

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

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

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

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

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## INDEPENDENT AUDITORS' REPORT

**To the Shareholders of  
Saudi Enaya Cooperative Insurance Company**  
(A Saudi Joint Stock Company)

### Opinion

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

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

### Basis for Opinion

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

### Material Uncertainty Related to Going Concern

We draw attention to Note 4 in the financial statements, which describes that the Company has accumulated losses of SAR 75.28 million as at 31 December 2025 which represents 32.7% of its share capital and that subsequent to the reporting date the proposed merger with Salama Cooperative Insurance Company was not approved by the Extraordinary General Assembly. These events and conditions, along with the other matters set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Valuation of estimates of present value of cashflows and risk adjustment for non-financial risk - insurance contract liabilities</b></p> <p>The estimation of the liability for incurred claims and loss component involves a significant degree of judgement. This entails estimating the present value of future cash flows and the risk adjustment for non-financial risk (forming part of liability for incurred claims) and loss component (forming part of liability for remaining coverage). The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils its obligations under insurance</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Understood, evaluated and tested key controls around the claims handling and provision setting processes.</li> <li>• Evaluated the competence, capabilities and objectivity of the management's appointed actuary based on their professional qualifications and experience and assessed their independence.</li> <li>• Performed substantive procedure, on sample basis, on the amounts recorded for claims notified and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of the ultimate expected claims.</li> <li>• Assessed the integrity of data used as inputs into the</li> </ul>

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

**To the Shareholders of  
Saudi Enaya Cooperative Insurance Company**  
(A Saudi Joint Stock Company)

### Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>contracts. The present value of future cash flows is based on the best estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs. As at 31 December 2025, estimate of present value of cash flows and risk adjustment for non-financial risk for corporate segment amounts to SAR 30.48 million and SAR 0.32 million respectively, and estimate of present value of cash flows and risk adjustment for non-financial risk for SMEs and others segment amounts to SAR 24.28 million and SAR 0.54 million respectively, as reported in note 13 to the financial statements.</p> <p>Accordingly, this complexity arises from calculating the actuarial best estimate and the margin using historical data which is sensitive to external inputs, such as claims cost inflation and medical trends, as well as the actuarial methodology that is applied and the assumptions on current and future events.</p> <p>We have considered this as a key audit matter due to the inherent estimation uncertainty, complexity and subjectivity involved in the valuation of the estimates of present value of future cash flows, risk adjustment for non-financial risk and loss component arising from insurance contracts.</p> <p><i>Refer to notes 3(b)(i) for the accounting policy and significant accounting judgements, estimates and assumptions adopted by the Company, involved in the initial recognition and subsequent measurement of insurance contract liabilities. Also, refer to note 13 for the movement in insurance contract liabilities.</i></p>	<p>actuarial valuations by testing on sample basis, the accuracy of underlying claims data used by the management's appointed actuary in estimating the present value of the future cashflows, risk adjustment for non-financial risk and loss component by tracing it to the accounting and other records.</p> <ul style="list-style-type: none"> <li>• Engaged our actuarial experts to assess the Company's methods and assumptions and evaluate the Company's actuarial practices and provisions established including the actuarial report issued by management's appointed actuary, by performing the following: <ul style="list-style-type: none"> <li>i. Evaluated whether the Company's actuarial methodologies were consistent with generally accepted actuarial practices and with prior years. We sought sufficient justification for any significant differences; and</li> <li>ii. Assessed the appropriateness of key actuarial assumptions including expected loss ratios. We tested these assumptions by comparing them with the Company's historical experience and our own industry knowledge. We also performed rejections of the present value of future cashflows using these assumptions and methods, and compared them with the amounts recorded by the management.</li> </ul> </li> <li>• Assessed the adequacy and appropriateness of the related disclosures in the financial statements.</li> </ul>

### Other information

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

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

When we read the Company's 2025 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

**To the Shareholders of  
Saudi Enaya Cooperative Insurance Company**  
(A Saudi Joint Stock Company)

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

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

### **Auditors' responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**To the Shareholders of  
Saudi Enaya Cooperative Insurance Company  
(A Saudi Joint Stock Company)**

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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

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

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

**For El Sayed El Ayouty & Co.  
Certified Public Accountants  
P.O. Box 780  
Jeddah 21421  
Kingdom of Saudi Arabia**

**For Crowe Solutions for Professional Consulting  
Certified Public Accountants  
P. O. Box 10504  
Riyadh 11443  
Kingdom of Saudi Arabia**



**Abdullah Ahmed Balamesh  
Certified Public Accountant  
License No. 345**





**Abdullah M. AlAzem  
Certified Public Accountant  
License No. 335**



26 March 2026  
7 Shawwal 1447H  
Jeddah, Kingdom of Saudi Arabia

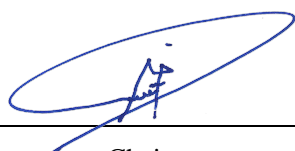
**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

	<b>Notes</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>ASSETS</b>			
Cash and cash equivalents	5	<b>151,451</b>	78,560
Short term murabaha deposits	6	-	-
Investments	7	<b>34,685</b>	147,705
Property and equipment, net	8	<b>1,588</b>	2,172
Intangible assets, net	9	<b>631</b>	484
Right of use assets, net	10.1	<b>1,704</b>	2,813
Statutory deposit	11	<b>34,500</b>	34,500
Accrued income on statutory deposit	11	<b>1,651</b>	1,040
Prepaid expenses and other assets	12	<b>4,171</b>	2,587
<b>TOTAL ASSETS</b>		<b>230,381</b>	269,861
<b>LIABILITIES</b>			
Insurance contract liabilities	13	<b>49,360</b>	84,059
Accrued income payable to Insurance Authority		<b>1,651</b>	1,040
Accrued expenses and other liabilities		<b>2,917</b>	3,076
Lease liabilities	10.2	<b>1,275</b>	2,359
Employees' end of service benefits	15	<b>5,562</b>	5,531
Provision for zakat and income tax	19	<b>13,066</b>	9,882
<b>TOTAL LIABILITIES</b>		<b>73,831</b>	105,947
<b>EQUITY</b>			
Share capital	20	<b>230,000</b>	230,000
Accumulated losses	4	<b>(75,284)</b>	(68,585)
Re-measurement reserve for employees' end of service benefits – related to insurance operations		<b>1,834</b>	2,499
<b>TOTAL EQUITY</b>		<b>156,550</b>	163,914
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>230,381</b>	269,861



Chairman



Acting Chief Executive Officer /  
Chief Financial Officer

The accompanying notes from 1 to 30 form an integral part of these financial statements

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

**STATEMENT OF INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Insurance revenue	17	<b>170,539</b>	233,508
Insurance service expenses	17	<b>(159,686)</b>	(258,475)
<b>Net insurance service result</b>		<b>10,853</b>	(24,967)
<b>Investment income</b>			
Investment income on financial assets at amortised cost		<b>8,907</b>	13,169
Investment income on financial assets at fair value through profit and loss (FVTPL)		-	205
Net impairment reversal on financial assets		<b>13</b>	68
<b>Net investment income</b>		<b>8,920</b>	13,442
<b>Net insurance and investment result</b>		<b>19,773</b>	(11,525)
Other operating expenses	22	<b>(18,431)</b>	(15,729)
Other income	23	-	901
<b>Income / (loss) attributed to shareholders before zakat and income tax</b>		<b>1,342</b>	(26,353)
Zakat charge	19	<b>(8,034)</b>	(409)
Income tax charge	19	<b>(7)</b>	-
<b>Net loss attributed to the shareholders after zakat and income tax</b>		<b>(6,699)</b>	(26,762)
Weighted average number of ordinary shares outstanding (in thousands shares)	25	<b>23,000</b>	23,000
Basic and diluted loss per share (SAR per share)	25	<b>(0.29)</b>	(1.16)



Chairman



Acting Chief Executive Officer / Chief  
Financial Officer

The accompanying notes from 1 to 30 form an integral part of these financial statements

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<b>OTHER COMPREHENSIVE LOSS</b>			
Net loss attributed to the shareholders after zakat and income tax		(6,699)	(26,762)
<i>Items that will not be reclassified to statement of Income in subsequent years</i>			
Actuarial loss on employees' end of service benefits	14	<u>(665)</u>	<u>(81)</u>
<b>Total comprehensive loss for the year</b>		<u><b>(7,364)</b></u>	<u><b>(26,843)</b></u>



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Chairman



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Acting Chief Executive Officer /  
Chief Financial Officer

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The accompanying notes from 1 to 30 form an integral part of these financial statements

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Re-measurement reserve of end of service benefits – related to insurance operations</u>	<u>Total equity</u>
<b>Balance as at 31 December 2024</b>	<b>230,000</b>	<b>(68,585)</b>	<b>2,499</b>	<b>163,914</b>
Net loss attributed to the shareholders	-	(6,699)	-	(6,699)
Other comprehensive loss	-	-	(665)	(665)
Total comprehensive loss for the year	-	(6,699)	(665)	(7,364)
<b>Balance as at 31 December 2025</b>	<b>230,000</b>	<b>(75,284)</b>	<b>1,834</b>	<b>156,550</b>
Balance as at 31 December 2023	230,000	(41,823)	2,580	190,757
Net loss attributed to the shareholders	-	(26,762)	-	(26,762)
Other comprehensive loss	-	-	(81)	(81)
Total comprehensive loss for the year	-	(26,762)	(81)	(26,843)
Balance as at 31 December 2024	230,000	(68,585)	2,499	163,914

  
Chairman

  
Acting Chief Executive Officer / Chief Financial Officer

The accompanying notes from 1 to 30 form an integral part of these financial statements

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

	Notes	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income / (loss) attributed to shareholders before zakat and income tax		1,342	(26,353)
<i>Adjustments for non-cash items:</i>			
Depreciation of property and equipment	8	774	893
Amortization of intangible assets	9	245	308
Depreciation of right of use assets	10.1	1,109	987
Finance cost on lease liabilities	10.2	90	74
Net impairment reversal on financial assets		(10)	(71)
Provision for employees' end of service benefits	15	996	2,065
<i>Changes in operating assets and liabilities:</i>			
Prepaid expenses and other assets		(1,584)	11,036
Accrued expenses and other liabilities		(159)	(2,439)
Insurance contract liabilities		(34,699)	(22,729)
<b>Cash used in operations</b>		<b>(31,896)</b>	<b>(36,229)</b>
Employees' end of service benefits paid	15	(1,630)	(1,843)
Zakat and income tax paid	19	(4,857)	(5,445)
<b>Net cash used in operating activities</b>		<b>(38,383)</b>	<b>(43,517)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments, net	7.2	-	1,554
Proceeds from maturity of investments in sukuks	7.1	147,715	-
Proceeds from maturity of short-term Murabaha deposits, net	6	-	248,345
Placement in Sukuks	7.1	(34,685)	(147,715)
Purchase of intangible assets	9	(392)	-
Purchase of property and equipment	8	(190)	(2,267)
<b>Net cash generated from investing activities</b>		<b>112,448</b>	<b>99,917</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liabilities	10	(1,174)	(1,174)
<b>Net cash used in financing activities</b>		<b>(1,174)</b>	<b>(1,174)</b>
Net change in cash and cash equivalents		72,891	55,226
Cash and cash equivalents, beginning of the year		78,560	23,334
<b>Cash and cash equivalents, end of the year</b>		<b>151,451</b>	<b>78,560</b>
<b>Non-cash item:</b>			
Actuarial loss on employees' end of service benefits		(665)	(81)



Chairman



Acting Chief Executive Officer /  
Chief Financial Officer

The accompanying notes from 1 to 30 form an integral part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Saudi Enaya Cooperative Insurance Company (a Joint Stock Company incorporated in Kingdom of Saudi Arabia), (the "Company"), was formed pursuant to Royal Decree No. 98/Q dated 16 Rabi Awwal 1433H (Corresponding to 8 February 2012). The Company operates under Commercial Registration no. 4030223528 dated 27 Rabi Awwal 1433H (corresponding to 19 February 2012). The registered address of the Company's head office is as follows:

Building No. 7521, Al Fakhr, Al Khalidiya District  
P.O. Box 3732, Jeddah 23423  
Kingdom of Saudi Arabia

Following is the branch of the Company:

<b><u>Branch</u></b>	<b><u>Commercial Registration Number:</u></b>
Riyadh	1010421871

The Company is licensed to conduct medical insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/49 dated 27 Rajab 1432H (corresponding to 29 June 2011) pursuant to the Council of Ministers' Resolution No 224 dated 25 Rajab 1432H (corresponding to 27 June 2011). As of the date of incorporation, the Company is 77% owned by the Saudi shareholders and the general public and 23% owned by non-Saudi shareholders. The Company was listed on the Saudi Stock Exchange (Tadawul) on 27 February 2012.

On 27 Rajab 1432H (corresponding to 29 June 2011), the Law on the Supervision of Cooperative Insurance Companies ("Insurance Law") was promulgated by Royal Decree Number (M/49). On 27 February 2012, the Saudi Central Bank ("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. From 23 November 2023, the Insurance Authority (IA) became the authorized regulator of the insurance industry in Saudi Arabia, however, laws and regulations issued previously by SAMA related to the insurance sector will remain in effect until further instructions are issued by the IA.

The new Companies Law, issued through Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30 June 2022) (hereinafter referred to as the "New Law"), came into force on 26/06/1444H (corresponding to 19 January 2023). The amended implementing regulations were subsequently issued by the Capital Market Authority (CMA) based on the provisions of the New Law. Certain provisions of the New Law and the amended CMA implementing regulations require full compliance no later than two years from 26/06/1444H (corresponding to 19 January 2023). Accordingly, the Company proposed updates to its by-laws, which were subsequently approved by the shareholders at the Third Extraordinary General Assembly (EGA) meeting on 10 Ramadan 1446H (corresponding to 10 March 2025). All the legal formalities associated with the change in by-laws were completed during the period.

**Proposed merger**

During the period, on 26 Sha'ban 1446H (corresponding to 25 February 2025), the Company signed a non-binding Memorandum of Understanding (MoU) with Salama Cooperative Insurance Company ("Salama"), to evaluate a potential merger between Salama and the Company. On May 29, 2025, General Authority for Competition issued the non-objection on the completion of the economic concentration resulting from the Potential Merger. The Company announced the signing of a binding MOU with Salama on 20/02/1447H (corresponding to 14 August 2025) (the "Merger Agreement") pursuant to which the Company will be merged into Salama and all of the Company's rights, liabilities, assets and contracts of the Company will be subsumed by Salama in exchange for Salama's issuance of 18,984,000 new ordinary shares with nominal value of SAR 10 each in Salama to the Company's shareholders pursuant to Article (225) and Articles (227) to (229) of the Companies Law, Article (49)(a)(1) of the Merger and Acquisition Regulations and in accordance with the Rules on the Offer of Securities and Continuing Obligations issued by the board of the Capital Market Authority (the "CMA"), and in accordance with the conditions and provisions of the Merger Agreement (the "Merger"). On 15 Rajab 1447H (corresponding to 4 January 2026) shareholders of Salama announced approval of increase in the share capital through merger with the Company.

Subsequent to year end, on 13 Sha'ban 1447H (corresponding to 1 February 2026), the Company announced disapproval of the offer submitted by Salama to the shareholders of the Company for the purpose of merging the Company.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncement that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (“IFRS as endorsed by SOCPA”).

The financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value through profit or loss (FVTPL) and measurement of employees’ end of service benefits recognized at the present value of future obligations. The Company’s statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, short term murabaha deposits, prepaid expenses and other assets, insurance contract liabilities, accrued expenses and other liabilities and provision for zakat and income tax. The following balances would generally be classified as non-current: Employees’ end of service benefits, lease liabilities, accrued income payable to Insurance Authority, accrued income on statutory deposit, investments, statutory deposit, property and equipment – net, intangible assets – net and right of use assets – net.

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders’ Operations and presents the supplementary information accordingly Assets, liabilities, revenues, and expenses clearly attributable to either activity is recorded in the respective accounts. Similarly, in the past, the Company’s annual financial statements presented separately the statements of financial position, income, comprehensive income and cash flows for the insurance operations and shareholders operations. The basis of the allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

In accordance with the by-laws of the Company, the surplus arising from the Insurance Operations is distributed as follows:

Shareholders	90%
Policyholders	<u>10%</u>
	<u>100%</u>

In case of deficit arising from the Insurance Operations, the entire deficit is allocated and transferred to Shareholders’ Operations.

The statement of financial position, statement of income and statement of comprehensive income and cash flows of the insurance operations and shareholders operations which are presented on pages 50 and 51 of the financial statements have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by Insurance Authority (“IA”) implementing regulations. IA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the statements of financial position, statement of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

**(b) Functional and presentation currency**

These financial statements have been presented in Saudi Arabian Riyals (SAR), which is also the functional currency of the Company. All financial information presented in Saudi Arabian Riyal has been rounded to the nearest thousands, except where otherwise indicated.

**(c) Fiscal year**

The Company follows a fiscal year ending December 31.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

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

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

The preparation of the financial statements requires the use of estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those 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. Estimates of future cash flows to fulfil insurance contracts***

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. Such estimates are made using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

***ii. Methods used to measure the risk adjustment for non-financial risk***

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favorable and unfavorable outcomes in a way that reflects the Company's degree of risk aversion.

Judgement is involved in assessing the most appropriate method to estimate the risk adjustment for non-financial risk.

***iii. Definition and classification***

Judgement is required in order to determine whether contracts are within the scope of IFRS 17 and, for contracts determined to be within the scope of IFRS 17, what measurement model is applicable:

- Whether a contract issued accepts significant insurance risk.
- For insurance contracts with a coverage year of more than one year and for which the entity applies the Premium Allocation Approach (PAA), the eligibility assessment as required by paragraphs 53(a), 54, 69(a) and 70 of IFRS 17 and might involve significant judgement.

***iv. Unit of account***

Judgement is involved in combination of insurance contracts and separation of distinct components:

- Combination of insurance contracts – whether the contract with the same or related counterparty achieves or is designed to achieve, an overall commercial effect and require combination.
- Separation – whether components in paragraphs 11–12 of IFRS 17 are distinct (that is, they meet the separation criteria).
- Separation of contracts with multiple insurance coverage – whether there are facts and circumstances where the legal form of an insurance contract does not reflect the substance and separation is required.

***v. Insurance contracts aggregation***

Judgement is involved in the identification of portfolios of contracts, as required by paragraph 14 of 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. Areas of potential judgements include:

Paragraph 17 of IFRS 17 – 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 paragraph 16 of IFRS 17; and paragraphs 18 and 19 of IFRS 17 – judgements might be applied on initial recognition to distinguish between no onerous contracts (those having no significant possibility of becoming onerous) and other contracts.

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

**(d) Critical accounting judgments, estimates and assumptions – (continued)**

**v. Insurance contracts aggregation - (continued)**

For contracts measured under the PAA, the assessment of the likelihood of adverse changes in applicable facts and circumstances is an area of potential judgement.

For insurance contracts issued 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.

The determination of whether laws or regulations constrain the Company practical ability to set a different price or level of benefits for policyholders with different risk profiles, so that the Company might include such contracts in the same group, disregarding the aggregation requirements set in paragraphs 14–19 of IFRS 17, is an area of judgement.

**vi. Recognition and derecognition**

When contracts are modified, judgement might be applied to establish if the modification meets the criteria for derecognition. After the modification, judgement is applied to determine whether:

- significant insurance risk still exists;
- there are elements that are to be distinct from the contract;
- contract boundaries have changed;
- the contract would have to be included in a different group, subject to aggregation requirements; and
- The contract no longer meets the requirements of the measurement model.

**vii. Fulfilment cash flows**

The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract within the scope of IFRS 17. Judgements might be involved to determine when the Company is capable of repricing the entire contract to reflect the reassessed risks, when policyholders are obliged to pay premiums, and when premiums reflect risks beyond the coverage year. Where features such as options and guarantees are included in the insurance contracts, judgement might be required to assess the entity's practical ability to reprice the entire contract to determine if related cash flows are within the contract boundary.

An entity can use judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to the fulfilment of the contracts.

**viii. Financial performance**

The determination of what constitutes an investment component might be an area of judgement significantly affecting amounts of recognized insurance revenue and insurance service expenses, because investment components should be excluded from those.

An entity might apply judgement to determine whether the treatment of certain consequential insurance risks within liability for remaining coverage (LRC) or liability for incurred claims (LIC) reflects the most useful information about the insurance services provided by the entity to the policyholder.

**(e) Seasonality of operations**

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

**NOTES TO THE FINANCIAL STATEMENTS  
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**3. MATERIAL ACCOUNTING POLICIES**

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

**a) (i) New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Company**

<u>Standards, amendments, interpretations</u>	<u>Description</u>	<u>Effective date</u>
Amendments to IAS 21	Lack of exchangeability – Amendments to IAS 21	01 January 2025

These amendments had no impact on the financial statements of the Company.

**a) (ii) Accounting standards issued but not yet effective**

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2026 or after, but do not have a material impact on the financial statements of the Company, except for the application of IFRS 18 for which the management is assessing the impact, on the financial statements.

<u>Standards, amendments, interpretations</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for earlier adoption/effective date deferred indefinitely
New standard “IFRS 18”	IFRS 18, ‘Presentation and Disclosure in Financial Statements’	01 January 2027
New standard “IFRS 19”	IFRS 19, ‘Subsidiaries without Public Accountability: Disclosures’	01 January 2027
Amendments to IFRS 9 and IFRS 7	Classification and measurement of Financial Instruments- Amendments to IFRS 9 and IFRS 7	01 January 2026
	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	01 January 2026
IFRS Accounting Standards – Volume 11	Annual Improvements to IFRS Accounting Standards – Volume 11	01 January 2026

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

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

**(i) IFRS 17 - accounting policies, including key judgments and estimates**

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

Unit of account and measurement model

The Company operates as a mono-line insurer, operating in the Private Medical Insurance (PMI) business. The PMI business is further divided as Corporate, SMEs and Others based on customer size. All insurance contracts within PMI line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognized and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous.

This level of granularity determines sets of contracts. The Company uses judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

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

The liability for remaining coverage includes:

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

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

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

Initial and subsequent measurement

Groups of insurance contracts issued are initially recognized from the earliest of the following:

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

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

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

**(i) IFRS 17 – accounting policies, including key judgments and estimates (continued)**

Initial and subsequent measurement – (continued)

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

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

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

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

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

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

Only contracts that individually meet the recognition criteria by the end of the reporting year are included in the Company. When contracts meet the recognition criteria in the Company after the reporting date, they are added to the Company in the reporting year in which they meet the recognition criteria, subject to the annual cohort’s restriction. The composition of the Company is not reassessed in subsequent years.

Liability for Incurred Claims "LIC"

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

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

The main assumption underlying these techniques is that the 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 (severity) and average number of claims (frequency) based on the observed development of earlier years and expected loss ratios. Historical claims development is analyzed by accident year, geographical area, as well as claim type. Loss ratio is the ratio of total claims incurred to total premiums earned for the portfolio

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

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

**(i) IFRS 17 – accounting policies, including key judgments and estimates (continued)**

Liability for Incurred Claims "LIC"- (continued)

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

The Company has elected not to adjust the LRC for the effect of time value of money, as it expects the time between providing each part of the coverage and the related premium due date to be one year or less. Likewise, the Company has decided not to discount the LIC for the time value of money as most of the claims incurred are expected to be settled within a 12-month year.

An insignificant portion of the LIC is expected to be carried over beyond 12 months, with an immaterial impact on LIC and statement of income. The Company will regularly monitor the time it takes to settle claims from the date they are incurred.

Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the year in which the policyholder is obligated to pay premiums, or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- (i) the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- (ii) both of the following criteria are satisfied:
  - the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  - the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to years beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance and financial risks, are considered; other risks, such as lapse or surrender and expense risk, are not included. Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts, form part of a single insurance contract with all of the cash flows within its boundary.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognized when those contracts meet the recognition criteria.

Insurance acquisition costs

Insurance acquisition cash flows are the costs that are directly associated with selling, underwriting, and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to a portfolio of insurance contracts. Acquisition costs fall under the insurance service expense. The Company amortizes the insurance acquisition costs over the contract year.

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

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

**(i) IFRS 17 – accounting policies, including key judgments and estimates (continued)**

Directly attributable expenses

Directly attributable expenses are the costs that can be fully or partially attributed to the fulfillment of the groups of insurance contracts. The Company allocates the attributable costs based on a number of drivers. Attributable costs fall under the insurance service expense. While the non-attributable costs are reported under other operating expenses.

Other operating expenses

Other operating expenses include non-attributable expenses which are administrative expenses and are not linked to insurance contracts.

Insurance revenue

The insurance revenue for the year is the amount of expected premium receipts allocated to the year. The Company allocates the expected premium receipts to each year of insurance contract services on the basis of the passage of time. The impact of seasonality is not considered material in relation to recording the insurance revenue.

Insurance revenue is adjusted to allow for policyholders' default on future premiums. The default probability is derived from the expected loss model prescribed under IFRS 9.

Insurance service expenses

Insurance service expenses include the following:

- a. incurred claims for the year.
- b. other incurred directly attributable expenses.
- c. insurance acquisition cash flows amortization.
- d. changes that relate to past service – changes in the FCF relating to the LIC.
- e. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

Onerous contract

The Company assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. 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 the statement of income over the coverage year to offset incurred claims in insurance service expense.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. The Company has chosen a confidence level based on the 75th percentile of the distribution of the claim reserves, considering the confidence level is adequate to cover sources of uncertainty about the amount and timing of the cash flows.

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

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

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

**Financial assets – Classification**

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets at amortized cost

*Debt Instruments:*

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

- The asset is held within a business model whose objective is achieved by collecting contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI”).

Financial assets at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in Other Comprehensive Income (OCI). Interest income and foreign exchange gains and losses are recognized in the statement of income.

For an equity investment, the Company may irreversibly elect to present subsequent changes in fair value in OCI. This election is made on an instrument-by- instrument basis on initial recognition.

Financial assets at FVTPL

All other financial assets are classified 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 amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets are not reclassified subsequent to their initial recognition, except in the year after the Company changes its business model for managing financial assets.

Business model assessment

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the application of those policies in practice.
- whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Company's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

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

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

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

Business model assessment - (continued)

- how managers of the business are compensated- e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume, and timing of sales in prior years, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

For the purpose of the assessment of whether contractual cash flows are solely payments of principal and interest, principal is the fair value of the financial asset on initial recognition. Interest is the consideration for the time value of money, the credit and other basic lending risks associated with the principal amount outstanding during a particular year and other basic lending costs (e.g., liquidity risk and administrative costs), along with profit margin.

**Financial assets – Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

All regular-way purchases and sales of financial assets are initially recognized and derecognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in statement of income and presented in other gains/(losses) together with foreign exchange gains and losses.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in the statement of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to the statement of income and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in the statement of income and presented net within other gains/(losses) in the year in which it arises.

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

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

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

**Financial assets – Measurement – (continued)**

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments.

Dividends from such investments continue to be recognized in the statement of income as investment income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognized in investment income in the statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Certain Tier-1 sukuks have been classified under equity due to the perpetual nature of the instruments and discretion of profit distribution with the issuer.

**Financial assets – Impairment**

Overview of Expected Credit Loss ("ECL") principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. Lifetime expected credit losses represent ECL that would result from all possible default events over the expected life of the financial asset whereas 12 month expected credit losses are those life expected credit losses expected to occur within 12 months of the statement of financial position date. Both lifetime ECLs and 12-month ECLs will be calculated on an individual basis depending on the nature of the underlying portfolio of financial instruments.

The Company recognizes loss allowances for ECL on the following financial instruments that are not measured at fair value:

- Financial assets that are debt instruments
- Deposits and bank balances
- Other receivables balances

No impairment loss is recognized on equity instruments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Company considers debt securities to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. The measurement of ECL for other receivables is carried out using the simplified ECL impairment model and is determined by using a matrix which uses historical credit loss experience of the Company. For investment in debt securities, if the Days Past Due ('DPD') is 0, then investment is considered as Stage 1 and if the DPD is more than 0, investment is considered as Stage 3.

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

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

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

**Financial assets – Impairment – (continued)**

Staging of financial assets

The Company categorizes its investments portfolio classified as amortized cost and FVOCI into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1 - Performing financial assets for which there has been no significant deterioration in credit quality since initial recognition.

Stage 2 - Underperforming financial assets for which there has been a significant deterioration in credit quality since initial recognition, but which are not credit-impaired; and

Stage 3 - Non-performing financial assets for which there has been a significant deterioration in credit quality since initial recognition and which have become credit-impaired.

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer.
- a breach of contract such as a default or past due event (more than 90 days).
- it is becoming probable that the borrower or issuer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for security because of financial difficulties.

Credit impaired financial asset

In assessing whether an investment in sovereign debt is credit-impaired, the Company considers the following factors.

- The market's assessment of creditworthiness, as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Definition of default

In assessing whether an issuer is in default, the Company considers indicators that are:

- qualitative- e.g., breaches of covenant and non-payment on another obligation of the same issuer to the Company.
- quantitative- e.g., overdue status; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

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

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

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

**Financial assets – Impairment (continued)**

ECL methodology and measurement

ECL is computed based on the parameters namely Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) values. ECL is discounted at an appropriate rate to get the Present Value of ECL.

For the investment portfolio, a generalized approach is used, where assets are classified under 3 different stages based on the SICR criteria: Stage 1, Stage 2, and Stage 3 where 12-month ECL is computed for Stage 1 and lifetime ECL for Stage 2 and Stage 3. For other receivable portfolios, a simplified approach is used, for which staging is not required, based on a lifetime ECL computation.

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Probability of Default ('PD')

The probability of default is an estimate of the likelihood of default over a given time horizon.

Loss Given Default ('LGD')

Loss given default inputs are determined by class of financial instrument based on historical experience of loss and recovery rates for similar financial instruments and other relevant industry data.

Exposure at Default ('EAD')

The exposure at default is an estimate of the exposure at a future default date.

Forward looking estimate

While estimating the ECL, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a yearly basis, the Company analyzes the relationship between key economic trends with the estimate of PD. The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on reports from economic experts and consideration of a variety of external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Kingdom and selected private-sector and academic forecasters. The base case represents the most-likely outcome and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Yearly, the Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

**NOTES TO THE FINANCIAL STATEMENTS  
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(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

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

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

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

**Financial liabilities**

Classification and derecognition of financial liabilities

The Company classifies its financial liabilities, other than financial guarantees if any, as measured at Amortized cost. Amortized cost is calculated by considering any discount or premium and costs that are an integral part of the Effective Interest Rate (“EIR”). A liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of income. The Company derecognizes financial liability when its contractual obligations are discharged or cancelled or expire.

**(iii) Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, bank balances and term deposits that have original maturity not exceeding three months from the date of acquisition.

**(iv) Property and equipment**

Property and equipment are initially recorded in the statement of financial position at cost. Subsequent measurement is carried out at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

	<b>Years</b>
Furniture, fittings, and office equipment	4-10
Computer equipment	4
Motor vehicles	5
Leasehold improvements	3 Years or lease term, which is lower

Residual values, useful lives and the methods of depreciation are reviewed and adjusted as appropriate at each financial year end. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable. The depreciation charge for the year is recognized in the statement of income on an actual basis. Similarly, impairment losses, if any, are recognized in the statement of income.

Expenditure for repairs and maintenance is charged to the statement of income. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Gain / loss on sale of fixtures, furniture and equipment and Right-of-use assets is included in statement of income.

**(v) Intangible assets**

Separately acquired intangible assets (software) are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. The Company amortizes intangible assets with a limited useful life using straight-line method over the following years:

	<b>Years</b>
IT software	4

**(vi) Accrued expenses and other liabilities**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

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

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

**(vii) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation amount.

**(viii) Provision for end-of-service benefits**

Accruals are made at the present value of expected future payments in respect of services provided by the employees up to the end of the reporting year using the projected unit credit method. Consideration is given to the expected future wages and salary levels, experience of employee departures and years of service. Expected future payments are discounted using market yields at the end of the reporting year of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The benefit payments obligation is discharged as it falls due. Re-measurement (actuarial gains / losses) as a result of experience adjustments and changes in actuarial assumptions are recognized in the statement of other comprehensive income. which are accumulated under 're-measurement reserve for end-of-service benefits' in statement of changes in equity.

**(ix) Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

**(x) De-recognition**

Financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes 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. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liability

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

**(xi) Revenue recognition**

Investment and interest income

Investment income or loss comprises of unrealized and realized gains and losses on investments. interest income on term deposits is recognized using the effective interest method in the statement of income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

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

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

Other revenues

Other revenue represents revenue generated from operations of Saudi Enaya for Third Party Administration through claims management and handling services. The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15. Accordingly, the Company recognizes revenue when or as a performance obligation is satisfied, i.e., when control of the services pertaining to the respective performance obligation is transferred to the customer. Revenue primarily represents services revenue. Revenue from providing services is recognized in the accounting year in which the services are rendered. Revenue is recognized based on the actual service provided to the end of the reporting year because the customer receives and uses the benefits simultaneously. This is determined by multiplying the number of members served with a fixed and pre-agreed rate with the customer in accordance with the terms of the contract. Customers are invoiced on a monthly basis and consideration is payable when invoiced. There were no contract assets or contract liabilities at the end of the reporting year as all services provided were already invoiced and there were no advance payments from customers as at that date.

**(xii) Leases**

**Right-of-use Assets**

The Company recognizes 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;

- a. less any accumulated amortization and any accumulated impairment losses; and 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 etc. it needs to be added to the right of use asset value.

The recognized 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:

	<b>Years</b>
Right-of-use assets	2 years

**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. Generally, the Company uses its incremental borrowing rate as the discount rate.

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

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

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

**(xii) Leases (continued)**

**Lease Liabilities (continued)**

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.

**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 basis over the lease term.

**(xiii) Zakat and income tax**

**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 ending balance of equity, including adjusted profit or loss, provisions, other liabilities and deductions based on zakat regulations, subject to ceiling and floor for the zakat base based on zakat regulations. 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.

**Income tax**

The income tax expense or credit for the year is the tax payable on the current year's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting year and generate taxable income. Management yearly evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

**Deferred Tax**

Deferred income tax is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available, and the credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized. Deferred tax assets and liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

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(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

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

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

**(xiv) Foreign currencies**

The accounting records of the Company are maintained in Saudi Riyals. Transactions in foreign currencies are recorded in Saudi Riyals at the approximate rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate at the reporting date. All differences are taken to the statement of income.

**(xv) Offsetting**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position only when there is a legally enforceable 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 liabilities simultaneously. Income and expenses are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

**(xvi) Cash dividends to shareholders**

The Company recognizes the liability for cash distributions to shareholders of the Company when the distribution is authorized and is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders and Insurance Authority. A corresponding amount is recognized in equity.

**(xvii) Statutory reserve**

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

**4. GOING CONCERN**

The Company has incurred losses in current and prior year and has accumulated losses of SAR 75.28 million as of 31 December 2025 (31 December 2024: SAR 68.59 million). As at the reporting date, accumulated losses represent 32.7% of the Company's share capital, exceeding the 20% threshold specified under Article 4, Part 2 of the Capital Market Authority (CMA) guidelines for listed companies. In addition, the Company's solvency margin position remains under pressure and continues to require strengthening in order to achieve sustainable compliance with regulatory capital expectations. These conditions indicate the existence of events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

Following the Company's request on 3 March 2025, the Insurance Authority (IA) approved on 26 March 2025 an extension of the deadline for meeting the minimum capital requirements. The extension was granted until the earlier of the completion of the proposed merger or one year from the date of the regulator's approval.

Subsequent to the reporting period, the Extraordinary General Assembly held on 1 February 2026 did not approve the proposed merger with Salama Cooperative Insurance Company, which had previously been considered a key strategic initiative intended to strengthen the Company's capital position and address its regulatory capital requirements. The cancellation of the merger has increased the uncertainty surrounding the Company's ability to restore its capital position.

Following the cancellation of the merger, the Company has initiated a process to reassess its strategic options and develop a revised capital restoration strategy. As at the date of approval of these financial statements, the Company's revised strategic plan and capital restoration measures are still under development.

Management has prepared preliminary financial projections and business planning scenarios as part of the ongoing development of the revised strategic plan. These projections are based on a range of operational and strategic assumptions and remain subject to significant uncertainty and potential revision as the strategic review progresses and the plan is finalized and reviewed by the Board of Directors. Accordingly, these projections involve significant judgment and estimation uncertainty and do not represent finalized or Board-approved forecasts.

In addition, the Company is currently subject to ongoing assessments and discussions with the Zakat, Tax and Customs Authority (ZATCA) in relation to certain historical Zakat matters. Management has recorded provisions in the financial statements based on its assessment of the most probable outcome of these matters. However, the final outcome of these assessments remains uncertain and may differ from the amounts currently provided. Any adverse outcome could result in

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

**4. GOING CONCERN (CONTINUED)**

additional financial obligations for the Company. Further details regarding these matters are disclosed in Note 19 to the financial statements.

The Company is also currently engaging with the Insurance Authority regarding a possible extension of the exemption from the minimum capital requirement while the revised strategic plan and capital restoration initiatives are being developed. The outcome of these discussions remains uncertain.

Management's assessment of the Company's ability to continue as a going concern for at least twelve months from the reporting date considered various potential measures, including possible capital raising initiatives, operational improvement programs, and ongoing regulatory engagement. However, the successful implementation of these measures remains subject to significant uncertainty and depends on factors outside the Company's direct control.

Accordingly, the Company's ability to continue as a going concern depends on several factors, including:

- successful development and implementation of a revised strategic plan;
- the Company's ability to raise additional capital;
- continued regulatory support from the Insurance Authority; and
- improvement in the Company's operational and underwriting performance.

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Notwithstanding these uncertainties, management has assessed the Company's ability to continue as a going concern and the Board of Directors has approved the preparation of the financial statements on a going concern basis. Further, the Company recorded an improvement in its core operating performance compared to the prior year. The insurance service result for the year was positive compared with a loss in the previous year, reflecting improvements in underwriting performance and operational efficiency. In addition, the Company reported a net profit before Zakat and income tax for the year, compared with a net loss in the prior year. Management considers these developments to be positive indicators that the Company will be able to implement appropriate measures to improve its financial and regulatory position and therefore the accompanying financial statements have been prepared on a going concern basis.

The financial statements do not include any adjustments that might result if the Company were unable to continue as a going concern.

**5. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of the following:

	<b>31 December 2025</b>		
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
Bank balances	<b>9,004</b>	<b>704</b>	<b>9,708</b>
Deposits maturing within 3 months from the acquisition date	-	<b>141,743</b>	<b>141,743</b>
Less: Impairment allowance	-	-	-
	<b>9,004</b>	<b>142,447</b>	<b>151,451</b>
	<b>31 December 2024</b>		
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
Bank balances	9,709	4,986	14,695
Deposits maturing within 3 months from the acquisition date	-	63,868	63,868
Less: impairment allowance	-	(3)	(3)
	<b>9,709</b>	<b>68,851</b>	<b>78,560</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

**5. CASH AND CASH EQUIVALENTS (CONTINUED)**

The movement of impairment allowance for cash and cash equivalent are as follows:

	<b>31 December 2025</b>	31 December 2024
Balance at the beginning of the year	<b>3</b>	-
Impairment (reversal) / loss during the year	<b>(3)</b>	3
<b>Balance at the end of the year</b>	<b>-</b>	<b>3</b>

During the year, the deposits are held in Government bonds in the Kingdom of Saudi Arabia. These deposits were held with commercial banks and financial institutions in the Kingdom of Saudi Arabia and GCC. These deposits carried interest rates ranging from 4% to 6.07% as of 31 December 2025 (2024: 5% to 5.6%). These deposits are denominated in Saudi Arabian Riyals and have an original maturity of not exceeding three months.

**6. SHORT TERM MURABAHA DEPOSITS**

	<b>31 December 2025</b>	31 December 2024
Short term murahaba deposit	-	-
Less: Impairment loss	-	-
	-	-
	<b>31 December 2025</b>	31 December 2024
Opening balance before loss allowance	-	248,345
Placed during the year	-	389,199
Matured during the year	-	(637,544)
	-	-
Less: impairment loss	-	-
	-	-

**7. INVESTMENTS**

Investments are classified as follows:

	<b>31 December 2025</b>	31 December 2024
Financial assets at amortised cost, net	<b>34,685</b>	147,705
Financial assets at fair value through profit or loss ("FVTPL")	-	-

**7.1 Financial assets at amortised cost**

The movement in the investments on amortized cost balance is as follows:

	<b>31 December 2025</b>	31 December 2024
Opening balance before loss allowance	<b>147,715</b>	-
Placed during the year	<b>34,685</b>	147,715
Matured during the year	<b>(147,715)</b>	-
	<b>34,685</b>	147,715
Less: impairment loss	-	(10)
	<b>34,685</b>	147,705

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

7. INVESTMENTS (CONTINUED)

As of 31 December 2025, the Company holds Saudi Arabian governmental Sukuks totaling 350,000 units, acquired at a purchase price ranging between SAR 95.91 to SAR 98.77 per Sukuk, with a face value of SAR 100 each. These Sukuks carry a coupon rate ranging between 1.97% to 4.06% per annum and were purchased on 17 December 2025. The Sukuks carries varying maturity between January 2027 to October 2028.

The gross carrying amount of financial assets measured at amortised cost represents the Company's maximum exposure to credit risk, which is classified under investment grade and Stage 1. As of 31 December 2025, the Company's amortised cost investments solely comprise Saudi Government Sukuks issued in Saudi Arabian Riyals.

Movement in impairment allowance on investments measured at amortised cost is as follows:

	31 December 2025	31 December 2024
Balance at the start of the year	10	10
Impairment reversal during the year	(10)	-
Balance at end of the year	-	10

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

The movement in the FVTPL investments balance is as follows:

	31 December 2025	31 December 2024
Opening balance	-	1,554
Realized gain on investments	-	205
Sold during the year	-	(1,759)
Unrealized gain on investments	-	-
<b>Balance at end of the year</b>	<b>-</b>	<b>-</b>

8. PROPERTY AND EQUIPMENT - NET

<i>Insurance Operations</i>	<i>Leasehold improvements</i>	<i>Computer equipment</i>	<i>Motor vehicles</i>	<i>Furniture fittings and office equipment</i>	<i>Total</i>
<b>Cost:</b>					
<b>At 1 January 2025</b>	725	14,289	140	2,766	17,920
Additions during the year	97	58	-	35	190
<b>At 31 December 2025</b>	<b>822</b>	<b>14,347</b>	<b>140</b>	<b>2,801</b>	<b>18,110</b>
<b>Accumulated depreciation:</b>					
<b>At 1 January 2025</b>	494	12,518	140	2,596	15,748
Charge for the year	164	563	-	47	774
<b>At 31 December 2025</b>	<b>658</b>	<b>13,081</b>	<b>140</b>	<b>2,643</b>	<b>16,522</b>
<b>Net book value at 31 December 2025</b>	<b>164</b>	<b>1,266</b>	<b>-</b>	<b>158</b>	<b>1,588</b>
<i>Insurance Operations</i>	<i>Leasehold improvements</i>	<i>Computer equipment</i>	<i>Motor vehicles</i>	<i>Furniture fittings and office equipment</i>	<i>Total</i>
<b>Cost:</b>					
<b>At 1 January 2024</b>	512	12,356	140	2,645	15,653
Addition during the year	213	1,933	-	121	2,267
<b>At 31 December 2024</b>	<b>725</b>	<b>14,289</b>	<b>140</b>	<b>2,766</b>	<b>17,920</b>
<b>Accumulated depreciation:</b>					
<b>At 1 January 2024</b>	270	11,880	140	2,565	14,855
Charge for the year	224	638	-	31	893
<b>At 31 December 2024</b>	<b>494</b>	<b>12,518</b>	<b>140</b>	<b>2,596</b>	<b>15,748</b>
<b>Net book value at 31 December 2024</b>	<b>231</b>	<b>1,771</b>	<b>-</b>	<b>170</b>	<b>2,172</b>

NOTES TO THE FINANCIAL STATEMENTS

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9. INTANGIBLE ASSETS - NET

	<u>2025</u>	<u>2024</u>
<b>Insurance Operations</b>		
<b>Cost:</b>		
Balance at the beginning of the year	24,289	24,289
Additions during the year	392	-
<b>Balance at the end of the year</b>	<u>24,681</u>	<u>24,289</u>
<b>Amortization:</b>		
Balance at the beginning of the year	23,805	23,497
Charge for the year	245	308
<b>Balance at the end of the year</b>	<u>24,050</u>	<u>23,805</u>
<b>Net book value as at 31 December</b>	<u>631</u>	<u>484</u>

Intangible assets consist mainly of computer software and license used for the benefit of insurance operations.

10. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES

10.1 RIGHT-OF-USE ASSETS, NET

The movement of right-of-use assets, which mainly include buildings are as follows:

	<u>2025</u>	<u>2024</u>
<b>Building</b>		
<b>Cost:</b>		
At 1 January	3,459	2,227
Additions during the year	-	3,459
Deletions during the year	-	(2,227)
At 31 December	<u>3,459</u>	<u>3,459</u>
<b>Accumulated depreciation:</b>		
At 1 January	646	1,886
Additions during the year	1,109	987
Deletions during the year	-	(2,227)
At 31 December	<u>1,755</u>	<u>646</u>
<b>Net book value as at 31 December</b>	<u>1,704</u>	<u>2,813</u>

10.2 LEASE LIABILITIES

As of 31 December 2025, lease liability amounted SAR 1.3 million (2024: SAR 2.3 million). Below is the movement during the year:

	<u>2025</u>	<u>2024</u>
At 1 January	2,359	-
Additions during the year	-	3,459
Finance cost	90	74
Payment made during the year	(1,174)	(1,174)
At 31 December	<u>1,275</u>	<u>2,359</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

11. STATUTORY DEPOSIT

	<b>31 December 2025</b>	31 December 2024
Statutory deposit	<b>34,500</b>	34,500

As required by the Regulations, the Company deposited an amount equivalent to 15% of its paid-up share capital in a bank designated by the Regulator. Accrued income on this deposit is payable to the Regulator amounting to SAR 1.65 million (31 December 2024: SAR 1.04 million) and this deposit cannot be withdrawn without approval from the Regulator. As requested by IA, on 2 February 2025 the Company has released the accrued income on statutory deposit to IA amounting to SAR 1.23 million.

12. PREPAID EXPENSES AND OTHER ASSETS

	<b>31 December 2025</b>	31 December 2024
<i>Insurance Operations</i>		
VAT Receivable	<b>2,230</b>	-
Prepayments	<b>822</b>	836
Receivable -Umrah share	-	827
Others	<b>508</b>	867
	<b>3,560</b>	2,530
<i>Shareholders' Operations</i>		
Accrued income	<b>611</b>	57
<b>Total</b>	<b>4,171</b>	2,587

13. INSURANCE CONTRACT LIABILITIES

	<b>31 December 2025</b>	31 December 2024
	<b>Note</b>	
Corporate	13.1 a	54,419
SMEs and others	13.1 b	29,640
		<b>84,059</b>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

13. INSURANCE CONTRACT LIABILITIES (CONTINUED)

13.1 Analysis by remaining coverage and incurred claims for insurance contract liabilities

a. Corporate

	31 December 2025				Total
	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC)		
	Excluding loss component	Loss component	Estimate of present value of cash flows	Risk adjustment for non-financial risk	
<b>Insurance contract issued</b>					
Opening insurance contract liabilities	(4,119)	10,153	46,528	1,857	54,419
<b>Insurance revenue</b>	<b>96,432</b>	-	-	-	<b>96,432</b>
<b>Insurance service expense</b>					
Incurred claims and other direct attributable expense	-	-	88,126	308	88,434
Changes that relate to past services – changes in the fulfilment cash flows (FCF) relating to the LIC	-	-	(6,650)	(1,846)	(8,496)
Reversal of loss on onerous contracts	-	(8,655)	-	-	(8,655)
Insurance acquisition cash flows	15,136	-	-	-	15,136
<b>Total insurance service expenses</b>	<b>15,136</b>	<b>(8,655)</b>	<b>81,476</b>	<b>(1,538)</b>	<b>86,419</b>
<b>Insurance service result</b>	<b>81,296</b>	<b>8,655</b>	<b>(81,476)</b>	<b>1,538</b>	<b>10,013</b>
<b>Cash flows</b>					
Premium received	70,093	-	-	-	70,093
Claims and other directly attributable expenses paid	-	-	(97,529)	-	(97,529)
Insurance acquisitions cash flows	(10,860)	-	-	-	(10,860)
<b>Total Cash flows</b>	<b>59,233</b>		<b>(97,529)</b>		<b>(38,296)</b>
<b>Net Balance as at 31 December 2025</b>	<b>(26,182)</b>	<b>1,498</b>	<b>30,475</b>	<b>319</b>	<b>6,110</b>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

13. INSURANCE CONTRACT LIABILITIES (CONTINUED)

13.1 Analysis by remaining coverage and incurred claims for insurance contract liabilities – (Continued)

b. Corporate (continued)	31 December 2024				Total
	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC)		
	Excluding loss component	Loss component	Estimate of present value of cash flows	Risk adjustment for non-financial risk	
Insurance contract issued					
Opening insurance contract liabilities	(20,348)	10,822	40,013	768	31,255
Insurance revenue	136,985	-	-	-	136,985
Insurance service expenses					
Incurred claims and other direct attributable expense	-	-	135,547	1,822	137,369
Changes that relate to past services – changes in the fulfilment cash flows (FCF) relating to the LIC	-	-	1,363	(733)	630
Reversal of loss on onerous contracts	-	(669)	-	-	(669)
Insurance acquisition cash flows	21,921	-	-	-	21,921
Total insurance service expenses	21,921	(669)	136,910	1,089	159,251
Insurance service result	115,064	669	(136,910)	(1,089)	(22,266)
Cash flows					
Premium received	150,918	-	-	-	150,918
Claims and other directly attributable expenses paid	-	-	(130,395)	-	(130,395)
Insurance acquisitions cash flows	(19,625)	-	-	-	(19,625)
Total Cash flows	131,293	-	(130,395)	-	898
Net Balance as at 31 December 2024	(4,119)	10,153	46,528	1,857	54,419

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FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

13. INSURANCE CONTRACT LIABILITIES (CONTINUED)

13.1 Analysis by remaining coverage and incurred claims for insurance contract liabilities (continued)

b. SMEs and others

	31 December 2025				Total
	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC)		
	Excluding loss component	Loss component	Estimate of present value of cash flows	Risk adjustment for non-financial risk	
<b>Insurance contract issued</b>					
Opening insurance contract liabilities	(504)	4,270	25,131	743	29,640
<b>Insurance revenue</b>	<b>74,107</b>	-	-	-	<b>74,107</b>
<b>Insurance service expenses</b>					
Incurred claims and other direct attributable expense	-	-	63,320	536	63,856
Changes that relate to past services – changes in the fulfilment cash flows (FCF) relating to the LIC	-	-	(3,245)	(738)	(3,983)
Loss on onerous contracts	-	981	-	-	981
Insurance acquisition cash flows	12,413	-	-	-	12,413
<b>Total insurance service expenses</b>	<b>12,413</b>	<b>981</b>	<b>60,075</b>	<b>(202)</b>	<b>73,267</b>
<b>Insurance service result</b>	<b>61,694</b>	<b>(981)</b>	<b>(60,075)</b>	<b>202</b>	<b>840</b>
<b>Cash flows</b>					
Premium received	84,597	-	-	-	84,597
Claims and other directly attributable expenses paid	-	-	(60,922)	-	(60,922)
Insurance acquisitions cash flows	(9,225)	-	-	-	(9,225)
<b>Total Cash flows</b>	<b>75,372</b>	-	<b>(60,922)</b>	-	<b>14,450</b>
<b>Net Balance as at 31 December 2025</b>	<b>13,174</b>	<b>5,251</b>	<b>24,284</b>	<b>541</b>	<b>43,250</b>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

13. INSURANCE CONTRACT LIABILITIES (CONTINUED)

13.1 Analysis by remaining coverage and incurred claims for insurance contract liabilities (continued)

b. SMEs and others – (continued)

	31 December 2024				Total
	Liability for Remaining Coverage (LRC)		Liability for Incurred Claims (LIC)		
	Excluding loss component	Loss component	Estimate of present value of cash flows	Risk adjustment for non-financial risk	
Insurance contract issued					
Opening insurance contract liabilities	32,587	4,192	38,035	719	75,533
Insurance revenue	96,523	-	-	-	96,523
Insurance service expenses					
Incurred claims and other direct attributable expense	-	-	84,879	714	85,593
Changes that relate to past services – changes in the fulfilment cash flows (FCF) relating to the LIC	-	-	(5,025)	(690)	(5,715)
Loss on onerous contracts	-	78	-	-	78
Insurance acquisition cash flows	19,268	-	-	-	19,268
Total insurance service expenses	19,268	78	79,854	24	99,224
Insurance service result	77,255	(78)	(79,854)	(24)	(2,701)
Cash flows					
Premium received	58,521	-	-	-	58,521
Claims and other directly attributable expenses paid	-	-	(92,758)	-	(92,758)
Insurance acquisitions cash flows	(14,357)	-	-	-	(14,357)
Total Cash flows	44,164	-	(92,758)	-	(48,594)
Net Balance as at 31 December 2024	(504)	4,270	25,131	743	29,640

14. COMMITMENTS AND CONTINGENCIES

The Company has no contingencies or letter of guarantee as at 31 December 2025 (31 December 2024: Nil). There were no capital commitments outstanding as at 31 December 2025 (31 December 2024: Nil).

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 results of all pending legal proceedings, management does not believe that such proceedings will have a material effect on its results and financial position. The Company did not have any significant outstanding legal proceedings as at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

**15. EMPLOYEES' END OF SERVICE BENEFITS**

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:

**15.1 Movement of end of service benefits**

	<b>31 December 2025</b>	31 December 2024
Opening balance	<b>5,531</b>	5,228
Current service cost	<b>753</b>	1,841
Interest cost	<b>243</b>	224
<b>Charge to statement of income</b>	<b>996</b>	2,065
Charge to other comprehensive income	<b>665</b>	81
Payment of benefits during the year	<b>(1,630)</b>	(1,843)
Closing balance	<b>5,562</b>	5,531

**15.2 Principal actuarial assumptions**

The following range of significant actuarial assumptions was used by the Company for the valuation of end of service benefits:

	<b>31 December 2025</b>	31 December 2024
Valuation discount rate	<b>5.00%</b>	5.45%
Expected rate of increase in salary level across different age bands	<b>3.15%</b>	3.15%

The impact of changes in sensitivities on present value of employees' end of service benefits is as follows:

	<b>31 December 2025</b>	31 December 2024
Valuation discount rate		
- Increase by 1%	<b>(343)</b>	(793)
- Decrease by 1%	<b>390</b>	66
Expected rate of increase in salary level across different age bands		
- Increase by 1%	<b>421</b>	108
- Decrease by 1%	<b>(377)</b>	(835)

The impact of changes in sensitivities on present value of end of service indemnities is as follows:

	<b>31 December 2025</b>	31 December 2024
<b>Valuation Discount rate</b>		
Increase by 1%	<b>(5,217)</b>	(4,738)
Decreased by 1%	<b>(5,951)</b>	(5,597)
<b>Expected rate of increase in salary level across different age bands</b>		
Increase by 1%	<b>(5,982)</b>	(5,639)
Decreased by 1%	<b>(5,184)</b>	(4,696)
<b>Withdrawal rate</b>		
Increase by 20%	<b>(5,568)</b>	(5,142)
Decreased by 20%	<b>(5,552)</b>	(5,124)

**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. FAIR VALUES OF FINANCIAL INSTRUMENTS**

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

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

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in the financial statements.

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

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

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

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

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

**17. OPERATING SEGMENTS**

The Company only issues insurance contracts for providing health care services ('medical insurance') and all the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. The insurance operations are being monitored by management under one segment; hence no separate information is required.

	<b>31 December 2025</b>		
<b>Operating segments</b>	<b>Corporate</b>	<b>SME &amp; Others</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Unallocated assets	-	-	<b>230,381</b>
<b>Total assets</b>	-	-	<b>230,381</b>
<b><u>LIABILITIES</u></b>			
Liability of incurred claims	<b>30,794</b>	<b>24,825</b>	<b>55,619</b>
Liability of remaining coverage	<b>(24,684)</b>	<b>18,425</b>	<b>(6,259)</b>
<b>Insurance contract liabilities</b>	<b>6,110</b>	<b>43,250</b>	<b>49,360</b>
Unallocated liabilities	-	-	<b>24,471</b>
<b>Total liabilities</b>	-	-	<b>73,831</b>
	<b>31 December 2024</b>		
<b>Operating segments</b>	<b>Corporate</b>	<b>SME &amp; Others</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Unallocated assets	-	-	269,861
<b>Total assets</b>	-	-	269,861
<b><u>LIABILITIES</u></b>			
Liability of incurred claims	48,385	25,874	74,259
Liability of remaining coverage	6,034	3,766	9,800
Insurance contract liabilities	54,419	29,640	84,059
Unallocated liabilities	-	-	21,888
<b>Total liabilities</b>	-	-	105,947

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

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**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

**17. OPERATING SEGMENTS (CONTINUED)**

	For the year ended 31 December 2025			For the year ended 31 December 2024		
	Corporate	SME & Other	Total	Corporate	SME & Other	Total
Insurance revenue	96,432	74,107	170,539	136,985	96,523	233,508
Insurance service expense	(86,419)	(73,267)	(159,686)	(159,251)	(99,224)	(258,475)
Insurance service result	10,013	840	10,853	(22,266)	(2,701)	(24,967)
Investment income on financial assets at amortised cost			8,907			13,169
Investment income on financial assets at FVTPL			-			205
Net impairment reversal on financial assets			13			68
<b>Net investment income</b>			<b>8,920</b>			<b>13,442</b>
<b>Net insurance and investment result</b>			<b>19,773</b>			<b>(11,525)</b>
Other operating expenses			(18,431)			(15,729)
Other income			-			901
<b>Net income / (loss) attributed to shareholders before zakat and income tax</b>			<b>1,342</b>			<b>(26,353)</b>
Zakat charge			(8,034)			(409)
Income tax charge			(7)			-
<b>Net loss attributed to shareholders after zakat and income tax</b>			<b>(6,699)</b>			<b>(26,762)</b>

The details of gross written premium are as follows:

	For the year ended December 31, 2025	For the year ended December 31, 2024
Individuals	22,645	4,085
Micro enterprises	16,903	6,268
Small enterprises	31,255	58,082
Medium enterprises	23,479	62,829
Large enterprises	14,431	102,543
	<b>108,713</b>	<b>233,807</b>

**18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled, or significantly influenced by them. The pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The company has several related parties but there are no transactions or balance during / as of year ended 31 December 2025.

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

The following table shows the annual salaries, remuneration and allowances obtained by the Board members and top executives for the year ended 31 December:

	For the year ended December 31, 2025	For the year ended December 31, 2024
<i>Top management executives</i>		
Salaries and other allowances	2,920	5,274
End of service indemnities	98	193
	<b>3,018</b>	<b>5,467</b>
Board and committees' remuneration and fees	<b>1,163</b>	<b>1,468</b>

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(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

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

Breakup of zakat and income tax charge for the year ended 31 December 2025 and 2024 are as follows:

	<b>For the year ended December 31, 2025</b>	For the year ended December 31, 2024
<i>Current year:</i>		
Zakat provision	2,857	409
Income tax provision	7	-
<i>Prior years:</i>		
Zakat provision	5,177	-
Income tax provision	-	-
	<b>8,041</b>	409

Movements in the zakat and income tax provision during the year ended 31 December 2025 and year ended 31 December 2024 respectively are as follows:

	<b>Zakat payable</b>	<b>Income Tax Payable</b>	<b>Total 31 December 2025</b>
Balance at beginning of the year	9,882	-	9,882
Provided during the year	8,034	7	8,041
Payments during the year	(4,857)	-	(4,857)
Balance at end of the year	<b>13,059</b>	<b>7</b>	<b>13,066</b>

	<b>Zakat payable</b>	<b>Income Tax Payable</b>	<b>Total 31 December 2024</b>
Balance at beginning of the year	14,853	65	14,918
Provided during the year	409	-	409
Payments during the year	(5,380)	(65)	(5,445)
Balance at end of the year	<b>9,882</b>	<b>-</b>	<b>9,882</b>

**a. Status of zakat assessments**

The Company's zakat and income tax assessments until 2018 have been finalized.

For the years 2019 through 2020, the ZATCA has issued the revised assessments with additional zakat liability of SAR 2.17 million and SAR 2.33 million respectively. The Company has settled SAR 0.26 million and SAR 0.45 million for the years 2019 and 2020, respectively. The Company has filed an appeal with the General Secretariat of Zakat, Tax, and Customs Committee ("GSZTC").

Subsequently, the GSZTC hearing was on hold as Saudi Enaya has approached the Alternative Dispute Resolution Committee ("ADRC") to discuss an amicable settlement of their contested appeal matters for the years 2019 and 2020. However, the settlement proposal submitted by Saudi Enaya was not accepted by ADRC, and as a result, the appeal process with GSZTC has resumed. The Company attended the hearing before GSZTC Level 1. The GSZTC Level 1 issued the decision rejecting the appeal for the above years and the Company is in the process of filing an appeal with GSZTC Level 2.

For the years 2021 through 2023, ZATCA has issued draft assessments indicating additional zakat liability of SAR 13.17 million and additional income tax liability of SAR 1.10 million relating to the years 2022 and 2023.

In addition, ZATCA has issued a draft assessment for the fiscal year 2024 indicating additional zakat liability of SAR 4.74 million.

Based on management's assessment and in accordance with the applicable financial reporting requirements, the Company has recognized a provision in the financial statements representing management's best estimate of the expected obligation arising from the above-mentioned assessments as at the reporting date.

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**20. SHARE CAPITAL**

As at 31 December 2025 and 2024, the authorized, subscribed and paid-up share capital of the Company was SAR 230 million, divided into 23 million shares of SAR 10 each.

Following the Company's request on 3 March 2025, the Insurance Authority (IA) approved on 26 March 2025 an extension of the deadline for meeting the minimum capital requirements. The extension was granted until the earlier of the completion of the proposed merger or a period of one year from the date of approval. Subsequently, on 1 February 2026, the Company's shareholders resolved not to proceed with the proposed merger. Accordingly, the extension is currently effective until the expiry of the one-year period from the date of the regulator's approval. The Company is currently in the process of engaging with the Insurance Authority to obtain a further extension of the deadline for meeting the minimum capital requirements.

**21. STATUTORY RESERVE**

As required by Article 70 of the Saudi Arabian Insurance Regulations, 20% of the net shareholders' income (after deducting losses brought forward) shall be set aside as a statutory reserve until this reserve amounts to 100% of paid-up share capital. No reserve has been made as the Company has accumulated losses as at 31 December 2025.

**22. OTHER OPERATING EXPENSES**

	<b>For the year ended December 31, 2025</b>	For the year ended December 31, 2024
Employees' costs	<b>26,582</b>	27,944
Legal and professional fees*	<b>10,784</b>	6,651
Policy acquisition cost	<b>4,941</b>	7,921
Repair and maintenance costs	<b>3,575</b>	3,621
Committee fees	<b>1,163</b>	1,468
Utilities and communication expenses	<b>1,161</b>	1,273
Depreciation on right of use assets	<b>1,109</b>	987
Investment related expenses	<b>944</b>	418
Depreciation	<b>774</b>	893
Subscriptions	<b>323</b>	227
Amortization	<b>245</b>	308
Marketing expenses	<b>189</b>	81
Rent expenses	-	47
Other expenses	<b>1,687</b>	3,188
<b>Total</b>	<b>53,477</b>	55,027

**Allocation of expenses is as follows:**

	<b>2025</b>			<b>2024</b>		
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	Insurance operations	Shareholders' operations	Total
Other attributable expenses **	<b>30,105</b>	-	<b>30,105</b>	31,377	-	31,377
Policy acquisition cost **	<b>4,941</b>	-	<b>4,941</b>	7,921	-	7,921
Other operating expenses***	<b>10,772</b>	<b>7,659</b>	<b>18,431</b>	9,551	6,178	15,729
	<b>45,818</b>	<b>7,659</b>	<b>53,477</b>	48,849	6,178	55,027

\* Legal and professional fees include merger-related expenses of SAR 3.1 million incurred during the year.

\*\* Reported as part of insurance service expense.

\*\*\* Other operating expenses include non-attributable expenses which are administrative expenses and are not linked to insurance contracts.

Auditors' remuneration for the statutory audit of the Company's financial statements for the year ended 31 December 2025 amounts to SAR 0.69 million (2024: SAR 0.64 million). Auditors' remuneration for the review of the Company's interim financial information during the year ended 31 December 2025 amounts to SAR 0.35 million (2024: SAR 0.34 million). Fee for other statutory and related services provided by the auditors to the Company's amounts to SAR Nil (2024: SAR 0.084 million).

**NOTES TO THE FINANCIAL STATEMENTS**  
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(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

**23. OTHER INCOME**

	<b>For the year ended December 31, 2025</b>	For the year ended December 31, 2024
<i>Insurance Operations</i>		
Haj and Umrah income	-	<b>901</b>
	-	<b>901</b>

**24. CAPITAL MANAGEMENT**

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

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

- Minimum capital requirement
- Premium solvency margin; or
- Claims solvency margin

The equity as at 31 December 2025 consists of paid-up share capital of SAR 230 million, accumulated losses of SAR 75.28 million and remeasurement reserve of employee benefit obligations of SAR 1.8 million (31 December 2024: paid-up share capital of SAR 230 million, accumulated losses of SAR 68.59 million and remeasurement reserve of employee benefit obligations of SAR 2.5 million, in the statement of financial position).

As per the amendment to the Co-operative Insurance Companies Law under Royal Decree (M/12) dated 23/1/1443H (corresponding to 01/09/2021), insurance companies are required to have a minimum share capital of SAR 300 million.

Following the Company's request on 3 March 2025, the Insurance Authority (the regulator) approved on 26 March 2025 an extension of the deadline for meeting the minimum capital requirements. The extension was granted until the earlier of the completion of the proposed merger or a period of one year from the date of approval. Subsequently, on 1 February 2026, the Company's shareholders resolved not to proceed with the proposed merger. Accordingly, the extension is currently effective until the expiry of the one-year period from the date of the regulator's approval. The Company is currently in the process of engaging with the Insurance Authority to obtain a further extension of the deadline for meeting the minimum capital requirements.

**25. LOSS PER SHARE**

Loss per share for the year has been calculated by dividing the net loss for the year by the weighted average number of issued and outstanding shares for the year.

- a. The basic and diluted loss per share is calculated as follows:

	<b>2025</b>	2024
Loss for the year – (SAR'000)	<b>(6,699)</b>	(26,762)
Weighted average number of ordinary shares – (shares'000)	<b>23,000</b>	23,000
Basic and diluted loss per share (SAR / Share)	<b>(0.29)</b>	(1.16)

**26. RISK MANAGEMENT**

The Company has developed and implemented a risk management structure that is designed to identify, assess, control and monitor the risks associated with its business. Adhering to this structure, the Company aims to meet its obligations to policyholders and other customers and creditors, to manage its capital efficiently, and to comply with applicable laws and regulations. The Company's Risk Committee has overall responsibility for the establishment and oversight of the Company's risk management framework. The Risk Committee is responsible for defining, installing, and monitoring the risk management organization in order to ensure that its control systems are effective. The Risk Committee approves all risk management policies, as well as the quantitative and qualitative elements of the Company's risk appetite and tolerance framework.

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**26. RISK MANAGEMENT (CONTINUED)**

**a) Insurance risk**

The Company provides short-term health insurance contracts in Saudi Arabia. Accordingly, the main insurance risk within the Company is that there are no sufficient reserves available to cover the liabilities associated with the insurance contracts issued. Actual claims may differ from the estimated ultimate claims. The Company seeks to manage this as follows:

*Estimate of present value of cash flows and risk adjustment for non-financial risk*

- Through close monitoring of the claims' trend and payments' pattern to ensure that sufficient reserves are available to cover claim liabilities. The Company also has an external actuary to perform quarterly independent reviews of the reserve's adequacy. Estimate of present value of cash flows and risk adjustment for non-financial risk, which are key components of the Company's insurance contract liabilities are estimated amounts of the outstanding claims, incurred but not reported claims ("IBNR"), claims handling provisions and risk adjustment for non-financial risk. These reserves do not represent exact calculations but rather expectations based on historical claims' trend (frequency and severity), payments' pattern, medical inflation, members' behavior, seasonality and other factors. The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with the insurance contracts that it issues.
- The Company has a large insurance portfolio resulting in stable claims development patterns which relatively reduces the risk of fluctuations in the estimated ultimate claims. The short-tailed nature of the business is associated with higher consistency of the reserve estimates. The Company continually reviews the adequacy of claims reserves by conducting back-testing analysis, assessing the sufficiency of data, monitoring claims backlogs and settlement patterns. In addition, the external actuary runs independent valuation models after due reconciliation with financial statements to validate reserve adequacy.

*Pricing*

- The pricing team follows the Company's underwriting guidelines (approved by the Board of Directors) in setting premiums taking into consideration credible claims experiences for both new business and renewals or medical declarations.

*Managing the concentration of insurance risk*

- The insurance risk exposure related to policyholders is mainly concentrated in Saudi Arabia. However, through its underwriting strategy, the Company ensures that the portfolio is well diversified and not concentrated within few large clients. Its business is proportionally spread across all regions in the Saudi Arabia, and the Company targets both corporate and SME business. The insurance portfolio is not concentrated in a specific benefit level (diverse medical providers, different deductibles, annual limits and sub-limits).

*Process used to decide on assumptions*

- Assumptions used in determining estimate of present value of cash flows are based on the best estimate. Ultimate claims are estimated using historical claim trends adjusted for inflation, seasonality, membership growth and any other external or internal factors that may have impact on claim costs. Given the nature of the business, the Company may still be exposed to risk of insufficiency of claim reserves for which actual claim cost may turn out to be higher than the initial estimated ultimate claims.
- The estimation of present value of future cash flows related to incurred but not reported claims (IBNR) is generally subject to a greater degree of uncertainty than the estimation of the present value of future cash flows related to reported claims which are received but not yet settled with the providers. For the case of present value of future cash flows related to reported claims, the Company uses payment information of settled batches with providers to estimate the expected settlement amounts of recently submitted batches, while it uses mainly pre- authorization data to estimate present value of future cash flows related to IBNR. The Company seeks to avoid inadequate reserve levels by adopting established processes in determining claim reserve and using updated information from both claims received and pre-authorization data.

**Sensitivity analysis**

The Company believes that the claim liabilities under insurance contracts outstanding at year-end are adequate. However, these amounts are not certain and actual payments may differ from the claim's 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.

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**26. RISK MANAGEMENT (CONTINUED)**

**a) Insurance risk - (continued)**

**Sensitivity analysis - (continued)**

	<u>31 December 2025</u>	<u>31 December 2024</u>
<b>Impact on equity, insurance contract liabilities and profit or loss due to change in claims ratio</b>		
5% Increase	(5,582)	(9,758)
5% Decrease	5,582	9,758
<b>Impact on equity, insurance contract liabilities and profit or loss due to change in risk adjustment for non-financial risk</b>		
5% Increase	(43)	(130)
5% Decrease	43	130

The following shows the impact of a reasonable possible change in direct expense ratio on the loss component as at the reporting date.

**Impact on equity, insurance contract liabilities and profit or loss due to change in direct expense ratio – loss component\***

2% Increase	(998)	(1,258)
2% Decrease	998	1,258

Direct expense ratio is the ratio of sum of directly attributable expenses, acquisition cashflows and surplus for the year to earned premium.

**a) Market risk**

Market risk refers to the potential impact of various market dynamics on the fair value or the expected cash flows of financial instruments. The Company adopts asset allocation guidelines and diversification limits on asset classes, geographies, currencies and securities to ensure that market risk is contained and kept to minimal levels.

The Board of Directors sets the overall risk appetite to a prudent level that does not impact the Company's operating results. The management prepares monthly and quarterly reports, highlighting deployment activities and exposure limits to ensure that appropriate monitoring and compliance with the approved guidelines. Management performs continuous assessment of developments in relevant markets to ensure that market risk is monitored and mitigated at the asset class and securities levels.

Market risk comprises three types: interest rate risk, price risk and currency risk.

**(i) Interest rate risk**

Interest rate risk is the potential change in the fair value of financial instruments and expected cash flows as a result of changes in interest rates. Management constantly monitors developments in global and local interest rates and accordingly allocates the durations of its term deposits and sukuk investments. Investments in term deposits and sukuk instruments have various maturities in order to maximize investment returns while ensuring that liquidity requirements are continuously met. Details of maturities of interest-bearing securities using discounted cashflows as at 31 December are as follows:

	<u>2025</u>				<u>Total</u>
	<u>Less than 3 months</u>	<u>3 months to 1 year</u>	<u>1 year to 3 years</u>	<u>More than 3 years</u>	
Investment – Sukuk	-	-	34,685	-	34,685
	<u>2024</u>				
	<u>Less than 3 months</u>	<u>3 months to 1 year</u>	<u>1 year to 3 years</u>	<u>More than 3 years</u>	<u>Total</u>
Investment – Sukuk	-	147,705	-	-	147,705

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**26. RISK MANAGEMENT (CONTINUED)**

**(ii) Price risk**

Price risk is the potential change in the fair value of financial instruments as a result of instrument specific developments or systemic factors affecting the overall market in which the instrument is being traded.

The Company manages this risk conducting thorough due diligence on each instrument prior to investing as well as maintaining exposure limits guidelines to minimize the potential impact of marking to market on the overall portfolio.

**(iii) Currency risk**

Currency risk is the potential fluctuation of the value of a financial instrument due to changes in foreign exchange rates. All Company's transactions are in Saudi Riyals. Given the peg of Saudi Riyals, foreign exchange risk is minimal.

**(c) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company seeks to manage its credit risk with respect to customers by following the Company's credit control policy and monitoring outstanding receivables on an on-going basis in order to reduce the Company's exposure to bad debts. The management estimates specific impairment provisions on a case-by-case basis. In addition to specific provisions, the Company also makes an additional portfolio provision, estimated on a collective basis, based on the ageing profile of the future premiums cashflow. The Company seeks to limit its credit risk with respect to other counterparties by placing term deposits and investments with reputable financial institutions. The Company enters into reinsurance contracts with recognized, creditworthy third parties (minimum BBB).

The following table shows the maximum exposure to credit risk by class of financial asset:

	<b>2025</b>	2024
Cash and cash equivalents	<b>151,451</b>	78,560
Investments	<b>34,685</b>	147,705
Statutory deposit	<b>34,500</b>	34,500
Accrued income on statutory deposit	<b>1,651</b>	1,040
Other assets	<b>4,171</b>	1,751
	<b>226,458</b>	263,556

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 to BBB- (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.

	<b>2025</b>			
	<b>Non-investment grade</b>			
	<b>Investment Grade</b>	<b>Not impaired</b>	<b>Impaired</b>	<b>Total</b>
Cash and cash equivalents	<b>151,451</b>	-	-	<b>151,451</b>
Investments	<b>34,685</b>	-	-	<b>34,685</b>
Statutory deposit	<b>34,500</b>	-	-	<b>34,500</b>
Accrued income on statutory deposit	<b>1,651</b>	-	-	<b>1,651</b>
Other assets	<b>1,433</b>	<b>2,738</b>	-	<b>4,171</b>
	<b>223,720</b>	<b>2,738</b>	-	<b>226,458</b>

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**26. RISK MANAGEMENT (CONTINUED)**

**b) Credit risk**

	2024			
	Non-investment grade			Total
	Investment Grade	Not impaired	Impaired	
Cash and cash equivalents	78,560	-	-	78,560
Investments	147,705	-	-	147,705
Statutory deposit	34,500	-	-	34,500
Accrued income on statutory deposit	1,040	-	-	1,040
Other assets	57	1,694	-	1,751
	<u>261,862</u>	<u>1,694</u>	<u>-</u>	<u>263,556</u>

**(d) 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
Insurance contract liabilities	49,360	-	49,360
Accrued income payable to Insurance Authority	1,651	-	1,651
Accrued expenses and other liabilities	2,917	-	2,917
Employees' end of service benefits	-	5,562	5,562
	<u>53,928</u>	<u>5,562</u>	<u>59,490</u>

	2024		
	Up to one year	More than one year	Total
Insurance contract liabilities	84,059	-	84,059
Accrued income payable to Insurance Authority	1,040	-	1,040
Accrued expenses and other liabilities	3,076	-	3,076
Employees' end of service benefits	-	5,531	5,531
	<u>88,175</u>	<u>5,531</u>	<u>93,706</u>

**(d) Liquidity profile**

All assets excluding financial assets at fair value, property and equipment and right-of-use assets, intangible assets, statutory deposit and accrued income on statutory deposit, 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 the 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 the contractual and expected maturity of the financial liabilities of the Company.

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**27. CLAIMS DEVELOPMENT TABLE**

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

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

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

<b>2025</b>	<b>2022 and earlier</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
<b>Accident year</b>					
<b>Undiscounted liabilities for incurred claims</b>					
At end of accident year	392,159	214,688	201,685	133,101	941,633
1 year later	519,595	213,176	195,097	-	927,868
2 year later	1,246,589	212,724	-	-	1,459,313
3 year later	1,247,256	-	-	-	1,247,256
<b>Current estimate of ultimate claims</b>	<b>1,247,256</b>	<b>212,724</b>	<b>195,097</b>	<b>133,101</b>	<b>1,788,178</b>
Ultimate payments to date	1,247,256	212,715	194,860	119,057	1,773,888
Liability recognized in the statement of financial position	-	9	237	14,044	14,290
Other related reserves	-	-	-	-	331
Risk Adjustment	-	-	-	-	860
Loss component	-	-	-	-	6,749
<b>Balance at 31 December</b>	-	-	-	-	<b>22,230</b>
<b>2024</b>	<b>2021 and earlier</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
<b>Accident year</b>					
<b>Undiscounted liabilities for incurred claims</b>					
At end of accident year	176,257	215,902	214,688	201,685	808,532
1 year later	315,072	204,523	213,176	-	732,771
2 year later	1,042,214	204,375	-	-	1,246,589
3 year later	1,042,881	-	-	-	1,042,881
<b>Current estimate of ultimate claims</b>	<b>1,042,881</b>	<b>204,375</b>	<b>213,176</b>	<b>201,685</b>	<b>1,662,117</b>
Ultimate payments to date	1,042,881	204,375	212,303	166,951	1,626,510
Liability recognized in the statement of financial position	-	-	873	34,734	35,607
Other related reserves	-	-	-	-	992
Loss component	-	-	-	-	14,423
Risk adjustment	-	-	-	-	2,600
<b>Balance at 31 December</b>	-	-	-	-	<b>53,622</b>

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**28. SUBSEQUENT EVENTS**

There have been no subsequent events expect for the matter mentioned below.

Subsequent to the reporting period, the Extraordinary General Assembly of the Company held on 1 February 2026 resolved to reject the proposed merger with Salama Cooperative Insurance Company.

Following the above development, the Board of Directors, in its meeting held on 3 March 2026, resolved to request Insurance Authority to provide a further extension to meet minimum capital requirements to support of the Company's capital and solvency position.

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**29. SUPPLEMENTARY INFORMATION**

**Statement of Financial Position**

	2025			2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholder' operations	Total
<b>ASSETS</b>						
Cash and cash equivalents	9,004	142,447	151,451	9,709	68,851	78,560
Investments	-	34,685	34,685	-	147,705	147,705
Property and equipment, net	1,588	-	1,588	2,172	-	2,172
Intangible assets, net	631	-	631	484	-	484
Right of use assets, net	1,704	-	1,704	2,813	-	2,813
Statutory deposit	-	34,500	34,500	-	34,500	34,500
Accrued income on statutory deposit	-	1,651	1,651	-	1,040	1,040
Prepaid expenses and other assets	3,560	611	4,171	2,530	57	2,587
Due from share holders' operations	43,592	-	43,592	78,525	-	78,525
<b>TOTAL ASSETS</b>	<b>60,079</b>	<b>213,894</b>	<b>273,973</b>	<b>96,233</b>	<b>252,153</b>	<b>348,386</b>
Less: Inter-operation eliminations	(43,592)	-	(43,592)	(78,525)	-	(78,525)
<b>TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION</b>	<b>16,487</b>	<b>213,894</b>	<b>230,381</b>	<b>17,708</b>	<b>252,153</b>	<b>269,861</b>
<b>LIABILITY</b>						
Insurance contract liabilities	49,360	-	49,360	84,059	-	84,059
Accrued income payable to Insurance Authority	-	1,651	1,651	-	1,040	1,040
Accrued expenses and other liabilities	2,048	869	2,917	1,785	1,291	3,076
Lease liabilities	1,275	-	1,275	2,359	-	2,359
Employees' end of service benefits	5,562	-	5,562	5,531	-	5,531
Provision for zakat and income tax	-	13,066	13,066	-	9,882	9,882
Due to insurance operations	-	43,592	43,592	-	78,525	78,525
<b>TOTAL LIABILITIES</b>	<b>58,245</b>	<b>59,178</b>	<b>117,423</b>	<b>93,734</b>	<b>90,738</b>	<b>184,472</b>
Less: Inter-operation eliminations	-	(43,592)	(43,592)	-	(78,525)	(78,525)
<b>TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION</b>	<b>58,245</b>	<b>15,586</b>	<b>73,831</b>	<b>93,734</b>	<b>12,213</b>	<b>105,947</b>
<b>EQUITY</b>						
Share capital	-	230,000	230,000	-	230,000	230,000
Accumulated losses	-	(75,284)	(75,284)	-	(68,585)	(68,585)
Re-measurement reserve for employees' end of service benefits	1,834	-	1,834	2,499	-	2,499
<b>TOTAL EQUITY</b>	<b>1,834</b>	<b>154,716</b>	<b>156,550</b>	<b>2,499</b>	<b>161,415</b>	<b>163,914</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>60,079</b>	<b>170,302</b>	<b>230,381</b>	<b>96,233</b>	<b>173,628</b>	<b>269,861</b>

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**29. SUPPLEMENTARY INFORMATION - CONTINUED**

**Statement of Income**

	2025			2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Insurance revenue	170,539	-	170,539	233,508	-	233,508
Insurance service expense	(159,686)	-	(159,686)	(258,475)	-	(258,475)
<b>Net insurance service result</b>	<b>10,853</b>	<b>-</b>	<b>10,853</b>	<b>(24,967)</b>	<b>-</b>	<b>(24,967)</b>
Investment income on financial assets at amortized cost	-	8,907	8,907	-	13,169	13,169
Investment income on financial assets at "FVTPL"	-	-	-	-	205	205
Net impairment reversal on financial assets	-	13	13	-	68	68
<b>Net investment income</b>	<b>-</b>	<b>8,920</b>	<b>8,920</b>	<b>-</b>	<b>13,442</b>	<b>13,442</b>
<b>Net insurance and investment results</b>	<b>10,853</b>	<b>8,920</b>	<b>19,773</b>	<b>(24,967)</b>	<b>13,442</b>	<b>(11,525)</b>
Other operating expenses	(10,772)	(7,659)	(18,431)	(9,551)	(6,178)	(15,729)
Other Income	-	-	-	901	-	901
<b>Income / (loss) attributed to the shareholders before, zakat and income tax</b>	<b>81</b>	<b>1,261</b>	<b>1,342</b>	<b>(33,617)</b>	<b>7,264</b>	<b>(26,353)</b>
<b>Transfer of surplus to shareholders</b>	<b>(81)</b>	<b>81</b>	<b>-</b>	<b>33,617</b>	<b>(33,617)</b>	<b>-</b>
<b>Income / (loss) attributed to the shareholders before zakat and income tax</b>	<b>-</b>	<b>1,342</b>	<b>1,342</b>	<b>-</b>	<b>(26,353)</b>	<b>(26,353)</b>
Zakat charge	-	(8,034)	(8,034)	-	(409)	(409)
Income tax charge	-	(7)	(7)	-	-	-
<b>Net loss attributed to the shareholders after zakat and income tax</b>	<b>-</b>	<b>(6,699)</b>	<b>(6,699)</b>	<b>-</b>	<b>(26,762)</b>	<b>(26,762)</b>
Other comprehensive loss	(665)	-	(665)	(81)	-	(81)
<b>Total comprehensive loss for the year</b>	<b>(665)</b>	<b>(6,699)</b>	<b>(7,364)</b>	<b>(81)</b>	<b>(26,762)</b>	<b>(26,843)</b>

**Statement of Cash flows**

	2025			2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>Net income / (loss) attributed to shareholders before zakat and income tax</b>	<b>-</b>	<b>1,342</b>	<b>1,342</b>	<b>-</b>	<b>(26,353)</b>	<b>(26,353)</b>
Net cash generated from / (used in) operating activities	1,051	(40,776)	(39,725)	4,627	(21,791)	(17,164)
Net cash (used in) / generated from investing activities	(582)	113,030	112,448	(2,267)	102,184	99,917
Net cash used in financing activities	(1,174)	-	(1,174)	(1,174)	-	(1,174)
<b>Net change in cash and cash equivalents</b>	<b>(705)</b>	<b>73,596</b>	<b>72,891</b>	<b>1,186</b>	<b>54,040</b>	<b>55,226</b>
Cash and cash equivalents at beginning of the year	9,709	68,851	78,560	8,523	14,811	23,334
<b>Cash and cash equivalents at end of the year</b>	<b>9,004</b>	<b>142,447</b>	<b>151,451</b>	<b>9,709</b>	<b>68,851</b>	<b>78,560</b>

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**30. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved by the Board of Directors, on 22 Ramadan 1447H corresponding to 11 March 2026.