customers or
- (b) Delivery of services to customers or
- (c) Issuance of tax invoices to customers.

Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis.

VAT related to sales/services and purchases is recognized in the statement of financial position on a gross basis and disclosed separately as an asset and a liability.

VAT that is not recoverable is charged to statement of income as expense.

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3 MATERIAL ACCOUNTING POLICIES (continued)

3.18 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 Riyals at the rate of exchange prevailing at the statement of financial position date. All differences are taken to the statements of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Foreign exchange gains or losses on investments are recognized in "Other income, net" in the statement of income. As the Company's foreign currency transactions are primarily in US dollars, foreign exchange gains and losses are not significant.

3.19 Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only when there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset unless required or permitted by any accounting standard or interpretation.

3.20 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.

3.21 Contingencies and commitments

Contingent liability is :

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

a present obligation that arises from past events but is not recognized because :

it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

The amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are not recognized in the financial statements. Contingent assets are not disclosed unless an inflow of economic benefits is probable.

Commitments represent binding agreements of the company to carry out specified courses of action involving in a transfer of cash or other asset to the respective counterparties.

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4 CASH AND CASH EQUIVALENTS

	31 December	31 December
	2025	2024
Insurance operations		
Cash in banks	158,229	161,231
Cash in hand	10	22
Short term - term deposits	23,605	-
Accrued income on term deposits	231	-
	182,075	161,253
Shareholders' operations		
Cash in banks	12,129	11,723
Less: ECL allowance	-	(1)
	12,129	11,722
Total cash and cash equivalents	194,204	172,975

5 TERM DEPOSITS

	31 December	31 December
	2025	2024
Insurance operations		
Short term - term deposits	240,744	382,702
Accrued income on term deposits	10,239	10,403
Less: ECL allowance	(10)	(55)
	250,973	393,050
Shareholders' operations		
Short term - term deposits	106,673	125,634
Accrued income on term deposits	5,448	4,583
Less: ECL allowance	(5)	(9)
	112,116	130,209
Total term deposits	363,089	523,258

Murabaha deposits have an original maturity of more than three months from the date of acquisition and are subject to an average commission rate of 5.11% per annum as at 31 December 2025 (31 December 2024: 5.74%).

Term deposits are placed with local counterparties who have sound credit rating under standard and poor's rating, fitch and Moody's rating methodology.

As of 31 December 2025, (Dec 31, 2024: SAR 20 million) the Company has a term deposit amounting to SAR 20 million against issuance of letter of guarantees as a collateral placed in a local bank.

Company may not withdraw the deposit before expiration of the guarantees.

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6 INSURANCE AND REINSURANCE CONTRACTS

The breakdown of insurance and reinsurance contracts issued, and reinsurance contracts held measured in premium allocation approach (PAA) and general measurement model (GMM), that are in an asset position and those in a liability position is set out in the table below:

Insurance contracts issued	Note	Measurement Model	31 December 2025		31 December 2024	
			Assets	Liabilities	Assets	Liabilities
Medical	6.1	PAA	-	245,857	-	219,279
Motor	6.1	PAA	-	194,893	-	194,637
Property	6.1	PAA	-	57,785	-	64,348
Engineering	6.1	PAA	-	42,969	-	39,054
Marine	6.1	PAA	7,320	-	-	11,090
Others	6.1	PAA	-	48,457	-	72,747
Total insurance contracts issued - PAA			7,320	589,960	-	601,155
Inherent defect insurance (IDI)	6.1	GMM	-	69,290	-	52,197
Total insurance contracts issued			7,320	659,250	-	653,353
Reinsurance contracts held			31 December 2025		31 December 2024	
			Assets	Liabilities	Assets	Liabilities
Medical	6.2	PAA	5,651	-	4,992	-
Motor	6.2	PAA	19,169	-	15,416	-
Property	6.2	PAA	38,991	-	48,771	-
Engineering	6.2	PAA	35,136	-	10,229	-
Marine	6.2	PAA	-	3,035	10,826	-
Others	6.2	PAA	2,801	-	6,466	-
Total reinsurance contracts held - PAA			101,748	3,035	96,700	-
Inherent defect insurance (IDI)	6.2	GMM	38,778	-	33,780	-
Total reinsurance contracts held			140,527	3,035	130,480	-

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6 INSURANCE AND REINSURANCE CONTRACTS (continued)

6.1 Analysis by liabilities / assets for remaining coverage (LRC) and incurred claims (LIC), including loss component (LC), risk adjustment for non - financial risk (RA) and present value of future cashflows (PV of FCF) for insurance contracts measured in premium allocation approach (PAA).

	31 December 2025					31 December 2024				
	LRC		LIC			LRC		LIC		
	Excluding LC	LC	PV of FCF	RA	Total	Excluding LC	LC	PV of FCF	RA	Total
PAA in total										
Opening insurance contract liabilities	240,649	8	346,608	13,890	601,155	69,014	1,912	323,714	9,646	404,286
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net opening insurance contract	240,649	8	346,608	13,890	601,155	69,014	1,912	323,714	9,646	404,286
Insurance revenue	(1,440,382)	-	-	-	(1,440,382)	(1,006,263)	-	-	-	(1,006,263)
Insurance service expense										
Incurring claims and other directly attributable expenses	-	-	1,204,517	4,942	1,209,459	-	-	757,886	8,865	766,751
Insurance acquisition amortization	226,893	-	-	-	226,893	178,179	-	-	-	178,179
Losses / (reversals) on onerous contracts	-	4,097	-	-	4,097	-	(1,904)	-	-	(1,904)
Changes that relate to past service	-	-	44,079	(7,974)	36,105	-	-	36,474	(5,176)	31,298
Total	226,893	4,097	1,248,596	(3,032)	1,476,554	178,179	(1,904)	794,360	3,689	974,324
Insurance service result before reinsurance	(1,213,489)	4,097	1,248,596	(3,032)	36,172	(828,084)	(1,904)	794,360	3,689	(31,939)
Finance expenses	-	-	14,913	727	15,640	-	-	13,074	555	13,629
Premium received	1,339,573	-	-	-	1,339,573	1,186,906	-	-	-	1,186,906
Claims and other directly attributable expenses paid	-	-	(1,294,875)	-	(1,294,875)	-	-	(784,540)	-	(784,540)
Acquisition cash flows paid	(115,025)	-	-	-	(115,025)	(187,187)	-	-	-	(187,187)
Total cash flows	1,224,548	-	(1,294,875)	-	(70,328)	999,719	-	(784,540)	-	215,179
Closing insurance contract liabilities	257,624	4,105	316,540	11,691	589,960	240,649	8	346,608	13,890	601,155
Closing insurance contract assets	(5,916)	-	(1,298)	(106)	(7,320)	-	-	-	-	-
Net closing insurance contracts	251,708	4,105	315,242	11,585	582,640	240,649	8	346,608	13,890	601,155

* Incurred claims and other directly attributable expenses includes insurance surplus expense, in the present value of FCF, amounting to SR 1.5 million (2024: SR1.4 million). Surplus liabilities are amounting to SR 5.2 million (2024: SR 5.1 million) part of LIC, present value of FCF.

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6 INSURANCE AND REINSURANCE CONTRACTS (continued)

6.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in PAA (continued)

	31 December 2025					31 December 2024				
	LRC		LIC			LRC		LIC		
	Excluding LC	LC	PV of FCF	RA	Total	Excluding LC	LC	PV of FCF	RA	Total
Medical										
Opening insurance contract liabilities	73,495	-	141,847	3,936	219,278	78,405	1,893	156,907	4,477	241,682
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net opening insurance contract	73,495	-	141,847	3,936	219,278	78,405	1,893	156,907	4,477	241,682
Insurance revenue	(567,322)	-	-	-	(567,322)	(541,714)	-	-	-	(541,714)
Insurance service expense										
Incurred claims and other directly attributable expenses	-	-	453,728	1,939	455,667	-	-	474,899	3,517	478,416
Insurance acquisition amortization	74,354	-	-	-	74,354	80,358	-	-	-	80,358
Losses / (reversals) on onerous contracts	-	-	-	-	-	-	(1,893)	-	-	(1,893)
Changes that relate to past service	-	-	(20,316)	(3,674)	(23,990)	-	-	(10,075)	(4,317)	(14,392)
Total	74,354	-	433,412	(1,735)	506,031	80,358	(1,893)	464,824	(800)	542,490
Insurance service result before reinsurance	(492,968)	-	433,412	(1,735)	(61,291)	(461,356)	(1,893)	464,824	(800)	776
Finance expenses	-	-	6,012	199	6,211	-	-	6,817	259	7,076
Premium received	525,799	-	-	-	525,799	534,194	-	-	-	534,194
Claims and other directly attributable expenses paid	-	-	(405,610)	-	(405,610)	-	-	(486,701)	-	(486,701)
Acquisition cash flows paid	(38,530)	-	-	-	(38,530)	(77,748)	-	-	-	(77,748)
Total cash flows	487,269	-	(405,610)	-	81,659	456,446	-	(486,701)	-	(30,255)
Closing insurance contract liabilities	67,796	-	175,661	2,400	245,857	73,495	-	141,847	3,936	219,278
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net closing insurance contracts	67,796	-	175,661	2,400	245,857	73,495	-	141,847	3,936	219,278

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6 INSURANCE AND REINSURANCE CONTRACTS (continued)

6.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in PAA (continued)

	31 December 2025					31 December 2024				
	LRC		LIC			LRC		LIC		
	Excluding LC	LC	PV of FCF	RA	Total	Excluding LC	LC	PV of FCF	RA	Total
Motor										
Opening insurance contract liabilities	112,087	-	79,334	3,216	194,637	(13,441)	-	37,597	1,403	25,559
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net opening insurance contract	112,087	-	79,334	3,216	194,637	(13,441)	-	37,597	1,403	25,559
Insurance revenue	(726,212)	-	-	-	(726,212)	(375,999)	-	-	-	(375,999)
Insurance service expense										
Incurred claims and other directly attributable expenses	-	-	654,707	978	655,685	-	-	265,615	2,870	268,485
Insurance acquisition amortization	122,197	-	-	-	122,197	76,577	-	-	-	76,577
Losses / (reversals) on onerous contracts	-	3,402	-	-	3,402	-	-	-	-	-
Changes that relate to past service	-	-	13,412	(3,324)	10,088	-	-	39,016	(1,150)	37,866
Total	122,197	3,402	668,119	(2,346)	791,372	76,577	-	304,631	1,720	382,928
Insurance service result before reinsurance	(604,015)	3,402	668,119	(2,346)	65,160	(299,422)	-	304,631	1,720	6,929
Finance expenses	-	-	4,425	177	4,602	-	-	2,424	93	2,517
Premium received	703,928	-	-	-	703,928	509,899	-	-	-	509,899
Claims and other directly attributable expenses paid	-	-	(716,852)	-	(716,852)	-	-	(265,318)	-	(265,318)
Acquisition cash flows paid	(56,582)	-	-	-	(56,582)	(84,949)	-	-	-	(84,949)
Total cash flows	647,346	-	(716,852)	-	(69,506)	424,950	-	(265,318)	-	159,632
Closing insurance contract liabilities	155,418	3,402	35,026	1,047	194,893	112,087	-	79,334	3,216	194,637
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net closing insurance contracts	155,418	3,402	35,026	1,047	194,893	112,087	-	79,334	3,216	194,637

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6 INSURANCE AND REINSURANCE CONTRACTS (continued)

6.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in PAA (continued)

	31 December 2025					31 December 2024				
	LRC		LIC			LRC		LIC		
	Excluding LC	LC	PV of FCF	RA	Total	Excluding LC	LC	PV of FCF	RA	Total
Property										
Opening insurance contract liabilities	(590)	-	61,641	3,297	64,348	(560)	-	72,158	2,666	74,264
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net opening insurance contract	(590)	-	61,641	3,297	64,348	(560)	-	72,158	2,666	74,264
Insurance revenue	(29,153)	-	-	-	(29,153)	(29,129)	-	-	-	(29,129)
Insurance service expense										
Incurred claims and other directly attributable expenses	-	-	15,195	1,028	16,223	-	-	10,138	107	10,245
Insurance acquisition amortization	4,679	-	-	-	4,679	5,680	-	-	-	5,680
Losses / (reversals) on onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service	-	-	33,258	(216)	33,041	-	-	(11,564)	408	(11,156)
Total	4,679	-	48,453	812	53,944	5,680	-	(1,426)	515	4,769
Insurance service result before reinsurance	(24,474)	-	48,453	812	24,791	(23,449)	-	(1,426)	515	(24,360)
Finance expenses	-	-	2,553	146	2,699	-	-	2,899	116	3,015
Premium received	27,886	-	-	-	27,886	27,585	-	-	-	27,585
Claims and other directly attributable expenses paid	-	-	(57,587)	-	(57,587)	-	-	(11,990)	-	(11,990)
Acquisition cash flows paid	(4,352)	-	-	-	(4,352)	(4,166)	-	-	-	(4,166)
Total cash flows	23,534	-	(57,587)	-	(34,053)	23,419	-	(11,990)	-	11,429
Closing insurance contract liabilities	(1,530)	-	55,060	4,255	57,785	(590)	-	61,641	3,297	64,348
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net closing insurance contracts	(1,529)	-	55,060	4,255	57,785	(590)	-	61,641	3,297	64,348

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6 INSURANCE AND REINSURANCE CONTRACTS (continued)

6.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in PAA (continued)

	31 December 2025					31 December 2024				
	LRC		LIC			LRC		LIC		
	Excluding LC	LC	PV of FCF	RA	Total	Excluding LC	LC	PV of FCF	RA	Total
Engineering										
Opening insurance contract liabilities	4,559	7	33,601	887	39,054	5,164	19	40,655	398	46,236
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net opening insurance contract	4,559	7	33,601	887	39,054	5,164	19	40,655	398	46,236
Insurance revenue	(17,539)	-	-	-	(17,539)	(16,214)	-	-	-	(16,214)
Insurance service expense										
Incurred claims and other directly attributable expenses	-	-	480	(17)	463	-	-	1,014	346	1,360
Insurance acquisition amortization	2,434	-	-	-	2,434	2,812	-	-	-	2,812
Losses / (reversals) on onerous contracts	-	42	-	-	42	-	(12)	-	-	(12)
Changes that relate to past service	-	-	26,094	1,780	27,874	-	-	3,838	125	3,963
Total	2,434	42	26,574	1,763	30,813	2,812	(12)	4,852	471	8,123
Insurance service result before reinsurance	(15,105)	42	26,574	1,763	13,274	(13,402)	(12)	4,852	471	(8,091)
Finance expenses	-	-	746	85	831	-	-	167	18	185
Premium received	18,634	-	-	-	18,634	15,300	-	-	-	15,300
Claims and other directly attributable expenses paid	-	-	(26,946)	-	(26,946)	-	-	(12,073)	-	(12,073)
Acquisition cash flows paid	(1,878)	-	-	-	(1,878)	(2,503)	-	-	-	(2,503)
Total cash flows	16,756	-	(26,946)	-	(10,190)	12,797	-	(12,073)	-	724
Closing insurance contract liabilities	6,210	49	33,975	2,735	42,969	4,559	7	33,601	887	39,054
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net closing insurance contracts	6,210	49	33,975	2,735	42,969	4,559	7	33,601	887	39,054

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6 INSURANCE AND REINSURANCE CONTRACTS (continued)

6.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in PAA (continued)

	31 December 2025					31 December 2024				
	LRC		LIC			LRC		LIC		
	Excluding LC	LC	PV of FCF	RA	Total	Excluding LC	LC	PV of FCF	RA	Total
Marine										
Opening insurance contract liabilities	(7,242)	-	16,464	1,868	11,090	(2,928)	-	3,388	344	804
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net opening insurance contract	(7,242)	-	16,464	1,868	11,090	(2,928)	-	3,388	344	804
Insurance revenue	(2,950)	-	-	-	(2,950)	(13,117)	-	-	-	(13,117)
Insurance service expense										
Incurred claims and other directly attributable expenses	-	-	1,495	88	1,583	-	-	707	1,594	2,301
Insurance acquisition amortization	282	-	-	-	282	1,952	-	-	-	1,952
Losses / (reversals) on onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service	-	-	(7,287)	(2,139)	(9,427)	-	-	12,572	(125)	12,447
Total	282	-	(5,793)	(2,051)	(7,562)	1,952	-	13,279	1,469	16,700
Insurance service result before reinsurance	(2,668)	-	(5,793)	(2,051)	(10,512)	(11,165)	-	13,279	1,469	3,583
Finance expenses	-	-	684	77	761	-	-	526	55	581
Premium received	4,192	-	-	-	4,192	8,119	-	-	-	8,119
Claims and other directly attributable expenses paid	-	-	(12,653)	-	(12,653)	-	-	(729)	-	(729)
Acquisition cash flows paid	(198)	-	-	-	(198)	(1,268)	-	-	-	(1,268)
Total cash flows	3,994	-	(12,653)	-	(8,659)	6,851	-	(729)	-	6,122
Closing insurance contract liabilities	-	-	-	-	-	(7,242)	-	16,464	1,868	11,090
Closing insurance contract assets	(5,916)	-	(1,298)	(106)	(7,320)	-	-	-	-	-
Net closing insurance contracts	(5,915)	-	(1,298)	(106)	(7,320)	(7,242)	-	16,464	1,868	11,090

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6 INSURANCE AND REINSURANCE CONTRACTS (continued)

6.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in PAA (continued)

	31 December 2025					31 December 2024				
	LRC		LIC			LRC		LIC		
	Excluding LC	LC	PV of FCF	RA	Total	Excluding LC	LC	PV of FCF	RA	Total
Others										
Opening insurance contract liabilities	58,340	-	13,721	686	72,747	2,374	-	13,009	358	15,741
Opening insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net opening insurance contract	58,340	-	13,721	686	72,747	2,374	-	13,009	358	15,741
Insurance revenue	(97,206)	-	-	-	(97,206)	(30,090)	-	-	-	(30,090)
Insurance service expense										
Incurred claims and other directly attributable expenses	-	-	78,912	925	79,837	-	-	5,513	431	5,944
Insurance acquisition amortization	22,947	-	-	-	22,947	10,800	-	-	-	10,800
Losses / (reversals) on onerous contracts	-	653	-	-	653	-	-	-	-	-
Changes that relate to past service	-	-	(1,081)	(400)	(1,481)	-	-	2,687	(117)	2,570
Total	22,947	653	77,831	525	101,956	10,800	-	8,200	314	19,314
Insurance service result before reinsurance	(74,259)	653	77,831	525	4,750	(19,290)	-	8,200	314	(10,776)
Finance expenses	-	-	2,542	42	2,584	-	-	241	14	255
Premium received	59,139	-	-	-	59,139	91,809	-	-	-	91,809
Claims and other directly attributable expenses paid	-	-	(77,279)	-	(77,279)	-	-	(7,729)	-	(7,729)
Acquisition cash flows paid	(13,485)	-	-	-	(13,485)	(16,553)	-	-	-	(16,553)
Total cash flows	45,654	-	(77,279)	-	(31,624)	75,256	-	(7,729)	-	67,527
Closing insurance contract liabilities	29,735	653	16,816	1,253	48,457	58,340	-	13,721	686	72,747
Closing insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net closing insurance contracts	29,735	653	16,816	1,253	48,457	58,340	-	13,721	686	72,747

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AS AT 31 DECEMBER 2025

6 INSURANCE AND REINSURANCE CONTRACTS (continued)

6.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in general measurement model (GMM)

	31 December 2025					31 December 2024				
	LRC		LIC		Total	LRC		LIC		Total
	Excluding LC	LC	Excluding RA	RA		Excluding LC	LC	Excluding RA	RA	
Inherent defect insurance (IDI)										
Opening insurance contract liabilities	51,946	-	237	17	52,200	29,226	-	9	-	29,235
Insurance revenue										
	(4,448)	-	-	-	(4,448)	(4,106)	-	-	-	(4,106)
Expected incurred claims and directly attributable expenses										
Change in Risk Adjustment	(20)	-	-	-	(20)	(17)	-	-	-	(17)
CSM recognized for services provided	(513)	-	-	-	(513)	(338)	-	-	-	(338)
Premium and related Receipts Relating to Past and Current Service	-	-	-	-	-	-	-	-	-	-
Total	(4,981)	-	-	-	(4,981)	(4,460)	-	-	-	(4,460)
Insurance service expense										
Incurred claims and other directly attributable expenses	-	-	1,360	26	1,386	-	-	1,912	23	1,935
Changes to liabilities for incurred claims - past service	-	-	(368)	(11)	(379)	-	-	(223)	(6)	(229)
Total	-	-	992	15	1,007	-	-	1,689	17	1,706
Total insurance service result	(4,981)	-	992	15	(3,974)	(4,460)	-	1,689	17	(2,754)
Finance expenses	2,028	-	19	2	2,049	587	-	(42)	-	545
Cash flows										
Premium received	19,303	-	-	-	19,303	26,593	-	-	-	26,593
Claims and other expenses paid	(239)	-	(49)	-	(288)	-	-	(1,419)	-	(1,419)
Total cash flows	19,064	-	(49)	-	19,015	26,593	-	(1,419)	-	25,174
Closing insurance contract liabilities	68,057	-	1,199	34	69,290	51,946	-	237	17	52,200

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AS AT 31 DECEMBER 2025**6 INSURANCE AND REINSURANCE CONTRACTS (continued)**

6.2 Analysis by liabilities / assets for remaining coverage (ARC) and assets for incurred claims (AIC), including loss component recovery (LC), risk adjustment for non - financial risk (RA) and present value of future cashflows (PV of FCF) for reinsurance contracts measured in premium allocation approach (PAA).

	31 December 2025					31 December 2024				
	ARC		AIC			ARC		AIC		
	Excluding LC	LC	PV of FCF	RA	Total	Excluding LC	LC	PV of FCF	RA	Total
PAA in total										
Opening reinsurance contract assets	(6,087)	9	98,414	4,364	96,700	(4,821)	13	88,606	2,671	86,469
Reinsurance service expense	(58,698)	-	-	-	(58,698)	(63,395)	-	-	-	(63,395)
Claims recovered	-	-	68,660	-	68,660	-	-	24,982	(749)	24,233
Changes that relate to past service: Changes related to LIC	-	-	9,403	752	10,155	-	-	(1,937)	2,301	364
Recovery / (reversal) on losses on onerous contracts	-	21	-	-	21	-	(4)	-	-	(4)
Net expense from reinsurance contracts held	(58,698)	21	78,063	752	20,138	(63,395)	(4)	23,045	1,552	(38,802)
Finance income	-	-	3,622	223	3,845	-	-	3,325	141	3,466
Cash flows										
Premiums ceded paid net of commission	46,665	-	-	-	46,665	62,129	-	-	-	62,129
Recoveries from reinsurance	-	-	(68,635)	-	(68,635)	-	-	(16,562)	-	(16,562)
Total cash flows	46,665	-	(68,635)	-	(21,970)	62,129	-	(16,562)	-	45,567
Closing reinsurance contract assets	(17,281)	30	113,526	5,473	101,748	(6,087)	9	98,414	4,364	96,700
Closing reinsurance contract liabilities	(839)	-	(2,062)	(134)	(3,035)	-	-	-	-	-
Net closing reinsurance contract assets	(18,120)	30	111,464	5,339	98,713	(6,087)	9	98,414	4,364	96,700

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AS AT 31 DECEMBER 2025

6 INSURANCE AND REINSURANCE CONTRACTS (continued)

6.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA

	31 December 2025					31 December 2024				
	ARC		AIC			ARC		AIC		
	Excluding LC	LC	PV of FCF	RA	Total	Excluding LC	LC	PV of FCF	RA	Total
Opening reinsurance contract assets	75	-	4,917	-	4,992	75	-	4,776	-	4,851
Reinsurance service expense	(2,714)	-	-	-	(2,714)	(5,588)	-	-	-	(5,588)
Claims recovered	-	-	3,291	-	3,291	-	-	6,570	-	6,570
Changes that relate to past service: Changes related to LIC	-	-	1,567	-	1,567	-	-	(1,025)	-	(1,025)
Net expense from reinsurance contracts held	(2,714)	-	4,858	-	2,144	(5,588)	-	5,545	-	(43)
Cash flows										
Premiums ceded paid net of commission	174	-	-	-	174	5,588	-	-	-	5,588
Recoveries from reinsurance	-	-	(1,659)	-	(1,659)	-	-	(5,404)	-	(5,404)
Total cash flows	174	-	(1,659)	-	(1,485)	5,588	-	(5,404)	-	184
Closing reinsurance contract assets	(2,465)	-	8,116	-	5,651	75	-	4,917	-	4,992
Closing reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Net closing reinsurance contract assets	(2,465)	-	8,116	-	5,651	75	-	4,917	-	4,992

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AS AT 31 DECEMBER 2025**6 INSURANCE AND REINSURANCE CONTRACTS (continued)**

6.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA

	31 December 2025					31 December 2024				
	ARC		AIC			ARC		AIC		
	Excluding LC	LC	PV of FCF	RA	Total	Excluding LC	LC	PV of FCF	RA	Total
Opening reinsurance contract assets	-	-	15,416	-	15,416	-	-	21,360	-	21,360
Reinsurance service expense	(6,653)	-	-	-	(6,653)	(6,360)	-	-	-	(6,360)
Claims recovered	-	-	26	-	26	-	-	1,988	-	1,988
Changes that relate to past service: Changes related to LIC	-	-	5,532	-	5,532	-	-	(317)	-	(317)
Net expense from reinsurance contracts held	(6,653)	-	5,558	-	(1,095)	(6,360)	-	1,671	-	(4,689)
Cash flows										
Premiums ceded paid net of commission	4,874	-	-	-	4,874	6,360	-	-	-	6,360
Recoveries from reinsurance	-	-	(26)	-	(26)	-	-	(7,615)	-	(7,615)
Total cash flows	4,874	-	(26)	-	4,848	6,360	-	(7,615)	-	(1,255)
Closing reinsurance contract assets	(1,779)	-	20,948	-	19,169	-	-	15,416	-	15,416
Closing reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Net closing reinsurance contract assets	(1,779)	-	20,948	-	19,169	-	-	15,416	-	15,416

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6 INSURANCE AND REINSURANCE CONTRACTS (continued)

6.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA

	31 December 2025					31 December 2024				
	ARC		AIC			ARC		AIC		
	Excluding LC	LC	PV of FCF	RA	Total	Excluding LC	LC	PV of FCF	RA	Total
Property										
Opening reinsurance contract assets	(7,309)	-	53,739	2,341	48,771	(16,199)	4	64,678	2,014	50,497
Reinsurance service expense	(23,544)	-	-	-	(23,544)	(21,277)	-	-	-	(21,277)
Claims recovered	-	-	51,488	-	51,488	-	-	13,481	200	13,681
Changes that relate to past service: Changes related to LIC	-	-	(5,232)	752	(4,480)	-	-	(15,066)	44	(15,022)
Recovery / (reversal) on losses on onerous contracts	-	-	-	-	-	-	(4)	-	-	(4)
Net expense from reinsurance contracts held	(23,544)	-	46,256	752	23,464	(21,277)	(4)	(1,585)	244	(22,622)
Finance income	-	-	2,239	102	2,341	-	-	2,584	83	2,667
Cash flows										
Premiums ceded paid net of commission	17,516	-	-	-	17,516	30,167	-	-	-	30,167
Recoveries from reinsurance	-	-	(53,101)	-	(53,101)	-	-	(11,938)	-	(11,938)
Total cash flows	17,516	-	(53,101)	-	(35,585)	30,167	-	(11,938)	-	18,229
Closing reinsurance contract assets	(13,337)	-	49,133	3,195	38,991	(7,309)	-	53,739	2,341	48,771
Closing reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Net closing reinsurance contract assets	(13,337)	-	49,133	3,195	38,991	(7,309)	-	53,739	2,341	48,771

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AS AT 31 DECEMBER 2025

6 INSURANCE AND REINSURANCE CONTRACTS (continued)

6.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA

	31 December 2025					31 December 2024				
	ARC		AIC			ARC		AIC		
	Excluding LC	LC	PV of FCF	RA	Total	Excluding LC	LC	PV of FCF	RA	Total
Engineering										
Opening reinsurance contract assets	3,706	9	5,967	547	10,229	(1,893)	9	2,894	259	1,269
Reinsurance service expense	(13,852)	-	-	-	(13,852)	(12,587)	-	-	-	(12,587)
Claims recovered	-	-	867	-	867	-	-	1,325	74	1,399
Changes that relate to past service: Changes related to LIC	-	-	24,125	1,395	25,520	-	-	2,868	202	3,070
Recovery / (reversal) on losses on onerous contracts	-	21	-	-	21	-	-	-	-	-
Net expense from reinsurance contracts held	(13,852)	21	24,992	1,395	12,556	(12,587)	-	4,193	276	(8,118)
Finance income	-	-	640	59	699	-	-	135	12	147
Cash flows										
Premiums ceded paid net of commission	12,514	-	-	-	12,514	18,186	-	-	-	18,186
Recoveries from reinsurance	-	-	(862)	-	(862)	-	-	(1,255)	-	(1,255)
Total cash flows	12,514	-	(862)	-	11,652	18,186	-	(1,255)	-	16,931
Closing reinsurance contract assets	2,368	30	30,737	2,001	35,136	3,706	9	5,967	547	10,229
Closing reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Net closing reinsurance contract assets	2,368	30	30,737	2,001	35,136	3,706	9	5,967	547	10,229

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AS AT 31 DECEMBER 2025**6 INSURANCE AND REINSURANCE CONTRACTS (continued)**

6.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA

	31 December 2025					31 December 2024				
	ARC		AIC			ARC		AIC		
	Excluding LC	LC	PV of FCF	RA	Total	Excluding LC	LC	PV of FCF	RA	Total
Marine										
Opening reinsurance contract assets	(5,336)	-	14,862	1,301	10,827	(4,738)	-	2,273	191	(2,274)
Reinsurance service expense	(2,488)	-	-	-	(2,488)	(8,329)	-	-	-	(8,329)
Claims recovered	-	-	11,508	-	11,508	-	-	270	(916)	(646)
Changes that relate to past service: Changes related to LIC	-	-	(17,506)	(1,489)	(18,995)	-	-	12,239	1,987	14,226
Recovery / (reversal) on losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Net expense from reinsurance contracts held	(2,488)	-	(5,998)	(1,489)	(9,975)	(8,329)	-	12,509	1,071	5,251
Finance income	-	-	604	54	658	-	-	461	39	500
Cash flows										
Premiums ceded paid net of commission	6,985	-	-	-	6,985	7,731	-	-	-	7,731
Recoveries from reinsurance	-	-	(11,530)	-	(11,530)	-	-	(381)	-	(381)
Total cash flows	6,985	-	(11,530)	-	(4,545)	7,731	-	(381)	-	7,350
Closing reinsurance contract assets	-	-	-	-	-	(5,336)	-	14,862	1,301	10,827
Closing reinsurance contract liabilities	(839)	-	(2,062)	(134)	(3,035)	-	-	-	-	-
Net closing reinsurance contract assets	(839)	-	(2,062)	(134)	(3,035)	(5,336)	-	14,862	1,301	10,827

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AS AT 31 DECEMBER 2025**6 INSURANCE AND REINSURANCE CONTRACTS (continued)**

6.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA

	31 December 2025					31 December 2024				
	ARC		AIC			ARC		AIC		
	Excluding LC	LC	PV of FCF	RA	Total	Excluding LC	LC	PV of FCF	RA	Total
Others										
Opening reinsurance contract assets	2,778	-	3,513	175	6,466	17,934	-	(7,375)	207	10,766
Reinsurance service expense	(9,447)	-	-	-	(9,447)	(9,254)	-	-	-	(9,254)
Claims recovered	-	-	1,480	-	1,480	-	-	1,348	(107)	1,241
Changes that relate to past service: Changes related to LIC	-	-	917	94	1,011	-	-	(636)	68	(568)
Recovery / (reversal) on losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Net expense from reinsurance contracts held	(9,447)	-	2,397	94	(6,956)	(9,254)	-	712	(39)	(8,581)
Finance income	-	-	139	8	147	-	-	145	7	152
Cash flows										
Premiums ceded paid net of commission	4,601	-	-	-	4,601	(5,902)	-	-	-	(5,902)
Recoveries from reinsurance	-	-	(1,457)	-	(1,457)	-	-	10,031	-	10,031
Total cash flows	4,601	-	(1,457)	-	3,144	(5,902)	-	10,031	-	4,129
Closing reinsurance contract assets	(2,068)	-	4,592	277	2,801	2,778	-	3,513	175	6,466
Closing reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Net closing reinsurance contract assets	(2,068)	-	4,592	277	2,801	2,778	-	3,513	175	6,466

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6 INSURANCE AND REINSURANCE CONTRACTS (continued)

6.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in GMM

General measurement model

	31 December 2025					31 December 2024				
	ARC		AIC		Total	ARC		AIC		Total
	Excluding LC	LC	Excluding RA	RA		Excluding LC	LC	Excluding RA	RA	
Opening reinsurance contract assets	42,180	-	(8,400)	-	33,780	28,133	-	(9,284)	-	18,848
Allocation of reinsurance premiums										
Expected claims recoverable	(619)	-	-	-	(619)	(315)	-	-	-	(315)
Changes in risk adjustment for non-financial risk	(18)	-	-	-	(18)	(3)	-	-	-	(3)
Others items Relating to Past and Current Service	(538)	-	-	-	(538)	(54)	-	-	-	(54)
CSM recognized during the period	(326)	-	-	-	(326)	(354)	-	-	-	(354)
	(1,502)	-	-	-	(1,502)	(726)	-	-	-	(726)
Amounts recoverable from reinsurance										
Incurred claims & other directly attributable expenses	-	-	833	-	833	-	-	839	-	839
changes to assets for incurred claims - Past service	-	-	(332)	-	(332)	-	-	(203)	-	(203)
	-	-	501	-	501	-	-	636	-	636
Finance income	1,523	-	(22)	-	1,501	243	-	268	-	511
Cash flows										
Ceded premium	7,233	-	-	-	7,233	17,468	-	-	-	17,468
Incurred claims recoveries	-	-	45	-	45	-	-	(19)	-	(19)
Commission and management fees received	(2,780)	-	-	-	(2,780)	(2,938)	-	-	-	(2,938)
Total cash flows	4,453	-	45	-	4,499	14,530	-	(19)	-	14,511
Net closing balance	46,654	-	(7,875)	-	38,778	42,180	-	(8,400)	-	33,780

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7 INVESTMENTS

	31 December	31 December
	2025	2024
Insurance operations		
Financial assets measured at FVTPL	24,398	20,107
Financial assets at amortised cost – net	55,079	4,903
	79,477	25,010
Shareholders' operations		
Financial assets measured at FVTPL	102,280	114,475
Financial assets measured at FVTOCI	75,643	65,529
	177,923	180,004
Total investments	257,400	205,014

a) Investments measured at FVTPL comprise of the following:

	31 December	31 December
	2025	2024
Insurance operations		
Tier 1 sukuk	11,441	10,000
Funds	12,957	10,107
Shareholders' operations		
Equity & tier 1 sukuk	85,617	69,863
Funds	16,662	44,612
Total financial assets at FVTPL	126,677	134,582

b) Investments measured at FVTOCI comprise of the following:

	31 December	31 December
	2025	2024
Shareholders' operations		
Najm investment	72,758	61,141
Other equity investments	2,885	4,388
Total financial assets at FVTOCI	75,643	65,529

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7 INVESTMENTS (continued)

c) Investments measured at amortised cost comprise of the following:

	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u>
Insurance operations		
Saudi government sukuk	53,903	4,559
Accrued income	1,182	363
Impairment allowance	(6)	(19)
	<u>55,079</u>	<u>4,903</u>
Total investments	<u>55,079</u>	<u>4,903</u>

The government sukuk investments are issued and denominated in Saudi Arabian Riyals (SAR).

d) There is no movement in impairment ECL allowance between stages 1 to 3 during the year.

The movement in the financial assets are as follows:

	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u>
a) Measured at FVTPL:		
Insurance operations		
Balance at beginning of the year	20,107	18,863
Addition during the year	71,958	56,935
Disposals during the year	(70,673)	(55,935)
Changes in the fair value of financial assets	3,007	244
Balance at end of the year	<u>24,398</u>	<u>20,107</u>
Shareholders' operations		
Balance at beginning of the year	114,475	107,567
Addition during the year	22,642	-
Disposals during the year	(25,003)	-
Changes in the fair value of financial assets	(10,373)	6,908
Cash with fund manager	539	-
Balance at end of the year	<u>102,280</u>	<u>114,475</u>

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7 INVESTMENTS (continued)

	31 December	31 December
	2025	2024
b) Measured at FVOCI:		
Insurance operations		
Balance at beginning of the year	-	140
Addition during the year	-	-
Disposals during the year	-	(114)
Changes in the fair value of financial assets	-	(26)
Balance at end of the year	-	-
Shareholders' operations		
Balance at beginning of the year	65,529	47,510
Addition during the year	-	-
Disposals during the year	-	(1,501)
Changes in the fair value of financial assets	10,114	19,520
Balance at end of the year	75,643	65,529
	31 December	31 December
	2025	2024
c) Measured at amortised cost:		
Insurance operations		
Balance at beginning of the year	4,903	4,505
Addition during the year	48,946	-
Accrued income	1,182	363
Amortization	55	34
Impairment allowance	(6)	1
Balance at end of the year	55,079	4,903
Shareholders' operations		
Balance at beginning of the year	-	187
Additions/Change in fair value of financial assets	-	-
Matured during the year	-	(200)
Impairment reversal / (allowance)	-	13
Balance at end of the year	-	-

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7 INVESTMENTS (continued)

7.1 Investment income

Details on investment income for the year are as follows:

	31 December 2025		
	Insurance operations	Shareholders' operations	Total
Income on financial assets at FVTPL			
Un-realized gain / (loss) on investments at FVTPL	3,006	(10,485)	(7,479)
Realized gain on investments at FVTPL	5,600	112	5,712
Dividend income on investments at fair value	84	1,614	1,699
	8,690	(8,758)	(68)

	31 December 2024		
	Insurance operations	Shareholders' operations	Total
Income on financial assets at FVTPL			
Un-realized gain on investments at fair value	244	6,721	6,965
Realized gain on investments at fair value	4,816	1,576	6,393
Dividend income on investments at fair value	-	871	871
	5,060	9,168	14,229

7.2 Other income

	31 December 2025		
	Insurance operations	Shareholders' operations	Total
Management and administrative fees of IDI	28,475	-	28,475
Other miscellaneous income	6,225	2,459	8,683
	34,699	2,459	37,158

	31 December 2024		
	Insurance operations	Shareholders' operations	Total
Management and administrative fees of IDI	35,068	-	35,068
Other miscellaneous income	932	9,172	10,104
	36,000	9,172	45,172

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8 Provision for zakat

The movement in zakat payable during the year is as follows:

	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u>
Balance at beginning of the year	23,663	30,587
Charge for the year	8,100	9,504
Payments during the year	(7,101)	(6,688)
Reversal of zakat provision year	-	(5,853)
Reclassification of zakat provision to other liability	-	(3,887)
Balance at end of the year	<u>24,662</u>	<u>23,663</u>

a) Status of assessments

The Company has filed the zakat returns for the financial year 2024 and received a temporary Zakat certificate. Assessments have been received from ZATCA to date in respect of these years. Furthermore, ZATCA has started its review procedures for years 2021 and 2022 but has not raised any final assessment related to these years.

Management believes that appropriate and adequate provisions have been created and that the finalization of the above-mentioned assessments is not expected to have a material impact on the financial statements for the year ended December 31, 2025.

b) Status of appeals

"The years from 2016 to 2018: On 27 December 2020, ZATCA raised assessments for these years, claiming additional zakat liability of SAR 3.3 million. The Company appealed within the prescribed period, and ZATCA issued a revised assessment, resulting in an overpaid amount of SAR 1.5 million in the Company's favor. The Company escalated the case to the General Secretariat of Tax Committees (GSTC).

In August 2022, the Committee for Resolution of Tax Violations and Disputes (CRTVD) issued a ruling resulting in an overpaid amount of SAR 2.8 million. Subsequently, both the Company and ZATCA escalated the case to the Appellate Committee for Tax Violations and Disputes Resolution (ACTVDR). In February 2025, the ACTVDR issued its final ruling, which, based on expert interpretation, resulted in an overpaid amount of SAR 3.4 million in favor of the Company."

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8 Provision for zakat (continued)

b) Status of appeals (continued)

The years 2019 & 2020: On September 30, 2021, ZATCA raised its assessments for those years claiming additional zakat liability of SR 5.2 million, then the company has appealed against such assessment within the legally prescribed period. As result, ZATCA has partially accepted the Company's appeal and issued a revised assessment through which the additional zakat liability has been reduced to SR 5 million knowing that the Company has already settled along with the appeal an amount of SR 1.3 million which represents 25% of the disputed additional zakat liability as per the original assessment to fulfil the formality conditions of appeal submission stated in the zakat regulations, then the Company has escalated its appeal case to the GSTC. During September 2022, CRTVD has issued its decision and reduced the zakat liability to 3.7 million. However, such CRTVD ruling is not final as both ZATCA and the Company have escalated the case to ACTVDR. . Then the Company has submitted a request to the settlement committee at ZATCA and during October 2025 they reached to a settlement agreement for those years to settle an amount of Saudi Riyals 2.8 million on top of the Saudi Riyals 1.3 million already paid to fulfil the formality aspect as per the zakat regulation. The Company has settled the agreed amounts by utilizing the overpayment balance available with ZATCA.

c) Status of VAT assessment

On 29 November 2022, ZATCA raised an assessment based on the tax audit conducted with respect to VAT for the tax periods from January 2018 to December 2020 (36 tax periods).

The total assessed VAT liability for the mentioned tax periods is SAR 7.7 million.

The ZATCA also applied late payment and incorrect filing penalties on the Company. However, given that the Company paid the assessed VAT liability during the ZATCA's penalty exemption initiative all penalty charges have since been waived by ZATCA under the tax amnesty in force.

Considering the assessed items, we understand that the Company was of the view that it had good grounds supported by the VAT legislation in KSA and the guidance issued by the ZATCA and therefore the Company submitted objection letters for all the assessed tax periods through the ZATCA portal on 27 January 2023, objecting to the assessment raised by ZATCA.

On 3 March 2023, the Company's objections regarding certain items were rejected, while others were accepted by ZATCA. The items that were accepted are as follow:

- Reinsurers' share of claims paid that were not subjected to standard VAT rate for the years 2018, 2019 and
- The total loss claims considered outside the scope of VAT for the years 2018, 2019, and 2020.

Moreover, the Company received partial acceptance of the objection in relation to the difference between the Financial Statement and VAT returns for the year 2020.

On 24 January 2024, ZATCA raised a VAT assessment based on their on-going audit conducted for the periods from January 2021 to December 2022 (24 tax periods).

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8 Provision for zakat (continued)

c) Status of VAT assessment (continued)

The total assessed VAT liability for the relevant tax periods is SR 12.2 million against which SR 3.4 million is provided by the Company.

The ZATCA has waived the penalties applied for late payment and incorrect filing. However, the Company was eligible for a penalty waiver since the payment was settled before the end of ZATCA's amnesty program.

The Company filed an objection with the ZATCA for the assessed periods from January 2021 to December 2022 on 21 March 2024. Upon the filing of the objection, the ZATCA objection committee arranged a meeting with the Company to discuss the merits of the objection and requested additional information. The Company provided all the requested information. Consequently, a decision was issued.

On 12 June 2024, The Company's objections regarding the following items were accepted by ZATCA as follows:

- ZATCA has accepted the objection on third-party claims with full acceptance of those claims.
- Acceptance of bad debts for the purpose of reassessment. (The auditor will review the breakdown provided and reissue the assessment based on that information).

The Company has filed a second objection with ZATCA for the assessment period from 01 November 2021 to 30 November 2021 on 08 August 2024. The objection pertains to the ongoing disputed items. The objection is currently in progress and under ZATCA's review.

9 SHARE CAPITAL

As at 31 December 2025, the issued and paid up share capital of the Company amounting to SR 500 million (31 December 2024 : SR 500 million), divided into 50 million ordinary shares of SR 10 each.

10 STATUTORY RESERVE

In accordance with the Company's By-Laws and in compliance with Article 70(2)(g) of the Insurance Implementing Regulations issued by Insurance Authority, formerly Saudi Central Bank (SAMA), the Company is required to allocate 20% of its net shareholder's income for the year to the statutory reserve until it equals the value of share capital and such transfer is only made at year end. The statutory reserve is not available for distribution to shareholders until liquidation of the Company.

11 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the year have been calculated by dividing the total net income for the period by the weighted average number of shares in issue throughout the period.

The basic and diluted earning per share are as follows:

	For the year ended 31 December	
	2025	2024
Basic and diluted earnings per share (SR)	<u>0.43</u>	<u>0.54</u>
Weighted average number of shares throughout the period (thousands)	<u>50,000</u>	<u>50,000</u>

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12 PREPAYMENTS AND OTHER ASSETS

	31 December	
	2025	2024
Insurance operations		
VAT receivables, net	44,519	-
IDI pool share of assets - Co insurance product (12.1)	41,623	-
Other receivables	10,471	15,559
Advance to employees	999	1,565
Accrued income of financial assets	1,350	1,350
Prepaid rent	899	1,148
Guarantee deposits	400	400
Others	15,720	19,858
Total	115,981	39,880

12.1

This represent the company participant share of assets in IDI pool - Co insurance product based on the latest available issued financial statements. Since the pool was under the company management, some of these balances were under the company's control and were reported under cash and cash equivalents before the cash, assets and liabilities were transferred to new appointed pool leader . The pool has completely transferred with all its assets and liabilities to different pool leader effective from June 24th 2025.

	31 December	
	2025	2024
Shareholders' operations		
Other receivables	1,782	1,488
Other assets	-	42,555
Total prepayments and other assets	1,782	44,043

13 INVESTMENT PROPERTY

The Company's investment property comprises a plot of land acquired from a financial institution as part of a in kind settlement agreement. Management has elected to apply the fair value model for the subsequent measurement of investment property.

13.1 Taking into consideration the valuation technique and key inputs utilized by the valuers, the valuations are categorized at Level 2 (for market approach) of the fair value hierarchy.

13.2 The Company engaged two different independent valuers for investment properties valuations and adopted the lower valuation for their fair value assessment.

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13 INVESTMENT PROPERTIES (continued)

Location	Purpose	Valuation Technique	Fair Value amount	
			2025	2024
Riyadh - KSA	Capital appreciation	Market approach	64,018	-

The following is a summary of investment properties as of:

	31 December 2025	31 December 2024
Cost (13.3)	42,555	-
Fair value gain on investment properties	21,463	-
Fair value at the end of the year	64,018	-

13.3 The plot of land was initially recognized at cost. Upon designation the land to be as investment property seeking capital appreciation and approval from the authorities, this has been reclassified to investment properties during the year.

13.4 The Company has recognized a provision of SR 6.4 million based on indicative estimate of the property value. This provision is due to the recent laws of idle lands fees. The property is located in Priority Zone 1 as at 31 December 2025. This fees refer to government imposed annual charge on undeveloped or vacant lands. The provision amount is part of accrued expenses and other liabilities of shareholders' operation.

14 ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December	
	2025	2024
Insurance operations		
Accrued employees' costs and other benefits (14.1)	12,976	16,307
IDI pool share of liabilities - Co insurance product	6,308	6,266
Accrued expenses	8,720	10,160
VAT payable, net	-	9,843
Accrued professional fees	4,179	3,079
Others	682	5,561
Total	32,864	51,216

14.1 The Company has a savings plan for its employees under which a percentage of the employees' salary is periodically deducted, with the Company contributing a share as per the Company policy to the employees saving. As of December 31 2025 SR 4.1 million is liability of saving plan (December 31 2024: SR 4.3 million).

14.2 Shareholders' operation accrued expenses and other liabilities amounting to SR 7.2 million as at December 31, 2025 (2024: SR 3.4 million).

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15 EMPLOYEES' END-OF-SERVICE BENEFITS

The Company operates a defined benefit plan for its employees based on the prevailing Saudi Labor Law. Accruals are made in accordance with the actuarial valuation under the 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:

	31 December	
	2025	2024
Present value of defined benefit obligation	32,172	29,233
	31 December	
	2025	2024
At the beginning of the year	29,233	23,733
Current service cost	3,204	2,957
Interest cost	1,411	1,125
Net benefit expenses	4,615	4,082
Benefits paid during the year	(3,922)	(2,440)
Actuarial loss from experience adjustments	2,246	3,858
At the end of the year	32,172	29,233

Principal actuarial assumptions

Valuation discount rate	4.60%	5.21%
Salary escalation	10%	9%

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

	31 December	
	2025	2024
Discount rate		
- Increase by 50 basis points	733	644
- Decrease by 50 basis points	(804)	(706)
Expected rate of increase in salary level across different age bands		
- Increase by 1%	1,503	1,320
- Decrease by 1%	1,450	(1,230)

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17 RIGHT OF USE ASSETS

The Company leases various buildings for offices. Rental contracts are typically made for one year with extension options. There is no non-lease components in the contracts. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. For leases of office buildings, management concluded that it was reasonably certain to extend the lease beyond 1 year, taking into account the leasehold improvements in the premises, historical lease durations and the costs and business disruption required to change premises.

The movement of right-of-use assets as follows:

	31 December	
	2025	2024
At 1 January	688	1,995
Amortisation during the year	(461)	(1,307)
At 31 December	227	688

18 LEASE LIABILITY

The movement of lease liabilities as follows:

	31 December	
	2025	2024
Balance at the beginning of the year	701	1,550
Finance cost	28	129
Additions during the year	-	-
Lease payments (total cash outflows)	(498)	(978)
At 31 December	231	701

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19 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 new 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. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital and reserves.

As per guidelines laid out by Insurance Authority in Article 66 of the Implementing Insurance Regulations detailing the solvency margin requirements, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per Insurance Authority Implementing Regulations:

- Minimum Capital Requirement
- Premium Solvency Margin
- Claims Solvency Margin

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable), and

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The following table summarizes the financial assets recorded at fair value as of 31 December 2025 and 31 December 2024 by level of the fair value hierarchy. There are no transfers among the levels during the period. Some equity financial investment are reported at cost, where their fair value are not materially different from the carrying value.

As at 31 December 2025	Level 1	Level 2	Level 3	Carrying value
Financial assets measured at FVTPL	61,162	41,859	23,657	126,678
Financial assets measured at FVTOCI	2,885	-	72,758	75,643
	64,047	41,859	96,415	202,321
As at 31 December 2024	Level 1	Level 2	Level 3	Carrying value
Financial assets measured at FVTPL	80,384	32,298	21,900	134,582
Financial assets measured at FVTOCI	4,375	-	61,154	65,529
	84,759	32,298	83,055	200,111

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20 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

a) Measurement of fair value

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair value at 31 December 2025 and 31 December 2024, as well as the significant unobservable inputs used. The fair value used for valuation of Level 2 Sukuks and mutual funds are based on prices quoted on reliable and third-party sources.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Mutual fund	Mutual funds classified as Level 3 are fair valued based on the latest available NAV communicated by the fund manager	Fair value of underlying assets	The estimated fair value will increase / decrease directly in line with the change in fair value of underlying assets

b) Movement of level 3 instruments

	31 December	
	2025	2024
Opening fair value	83,055	104,538
Additions in level 3 investments	-	1,000
Transfer from level 3 to other levels	-	42,256
Fair value gain / (loss) – net	13,360	(64,739)
Closing fair value	96,415	83,055

c) Sensitivity analysis

The impact of change in net assets value reported in level 3 on net income and total equity is as follows:

	31 December	
	2025	2024
+5% Increase	101,236	87,208
-5% Decrease	91,594	78,902
+5% Change	4,821	4,153
-5% Change	(4,821)	(4,153)

d) Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy:

31 December 2025	Total gain or loss recognised in others					Balance December 31
	Banance January 1	Purchases	Disposals	Statement of income	Other comprehensive income	
Private equity investment	61,141	-	-	-	11,617	72,758

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20 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

d) Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy (continued):

31 December 2024			Total gain or loss recognised in others			Balance December 31
	Banalance January 1	Purchases	Disposals	Statement of income	Other comprehensive income	
Private equity investment	43,484		-	-	17,657	61,141

The below table shows significant unobservable inputs used in the valuation of level 3 investments.

Description	Fair Value		Unobservable inputs		Range of inputs		Relationship of unobservable inputs to FV
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	
Private equity investment	72,758	61,141	-Annual growth rate 12.2% (Years from 2025 to 2030) (2024: 9.3%) -Terminal growth rate 2.5% (2024: 2.5%) -WACC 17% (2024:		+/- 30% (illiquidity discount)		-Annual growth rate is directly proportional - Discount rate is inversely proportional

Sensitivity analysis of Level 3 investments

31 December 2025	Sensitivity factor	Impact on fair value due to increase in sensitivity factor	Impact on fair value due to increase in sensitivity factor
Private equity investment	+/- 10% change in price	7,276	(7,276)
31 December 2025	Sensitivity factor	Impact on fair value due	Impact on fair value due to
Private equity investment	+/- 10% change in price	6,114	(6,114)

20 COMMITMENTS AND CONTINGENCIES

a. Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position for the current reporting period.

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21 COMMITMENTS AND CONTINGENCIES (continued)

b. Contingent liabilities

The Company's contingent liabilities are as follows:

	31 December	
	2025	2024
Letters of guarantee	12,801	12,398

The Company has submitted these bank guarantees to various parties which are fully covered by margin deposits amounting to SAR 20 million (2024: SAR 20 million).

22 RELATED PARTY TRANSACTIONS

Members of the Board of Directors do not receive any remuneration for their role in managing the Company unless approved by the General Assembly. Members of the Board of Directors receive an attendance allowance for Board and Board Committee meetings. Key management personnel who is involved in planning, directing the activities of the company receive fixed remuneration as a result of their direct duties and responsibilities. The top Senior key personnel, receive remuneration according to the employment contracts signed with them.

Related parties represent transactions with directors and key management personnel of the Company.

The following are the details of the major related party transactions during the period and the related balances:

Relationship	Nature of Transaction	31 December	
		2025	2024
Entity controlled by board member	Insurance premium	8	-

There is no outstanding balance from the above listed related party.

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

Remuneration and compulsory fees to BODs and committees	1,200	7,347
Board of directors' and committees meeting fees	925	690
Key management personnel compensation and benefits	7,892	8,544
End of service indemnities	516	517

The Key Management Personnel compensation and benefits consist of gross salaries, General Organization for Social Insurance contributions, allowances and accrued bonus.

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23 SEGMENT INFORMATION

Consistent with the Company's internal reporting process, operating segments have been approved by management in respect of the Company's activities, assets and liabilities as stated below. Segment results do not include income from investments, other income or unallocated expense, term deposits, or other assets and liabilities. Accordingly, they are included in unallocated assets and liabilities.

Gross written premium

Operating segment	For the year ended 31 December 2025					Total
	Individuals	Very small enterprises	Small enterprises	Medium enterprises	Corporates	
Medical	26,911	101,956	44,298	44,715	325,655	543,534
Motor	493,279	3,022	31,457	3,952	29,982	561,693
Property	16	23	655	9,754	19,596	30,044
Engineering	-	68	2,897	7,026	5,406	15,397
Marine	-	-	214	330	1,412	1,956
Others	72,447	88	1,736	7,774	6,572	88,617
Total	592,653	105,157	81,257	73,551	388,623	1,241,240

Operating segment	For the year ended 31 December 2024					Total
	Individuals	Very small enterprises	Small enterprises	Medium enterprises	Corporates	
Medical	41,872	110,576	83,721	54,641	328,689	619,499
Motor	548,465	710	39,565	9,041	27,527	625,308
Property	11	28	1,293	12,332	14,292	27,956
Engineering	-	56	2,034	12,296	5,026	19,412
Marine	-	-	164	1,014	10,222	11,400
Others	88,496	43	1,598	7,356	5,168	102,661
Total	678,844	111,413	128,375	96,680	390,924	1,406,236

Reinsurance premium ceded

Operating segment	For the year ended 31 December					
	2025			2024		
	Local	International	Total	Local	International	Total
Medical	496	4,378	4,874	2,794	2,794	5,588
Motor	1,542	5,111	6,653	1,195	5,165	6,360
Property	5,218	24,221	29,439	3,403	22,465	25,868
Engineering	1,556	12,998	14,554	2,561	16,282	18,843
Marine	379	1,790	2,169	1,107	8,189	9,296
Others	10,876	9,952	20,828	10,045	9,648	19,693
Total	20,067	58,450	78,517	21,105	64,543	85,648

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FOR THE YEAR ENDED 31 DECEMBER 2025**23 SEGMENT INFORMATION (continued)**

Operating segment	31 December 2025						Total
	Medical	Motor	Property	Engineering	Marine	Others	
Assets							
Reinsurance contract assets	5,651	19,169	38,991	35,136	-	41,580	140,527
Insurance contract assets	-	-	-	-	7,320	-	7,320
Unallocated assets							1,074,574
Total assets							1,222,421
Liabilities							
Insurance contract liabilities	245,857	194,893	57,785	42,969	-	117,747	659,250
Reinsurance contract liabilities	-	-	-	-	3,035	-	3,035
Unallocated liabilities and equity							560,136
Total liabilities and equity							1,222,421
	31 December 2024						
Operating segment	Medical	Motor	Property	Engineering	Marine	Others	Total
Assets							
Reinsurance contract assets	4,992	15,416	48,773	10,229	10,827	40,243	130,480
Unallocated assets							1,069,157
Total assets							1,199,637
Liabilities							
Insurance contract liabilities	219,279	194,637	64,348	39,054	11,090	124,944	653,353
Unallocated liabilities and equity							546,284
Total liabilities and equity							1,199,637

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FOR THE YEAR ENDED 31 DECEMBER 2025**23 SEGMENT INFORMATION (continued)**

For the year ended 31 December 2025

Operating segment	Medical	Motor	Property	Engineering	Marine	Others	Total
Insurance service revenue	567,322	726,212	29,153	17,539	2,950	102,187	1,445,363
Insurance service expenses	(506,030)	(791,373)	(53,944)	(30,813)	7,563	(102,964)	(1,477,561)
Insurance service result before reinsurance contracts held	61,292	(65,161)	(24,791)	(13,274)	10,513	(777)	(32,198)
Allocation of reinsurance premiums	(2,714)	(6,653)	(23,544)	(13,852)	(2,488)	(10,949)	(60,200)
Amounts recoverable from reinsurance	4,858	5,558	47,007	26,410	(7,488)	2,992	79,337
Net revenues / (expenses) from reinsurance contracts held	2,144	(1,095)	23,463	12,558	(9,976)	(7,957)	19,137
Insurance service result	63,436	(66,256)	(1,328)	(716)	537	(8,734)	(13,061)
Finance expenses from insurance contracts issued	(6,211)	(4,602)	(2,698)	(831)	(761)	(2,586)	(17,689)
Finance income from reinsurance contracts held	-	-	2,341	698	658	1,649	5,346
Net insurance finance expenses	(6,211)	(4,602)	(357)	(133)	(103)	(937)	(12,343)
Net insurance result	57,225	(70,858)	(1,685)	(849)	434	(9,671)	(25,404)
Unallocated income							90,100
Unallocated expenses							(34,895)
Net income before zakat							29,801

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FOR THE YEAR ENDED 31 DECEMBER 2025**23 SEGMENT INFORMATION (continued)**

	For the year ended 31 December 2024						
Operating segment	Medical	Motor	Property	Engineering	Marine	Others	Total
Insurance service revenue	541,714	375,999	29,129	16,214	13,117	34,550	1,010,723
Insurance service expenses	(542,490)	(382,928)	(4,769)	(8,123)	(16,700)	(21,019)	(976,030)
Insurance service result before reinsurance contracts held	(776)	(6,929)	24,360	8,091	(3,583)	13,531	34,693
Allocation of reinsurance premiums	(5,588)	(6,360)	(21,277)	(12,587)	(8,329)	(9,980)	(64,121)
Amounts recoverable from reinsurance	5,545	1,672	(1,343)	4,468	13,579	1,308	25,229
Net (expenses) / revenues from reinsurance contracts held	(43)	(4,688)	(22,620)	(8,119)	5,250	(8,672)	(38,892)
Insurance service result	(819)	(11,617)	1,740	(28)	1,667	4,859	(4,199)
Finance expenses from insurance contracts issued	(7,076)	(2,517)	(3,015)	(185)	(581)	(800)	(14,174)
Finance income from reinsurance contracts held	-	-	2,668	147	499	663	3,977
Net insurance finance expenses	(7,076)	(2,517)	(347)	(38)	(82)	(137)	(10,197)
Net insurance result	(7,895)	(14,134)	1,393	(66)	1,585	4,722	(14,396)
Unallocated income							81,869
Unallocated expenses							(31,080)
Net income before zakat							<u>36,393</u>

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24 STATUTORY DEPOSIT

In compliance with Article 58 of the Implementing Regulations issued by the Insurance Authority (IA), formerly Saudi Central Bank (SAMA), the Company has deposited 15% (31 December 2025) of its share capital, amounting to SR 75 million (31 December 2024: SR 75 million), in a bank designated by IA. The statutory deposit is maintained with a reputed local bank and can be withdrawn only with the consent of IA. The Company is not entitled to receive the investment return on this deposit. This investment return is shown as a separate line item in the statement of Financial Position. Income is accrued on statutory deposit at rate of 5% (31 December 2024: 4.98%) per annum.

25 EXPENSE ANALYSIS

Following is the breakdown of expenses by category:

	31 December 2025				
	Insurance acquisition costs	Attributable non- acquisition costs	Total attributable expenses	Non attributable expenses	Total
Expenses pertaining to insurance operations					
Commissions incurred	119,217	-	119,217	-	119,217
Claims handling and other expenses	-	22,262	22,262	-	22,262
Other underwriting expenses	37,043	-	37,043	-	37,043
Total expenses	156,260	22,262	178,522	-	178,522
Salaries and staff related costs	40,825	42,934	83,759	17,329	101,088
Depreciation and amortization	461	926	1,387	14	1,401
Communication and technology	2,461	8,669	11,130	2,731	13,861
Legal and professional fees	3,229	1,194	4,423	4,210	8,633
Regulatory fees	12,716	-	12,716	-	12,716
Rents	3,990	1,281	5,271	61	5,332
Advertisement and marketing expenses	3,922	-	3,922	-	3,922
Other expenses	3,187	3,379	6,566	2,824	9,390
Total expenses	70,791	58,383	129,174	27,169	156,343
Expenses pertaining to shareholders' operations					
Director's Remunerations	-	-	-	900	900
Others	-	-	-	6,826	6,826
Total	-	-	-	7,726	7,726
Total expenses	227,051	80,645	307,696	34,895	342,591

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FOR THE YEAR ENDED 31 DECEMBER 2025**25 EXPENSE ANALYSIS (continued)**

Following is the breakdown of expenses by category:

	31 December 2024				
	Insurance acquisition costs	Attributable non-acquisition costs	Total attributable expenses	Non attributable expenses	Total
Expenses pertaining to insurance operations					
Commissions incurred on premium written during the period	81,509	-	81,509	-	81,509
Claims handling and other expenses	-	14,309	14,309	-	14,309
Other underwriting expenses	28,517	-	28,517	-	28,517
Total expenses	110,026	14,309	124,335	-	124,335
Salaries and staff related costs	37,526	45,669	83,195	15,351	98,546
Depreciation and amortization	522	1,233	1,755	23	1,778
Communication and technology	1,958	6,145	8,103	2,606	10,709
Legal and professional fees	4,478	2,538	7,016	2,622	9,638
Regulatory fees	12,360	30	12,390	-	12,390
Rents	1,857	2,784	4,641	392	5,033
Advertisement and marketing expenses	5,900	-	5,900	-	5,900
Other expenses	3,657	3,796	7,453	3,419	10,872
Total expenses	68,258	62,195	130,453	24,413	154,866
Expenses pertaining to shareholders' operations					
Director's Remunerations	-	-	-	6,648	6,648
Others	-	-	-	19	19
Total	-	-	-	6,667	6,667
Total expenses	178,284	76,504	254,788	31,080	285,868

Company's financial statements is presented below:

	2025	2024
Annual audit and quarterly reviews for first second and third quarters of 2025 and 2024 – Al Kharashi & Co Certified Accountants and Auditors	608	440
Annual audit and quarterly reviews for first, second and third quarters of 2025 and 2024 – PKF Al Bassam Chartered Accountants	680	661
Zakat services	162	99
VAT services	105	251
	1,555	1,451

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26 RISK MANAGEMENT

The risks faced by the Company and the way these risks are mitigated by management are summarized below:

Risk Governance

The Company's risk governance is manifested in a set of established policies, procedures and controls which uses the existing organizational structure to meet strategic targets. The Company's philosophy revolves on willing and knowledgeable risk acceptance commensurate with the risk appetite and strategic plan approved by the Board of directors. The Company is exposed to insurance, reinsurance, special commission rate, credit, liquidity and currency risks.

- a. Risk management structure - a cohesive organizational structure is established within the Company in order to identify, assess, monitor and control risks.
- b. Board of directors - the apex of 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.
- c. Senior management - the senior management is responsible for the day to day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

a) Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded 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. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like natural disasters, flood, environmental and economical, atmospheric disturbances, concentration of risks, civil riots etc. The Company manages these risk through the measures described above. The Company has limited its risk by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage). The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by management. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

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26 RISK MANAGEMENT (continued)

a) Insurance risk (continued)

Concentration of insurance risk

The Company monitors concentration of insurance risks primarily by class of business. The major concentration lies in medical and motor segment.

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For flood or earthquake risk, a complete city is classified as a single location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk. The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

Since the Company operates majorly in Saudi Arabia, all the insurance risks relate to policies written in Saudi Arabia.

Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the statement of financial position date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future. Factors such as judicial decisions and others affect the estimates. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the statement of financial position date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the statement of financial position date.

Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral reasonable estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

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26 RISK MANAGEMENT (continued)

a) Insurance risk (continued)

Process used to decide on assumptions (continued)

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. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim 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 that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve in result of liability adequacy test) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as at the statement of financial position date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

- Sensitivity analysis

The Company believes that the claim liabilities under insurance contracts outstanding at the year end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The insurance claim liabilities are sensitive to the various assumptions. It has not been possible to quantify the sensitivity of specific variable such as legislative changes or uncertainty in the estimation process.

A hypothetical 10% change in the claim ratio, net of reinsurance, would impact net underwriting income as follows:

	Change in assumptions	Increase in underwriting surplus	Decrease in underwriting surplus
Ultimate loss ratio			
2025	+/- 10%	136,442	(135,056)
2024	+/- 10%	90,391	(94,413)

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26 RISK MANAGEMENT (continued)

b) Reinsurance risk

In order to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for reinsurance purposes.

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. The criteria may be summarized as follows:

- Minimum acceptable credit rating by recognized rating agencies 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.

c) Interest 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 is exposed to commission rate risk on its term deposits and investment in Sukuk.

The Company has term deposits and investment in Sukuk which are realizable within 3 months up to 3 years, with the exception of restricted deposits which are required to be maintained in accordance with regulations in Saudi Arabia on which the Company does not earn any commission. Management limits commission rate risk by monitoring changes in commission rates in the currencies in which its deposits are denominated. The Company had no deposits in currencies other than Saudi Riyal.

The following information demonstrates the sensitivity of statement of income to possible changes in commission rates, with all other variables held constant.

	<u>2025</u>	<u>2024</u>
Increase / decrease in commission rates by 100 basis points	4,249	5,084

d) 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.

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

- a. To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers. Accordingly, as a pre-requisite, the parties with whom reinsurance is effected are required to have a minimum acceptable security rating level affirming their financial strength.
- b. The Company seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables.
- c. Cash and cash equivalents are maintained with local banks approved by the management. Accordingly, as a pre-requisite, the bank with whom cash and cash equivalents are maintained is required to have a minimum acceptable security rating level affirming its financial strength.

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26 RISK MANAGEMENT (continued)

d) Credit risk (continued)

The Company does not have an internal credit ratings assessment process, and accordingly, amounts which in respect of client balances, are from individuals and unrated corporate counter parties. Balances due from reinsurers are with counterparties who have investment grade credit ratings issued by external rating agencies.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

	31 December	
	2025	2024
Cash and cash equivalents	194,204	172,975
Murabaha deposits	363,089	523,258
Reinsurance contract assets	140,527	130,480
Insurance contract assets	7,320	-
Investments at amortised cost	55,079	4,903
Statutory deposit	74,996	74,986
	835,215	906,602

Credit quality

The credit quality of the financial assets is ranging from A to BBB+ that is strong and satisfactory quality

Very strong quality: Capitalization, earnings, financial strength, liquidity, management, market reputation and repayment ability are excellent.

Satisfactory quality: Require regular monitoring due to financial risk factors. Ability to repay remains at a satisfactory level.

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties. Investment grade ratings refers to companies with sound credit standing of AAA (as per a reputable credit agency) and/or Aaa to Baa3 (as per Moody's). Ratings below the mentioned threshold are considered sub-investment grade with a higher default risk.

	31 December 2025		
	Investment grade	Non-investment grade	Total
Cash and cash equivalents	194,204	-	194,204
Term deposits	363,089	-	363,089
Reinsurance contract assets	140,527	-	140,527
Investments at amortised cost	55,079	-	55,079
Statutory deposit	74,996	-	74,996
Accrued income on statutory deposit	688	-	688
	828,583	-	828,583

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26 RISK MANAGEMENT (continued)

d) Credit risk (continued)

	31 December 2024		
	Investment grade	Non-investment grade	Total
Cash and cash equivalents	172,975	-	172,975
Term deposits	523,258	-	523,258
Reinsurance contract assets	130,480	-	130,480
Investments at amortised cost	4,903	-	4,903
Statutory deposit	74,986	-	74,986
Accrued income on statutory deposit	5,285	-	5,285
	<u>911,887</u>	<u>-</u>	<u>911,887</u>

e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its operational or financial obligations when they are due. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds through premiums received and excess cash are available to meet any commitments as they arise.

The table below summaries the maturity profile of the financial liabilities of the Company based on remaining expected undiscounted contractual obligations:

	2025		
	Up to one year	More than one year	Total
Accrued expenses and other liabilities	40,052	-	40,052
Lease liabilities	231	-	231
Insurance contract liabilities	659,250	-	659,250
Accrued income payable to Insurance Authority	688	-	688
	<u>700,221</u>	<u>-</u>	<u>700,221</u>
	2024		
	Up to one year	More than one year	Total
Accrued expenses and other liabilities	54,627	-	54,627
Lease liabilities	701	-	701
Insurance contract liabilities	653,353	-	653,353
Accrued income payable to Insurance Authority	5,285	-	5,285
	<u>713,966</u>	<u>-</u>	<u>713,966</u>

All assets excluding financial assets at amortised cost, financial assets at fair value, fixtures, furniture and equipment and right-of-use assets, intangible assets, investment property, statutory deposit and accrued income on statutory deposit and term deposits are expected to be recovered or settled before one year.

None of the financial liabilities on the statement of financial position are based on discounted cash flows, with exception of end-of-service benefits and lease liabilities and are all payable on a basis as set out above. There are no differences between contractual and expected maturity of the financial liabilities of the company.

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26 RISK MANAGEMENT (continued)

f) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. 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 Saudi Riyals.

g) Market price risk

Market price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The Company has investment in unquoted equity instruments carried at cost, where the impact of changes in equity price will only be reflected when the instrument is sold or deemed to be impaired and then the statement of changes in equity will be impacted.

Sensitivity analysis

The sensitivity of the comprehensive income on the assumed changes in the market prices of quoted FVOCI investments included in the assets for the year ended 31 December 2025 and 2024 is set out below:

	2025		2024	
	<i>Change in market price</i>	<i>Impact +/-</i>	<i>Change in market price</i>	<i>Impact +/-</i>
+ / - 5%		144	+ / - 5%	219
+ / - 10%		288	+ / - 10%	439

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26 RISK MANAGEMENT (continued)

i) Liquidity risk and maturity profiles

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

Maturity Profiles

The table below summarizes the maturity profile of financial assets and financial liabilities of the Company based on remaining contractual obligations. impact of discounting is not significant.

	2025			2024		
	One year and less	More than a year	Total	One year and less	More than a year	Total
FINANCIAL ASSETS						
Cash and cash equivalents	194,204	-	194,204	172,975	-	172,975
Term deposits	363,089	-	363,089	523,258	-	523,258
Investments	129,563	127,837	257,400	138,970	66,044	205,014
Statutory deposit	-	74,996	74,996	-	74,986	74,986
Accrued income on statutory deposit	-	688	688	-	5,285	5,285
	686,856	203,521	890,377	835,203	146,315	981,518
FINANCIAL LIABILITIES						
Employees' end-of-service benefits	-	32,172	32,172	-	29,233	29,233
Accrued expenses and other liabilities	40,052	-	40,052	54,627	-	54,627
Provision for zakat	24,662	-	24,662	23,663	-	23,663
Accrued income payable to Insurance Authority	-	688	688	-	5,285	5,285
	64,714	32,860	97,574	78,290	34,518	112,808

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27 CLAIMS DEVELOPMENT TABLE

The following table shows the estimates of cumulative incurred claims, including both claims notified and incurred but not reported along with event not in data for each successive accident year at each statement of financial position date, together with cumulative payments to date. The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of the claims.

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.

Claims development table gross of reinsurance (with IBNR) for 2025:

Accident year	2019 & Prior	2020	2021	2022	2023	2024	2025	Total
At end of accident year	31,168,705	589,130	757,685	827,808	662,750	697,925	1,130,386	35,834,389
One year later	5,569,083	541,073	743,359	807,255	656,682	676,071	-	8,993,523
Two years later	5,554,392	535,261	765,308	834,418	648,186	-	-	8,337,565
Three years later	5,539,661	539,364	763,466	866,095	-	-	-	7,708,586
Four years later	5,519,520	549,215	797,710	-	-	-	-	6,866,445
Five years later	5,523,056	556,813	-	-	-	-	-	6,079,869
Six years later	5,524,258	-	-	-	-	-	-	5,524,258
Current estimate of cumulative claims	5,524,258	556,813	797,710	866,095	648,186	676,071	1,130,386	10,199,519
Cumulative payments to date	(5,512,856)	(550,598)	(764,279)	(858,114)	(628,307)	(669,019)	(1,005,101)	(9,988,274)
Gross outstanding claims, IBNR and ENID								
(undiscounted)	11,402	6,215	33,431	7,981	19,879	7,052	125,285	211,245
Effect of discounting								(4,507)
Gross discounted liabilities for incurred claims excluding risk adjustment								206,738
Effect of the risk adjustment margin for non-financial risk								11,584
Gross liabilities for incurred claims								218,322

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FOR THE YEAR ENDED 31 DECEMBER 2025**27 CLAIMS DEVELOPMENT TABLE (continued)**

Claims development table gross of reinsurance (with IBNR) for 2024:

Accident year	2018 & earlier	2019	2020	2021	2022	2023	2024	Total
At end of accident year	25,566,534	614,550	589,130	757,685	827,808	662,750	697,925	29,716,382
One year later	4,987,622	608,519	541,073	743,359	807,255	656,682	-	8,344,510
Two years later	4,960,565	612,464	535,261	765,308	834,418	-	-	7,708,016
Three years later	4,941,928	606,375	539,364	763,466	-	-	-	6,851,133
Four years later	4,933,287	583,704	549,215	-	-	-	-	6,066,206
Five years later	4,935,817	583,462	-	-	-	-	-	5,519,279
Six years later	4,939,594	-	-	-	-	-	-	4,939,594
Current estimate of cumulative claims	4,939,594	583,462	549,215	763,466	834,418	656,682	697,925	9,024,762
Cumulative payments to date	(4,929,016)	(581,948)	(541,436)	(757,660)	(824,952)	(611,661)	(482,677)	(8,729,350)
Gross outstanding claims, IBNR and								
ENID (undiscounted)	10,578	1,514	7,779	5,806	9,466	45,021	215,248	295,412
Effect of discounting								(11,302)
Gross discounted liabilities for incurred claims								
excluding risk adjustment								284,110
Effect of the risk adjustment margin for non-financial risk								13,889
Gross liabilities for incurred claims								297,999

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FOR THE YEAR ENDED 31 DECEMBER 2025**27 CLAIMS DEVELOPMENT TABLE (continued)**

Claims development table net of reinsurance (with IBNR) for 2025:

Accident year	2019 & Prior	2020	2021	2022	2023	2024	2025	Total
At end of accident year	21,706,996	545,045	568,448	740,223	761,894	614,830	1,108,902	26,046,338
One year later	4,531,305	547,317	515,864	732,358	780,250	659,364	-	7,766,458
Two years later	4,521,531	557,682	521,693	755,549	620,271	-	-	6,976,726
Three years later	4,510,373	551,190	525,596	818,659	-	-	-	6,405,818
Four years later	4,517,455	551,065	760,457	-	-	-	-	5,828,977
Five years later	4,518,160	529,220	-	-	-	-	-	5,047,380
Six years later	5,069,342	-	-	-	-	-	-	5,069,342
Current estimate of cumulative claims	5,069,342	529,220	760,457	818,659	620,271	659,364	1,108,902	9,566,215
Cumulative payments to date	(5,083,577)	(528,867)	(757,426)	(820,854)	(616,439)	(656,711)	(1,002,155)	(9,466,029)
Net outstanding claims, IBNR and ENID (undiscounted)	(14,235)	353	3,031	(2,195)	3,832	2,653	106,747	100,186
Effect of discounting								(3,274)
Net discounted liabilities for incurred claims excluding risk adjustment								96,912
Effect of the risk adjustment margin for non-financial risk								6,245
Net liabilities for incurred claims								103,157

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FOR THE YEAR ENDED 31 DECEMBER 2025**27 CLAIMS DEVELOPMENT TABLE (continued)**

Claims development table net of reinsurance (with IBNR) for 2024:

Accident year	2018 & earlier	2019	2020	2021	2022	2023	2024	Total
At end of accident year	21,706,996	545,045	568,448	740,223	761,894	614,830	670,390	25,607,826
One year later	4,531,305	547,317	515,864	732,358	780,250	621,412	-	7,728,506
Two years later	4,521,531	557,682	521,693	755,549	808,661	-	-	7,165,116
Three years later	4,510,373	551,190	525,596	756,423	-	-	-	6,343,582
Four years later	4,517,455	551,065	528,902	-	-	-	-	5,597,421
Five years later	4,518,160	551,107	-	-	-	-	-	5,069,267
Six years later	4,521,831	-	-	-	-	-	-	4,521,831
Current estimate of cumulative claims								
Cumulative payments to date	4,521,831	551,107	528,902	756,423	808,661	621,412	670,390	8,458,725
Net outstanding claims, IBNR and ENID (undiscounted)	(4,530,250)	(551,563)	(528,463)	(756,074)	(809,242)	(606,602)	(482,256)	(8,264,450)
	(8,419)	(456)	439	349	(581)	14,810	188,134	194,275
Effect of discounting								(9,166)
Net discounted liabilities for incurred claims excluding risk adjustment								185,109
Effect of the risk adjustment margin for non-financial risk								9,525
Net liabilities for incurred claims								194,634

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28 SUPPLEMENTARY INFORMATION

28.1 statement of financial position

	Insurance operations		Shareholders' operations		Total	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
ASSETS						
Cash and cash equivalents	182,075	161,253	12,129	11,722	194,204	172,975
Term deposits	250,973	393,050	112,116	130,209	363,089	523,258
Reinsurance contract assets	140,527	130,480	-	-	140,527	130,480
Insurance contract assets	7,320	-	-	-	7,320	-
Investments	79,477	25,010	177,923	180,004	257,400	205,014
Investment properties	-	-	64,018	-	64,018	-
Prepayments and other assets	115,981	39,880	1,782	44,043	117,763	83,923
Property and equipment	2,189	3,028	-	-	2,189	3,028
Right-of-use assets	227	688	-	-	227	688
Accrued income on statutory deposit	-	-	688	5,285	688	5,285
Statutory deposit	-	-	74,996	74,986	74,996	74,986
	778,769	753,389	443,652	446,249	1,222,421	1,199,637
Due from insurance operations	-	-	72,355	37,778	72,355	37,778
TOTAL ASSETS	778,769	753,389	516,007	484,027	1,294,776	1,237,415

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28 SUPPLEMENTARY INFORMATION (continued)

28.1 Statement of financial position (continued)

	Insurance operations		Shareholders' operations		Total	
	31 December	31 December	31 December	31 December	31 December	31 December
	2025	2024	2025	2024	2025	2024
LIABILITIES						
Accrued expenses and other liabilities	32,864	51,216	7,188	3,411	40,052	54,627
Insurance contract liabilities	659,250	653,353	-	-	659,250	653,353
Reinsurance contract liabilities	3,035	-	-	-	3,035	-
Provision for zakat	-	-	24,662	23,663	24,662	23,663
Lease liabilities	231	701	-	-	231	701
Employees' end-of-service benefits	32,172	29,233	-	-	32,172	29,233
Accrued income payable to Insurance Authority	-	-	688	5,285	688	5,285
	727,552	734,503	32,538	32,359	760,090	766,862
Due to shareholders' operations	72,355	37,778	-	-	72,355	37,778
TOTAL LIABILITIES	799,907	772,281	32,538	32,359	832,445	804,640
EQUITY						
Share capital	-	-	500,000	500,000	500,000	500,000
Statutory reserve	-	-	2,131	2,131	2,131	2,131
Accumulated losses	-	-	(86,359)	(108,060)	(86,359)	(108,060)
Investments fair value reserve	-	-	67,697	57,596	67,697	57,596
Re-measurement reserve on defined benefit plans	(21,138)	(18,892)	-	-	(21,138)	(18,892)
TOTAL EQUITY	(21,138)	(18,892)	483,469	451,667	462,331	432,775
TOTAL LIABILITIES AND EQUITY	778,769	753,389	516,007	484,026	1,294,776	1,237,415

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28 SUPPLEMENTARY INFORMATION (continued)

28.2 Statement of income

	For the year ended 31 December 2025					
	Insurance operations		Shareholders' operations		Total	
	2025	2024	2025	2024	2025	2024
Insurance service revenue	1,445,363	1,010,723	-	-	1,445,363	1,010,723
Insurance service expenses	(1,477,561)	(976,030)	-	-	(1,477,561)	(976,030)
Insurance service result before reinsurance contracts held	(32,198)	34,693	-	-	(32,198)	34,693
Allocation of reinsurance premiums	(60,200)	(64,121)	-	-	(60,200)	(64,121)
Amounts recoverable from reinsurance	79,337	25,229	-	-	79,337	25,229
Net expenses from reinsurance contracts held	19,137	(38,892)	-	-	19,137	(38,892)
Insurance service result	(13,061)	(4,199)	-	-	(13,061)	(4,199)
Investment income on financial assets at amortised cost	23,219	13,927	8,242	8,542	31,461	22,469
Investment income on financial assets at FVTPL	8,690	5,061	(8,758)	9,168	(68)	14,229
Impairment reversal / (losses) on financial assets	59	(1)	27	-	86	(1)
Fair value gain on investment properties	-	-	21,463	-	21,463	-
Net investment income	31,968	18,987	20,974	17,710	52,942	36,697
Finance expenses from insurance contracts issued	(17,689)	(14,174)	-	-	(17,689)	(14,174)
Finance income from reinsurance contracts held	5,346	3,977	-	-	5,346	3,977
Net insurance finance expenses	(12,343)	(10,197)	-	-	(12,343)	(10,197)
Net insurance and investment result	6,564	4,591	20,974	17,710	27,538	22,301
Other operating expenses	(27,169)	(24,413)	(7,726)	(6,667)	(34,895)	(31,080)
Other income	34,699	36,000	2,459	9,172	37,158	45,172
Net income for the year before Zakat	14,094	16,178	15,707	20,215	29,801	36,393
Zakat expense for the year	-	-	(8,100)	(9,504)	(8,100)	(9,504)
Net income for the year attributable to shareholders	14,094	16,178	7,607	10,711	21,701	26,889

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28 SUPPLEMENTARY INFORMATION (continued)

28.3 Statement of comprehensive income

	For the year ended 31 December 2025					
	Insurance operations		Shareholders' operations		Total	
	2025	2024	2025	2024	2025	2024
Net income for the year	-	-	21,701	26,889	21,701	26,889
Other comprehensive income:						
<i><u>Items that will not be recycled to statements of income in subsequent years:</u></i>						
Re-measurement loss on defined benefit plan	(2,246)	(3,858)	-	-	(2,246)	(3,858)
Change in fair value of financial investments at FVTOCI	-	127	10,101	19,527	10,101	19,654
Total comprehensive (loss) / income for the year	(2,246)	(3,731)	31,802	46,416	29,556	42,685
Total comprehensive income attributable to insurance operations	-	-	-	-	-	-
Total comprehensive (loss) / income	(2,246)	(3,731)	31,802	46,416	29,556	42,685

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28 SUPPLEMENTARY INFORMATION (continued)

28.4 Statement of cash flows

	For the year ended 31 December 2025					
	Insurance operations		Shareholders' operations		Total	
	2025	2024	2025	2024	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income for the year before zakat	-	-	29,801	36,393	29,801	36,393
Adjustments for:						
Depreciation of property and equipment & amortisation of ROU Asset	1,861	3,085	-	-	1,861	3,085
Fair value gain on investment properties	-	-	(21,463)	-	(21,463)	-
Investment loss / (income) on financial assets	(4,178)	(5,061)	9,834	(9,168)	5,656	(14,229)
Finance expenses from insurance contracts issued	17,689	14,174	-	-	17,689	14,174
Finance income from reinsurance contracts held	(5,346)	(3,977)	-	-	(5,346)	(3,977)
Reversal of Zakat provisions	-	-	-	(9,172)	-	(9,172)
Impairment reversal on financial assets	(59)	1	(27)	-	(86)	1
Finance cost on lease liabilities	28	129	-	-	28	129
Provision for employees' end-of-service benefits	4,615	4,082	-	-	4,615	4,082
Changes in operating assets and liabilities:						
Reinsurance contract assets	(4,701)	(18,912)	-	-	(4,701)	(18,912)
Insurance contract assets	(7,320)	-	-	-	(7,320)	-
Prepayments and other assets	(76,100)	29,929	(293)	(609)	(76,393)	29,320
Accrued expenses and other liabilities	(18,352)	14,333	3,777	1,115	(14,575)	15,448
Insurance contract liabilities	(11,792)	205,657	-	-	(11,792)	205,657
Reinsurance contract liabilities	3,035	(2,274)	-	-	3,035	(2,274)
Cash from / (used in) operations	(100,620)	241,165	21,629	18,559	(78,992)	259,725

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28 SUPPLEMENTARY INFORMATION (continued)

28.4 Statement of cash flows (continued)

	For the year ended 31 December 2025					
	Insurance operations		Shareholders' operations		Total	
	2025	2024	2025	2024	2025	2024
Due to shareholders / (from insurance operations)	34,577	26,768	(34,577)	(26,768)	-	-
Zakat paid	-	-	(7,101)	(6,688)	(7,101)	(6,688)
Employees' end-of-service benefits paid	(3,922)	(2,440)	-	-	(3,922)	(2,440)
Net cash generated from / (used in) operating activities	(69,965)	265,493	(20,050)	(14,897)	(90,015)	250,597
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from matured term deposits	142,076	(209,762)	18,097	15,875	160,173	(193,886)
Additions to investments	(120,903)	(56,935)	(22,642)	-	(143,545)	(56,935)
Proceeds from investments disposals	70,673	60,983	25,003	3,387	95,676	64,370
Additions to property and equipment	(561)	(764)	-	-	(561)	(764)
Net cash used in investing activities	91,285	(206,478)	20,457	19,262	111,743	(187,215)
CASH FLOWS FROM FINANCING ACTIVITIES						
Lease liabilities paid	(498)	(978)	-	-	(498)	(978)
Net cash used in financing activities	(498)	(978)	-	-	(498)	(978)
Net change in cash and cash equivalents	20,822	58,038	407	4,366	21,229	62,404
Cash and cash equivalents at the beginning of the year	161,253	103,215	11,722	7,356	172,975	110,571
Cash and cash equivalents at the end of the year	182,075	161,253	12,129	11,722	194,204	172,975
Supplemental non-cash information:						
Change in fair value of financial investments at FVTOCI	-	127	10,101	19,527	10,101	19,654
Reclassification from prepayments and other assets to investment property	-	-	42,555	-	42,555	-

MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in thousands Saudi Riyal unless otherwise stated)

AS AT 31 DECEMBER 2025

29 SIGNIFICANT EVENTS

Inherent Defects Insurance "IDI" pool management has been transferred to another Insurance company as pool leader effective from June 24, 2025. The company is no longer entitled to management fees that was reported under other income from the effective date of transfer.

The company during the year ended at December 31, 2025 has transferred all assets and liabilities of the pool to the new pool leader. The company is still a participant in the pool with the same retention share after the pool transfer.

The Company will continue to record in its financials the IDI portfolio assets, liabilities, revenues and expenses relating to its share in the portfolio in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

30 RIGHTS AND ENTITLEMENTS OF NON-SAUDI EMPLOYEES IN PRIVATE SECTOR ENTITIES INSURANCE

This represents the Company's share of surplus 4.99% (2024: Nil) in the Employers' Delinquency Insurance Pool product. The Company along with eighteen other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with Al-Etihad Cooperative Insurance Company, effective from 3 November 2024. This compulsory product covers default of entities in paying the rights and entitlements of non-Saudi employees in private sector entities offered by the "Ministry of Human Resources and Social Development" through IA.

The agreement is valid for an initial term of five years, starting from 3 November 2024, and renewable for another five years, subject to the terms and conditions of the agreement.

The Company's share of income recognized in the pool for the year ended 31 December 2025 amounted to SR 2.7 million, based on the latest financial information available from the pool. This amount has been reported under insurance service revenue in the accompanying financial statements.

31 SUBSEQUENT EVENTS

There have been no subsequent events since the year-end that require disclosure or adjustment in these financial statements except for those disclosed in these financial statements.

32 RECLASSIFICATION OF PRIOR PERIOD NOTES TO THE FINANCIAL STATEMENTS

Certain amounts from prior periods in notes to the financial statements have been reclassified and regrouped to align with current periods' presentation. However, there are no material reclassifications.

33 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 01 Ramadan 1447 H corresponding to 18 February 2026.