

**GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'
REPORT**

FOR THE YEAR ENDED DECEMBER 31,2025

INDEX	Pages
Independent auditors' report	3 – 7
Statement of financial position	8
Statement of income	9
Statement of comprehensive income	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 – 85

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Gulf General Cooperative Insurance Company
(A Saudi Joint Stock Company)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Gulf General Cooperative Insurance Company, (A Saudi Joint Stock Company) (the "Company"), which comprise the statement of financial position as at December 31, 2025, and the statements of income, other comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, comprising material accounting policies 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 December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis of Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 (b) of these financial statements, which indicates that the Company has incurred a net loss of SR 120 million during the year ended 31 December 2025 and, as of that date, the Company's accumulated losses amounted to SR 259 million, which represents 86% of the share capital. The solvency ratio which stands at a lower rate than required. These conditions, along with other matters as set forth in Note 2(b), indicate the existence of material uncertainty 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 judgment, 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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of Gulf General Cooperative Insurance Company
(A Saudi Joint Stock Company)

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
<p><i>Valuation of estimates of present value of cashflows and risk adjustment for non-financial risk- insurance contract liabilities contracts</i></p> <p>As at December 31, 2025, estimate of present value of future cash flows and risk adjustment for non-financial risk amounts to Saudi Riyals 46.45 million, Saudi Riyals 1.78 million respectively, as reported in Note 10 to the financial statements.</p> <p>The estimation of the liability for incurred claims involves a significant degree of judgement. This entails estimating the present value of future cash flows and 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 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 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. Accordingly, this complexity arises from calculating the actuarial best estimate and the margin using historical data which is sensitive to external inputs, as well as the actuarial methodology that is applied and the assumptions on current and future events.</p> <p>The Company uses an external actuary (“Appointed Actuary”) to provide them with the estimate of such liabilities. A range of methods were used to determine these provisions which were based on a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.</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, as well as the actuarial methodology that is applied and the assumptions on current and future events.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Understood, evaluated and tested key controls around the claims handling and provision setting processes. • Evaluated the competence, capabilities and objectivity of the management's appointed actuary based on their professional qualifications and experience and assessed their independence. • Performed substantive tests, 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 outstanding claim reserves. • Assessed the integrity of data used as inputs into the actuarial valuations, by testing on sample basis, the accuracy of underlying claims data utilised by the management's appointed actuary in estimating the present value of the future cashflows and risk adjustment for non-financial risk by tracing it to the accounting and other records. • Engaged our actuarial specialists 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"> (i) Evaluated whether the Company's actuarial methodologies were consistent with generally accepted actuarial practices and with prior years. We sought justification for any significant differences; and (ii) Assessed 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 based on these assumption and methods and compared them with the amounts recorded by the management.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of Gulf General Cooperative Insurance Company
(A Saudi Joint Stock Company)

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>Due to the inherent estimation uncertainty, subjectivity and complexity involved in the assessment of valuation of the liability for incurred claims items arising from insurance contracts, along with these amounts being material, we have considered this as a key audit matter.</p> <p><i>Refer to Notes 3 and 4 to the financial statements for the material accounting policies 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 10 for the movement in insurance contract liabilities.</i></p>	<ul style="list-style-type: none"> • Assessed the adequacy and appropriateness of the related disclosures in the financial statements.

Other information

Other information consists of the information included in the Company's 2025 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The annual report is expected to be 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 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. If we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of Gulf General Cooperative Insurance Company
(A Saudi Joint Stock Company)

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 "ISAs" as endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing ("ISAs") as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of Gulf General Cooperative Insurance Company
(A Saudi Joint Stock Company)

Auditors' responsibilities for the audit of the financial statements (Continued)

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

Report on Other Legal and Regulatory Requirements

We draw your attention to note 29 of the financial statements which describes that the Company has not complied with the applicable requirements of maintaining the solvency ratio as per Article 66 of the Implementing Regulations of the Cooperative Insurance Companies Control Law.

For El Sayed El Ayouty & Co.
Certified Public Accountants
P.O. Box 200
Al Khobar 31952,
Kingdom of Saudi Arabia



Abdullah Ahmed Balamesh
Certified Public Accountant
License No. 345

For Forvis Mazars
Professional Consultants
P.O. Box 8306
Riyadh 11482,
Kingdom of Saudi Arabia



Abdullah Al-Msned
Certified Public Accountant
License No. 456

March 25, 2026
Shawal 06, 1447 H



GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December 31, 2025	December 31, 2024
<u>ASSETS</u>			
Cash and cash equivalents	5	8,179	6,559
Investments held at amortised cost	6	127,634	181,381
Investments held at fair value through profit or loss (FVTPL)	7	39,586	57,048
Investments held at fair value through other comprehensive income (FVOCI)	8	72,722	61,124
Prepaid expenses and other assets	9	14,011	15,936
Reinsurance contract assets	10	14,934	36,847
Insurance contract assets	10	3,606	1,491
Property and equipment	11	10,051	11,088
Intangible assets	12	9,995	11,172
Right-of-use assets	13	2,979	4,221
Statutory deposit	14	44,992	44,992
Accrued income on statutory deposit	14	354	1,327
TOTAL ASSETS		349,043	433,186
<u>LIABILITIES AND EQUITY</u>			
<u>LIABILITIES</u>			
Accrued expenses and other liabilities	15	12,242	13,235
Insurance contract liabilities	10	160,383	183,564
Zakat payable	17	4,296	3,669
Accrued income on statutory deposit	14	354	1,327
Lease liabilities	13	2,216	3,415
Employee defined benefit obligations	16	4,438	4,070
TOTAL LIABILITIES		183,929	209,280
<u>EQUITY</u>			
Share capital	18	300,000	300,000
Statutory reserve	19	2,165	2,165
Subordinated loan from shareholders	29	50,000	-
Accumulated losses		(258,824)	(138,336)
Re-measurement reserve of defined benefit obligation	16	974	876
Fair value reserve for investments	8	70,799	59,201
TOTAL EQUITY		165,114	223,906
TOTAL LIABILITIES AND EQUITY		349,043	433,186



Director



Chief Financial Officer



Chief Executive Officer

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF INCOME

For the year ended December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December 31, 2025	December 31, 2024
Insurance revenue	21	321,752	414,352
Insurance service expenses	21	(398,276)	(440,538)
Net expenses from reinsurance contracts	21	(32,998)	(32,429)
Insurance service result from Company's directly written business		(109,522)	(58,615)
Share of surplus from insurance pools	24	4,515	1,579
Total insurance service result		(105,007)	(57,036)
Net gains on investments measured at FVTPL	22	1,538	2,636
Commission income on investments measured at amortised cost	22	5,165	11,596
Commission income on investments measured at FVTPL	22	240	255
Dividend income	22	572	580
Net investment return		7,515	15,067
Net finance expense from insurance contracts	23	(1,426)	(873)
Net finance income from reinsurance contracts	23	1,052	1,195
Net insurance finance expense		(374)	322
Net insurance and investment result		(97,866)	(41,647)
Impairment of goodwill		-	(36,260)
Other operating expenses	25	(19,122)	(10,685)
Loss for the year attributable to the shareholders before zakat, net of surplus		(116,988)	(88,592)
Zakat	17	(3,500)	(5,615)
Net loss for the year attributable to the shareholders		(120,488)	(94,207)
Loss per share (Basic and diluted) (expressed in SR per share)	18	(4.02)	(3.14)

Director

Chief Financial Officer

Chief Executive Officer

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December 31, 2025	December 31, 2024
Net loss for the year attributable to the shareholders		(120,488)	(94,207)
<u>Other comprehensive income:</u>			
<i>Items that will not be reclassified to statement of income in subsequent years</i>			
Net changes in fair value of investment measured at FVOCI – equity instruments	8	11,598	17,662
Remeasurement gain on defined benefit obligations	16	98	58
Total comprehensive loss for the year attributable to the shareholders		(108,792)	(76,487)

Director

Chief Financial Officer

Chief Executive Officer

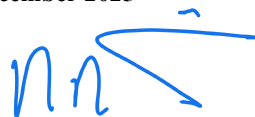
GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Share capital	Statutory reserve	Subordinated Loan	Accumulated losses	Re-measurement reserve of defined benefit obligation	Fair value reserve for investments	Total equity
Balance at 1 January 2024		500,000	2,165	-	(244,129)	818	41,539	300,393
<u>Total comprehensive income for the year</u>								
Net loss for the year attributable to the shareholders		-	-	-	(94,207)	-	-	(94,207)
Net changes in fair value of investment measured at FVOCI	8	-	-	-	-	-	17,662	17,662
Remeasurement gain on defined benefit obligations	16	-	-	-	-	58	-	58
Total comprehensive loss for the year attributable to the shareholders		--	--	-	(94,207)	58	17,662	(76,487)
		(200,000)	--	-	200,000	-	-	-
Balance at 31 December 2024		300,000	2,165	-	(138,336)	876	59,201	223,906
Balance at 1 January 2025		300,000	2,165	-	(138,336)	876	59,201	223,906
<u>Total comprehensive income for the year</u>								
Net loss for the year attributable to the shareholders		-	-	-	(120,488)	-	-	(120,488)
Net changes in fair value of investment measured at FVOCI	8	-	-	-	-	-	11,598	11,598
Remeasurement gain on defined benefit obligations	16	-	-	-	-	98	-	98
Total comprehensive loss for the year attributable to the shareholders		-	-	-	(120,488)	98	11,598	(108,792)
Subordinated loan from shareholders	29	-	-	50,000	-	-	-	50,000
Balance at 31 December 2025		300,000	2,165	50,000	(258,824)	974	70,799	165,114



Director



Chief Financial Officer



Chief Executive Officer

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

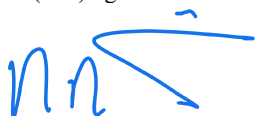
GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CASHFLOW

For the year ended December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December 31, 2025	December 31, 2024
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year attributable to the shareholders before zakat		(116,988)	(88,592)
Adjustments for non-cash items:			
Depreciation	11	2,164	2,424
Amortization of intangible assets	12	1,511	1,484
Amortization of right-of-use assets	13.1	1,163	1,186
Finance cost on lease liability	13.2	138	191
Net gain on financial assets at FVTPL	7	(1,538)	(2,635)
Commission income on FVTPL investments and Murabaha	22	(5,405)	(11,851)
Dividend income	22	(572)	(580)
Employee defined benefit obligation	16.1	1,224	1,241
Expected credit loss adjustment		9	(210)
Impairment of Goodwill		-	36,260
		(118,294)	(61,082)
Changes in operating assets and liabilities:			
Insurance contract liabilities		(23,181)	22,801
Insurance contract assets		(2,115)	(1,491)
Reinsurance contract assets		21,913	7,736
Prepaid and other assets		1,916	19,941
Accrued expenses and other liabilities		(993)	(888)
		(120,754)	(12,983)
Zakat paid	17	(2,873)	(4,919)
Payment of employee defined benefit obligations	16.1	(758)	(1,307)
		(124,385)	(19,209)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property and equipment	11	(1,300)	(25)
Proceeds from disposal of property and equipment		185	45
Additions to intangible assets	12	(334)	(543)
Placements in Murabaha deposits		53,747	(24,551)
Addition in shares	7	19,000	(841)
Commission income on FVTPL investments and Murabaha		5,405	7,935
Dividend income	22	572	580
Release of statutory		-	30,000
		77,275	12,600
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities	13.2	(1,270)	(1,294)
Subordinated loan from shareholders		50,000	-
		48,730	(1,294)
Net change in cash and cash equivalents		1,620	(7,903)
Cash and cash equivalents at the beginning of the year		6,559	14,462
Cash and cash equivalents at the end of the year	5	8,179	6,559
SUPPLEMENTAL SCHEDULE OF NON-CASH INFORMATION			
Net changes in fair value of investment measured at FVOCI	8	11,598	17,662
Remeasurement (loss) / gain on defined benefit obligations	16.1	98	58



Director



Chief Financial Officer



Chief Executive Officer

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

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 GENERAL

Gulf General Cooperative Insurance Company ("GGCI" or the "Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry's Resolution number 12/Q dated 17 Muharram 1431H (corresponding to January 3, 2010) and registered under Commercial Registration number 4030196620 dated 9 Safar 1431H (corresponding to January 25, 2010). The registered address of the Company's head office is as follows:

Gulf General Cooperative Insurance Company
Al Mukhmal Tower, Fourth Floor,
Prince Saud Al Faisal Ibn Abdulaziz Street
Jeddah, Kingdom of Saudi Arabia

The Company also has the following branches, which are operating under separate commercial registrations:

Branch	Commercial Registration No.	Date of Registration
Riyadh	1010316823	29 Shawwal 1432H (corresponding to 27 September 2011)
Al Khobar	2051046836	19 Dhul Qa'dah 1432H (corresponding to 17 October 2011)
Jeddah	4030376633	12 Jumada Al Khira 1441H (Corresponding to 6 Februar 2020)

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/85 dated 5 Thul Hujja 1429H (corresponding to December 3, 2008) pursuant to Council of Ministers' Resolution No. 365 dated 3 Thul Hujja 1429H (corresponding to December 1, 2008). The Company obtained a license to conduct insurance operations in the Kingdom of Saudi Arabia from the Saudi Arabian Monetary Authority ("SAMA") on 20 Rabi-al-Awwal 1431H (corresponding to March 6, 2010). The Company was listed on the Saudi Arabian Stock Exchange ("Tadawul") on 24 Safar 1431H (corresponding to February 8, 2010).

From November 23, 2024, 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. Insurance Authority (IA), as the principal authority responsible for the application and administration of the Insurance Law and its Insurance Implementing Regulations.

The objectives of the Company are to engage in providing insurance and related services, which include reinsurance, in accordance with its by-laws, and applicable regulations in the Kingdom of Saudi Arabia. Its principal lines of business include medical, motor, accident & liability, marine, property and engineering.

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

Transfer to shareholders' operations	90%
Transfer to insurance operations	10%
	<u>100%</u>

In case of deficit arising from the insurance operations, the entire deficit is allocated and transferred to the shareholders' In case of deficit arising from the insurance operations, the entire deficit is allocated and transferred to the shareholders' operations in full. In accordance with Article 70 of SAMA implementing regulations, the Company proposes to distribute, subject to the approval of SAMA, its annual net policyholders' surplus directly to policyholders at a time, and according to criteria, as set by its Board of Directors.

The new Companies Law issued through Royal Decree M/132 on 01/12/1443H (corresponding to September 30, 2022) (hereinafter referred as "the New Law") came into force on 26/06/1444 H (corresponding to January 19, 2024) as well as the amended implementing regulations issued by the Capital Market Authority (CMA) based on the New Law. For certain provisions of the New Law and the amended CMA implementing regulations, full compliance is expected not later than two years from 26/6/1444H (corresponding to January 19, 2024). The Company has presented the amended By-laws, within the timeframe allowed, to the shareholders and got them approved in its Extraordinary General Assembly meeting held on 7 November 2024.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by The Saudi Organization for Chartered and Professional Accountants (“SOCPA”). (referred to as “IFRS as endorsed in KSA”).

As required by the Saudi Arabian Insurance Regulations “SAMA Implementation Regulations”, the Company maintains separate books of accounts for “Insurance Operations” and “Shareholders’ Operations”. SAMA Implementation Regulations require a clear segregation of assets, liabilities, income and expenses of the insurance and shareholders operations. Accordingly, assets, liabilities, revenues and expenses attributable to either operation are recorded in the respective accounts. The supplementary information presented after the financial statements including the statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations have been provided as supplementary information to comply with requirements of the SAMA Implementing Regulations and is not required by IFRS Accounting Standards.

In preparing the Company’s financial statements in compliance with IFRS as endorsed in KSA, 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 and losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders’ operations are uniform for like transactions and events in similar circumstances.

(b) Going Concern

The Company has incurred loss of SR 120 million and negative operating cash flows from operations for the year ended 31 December 2025, and as of that date, the Company’s accumulated losses amounted to SR 259 million which represents 86% of its share capital, Furthermore, the Company’s calculated solvency ratio, in accordance with the requirements of the Insurance Authority, was 52%, which is below the minimum regulatory requirement of 100%. Accordingly, the Company remains exposed to potential corrective actions from the Insurance Authority.

These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern.

In response, Management has performed an assessment of the Company’s ability to continue as a going concern for a period of at least twelve months from the reporting date and believes that the Company has adequate resources to continue its operations. In support of this assessment, management and the Board of Directors have undertaken several strategic and operational initiatives to strengthen the Company’s financial position and support its long-term viability, including the following:

- **Shareholder Support:** An Extraordinary General Assembly (EGM) was held on 18 January 2026 following the Company’s breach of the accumulated loss threshold exceeding 50% of its share capital. During the meeting, shareholders approved the continuation of the Company’s operations.
- **Capital and Liquidity Support:** The Company has obtained a subordinated loan of SR 50 million from its shareholders to support liquidity.
- **Portfolio Optimization:** The Company is focusing on profitable customer segments and refining its portfolio mix.
- **Strategic Investor:** The Company has entered into a non-binding agreement dated 28 November 2025 with a prospective strategic investor (“Bluefive”) to explore long-term capital support. The proposed transaction contemplates a reduction of the Company’s nominal share capital by SR 126 million to offset accumulated losses, followed by a capital increase of SR 126 million through the issuance of new shares to the prospective investor, who would hold approximately 42% of the Company’s share capital following completion. The proposed transaction is subject to completion of due diligence and the necessary regulatory approvals, including from the Insurance Authority, the Capital Market Authority, and the General Authority for Competition. As of the reporting date, the Company is in the process of completing the required due diligence procedures. The agreement is non-binding and does not create an obligation for either party to complete the proposed transaction.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

- **Technical Excellence:** Implementation of enhanced underwriting controls and dynamic pricing models to improve the profitability of insurance products.
- **Cost Management:** Strengthening claims management processes and maintaining strict control over discretionary operating expenses.
- **Actuarial Oversight:** Increased use of actuarial pricing tools and more frequent technical reviews of underwriting performance.

Based on the above measures, together with the Company's existing liquid assets and the support demonstrated by shareholders, management and the Board of Directors believe that the Company will be able to continue its operations and meet its obligations as they fall due for a period of at least twelve months from the reporting date. Furthermore, the management does not have any intention to liquidate the Company or to cease the operations in the near future. Accordingly, these financial statements have been prepared on a going concern basis.

However, the Company's accumulated losses amounted to 86% of its share capital, the requirements of Article 4, Part 2 of the "CMA's Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or More of Their Share Capital" remain applicable.

(c) Basis of measurement

The financial statements are prepared under the going concern basis and the historical cost convention, except as described in respective policies in Note 3.

(d) Basis of presentation

The Company's statement of financial position is not presented using a current/non-current classification and is presented in order of liquidity. However, the following balances would generally be classified as current: cash and cash equivalents, Murabaha deposits, prepaid expenses and other assets, accrued income on statutory deposit, accrued and other liabilities, zakat payable and accrued income payable to SAMA. The following balances would generally be classified as non-current: investments, property and equipment, intangible assets, statutory deposit, lease liability and employee benefit obligations. The balances which are of mixed in nature i.e. include both current and non-current portions include insurance contract liabilities and reinsurance contract assets.

(e) Functional and presentation currency

The financial statements are expressed in Saudi Arabian Riyals (SR), which is also the functional currency of the Company. All financial information presented in SR has been rounded to the nearest thousands, except where otherwise indicated.

(f) Seasonality of operations

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

(g) Changes in products and services

During the year ended December 31, 2025, there were no significant changes in products or services, and their terms of the insurance contracts offered by the Company.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES

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

3.1 New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company

The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments which are described below:

Standards, amendments, interpretations	Description	Effective date
Amendments to IAS 21	Lack of exchangeability – Amendments to IAS 21	1 January 2025

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 New standards, amendments and interpretations not yet applied by the Company

Certain new standards and interpretations issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. Management is in the process of assessing the impact of such new standards and interpretations on its financial statements. The Company intends to adopt these interpretations when they are effective.

Standards, amendments, interpretations	Description	Effective from periods beginning on or after the following date
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/effective date deferred indefinitely
New standard "IFRS 18"	IFRS 18, 'Presentation and Disclosure in Financial Statements'	1 January 2027
New standard "IFRS 19"	IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'	1 January 2027
Amendments to IFRS 9 and IFRS 7	Classification and measurement of Financial Instruments- Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS Accounting Standards – Volume 11	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026

3.3 Insurance and reinsurance contracts

i. Classification and summary of measurement models

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. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event.

The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include marine, property, motor, engineering, accident & liability and medical. These products offer protection of

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Insurance and reinsurance contracts (continued)

i. Classification and summary of measurement models (continued)

policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident. The Company does not issue any contracts with direct participating features.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss. None of the insurance contracts issued by the Company contain embedded derivatives, investment components or any other goods and services.

ii. Level of aggregation

The Company identifies portfolios of insurance contracts. Each portfolio comprises contracts that are subject to similar risks and managed together, and is divided into three groups:

- Any contracts that are onerous on initial recognition;
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts in the portfolio.

The portfolios are further divided by year of issue.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of: (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Company tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

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. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at a policyholder-pricing-groups level.

iii. Recognition

The Company recognises a group of insurance contracts issued from the earliest of the following:

- The beginning of the coverage period of the group of contracts.
- The date when the first payment from a policyholder in the group becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the policyholder.
- For a group of onerous contracts, the date when facts and circumstances indicate that the group to which an insurance contract will belong is onerous

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

- For reinsurance contracts that provide proportionate coverage, at the later of:
 - (i) the beginning of the coverage period of the group of reinsurance contracts and
 - (ii) the initial recognition of any underlying contract.
- All other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts;

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Insurance and reinsurance contracts (continued)

ii. Level of aggregation (continued)

However, if the Company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, the reinsurance contract held, in this case, is recognised at the same time as the group of underlying insurance contracts is recognised.

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

iii. Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

- i) The Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- ii) Both of the following criteria are satisfied:
 - The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and
 - the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The contract boundary is reassessed at each reporting date and, therefore, may change over time.

iv. Measurement

The general measurement model (GMM), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin. This is the default model under IFRS 17 to measure insurance contracts. However, the Premium Allocation Approach (PAA), which is a simplified measurement model, is permitted if, and only if, at the inception of the group:

- The entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the general measurement model requirements; or
- The coverage period of each contract in the group (including insurance contract services arising from all premiums within the contract boundary determined at that date) is one year or less.

The Company uses the PAA to simplify the measurement of groups of contracts on the following bases:

- Insurance contracts:

The coverage period of Marine, Property, Motor TPL, Motor Comprehensive and Medical contracts in the group of contracts is one year or less and are therefore eligible to be measured under the PAA.

The coverage period for term life contracts is one year or less. Once the selected term has ended, the insurance contract is terminated and a policyholder could potentially obtain new coverage on the new terms, subject to successful underwriting. All insurance contracts in this product line offer fixed and guaranteed death benefits over the contractual term.

PAA eligibility testing has been performed for the Engineering and Accident & liability group of contracts since the coverage period is more than one year. The Company reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA would not differ materially from

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Insurance and reinsurance contracts (continued)

v. Measurement (continued)

the measurement that would be produced applying the general measurement model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

• Reinsurance contracts:

The Company reasonably expects that the resulting measurement under the PAA measurement model would not differ materially from the result of applying the general measurement model.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred.

Measurement on initial recognition under PAA:

On initial recognition of each group of insurance contracts that are not onerous, the carrying amount of the liability for remaining coverage ("LRC") is measured at the premiums received on initial recognition less any insurance acquisition cash flows paid. For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid.

On initial recognition of each group of insurance contracts, the Company assesses the time between providing each part of the coverage and the related premium due date. If the period is no more than a year i.e. no significant financing component exists, the Company does not adjust the carrying amount of the LRC and ARC to reflect the time value of money and the effect of financial risk using the discount rates.

Subsequent measurement under PAA:

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

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

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

- a. the remaining coverage; and
- b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

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

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

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

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

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. Fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows, and a risk adjustment for non-financial risk.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Insurance and reinsurance contracts (continued)

v. Measurement (continued)

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Company uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation, which are covered in Note 3.4(ii).

The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk.

Some insurance contracts permit the Company to sell (usually damaged) assets acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included in the estimates of claims liability as it can reasonably be recovered from the disposal of the asset.

Onerous contract assessment:

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in insurance service expense and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows, determined under the GMM, that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the liability for remaining coverage. A loss component will be established for the amount of the loss recognised. Subsequently, the loss component will be remeasured at each reporting date as the difference between the amounts of the fulfilments cash flows determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses. The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Non-performance risk (NPR) adjustment:

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Insurance and reinsurance contracts (continued)

vi. De-recognition and contract modification

The Company derecognises a contract when it is extinguished i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in the estimates of fulfilment cash flows. There were no instances of modification or derecognition identified for the year ended December 31, 2025.

vii. Acquisition & Attributable Cost

Insurance acquisition cash flows are the costs that directly associated with selling and handling acquired businesses. The company considers underwriting, sales, and regulatory levies as acquisition costs. Acquisition costs are not expensed when incurred and are deferred over the life of the insurance contract. While attributable costs are the costs that can fully or partially attributed to the insurance operations. The Company has in place allocation technique to allocate the costs based on direct to indirect costs ratio. Both acquisition and attributable costs fall under the insurance service expense while the non-attributable costs are reported under other operating expenses.

viii. Risk adjustment for non-financial risk

The Company has decided to adopt ODS bootstrap method on incurred claims for all lines of business in the estimation of risk adjustment. The Company has chosen a confidence level based on the 70th percentile for motor and 65th percentile for other class of business for the distribution of its claim reserves, considering this level is adequate to cover sources of uncertainty about the amount and timing of the cash flows. While for premium risk, the LRC for loss component calculation can be taken to be the same due to the similar nature of uncertainty.

ix. Presentation

Groups of insurance contracts that are assets and those that are liabilities, and groups of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. The Company recognised in the statement of income (a) an insurance service result, comprising insurance revenue and insurance service expenses, and (b) insurance finance income or expenses.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue:

The insurance revenue for each period is the amount of expected premium receipts for providing coverage in the period. The Company allocates the expected premium receipts to each period on the passage of time for all groups of contracts except for longer term policies under engineering and accident & liability groups. For longer term policies under engineering and accident & liability groups of contracts, the expected premium receipts are allocated based on the expected timing of incurred insurance service expenses.

Insurance service expenses:

Insurance service expenses include the following:

- a. incurred claims for the period.
- 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.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time for all groups of contracts except for longer term policies under engineering and accident & liability groups for which amortisation is done based on the expected timing of incurred insurance service expenses.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Insurance and reinsurance contracts (continued)

ix. Presentation (continued)

Net expenses from reinsurance contracts:

Net expenses from reinsurance contracts comprise reinsurance expenses less amounts recovered from reinsurers. The Company recognises reinsurance expenses as it receives coverage or other services under groups of reinsurance contracts. For contracts measured under the PAA, the Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts except for longer term policies under engineering and accident & liability groups for which amortisation is done based on the expected timing of incurred insurance service expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

Umrah and Hajj insurance pool:

The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from January 1, 2020. The compulsory Hajj / Umrah product is offered by the ministry and approved by SAMA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers general accidents and health benefits of the pilgrims entering the Kingdom of Saudi Arabia to perform Hajj / Umrah. The agreement terms are for 4 years starting from January 1, 2020, and it is renewable for another four years subject to the terms and conditions of the agreement.

This co-insurance arrangement, in which the Company is a participant, is an insurance contract as defined in IFRS 17, and the Company has accordingly applied the recognition and measurement principles of IFRS 17. Given the bespoke nature of the arrangement and given that the rights and obligations from the arrangement are managed and settled on a net basis, the Company has accordingly presented the results from the arrangement on a net basis in insurance service results as a separate line item on the statement of comprehensive income and has provided more details in the notes.

Insurance finance income and expenses:

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk, and changes therein.

The Company includes all insurance finance income or expenses for the period in profit or loss.

3.4 Financial assets and liabilities

i. Initial recognition of financial assets

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

Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at amortised cost and investments measured at FVOCI.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- a. When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (that is, a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

- b. In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement

Amortised cost and effective interest rate

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective profit method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, contributions or discounts and fees and points paid or received that are integral to the effective profit rate, such as origination fees.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Financial assets and liabilities (continued)

i. Initial recognition of financial assets (continued)

Interest income is recognised using the effective profit rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit impaired, profit income is recognised by applying the effective interest rate to the net carrying value of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

ii. Classification and subsequent measurement of financial assets

The Company classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through Other Comprehensive Income (FVOCI);
- Held at amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

- (i) the Company's business model for managing the financial assets; and
- (ii) the contractual cash flow characteristics of the financial assets.

Business model:

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the liquidity portfolio of assets, which is held by the Company as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely payments of principal and profit:

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and profit. In making this assessment, the Company considers whether the contractual cash flows are consistent with the financing agreement i.e. profit includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Company exercises judgment in determining whether the contractual terms of financial assets it originates or acquires give rise on specific dates to cash flows that are solely payments of principal and profit income on the principal outstanding and so may qualify for amortised cost measurement. In making the assessment the Company considers all contractual terms, including any prepayment terms or provisions to extend the maturity of the assets, terms that change the amount and timing of cash flows and whether the contractual terms contain leverage.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Financial assets and liabilities (continued)

ii. Classification and subsequent measurement of financial assets (continued)

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Profit income from these financial assets is included in 'Interest income' using the effective profit method.

Fair value through other comprehensive income ("FVOCI"):

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are designated as FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special interest income and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Profit income from these financial assets is included in 'Interest income' using the effective profit method. Currently no debt instrument is classified as FVOCI.

Fair value through profit or loss (FVTPL):

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL presented in profit or loss in the period in which it arises. Currently investment in mutual funds and Sukuk which failed SPPI assessment are classified as FVTPL.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are not expected to be frequent and no such instances have occurred for the year ended December 31, 2025.

Equity instruments:

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Company classifies all equity investments at FVTPL, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, transaction costs are made part of the cost at initial recognition and subsequent fair value gains and losses (unrealized) are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. The Company has designated its investment in Najm for Insurance Services Company, a Saudi Closed Joint Stock Company, as FVOCI.

Dividends, when representing a return on such investments, continue to be recognized in the statement of income as 'Dividend income' when the Company's right to receive payments is established. Currently all equity securities are designated as FVOCI.

Any gain or loss on the disposal of equity classified as FVOCI will be non-recycling i.e. on disposal, fair value movement residing in OCI will be moved directly from OCI to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Financial assets and liabilities (continued)

iii. Impairment of financial assets

The Company assesses on a forward-looking basis the ECL associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The measurement of ECL reflects:

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

The Company applies the three-stage model for impairment of financial assets measured at amortised cost and FVOCI, based on changes in credit quality since initial recognition.

Stage 1 (“Performing”) includes financial assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these financial assets, 12-month expected credit losses (“ECL”) are recognised and financial income is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). A 12-month ECL is the ECL that results from default events that are possible within 12-months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset, weighted by the probability that the loss will occur in the next 12-months.

Stage 2 (“Under-performing”) includes financial assets that have had a significant increase in credit risk since initial recognition, but do not have objective evidence of impairment. A significant increase in credit risk is presumed if a receivable is more than 30 days past due. For these financial assets, lifetime ECL are recognised, but financial income is still calculated on the gross carrying amount of the asset. Lifetime ECL is the ECL that results from all possible default events over the maximum contractual period during which the Company is exposed to credit risk. ECL is the weighted average credit losses, with the respective risks of a default occurring as the weights.

Stage 3 (“Non-performing”) includes financial assets that have objective evidence of impairment at the reporting date. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due. For these financial assets, lifetime ECL are recognised and financial income is calculated on the net carrying amount (that is, net of credit allowance).

The Company, when determining whether the credit risk on a financial asset has increased significantly, considers reasonable and supportable information available (e.g. days past due, customer credit scoring etc.), in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial asset.

Financial assets are written-off only when there is no reasonable expectation of recovery.

Where financial assets are written-off, the Company continues to engage enforcement activities to attempt to recover the receivable due. Recoveries made, after write-off, are recognized in profit or loss.

Impairment losses on financial assets are presented separately on the statement of income.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Financial assets and liabilities (continued)

iv. Derecognition of financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of income.

v. Classification and subsequent measurement of financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective profit method.

vi. Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of income.

3.4.1 Classification and measurement

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

The IFRS 9 measurement categories for financial assets are as follows:

- Financial assets at fair value through profit or loss, including equity instruments and derivatives;
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition (not used by the Company); and
- Debt instruments at amortised cost.

Under IFRS 9, financial liabilities are classified as measured at amortised cost of FVTPL. Fair value changes of financial liabilities designated as at FVTPL will generally be presented as follows:

- The amount of the change in the fair value that is attributable to changes in the credit risk of the liability will be presented in Other Comprehensive Income (OCI);
- The remaining amount of the change in the fair value is presented in the statement of income.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Financial assets and liabilities (continued)

3.4.2 Impairment

Under IFRS 9, the Expected credit loss (“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 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.

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 to present value.

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 will review macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company will analyse the relationship between key economic trends with the estimate of PD.

IFRS 9 impairment applies to financial instruments that are not measured at Fair value through profit or loss (FVTPL). Equity instruments measured at FVOCI are also excluded from the purview of impairment.

Financial assets that are subject to impairment consist of investment portfolio (debt instruments) and cash and cash equivalents.

3.5 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses, if any. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial year in which they are incurred. Land is not depreciated. The cost of other items of property and equipment is depreciated on the straight-line method to allocate the cost over estimated useful lives, as follows:

	<u>Years</u>
Leasehold improvements	8
Furniture and fixtures	10
Computer and office equipment	4-10
Motor vehicles	4

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Property and equipment (continued)

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. The carrying values of these assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in "Other income, net" in the statement of income.

3.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are not capitalized, and the related expenditure is reflected in the statement of income in the period in which the expenditure is incurred. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Further, capital work in progress is not amortized.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the statement of income in the expense category that is consistent with the function of the intangible assets. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income when the asset is derecognized. Intangible assets with indefinite useful lives are tested for impairment annually at the cash generating unit ("CGU") level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

The estimated useful lives for the current year are as follows:

	<u>Years</u>
Software	10

The amortization method, useful life and residual value are reviewed at each reporting date and the changes are adjusted, if appropriate.

3.7 Goodwill

Goodwill is initially measured at excess of the fair value of the consideration paid over the fair value of the identifiable assets and liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment for goodwill is determined by assessing the recoverable amount of the cash generating unit (or a group of cash generating units) to which the goodwill is related. When the recoverable amount of the cash-generating unit (or a group of cash generating units) is less than the carrying amount of the cash generating unit (or a group of cash generating units) to which goodwill has been allocated, an impairment loss is recognized in the statement of income. Impairment losses relating to goodwill cannot be reversed in future periods.

3.8 Leases

Definition of lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange of consideration. At inception of a contract, the Company assesses whether a contract is, or contains, a lease.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Leases (continued)

As a lessee

The Company leases its offices, and as a lessee, the Company previously classified leases as operating leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases - i.e. these leases are on balance sheet.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted with certain remeasurements of lease liability. The cost of right-of-use assets includes the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of costs to dismantle, less any lease incentive received. The estimated useful life of right-of-use assets are determined considering the term of the lease.

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate (if the interest rate implicit in the lease is not available). The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured when there is a change in the future lease payments arising from the change in an index or rate, a change in the estimate of the amount expected to be payable under residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or termination option is reasonably certain not to be exercised. The lessee will generally recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

As a lessor

Lessors classify all leases and distinguish between two types of leases: operating and finance leases.

3.9 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's, or cash-generating unit's (CGU), fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three to five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of income. For assets, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income.

3.10 Employee benefit obligations

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Employee benefit obligations (continued)

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

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

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

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

3.11 Provisions, accrued expenses and other liabilities

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

3.12 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and term deposits that have original maturity periods not exceeding three months from the date of acquisition. Murabaha deposits having maturities more than three months from the date of acquisition and managed directly by the Company are classified separately as term deposits.

3.13 Commission, dividend income and other income

Commission income on term deposits is recognised on a time proportion basis using the effective interest rate method and are disclosed under 'Investment and commission income' in statement of income. Dividend income is recognised when the right to receive a dividend is established and is included under realised gain on FVTPL investments in the statement of income. Income from Umrah product, medical, general and accident insurance fund, is recognised as other income on the basis of quarterly financial statements released by their Fund Manager i.e. The Company for Cooperative Insurance.

3.14 Dividend distribution

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

3.15 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.

3.16 Fair values

The fair value of financial assets is based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flow using commission for items with similar terms and risk characteristics. For financial assets where there is no active market, fair value is determined by reference to the market value of a similar financial assets or where the fair values cannot be derived from active market, they are determined using a variety of valuation techniques. The inputs of this models are taken from observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.17 Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority ("ZATCA"). Zakat is computed on the Saudi shareholders' share of equity or net income using the basis defined under the Zakat regulations. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. The Company is subject to zakat in accordance with the regulations of the ZATCA. Zakat expense is charged to the statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

3.18 Operating segments

A segment is a distinguishable component of the Company that is engaged in providing products or services (an operating segment), which is subject to risk and rewards that are different from those of other segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Directors that makes strategic decisions. No inter-segment transactions occurred during the period. If any transaction were to occur, transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expense and results will then include those transfers between business segments which will then be eliminated at the level of the financial statements of the Company.

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. 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

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events. The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force within groups. The Company performs regular expense studies to determine the extent to which fixed and variable overheads are directly attributable to fulfil the insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

i. Estimates of future cash flows to fulfil insurance contracts (continued)

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include claims handling, maintenance and administration costs, and recurring commissions payable on instalment premiums receivable within the contract boundary. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads. Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. Other costs are recognised in profit or loss as they are incurred. Refer Note 30.1 for the sensitivity analysis in relation to the significant assumptions.

ii. Discounting methodology

Discount rates are primarily used to adjust the estimates of future cash flows to reflect the time value of money and other financial risks to accrete interest on the liability for incurred claims.

The bottom-up approach was used to derive the discount rate. Under this approach, the USD based risk free discount rates by European Insurance and Occupational Pensions Authority (EIOPA) were used as a starting point for preparing the yield curve. The Company then further added a KSA country risk premium from the source to make the yield curve appropriate for application. The Company has used the USD volatility adjustment reported by EIOPA for Solvency II as a proxy for illiquidity premium. The Company is currently discounting liability for incurred claims for all groups of insurance contracts. The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

Insurance contracts issued and reinsurance contracts held

	Currency	1 year	2 years	3 years	4 years	5 years
Marine	SR	4.40%	4.16%	4.36%	4.54%	4.71%
Property	SR	4.40%	4.16%	4.36%	4.54%	4.71%
Motor-Comp	SR	4.40%	4.16%	4.36%	4.54%	4.71%
Motor-TPL	SR	4.40%	4.16%	4.36%	4.54%	4.71%
Engineering	SR	4.40%	4.16%	4.36%	4.54%	4.71%
Accident & liability	SR	4.40%	4.16%	4.36%	4.54%	4.71%
Medical	SR	4.40%	4.16%	4.36%	4.54%	4.71%

Insurance contracts issued and reinsurance contracts held

	Currency	1 year	2 years	3 years	4 years	5 years
Marine	SR	5.15%	4.96%	4.99%	4.95%	4.89%
Property	SR	5.15%	4.96%	4.99%	4.95%	4.89%
Motor-Comp	SR	5.15%	4.96%	4.99%	4.95%	4.89%
Motor-TPL	SR	5.15%	4.96%	4.99%	4.95%	4.89%
Engineering	SR	5.15%	4.96%	4.99%	4.95%	4.89%
Accident & liability	SR	5.15%	4.96%	4.99%	4.95%	4.89%
Medical	SR	5.15%	4.96%	4.99%	4.95%	4.89%

iii. Risk adjustment for non-financial risks

The Company shall adjust the estimate of the present value of the future cashflows to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cashflows that arises from non-financial risk. So, the purpose of the risk adjustment for non-financial risk is to measure the effect of uncertainty in the cashflows that arise from insurance contracts, other than uncertainty arising from financial risk. The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks such as lapse risk and expense risk. The Company adopted the PAA simplification for the calculation of liability for remaining coverage. Therefore, risk adjustment for liability for remaining coverage will only be estimated in case a group of contracts is recognized as onerous. Applying a confidence level technique, the Company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 70th percentile for Motor while 65th percentile for the remaining business (the target confidence level) over the expected present value of the future cash flows. Refer Note 30.1 for the sensitivity analysis in relation to the significant assumptions.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

iv. Onerosity determination

Under the PAA, the Company shall assume no contracts in the portfolio are onerous at initial recognition unless “facts and circumstances” indicate otherwise. The Company performs the assessment of onerous contracts on an annual and underwriting year basis, in conjunction with updated information on product profitability. Furthermore, the assessment shall be repeated if “facts and circumstances” indicate that there are significant changes in product pricing, product design, plans and forecasts. This level of granularity determines sets of contracts. The Company uses significant 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 Company has established a process for the underwriting team to capture onerous, potentially onerous and profitable contracts by assessing the profitability of the different portfolios at the start of the underwriting year. The profitability of each portfolio shall be assessed separately. Refer note 29 for the sensitivity analysis in relation to the significant assumptions.

v. Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and to make assumptions that are mainly based on market conditions existing at the end of each reporting period. Refer to Note 28 for details relating to fair valuation techniques and a sensitivity analysis in relation to the significant assumptions.

vi. Estimates for expected premium receipts

The Company has developed a methodology for expected premium receipts based on provision matrix approach. Such balances have been reclassified to insurance contract liabilities in line with the requirements of IFRS 17. To measure the estimates, such balances have been grouped based on shared credit risk characteristics for respective policyholder base portfolio and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors, affecting the ability of the customers to settle the receivables. The Company has identified the Gross domestic product of the country in which it operates to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

vii. Impairment of non-financial assets including goodwill

The Company assesses at each reporting date or more frequently if events or changes in circumstances indicate, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. For goodwill, the Company tests annually whether goodwill has suffered any impairment. Recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost to sell, and its value in use, and is determined for the individual asset, unless the asset does not generate cash inflows which are largely independent from other assets or groups. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate source is used, such as observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets exist, it is based on discounted future cash flow calculations.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

5 CASH AND CASH EQUIVALENTS

	December 31, 2025	December 31, 2024
Cash in hand	10	14
Bank balances	8,170	6,546
Expected credit loss ("ECL")	(1)	(1)
	8,179	6,559

The bank balances are with banks, registered in Saudi Arabia and are denominated in Saudi Riyals and US Dollars.

The gross carrying amount of cash and cash equivalents represents the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of A to BBB. The Company's exposures to credit risk are not collateralized.

Movement in allowance for expected credit losses on cash and cash equivalents is as follows:

	December 31, 2025	December 31, 2024
Balance at beginning of the year	1	11
ECL allowance recognised in profit or loss during the year	-	(10)
Balance at end of the year	1	1

6 INVESTMENTS HELD AT AMORTISED COST

	December 31, 2025	December 31, 2024
Murabaha deposits	127,000	174,000
Accrued income	667	7,414
Expected credit loss	(33)	(33)
	127,634	181,381

Murabaha deposits with original maturity exceeding 3 months are placed with commercial banks registered in Saudi Arabia and yield income at rates of 5.06% to 6% per annum (December 31, 2024: 5.4% to 6.1% per annum). The gross carrying amount of Murabaha deposits represents the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of A to BBB. The Company's exposures to credit risk are not collateralized.

Movement in allowance for expected credit losses on Murabaha deposits is as follows:

	December 31, 2025	December 31, 2024
Balance at beginning of the year	33	21
ECL allowance recognised in profit or loss during the year	-	12
Balance at end of the year	33	33

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

7 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Movement in investment portfolio is as follows:

	December 31, 2025	December 31, 2024
Balance at beginning of the year	57,048	53,572
(Disposal) / Additions	(19,000)	841
Changes in fair value of investments	1,538	2,635
Balance at end of the year	39,586	57,048

7.1.1 The following is the portfolio wise breakdown:

	Note	December 31, 2025	December 31, 2024
Equity securities		18,676	18,423
Mutual funds		17,910	33,625
Sukuks	7.1.2	3,000	5,000
		39,586	57,048

7.1.2 Investment in Tier-1 sukuks:

	December 31, 2025	December 31, 2024
Saudi Fransi Bank Sukuks	-	2,000
Al Rajhi Bank – Sukuks	3,000	3,000
	3,000	5,000

These represents the Company's investment in AL-Rajhi Tier 1 Sukuks. These represents Sukuk at a face value of SR 3 million with a coupon rate of 5.5% per annum. The Company has earned commission income of SR 0.240 million during the year (December 31, 2024: SR 0.255 million). The profit distribution on these sukuk is at the discretion of the issuer therefore these sukuk classified as FVTPL.

8 INVESTMENTS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	December 31, 2025	December 31, 2024
Balance at beginning of the year	61,124	43,462
Changes in fair value of investments	11,598	17,662
Balance at end of the year	72,722	61,124

This above represents the Company's 3.45% (December 31, 2024: 3.45%) holding in Najm for Insurance Services Company, a Saudi Closed Joint Stock Company. These shares are un-quoted and are carried at fair value. The Company has determined the fair value of its investment in Najm, which was previously carried at initial cost of SR 1.9 million until December 31, 2022, but adjusted based on IFRS 9 implementation. Refer to Note 28 for details relating to fair valuation techniques and a sensitivity analysis in relation to the significant assumptions.

8.1 All investments are from the shareholders operations and are placed inside the Kingdom of Saudi Arabia.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

9 PREPAID EXPENSES AND OTHER ASSETS

	Note	December 31, 2025	December 31, 2024
Prepayments		6,325	10,494
Due from employee delinquency insurance pool	24.2	4,143	-
Due from Tawuniya for pool deals	24.1	472	1,923
Staff receivables		286	458
Bank guarantee		300	300
Others		2,559	2,826
		14,085	16,001
Expected credit loss		(74)	(65)
		14,011	15,936

Movement in allowance for expected credit losses on other receivables is as follows:

	December 31, 2025	December 31, 2024
Balance at beginning of the year	65	281
ECL allowance recognised in profit or loss during the year	9	(216)
Balance at end of the year	74	65

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INSURANCE AND REINSURANCE CONTRACTS

10.1 Composition of the statement of financial position

An analysis of the amounts presented on the statement of financial position for insurance contracts and reinsurance contracts has been included in the table below:

	Medical	Motor- Third party liability	Motor- Compre hensive	Property	Engineering	Marine	Accident & liability	Total
As at December 31, 2025								
<u>Insurance contracts</u>								
Insurance contract assets	-	-	-	(3606)	-	-	-	(3606)
Insurance contract liabilities	11,395	66,987	70,851	-	2,270	2,179	6,701	160,383
	11,395	66,987	70,851	(3,606)	2,270	2,179	6,701	156,777
<u>Reinsurance contracts</u>								
Reinsurance contract assets	915	2,815	303	3,398	1,355	948	5,200	14,934
Reinsurance contract liability	-	-	-	-	-	-	-	-
	915	2,815	303	3,398	1,355	948	5,200	14,934
As at December 31, 2024								
<u>Insurance contracts</u>								
Insurance contract assets	-	-	-	(1,491)	-	-	-	(1,491)
Insurance contract liabilities	17,212	121,441	29,379	-	3,191	2,181	10,160	183,564
	17,212	121,441	29,379	(1,491)	3,191	2,181	10,160	182,073
<u>Reinsurance contracts</u>								
Reinsurance contract assets	785	13,070	4,431	7,210	3,016	1,134	7,201	36,847
Reinsurance contract liability	-	-	-	-	-	-	-	-
	785	13,070	4,431	7,210	3,016	1,134	7,201	36,847

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Analysis by remaining coverage and incurred claims

10.2.1 Insurance contracts: (all portfolios)

	As at December 31, 2025					As at December 31, 2024				
	Liability for remaining coverage		Liability for incurred claims			Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Insurance contracts										
Insurance contract liabilities – opening	107,088	7,540	67,089	1,847	183,564	109,546	6,981	41,709	2,527	160,763
Insurance contract assets – opening	(3,110)	-	1,522	97	(1,491)	-	-	-	-	-
Opening balance – net	103,978	7,540	68,611	1,944	182,073	109,546	6,981	41,709	2,527	160,763
Insurance revenue (note 21)	(321,752)	-	-	-	(321,752)	(414,352)	-	-	-	(414,352)
Insurance service expenses										
Incurred claims and other directly attributable expenses* (note 21)	-	-	305,649	1,465	307,114	-	-	267,141	1,167	268,308
Loss on onerous contracts (note 21)	-	4,115	-	-	4,115	-	559	-	-	559
Changes that relate to past service - adjustments to the LIC (note 21)	-	-	26,395	(1,629)	24,766	-	-	105,599	(1,750)	103,849
Insurance acquisition cashflows amortisation (note 21)	62,281	-	-	-	62,281	67,822	-	-	-	67,822
Insurance service expenses (note 21)	62,281	4,115	332,044	(164)	398,276	67,822	559	372,740	(583)	440,538
Finance expense from insurance contracts	-	-	1,426	-	1,426	-	-	873	-	873
Total changes in the statement of income	(259,471)	4,115	333,470	(164)	77,950	(346,530)	559	373,613	(583)	27,059
Cashflows										
Premiums received	301,487	-	-	-	301,487	409,988	-	-	-	409,988
Claims and other directly attributable expenses paid	-	-	(355,631)	-	(355,631)	-	-	(346,711)	-	(346,711)
Insurance acquisition cashflows paid	(49,102)	-	-	-	(49,102)	(69,026)	-	-	-	(69,026)
Total cash inflows / (outflows)	252,385	-	(355,631)	-	(103,246)	340,962	-	(346,711)	-	(5,749)
Insurance contracts										
Insurance contract liabilities – closing	101,909	11,655	45,138	1,681	160,383	107,088	7,540	67,089	1,847	183,564
Insurance contract assets – closing	(5,017)	-	1,312	99	(3,606)	(3,110)	-	1,522	97	(1,491)
Closing balance – net	96,892	11,655	46,450	1,780	156,777	103,978	7,540	68,611	1,944	182,073

*This includes surplus distribution of SR 2.3 million for the year ended December 31, 2025 (December 31, 2024: SR 2.3 million)

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Insurance contracts: (Medical)

	As at December 31, 2025					As at December 31, 2024				
	Liability for remaining coverage		Liability for incurred claims			Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Insurance contracts										
Insurance contract liabilities – opening	4,899	2,653	9,212	448	17,212	15,618	6,982	9,240	587	32,427
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	4,899	2,653	9,212	448	17,212	15,618	6,982	9,240	587	32,427
Insurance revenue	(14,155)	-	-	-	(14,155)	(33,091)	-	-	-	(33,091)
Insurance service expenses										
Incurred claims and other directly attributable expenses	-	-	16,958	168	17,126	-	-	36,818	390	37,208
Reversal on onerous contracts	-	(1,472)	-	-	(1,472)	-	(4,329)	-	-	(4,329)
Changes that relate to past service adjustments to the LIC	-	-	(951)	(428)	(1,379)	-	-	8,343	(529)	7,814
Insurance acquisition cashflows amortisation	1,002	-	-	-	1,002	3,129	-	-	-	3,129
Insurance service expenses	1,002	(1,472)	16,007	(260)	15,277	3,129	(4,329)	45,161	(139)	43,822
Finance expense from insurance contracts	-	-	159	-	159	-	-	29	-	29
Total changes in the statement of income	(13,153)	(1,472)	16,166	(260)	1,281	(29,962)	(4,329)	45,190	(139)	10,760
Cashflows										
Premiums received	16,845	-	-	-	16,845	21,774	-	-	-	21,774
Claims and other directly attributable expenses paid	-	-	(22,785)	-	(22,785)	-	-	(45,218)	-	(45,218)
Insurance acquisition cashflows paid	(1,158)	-	-	-	(1,158)	(2,531)	-	-	-	(2,531)
Total cash inflows / (outflows)	15,687	-	(22,785)	-	(7,098)	19,243	-	(45,218)	-	(25,975)
Insurance contracts										
Insurance contract liabilities – closing	7,433	1,181	2,593	188	11,395	4,899	2,653	9,212	448	17,212
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	7,433	1,181	2,593	188	11,395	4,899	2,653	9,212	448	17,212

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.3 Insurance contracts: (Motor - Comprehensive)

	As at December 31, 2025					As at December 31, 2024				
	Liability for remaining coverage		Liability for incurred claims			Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Insurance contracts										
Insurance contract liabilities – opening	28,331	-	1,067	(19)	29,379	25,631	-	2,015	69	27,715
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	28,331	-	1,067	(19)	29,379	25,631	-	2,015	69	27,715
Insurance revenue	(115,852)	-	-	-	(115,852)	(113,190)	-	-	-	(113,190)
Insurance service expenses										
Incurred claims and other directly attributable expenses	-	-	121,493	664	122,157	-	-	47,511	309	47,820
(Reversal) / losses on onerous contracts	-	7,237	-	-	7,237	-	-	-	-	-
Changes that relate to past service adjustments to the LIC	-	-	12,912	16	12,928	-	-	48,459	(397)	48,062
Insurance acquisition cashflows amortisation	26,042	-	-	-	26,042	21,451	-	-	-	21,451
Insurance service expenses	26,042	7,237	134,405	680	168,364	21,451	-	95,970	(88)	117,333
Finance expense from insurance contracts	-	-	(70)	-	(70)	-	-	(377)	-	(377)
Total changes in the statement of income	(89,810)	7,237	134,335	680	52,442	(91,739)	-	95,593	(88)	3,766
Cashflows										
Premiums received	130,833	-	-	-	130,833	118,407	-	-	-	118,407
Claims and other directly attributable expenses paid	-	-	(121,332)	-	(121,332)	-	-	(96,541)	-	(96,541)
Insurance acquisition cashflows paid	(20,471)	-	-	-	(20,471)	(23,968)	-	-	-	(23,968)
Total cash inflows / (outflows)	110,362	-	(121,332)	-	(10,970)	94,439	-	(96,541)	-	(2,102)
Insurance contracts										
Insurance contract liabilities – closing	48,883	7,237	14,070	661	70,851	28,331	-	1,067	(19)	29,379
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	48,883	7,237	14,070	661	70,851	28,331	-	1,067	(19)	29,379

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.4 Insurance contracts: (Motor-Third party liability)

	As at December 31, 2025					As at December 31, 2024				
	Liability for remaining coverage		Liability for incurred claims			Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Insurance contracts										
Insurance contract liabilities – opening	65,685	4,888	49,905	963	121,441	55,959	-	10,776	222	66,957
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	65,685	4,888	49,905	963	121,441	55,959	-	10,776	222	66,957
Insurance revenue	(155,159)	-	-	-	(155,159)	(224,752)	-	-	-	(224,752)
Insurance service expenses										
Incurred claims and other directly attributable expenses	-	-	155,513	470	155,983	-	-	169,506	405	169,911
(Reversal) / Loss on onerous contracts	-	(1,650)	-	-	(1,650)	-	4,888	-	-	4,888
Changes that relate to past service adjustments to the LIC	-	-	17,409	(1,004)	16,405	-	-	52,245	336	52,581
Insurance acquisition cashflows amortisation	29,731	-	-	-	29,731	36,618	-	-	-	36,618
Insurance service expenses	29,731	(1,650)	172,922	(534)	200,469	36,618	4,888	221,751	741	263,998
Finance expense from insurance contracts	-	-	1,076	-	1,076	-	-	656	-	656
Total changes in the statement of income	(125,428)	(1,650)	173,998	(534)	46,386	(188,134)	4,888	222,407	741	39,902
Cashflows										
Premiums received	121,776	-	-	-	121,776	233,542	-	-	-	233,542
Claims and other directly attributable expenses paid	-	-	(200,558)	-	(200,558)	-	-	(183,278)	-	(183,278)
Insurance acquisition cashflows paid	(22,058)	-	-	-	(22,058)	(35,682)	-	-	-	(35,682)
Total cash inflows / (outflows)	99,718	-	(200,558)	-	(100,840)	197,860	-	(183,278)	-	14,582
Insurance contracts										
Insurance contract liabilities – closing	39,975	3,238	23,345	429	66,987	65,685	4,888	49,905	963	121,441
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	39,975	3,238	23,345	429	66,987	65,685	4,888	49,905	963	121,441

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.5 Insurance contracts:(Property)

	As at December 31, 2025					As at December 31, 2024				
	Liability for remaining coverage		Liability for incurred claims			Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Insurance contracts										
Insurance contract liabilities – opening	-	-	1,522	97	1,619	4,215	-	9,737	788	14,740
Insurance contract assets – opening	(3,110)	-	-	-	(3,110)	-	-	-	-	-
Opening balance – net	(3,110)	-	1,522	97	(1,491)	4,215	-	9,737	788	14,740
Insurance revenue	(18,565)	-	-	-	(18,565)	(22,165)	-	-	-	(22,165)
Insurance service expenses										
Incurred claims and other directly attributable expenses	-	-	4,124	62	4,186	-	-	4,118	12	4,130
Reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service adjustments to the LIC	-	-	(971)	(60)	(1,031)	-	-	(2,054)	(703)	(2,757)
Insurance acquisition cashflows amortisation	2,910	-	-	-	2,910	3,501	-	-	-	3,501
Insurance service expenses	2,910	-	3,153	2	6,065	3,501	-	2,064	(691)	4,874
Finance expense from insurance contracts	-	-	49	-	49	-	-	183	-	183
Total changes in the statement of income	(15,655)	-	3,202	2	(12,451)	(18,664)	-	2,247	(691)	(17,108)
Cashflows										
Premiums received	16,725	-	-	-	16,725	14,783	-	-	-	14,783
Claims and other directly attributable expenses paid	-	-	(3,412)	-	(3,412)	-	-	(10,462)	-	(10,462)
Insurance acquisition cashflows paid	(2,977)	-	-	-	(2,977)	(3,444)	-	-	-	(3,444)
Total cash inflows / (outflows)	13,748	-	(3,412)	-	(10,336)	11,339	-	(10,462)	-	877
Insurance contracts										
Insurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Insurance contract assets – closing	(5,017)	-	1,312	99	(3,606)	(3,110)	-	1,522	97	(1,491)
Closing balance – net	(5,017)	-	1,312	99	(3,606)	(3,110)	-	1,522	97	(1,491)

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.6 Insurance contracts:(Engineering)

	As at December 31, 2025					As at December 31, 2024				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	2,344	-	794	53	3,191	1,738	-	1,199	93	3,030
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	2,344	-	794	53	3,191	1,738	-	1,199	93	3,030
Insurance revenue	(4,056)	-	-	-	(4,056)	(3,548)	-	-	-	(3,548)
Insurance service expenses										
Incurred claims and other directly attributable expenses	-	-	1,414	-	1,414	-	-	1,764	5	1,769
Reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service adjustments to the LIC	-	-	36	-	36	-	-	(201)	(45)	(246)
Insurance acquisition cashflows amortisation	675	-	-	-	675	660	-	-	-	660
Insurance service expenses	675	-	1,450	-	2,125	660	-	1,563	(40)	2,183
Finance expense from insurance contracts	-	-	30	-	30	-	-	44	-	44
Total changes in the statement of income	(3,381)	-	1,480	-	(1,901)	(2,888)	-	1,607	(40)	(1,321)
Cashflows										
Premiums received	3,182	-	-	-	3,182	4,234	-	-	-	4,234
Claims and other directly attributable expenses paid	-	-	(1,602)	-	(1,602)	-	-	(2,012)	-	(2,012)
Insurance acquisition cashflows paid	(601)	-	-	-	(601)	(740)	-	-	-	(740)
Total cash inflows / (outflows)	2,581	-	(1,602)	-	979	3,494	-	(2,012)	-	1,482
Insurance contracts										
Insurance contract liabilities – closing	1,544	-	672	53	2,269	2,344	-	794	53	3,191
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	1,544	-	672	53	2,269	2,344	--	794	53	3,191

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.7 Insurance contracts:(Marine)

	As at December 31, 2025				As at December 31, 2024					
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	674	-	1,414	93	2,181	1,130	-	2,074	178	3,382
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	674	-	1,414	93	2,181	1,130	-	2,074	178	3,382
Insurance revenue	(6,272)	-	-	-	(6,272)	(9,192)	-	-	-	(9,192)
Insurance service expenses										
Incurred claims and other directly attributable expenses	-	-	3,593	78	3,671	-	-	4,544	38	4,582
Reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service adjustments to the LIC	-	-	(678)	(88)	(766)	-	-	(219)	(123)	(342)
Insurance acquisition cashflows amortisation	765	-	-	-	765	1,039	-	-	-	1,039
Insurance service expenses	765	-	2,915	(10)	3,670	1,039	-	4,325	(85)	5,279
Finance expense from insurance contracts	-	-	43	-	43	-	-	74	-	74
Total changes in the statement of income	(5,507)	-	2,958	(10)	(2,559)	(8,153)	-	4,399	(85)	(3,839)
Cashflows										
Premiums received	6,684	-	-	-	6,684	8,782	-	-	-	8,782
Claims and other directly attributable expenses paid	-	-	(3,310)	-	(3,310)	-	-	(5,059)	-	(5,059)
Insurance acquisition cashflows paid	(817)	-	-	-	(817)	(1,085)	-	-	-	(1,085)
Total cash inflows / (outflows)	5,867	-	(3,310)	-	2,557	7,697	-	(5,059)	-	2,638
Insurance contracts										
Insurance contract liabilities – closing	1,034	-	1,062	83	2,179	674	-	1,414	93	2,181
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	1,034	-	1,062	83	2,179	674	-	1,414	93	2,181

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.8 Insurance contracts:(Accident and liability)

	As at December 31, 2025					As at December 31, 2024				
	Liability for remaining coverage		Liability for incurred claims			Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Insurance contracts										
Insurance contract liabilities – opening	5,155	-	4,696	309	10,160	5,255	-	6,667	590	12,512
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	5,155	-	4,696	309	10,160	5,255	-	6,667	590	12,512
Insurance revenue	(7,693)	-	-	-	(7,693)	(8,414)	-	-	-	(8,414)
Insurance service expenses	-	-	-	-	-	-	-	-	-	-
Incurred claims and other directly attributable expenses	-	-	2,555	22	2,577	-	-	2,880	8	2,888
Reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service adjustments to the LIC	-	-	(1,362)	(65)	(1,427)	-	-	(974)	(289)	(1,263)
Insurance acquisition cashflows amortisation	1,157	-	-	-	1,157	1,424	-	--	--	1,424
Insurance service expenses	1,157	-	1,193	(43)	2,307	1,424	-	1,906	(281)	3,049
Finance expense from insurance contracts	-	-	139	-	139	-	-	264	-	264
Total changes in the statement of income	(6,536)	-	1,332	(43)	(5,247)	(6,990)	-	(2,170)	281	(5,101)
Cashflows										
Premiums received	5,443	-	-	-	5,443	8,466	-	--	--	8,466
Claims and other directly attributable expenses paid	-	-	(2,633)	-	(2,633)	--	-	(4,141)	--	(4,141)
Insurance acquisition cashflows paid	(1,020)	-	-	-	(1,020)	(1,576)	-	-	--	(1,576)
Total cash inflows / (outflows)	4,423	-	(2,633)	-	1,790	6,890	-	(4,141)	--	2,749
Insurance contracts										
Insurance contract liabilities – closing	3,042	-	3,395	266	6,703	5,155	-	4,696	309	10,160
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	3,042	-	3,395	266	6,703	5,155	-	4,696	309	10,160

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.9 Reinsurance contracts held: (all portfolios)

	As at December 31, 2025					As at December 31, 2024				
	Asset for remaining coverage		Asset for incurred claims			Asset for remaining coverage		Asset for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Reinsurance contracts										
Reinsurance contract assets – opening	5,070	248	30,941	588	36,847	18,334	1,187	23,979	1,083	44,583
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	5,070	248	30,941	588	36,847	18,334	1,187	23,979	1,083	44,583
Allocation of reinsurance premium paid (note 21)	(34,725)	-	-	-	(34,725)	(46,260)	-	-	-	(46,260)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses (note 21)	-	-	8,381	349	8,730	-	-	8,992	244	9,236
Reversal of recovery component (note 21)	-	(7)	-	-	(7)	-	(939)	-	-	(939)
Changes that relate to past service – adjustments to the LIC (note 21)	-	-	(6,310)	(686)	(6,996)	-	-	6,273	(739)	5,534
Amounts recoverable from reinsurers – net	-	(7)	2,071	(337)	1,727	-	(939)	15,265	(495)	13,831
Finance income from reinsurance contracts	-	-	1,052	-	1,052	-	-	1,195	-	1,195
Total changes in the statement of income	(34,725)	(7)	3,123	(337)	(31,946)	(46,260)	(939)	16,460	(495)	31,234
Cashflows										
Premiums ceded and acquisition cashflows paid	30,579	-	-	-	30,579	37,467	-	-	-	37,467
Recoveries from reinsurance	-	-	(17,478)	-	(17,478)	-	-	(9,498)	-	(9,498)
Commission from reinsurance	(3,068)	-	-	-	(3,068)	(4,471)	-	-	-	(4,471)
Total cash outflows / (inflows)	27,511	-	(17,478)	-	10,032	32,996	-	(9,498)	-	23,498
Reinsurance contracts										
Reinsurance contract assets – closing	-	241	16,586	251	17,078	5,070	248	30,941	588	36,847
Reinsurance contract liabilities – closing	(2,144)	-	-	-	(2,144)	-	-	-	-	-
Closing balance – net	(2,144)	241	16,586	251	14,934	5,070	248	30,941	588	36,847

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.10 Reinsurance contracts held: (Medical)

	As at December 31, 2025					As at December 31, 2024				
	Asset for remaining coverage		Asset for incurred claims			Asset for remaining coverage		Asset for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Reinsurance contracts										
Reinsurance contract assets – opening	-	199	1,163	19	1,381	(85)	1,187	1,308	78	2,488
Reinsurance contract liabilities – opening	(596)	-	-	-	(596)	-	-	-	-	-
Opening balance – net	(596)	199	1,163	19	785	(85)	1,187	1,308	78	2,488
Allocation of reinsurance premium paid	(1,281)	-	-	-	(1,281)	(3,959)	--	--	--	(3,959)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	277	13	290	--	--	849	18	867
Reversal of recovery component	-	(110)	-	-	(110)	--	(988)	--	--	(988)
Changes that relate to past service – adjustments to the LIC	-	-	924	(29)	895	--	--	138	(77)	61
Amounts recoverable from reinsurers – net	-	(110)	1,201	(16)	1,075	--	(988)	987	(59)	(60)
Finance expense from reinsurance contracts	-	-	37	-	37	--	-	55	-	55
Total changes in the statement of income	(1,281)	(110)	1,238	(16)	(169)	(3,959)	(988)	1,042	(59)	(3,964)
Cashflows										
Premiums ceded and acquisition cashflows paid	1,812	-	-	-	1,812	3,448	--	--	--	3,448
Recoveries from reinsurance	-	-	(1,513)	-	(1,513)	--	--	(1,187)	--	(1,187)
Total cash (outflows) / inflows	1,812	-	(1,513)	-	299	3,448	-	(1,187)	-	2,261
Reinsurance contracts										
Reinsurance contract assets – closing	-	89	888	3	980	(596)	199	1,163	19	785
Reinsurance contract liabilities – closing	(65)	-	-	-	(65)	-	-	-	-	-
Closing balance – net	(65)	89	888	3	915	(596)	199	1,163	19	785

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.11 Reinsurance contracts held: (Motor - Comprehensive)

	As at December 31, 2025					As at December 31, 2024				
	Asset for remaining coverage		Asset for incurred claims			Asset for remaining coverage		Asset for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Reinsurance contracts										
Reinsurance contract assets – opening	-	-	6,060	60	6,120	2,647	-	4,424	16	7,087
Reinsurance contract liabilities – opening	(1,689)	-	-	-	(1,689)	-	-	-	-	-
Opening balance – net	(1,689)	-	6,060	60	4,431	2,647	-	4,424	16	7,087
Allocation of reinsurance premium paid										
Amounts recoverable from reinsurers	(5,629)	-	-	-	(5,629)	(6,082)	-	-	-	(6,082)
Claims recovered and other directly attributable expenses	-	-	4,176	27	4,203	-	-	(861)	73	(788)
Reversal of recovery component	-	105	-	-	105	-	-	-	-	-
Changes that relate to past service – adjustments to the LIC	-	-	(3,437)	(76)	(3,513)	-	-	3,846	(29)	3,817
Amounts recoverable from reinsurers – net	-	105	739	(49)	795	-	-	2,985	44	3,029
Finance expense from reinsurance contracts	-	-	293	-	293	-	-	311	-	311
Total changes in the statement of income	(5,629)	105	1,032	(49)	(4,541)	(6,082)	-	3,296	44	(2,742)
Cashflows										
Premiums ceded and acquisition cashflows paid	(994)	-	-	-	(994)	1,949	-	-	-	1,949
Recoveries from reinsurance	-	-	(2,078)	-	(2,078)	-	-	(1,660)	-	(1,660)
Commission from reinsurance	3,485	-	-	-	3,485	(203)	-	-	-	(203)
Total cash (outflows) / inflows	2,491	-	(2,078)	-	413	1,746	-	(1,660)	-	86
Reinsurance contracts										
Reinsurance contract assets – closing	-	105	5,014	11	5,130	(1,689)	-	6,060	60	4,431
Reinsurance contract liabilities – closing	(4,827)	-	-	-	(4,827)	-	-	-	-	-
Closing balance – net	(4,827)	105	5,014	11	303	(1,689)	-	6,060	60	4,431

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.12 Reinsurance contracts held: (Motor-TPL)

	As at December 31, 2025					As at December 31, 2024				
	Asset for remaining coverage		Asset for incurred claims			Asset for remaining coverage		Asset for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Reinsurance contracts										
Reinsurance contract assets – opening	2,365	49	10,371	285	13,070	10,306	--	1,710	25	12,041
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	2,365	49	10,371	285	13,070	10,306	-	1,710	25	12,041
Allocation of reinsurance premium paid	(5,636)	-	-	-	(5,636)	(9,113)	-	-	-	(9,113)
Amounts recoverable from reinsurers	-	-	-	-	-	-	-	-	-	-
Claims recovered and other directly attributable expenses	-	-	1,828	206	2,034	-	-	2,318	116	2,434
Reversal of recovery component	-	(2)	-	-	(2)	-	49	-	-	49
Changes that relate to past service – adjustments to the LIC	-	-	(2,696)	(479)	(3,175)	-	-	10,062	144	10,206
Amounts recoverable from reinsurers – net	-	(2)	(868)	(273)	(1,143)	-	49	12,380	260	12,689
Finance expense from reinsurance contracts	-	-	285	-	285	-	-	208	-	208
Total changes in the statement of income	(5,636)	(2)	(583)	(273)	(6,494)	(9,113)	49	12,588	260	3,784
Cashflows										
Premiums ceded and acquisition cashflows paid	1,496	-	-	-	1,496	1,387	-	-	-	1,387
Recoveries from reinsurance	-	-	(8,743)	-	(8,743)	-	-	(3,927)	-	(3,927)
Commission from reinsurance	3,486	-	-	-	3,486	(215)	-	-	-	(215)
Total cash (outflows) / inflows	4,982	-	(8,743)	-	(3,761)	1,172	-	(3,927)	-	(2,755)
Reinsurance contracts										
Reinsurance contract assets – closing	1,711	47	1,045	12	2,815	2,365	49	10,371	285	13,070
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	1,711	47	1,045	12	2,815	2,365	49	10,371	285	13,070

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.13 Reinsurance contracts held: (Property)

	As at December 31, 2025					As at December 31, 2024				
	Asset for remaining coverage		Asset for incurred claims			Asset for remaining coverage		Asset for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Reinsurance contracts										
Reinsurance contract assets – opening	471	-	6,680	59	7,210	3,047	-	8,775	566	12,388
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	471	--	6,680	59	7,210	3,047	-	8,775	566	12,388
Allocation of reinsurance premium paid	(13,839)	-	-	-	(13,839)	(15,389)	-	-	-	(15,389)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	553	43	596	-	-	3,138	8	3,146
Reversal of recovery component	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – adjustments to the LIC	-	-	104	(34)	70	-	-	(4,388)	(515)	(4,903)
Amounts recoverable from reinsurers – net	-	-	657	9	666	-	-	(1,250)	(507)	(1,757)
Finance expense from reinsurance contracts	-	-	238	-	238	-	-	315	--	315
Total changes in the statement of income	(13,839)	-	895	9	(12,935)	(15,389)	-	(935)	(507)	(16,831)
Cashflows										
Premiums ceded and acquisition cashflows paid	15,160	-	-	-	15,160	14,705	-	-	-	14,705
Recoveries from reinsurance	-	-	(2,767)	-	(2,767)	-	-	(1,160)	-	(1,160)
Commission from reinsurance	(3,270)	-	-	-	(3,270)	(1,892)	-	-	-	(1,892)
Total cash (outflows) / inflows	11,890	-	(2,767)	-	9,123	12,813	-	(1,160)	-	11,653
Reinsurance contracts										
Reinsurance contract assets – closing	-	-	4,808	68	4,876	471	-	6,680	59	7,210
Reinsurance contract liabilities – closing	(1,478)	-	-	-	(1,478)	-	-	-	-	-
Closing balance – net	(1,478)	-	4,808	68	3,398	471	-	6,680	59	7,210

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.14 Reinsurance contracts held: (Engineering)

	As at December 31, 2025					As at December 31, 2024				
	Asset for remaining coverage		Asset for incurred claims			Asset for remaining coverage		Asset for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Reinsurance contracts										
Reinsurance contract assets – opening	1,978	-	997	41	3,016	1,721	-	1,091	74	2,886
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	1,978	--	997	41	3,016	1,721	-	1,091	74	2,886
Allocation of reinsurance premium paid	(3,272)	-	-	-	(3,272)	(3,075)	-	-	-	(3,075)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	238	-	238	-	-	260	3	263
Reversal of recovery component	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – adjustments to the LIC	-	-	(359)	(5)	(364)	-	-	(209)	(36)	(245)
Amounts recoverable from reinsurers – net	-	-	(121)	(5)	(126)	-	-	51	(33)	18
Finance expense from reinsurance contracts	-	-	36	-	36	-	-	47	--	47
Total changes in the statement of income	(3,272)	-	(85)	(5)	(3,362)	(3,075)	--	98	(33)	(3,010)
Cashflows										
Premiums ceded and acquisition cashflows paid	3,444	-	-	-	3,444	3,842	--	--	--	3,842
Recoveries from reinsurance	-	-	(194)	-	(194)	--	--	(192)	--	(192)
Commission from reinsurance	(1,549)	-	-	-	(1,549)	(510)	-	-	-	(510)
Total cash (outflows) / inflows	1,895	-	(194)	-	1,701	3,332	--	(192)	--	3,140
Reinsurance contracts										
Reinsurance contract assets – closing	601	-	718	36	1,355	1,978	-	997	41	3,016
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	601	-	718	36	1,355	1,978	-	997	41	3,016

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.15 Reinsurance contracts held: (Marine)

	As at December 31, 2025					As at December 31, 2024				
	Asset for remaining coverage		Asset for incurred claims			Asset for remaining coverage		Asset for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Reinsurance contracts										
Reinsurance contract assets – opening	-	-	2,199	62	2,261	460	-	1,776	95	2,331
Reinsurance contract liabilities – opening	(1,127)	-	-	-	(1,127)	-	-	-	-	-
Opening balance – net	(1,127)	-	2,199	62	1,134	460	-	1,776	95	2,331
Allocation of reinsurance premium paid	(2,756)	-	-	-	(2,756)	(7,241)	-	-	-	(7,241)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	1,301	59	1,360	-	-	2,027	26	2,053
Reversal of recovery component	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – adjustments to the LIC	-	-	(396)	(44)	(440)	-	-	(403)	(59)	(462)
Amounts recoverable from reinsurers – net	-	-	905	15	920	-	-	1,624	(33)	1,591
Finance expense from reinsurance contracts	-	-	72	-	72	-	-	86	-	86
Total changes in the statement of income	(2,756)	-	977	15	(1,764)	(7,241)	-	1,710	(33)	(5,564)
Cashflows										
Premiums ceded and acquisition cashflows paid	6,897	-	-	-	6,897	7,021	-	-	-	7,021
Recoveries from reinsurance	-	-	(1,345)	-	(1,345)	-	-	(1,287)	-	(1,287)
Commission from reinsurance	(3,974)	-	-	-	(3,974)	(1,367)	-	-	-	(1,367)
Total cash (outflows) / inflows	2,923	-	(1,345)	-	1,578	5,654	-	(1,287)	-	4,367
Reinsurance contracts										
Reinsurance contract assets – closing	-	-	1,831	77	1,908	-	-	2,199	62	2,261
Reinsurance contract liabilities – closing	(960)	-	-	-	(960)	(1,127)	-	-	-	(1,127)
Closing balance – net	(960)	-	1,831	77	948	(1,127)	-	2,199	62	1,134

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.16 Reinsurance contracts held: (Accident & Liability)

	As at December 31, 2025					As at December 31, 2024				
	Asset for remaining coverage		Asset for incurred claims			Asset for remaining coverage		Asset for incurred claims		
	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Reinsurance contracts										
Reinsurance contract assets – opening	3,669	-	3,470	62	7,201	239	-	4,894	229	5,362
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	3,669	-	3,470	62	7,201	239	-	4,894	229	5,362
Allocation of reinsurance premium paid	(2,312)	-	-	-	(2,312)	(1,401)	-	-	-	(1,401)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	8	1	9	-	-	1,261	-	1,261
Reversal of recovery component	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service – adjustments to the LIC	-	-	(449)	(20)	(469)	-	-	(2,773)	(167)	(2,940)
Amounts recoverable from reinsurers – net	-	-	(441)	(19)	(460)	-	-	(1,512)	(167)	(1,679)
Finance expense from reinsurance contracts	-	-	91	-	91	-	-	173	-	173
Total changes in the statement of income	(2,312)	-	(350)	(19)	(2,681)	(1,401)	-	(1,339)	(167)	(2,907)
Cashflows										
Premiums ceded and acquisition cashflows paid	2,765	-	-	-	2,765	5,115	-	-	-	5,115
Recoveries from reinsurance	-	-	(839)	-	(839)	-	-	(85)	-	(85)
Commission from reinsurance	(1,246)	-	-	-	(1,246)	(284)	-	-	-	(284)
Total cash (outflows) / inflows	1,519	-	(839)	-	680	4,831	-	(85)	-	4,746
Reinsurance contracts										
Reinsurance contract assets – closing	2,876	-	2,281	43	5,200	3,669	-	3,470	62	7,201
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	2,876	-	2,281	43	5,200	3,669	-	3,470	62	7,201

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

11 PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and Fittings	Motor vehicles	Computer and office equipment	Capital work in progress	Total
2025						
Cost:						
January 1	4,130	2,547	171	25,954	-	32,802
Additions	-	-	-	450	850	1,300
Disposals	-	-	-	(366)	-	(366)
December 31	4,130	2,547	171	26,038	850	33,736
Accumulated depreciation:						
January 1	3,912	2,293	171	15,338	-	21,714
Charge for the year	55	86	-	2,023	-	2,164
Relating to disposals	-	-	-	(193)	-	(193)
December 31	3,967	2,379	171	17,168	-	23,685
Net book value December 31, 2025	163	168	-	8,870	850	10,051

	Leasehold improvement	Furniture and Fittings	Motor vehicles	Computer and office equipment	Total
2024					
Cost:					
January 1	4,130	2,547	171	26,030	32,878
Additions	-	-	-	25	25
Disposals	-	-	-	(101)	(101)
December 31	4,130	2,547	171	25,954	32,802
Accumulated depreciation:					
January 1	3,854	2,213	171	13,108	19,346
Charge for the year	58	80	-	2,286	2,424
Relating to disposals	-	-	-	(56)	(56)
December 31	3,912	2,293	171	15,338	21,714
Net book value December 31, 2024	218	254	-	10,616	11,088

12 INTANGIBLE ASSETS

These comprise software license fees and other related development costs.

	31 December 2025	31 December 2024
Cost:		
Balance at beginning of the year	23,363	22,820
Additions	334	543
Balance at end of the year	23,697	23,363
Accumulated amortization:		
January 1	12,191	10,707
Charge for the year	1,511	1,484
December 31	13,702	12,191
Net book value December 31	9,995	11,172

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

13. LEASES

13.1 Right-of-use assets (ROUA)

	<u>31 December 2025</u>	<u>31 December 2024</u>
Cost:		
Balance as at 1 January,	10,729	10,729
Disposal for the year	<u>(4,913)</u>	-
Balance as at 31 December,	<u>5,816</u>	<u>10,729</u>
Accumulated amortization:		
Balance as at 1 January,	6,508	5,322
Amortization for the year	1,163	1,186
Amortization of disposal of ROUA	<u>(4834)</u>	-
Balance as at 31 December,	<u>2,837</u>	<u>6,508</u>
Carrying value	<u>2,979</u>	<u>4,221</u>

13.2 Lease liabilities

Commitments in relation to lease obligations are payable as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Within one year	1,270	1,294
Later than one year but not later than five years	1,063	2,381
Later than five years	-	-
	<u>2,333</u>	<u>3,675</u>
Future finance costs	(117)	(260)
Total lease liabilities	<u>2,216</u>	<u>3,415</u>
Current	1,184	1,154
Non-current	<u>1,031</u>	<u>2,261</u>
	<u>2,216</u>	<u>3,415</u>

Movement in lease liabilities is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
At beginning of the year	3,415	4,518
Disposal for the year	(67)	-
Finance cost	138	191
Payments for the year	<u>(1,270)</u>	<u>(1,294)</u>
At end of the year	<u>2,216</u>	<u>3,415</u>

The incremental borrowing rate used for leases is 4.6%.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

13. LEASES (CONTINUED)

13.2 Lease liabilities (CONTINUED)

13.3 Details for leasing activities of the Company

The Company leases office premises across the Kingdom of Saudi Arabia. Rental contracts are typically made for a period of 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leased assets are not used as security for borrowing purposes.

14 STATUTORY DEPOSIT

	December 31, 2025	December 31, 2024
Statutory deposit	45,000	45,000
Expected credit loss	(8)	(8)
	44,992	44,992

The statutory deposit represents 15% of the paid-up share capital, which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. According to Article 58, the statutory deposit shall be ten percent (10%) of the paid-up capital. However, where the risk profile of the Company's business warrants it, IA shall increase this percentage to a maximum of fifteen percent (15%). IA is entitled to the earnings of this statutory deposit, and it cannot be withdrawn without its consent. In accordance with the instruction received from Insurance Authority (IA) vide their circular dated 1 March 2016, the Company has disclosed the commission due on statutory deposit as at 31 December 2025 as an asset and a liability in these financial statements. As requested by IA, the Company has released the accrued income on statutory deposit to IA up to December 31, 2024, amounting to Saudi Riyals 4.9 million. The statutory deposit is shown on the statement of financial position net of impairment allowance. The deposit is maintained with bank having a credit rating of A- and is currently classified at stage 1.

15 ACCRUED EXPENSES AND OTHER LIABILITIES

	December 31, 2025	December 31, 2024
Accrued expenses	4,980	4,616
VAT payable	4,921	5,338
Due to related parties	309	309
Other liabilities	2,032	2,972
	12,242	13,235

16 EMPLOYEE BENEFITS OBLIGATIONS

The Company operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia. Defined benefit obligation's plans are unfunded plans, and the benefit payment obligation are met when they fall due upon termination of employment.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

16 EMPLOYEE BENEFITS OBLIGATIONS (CONTINUED)

16.1 Movement of defined benefit obligations

	December 31, 2025	December 31, 2024
Opening balance	4,070	4,194
Charge to statement of income	1,224	1,241
Charge to other comprehensive income	(98)	(58)
Payment of benefits during the year	(758)	(1,307)
Closing balance	4,438	4,070

16.2 Reconciliation of present value of defined benefit obligations

	December 31, 2025	December 31, 2024
Opening balance	4,070	4,194
Current service costs	1,040	1073
Past service cost	-	--
Financial costs	184	168
Actuarial gain from experience adjustments	(98)	(58)
Payment of benefits during the year	(758)	(1,307)
Closing balance	4,438	4,070

16.3 Principal actuarial assumptions

The following range of significant actuarial assumptions was used by the Company for the valuation of employee defined benefit obligations:

	December 31, 2025	December 31, 2024
Discount rate	5.00 %	5.25%
Expected rate of increase in salary level across different age bands	3.2%	4.4%

16.4 Sensitivity analysis

	Impact on defined benefit obligations – (decrease) / increase	
	December 31, 2025	December 31, 2024
Discount rate		
- Increase by 1%	(149)	(139)
- Decrease by 1%	161	149
Expected rate of increase in salary level across different age bands		
- Increase by 1%	170	157
- Decrease by 1%	(160)	(149)

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

16 EMPLOYEE BENEFITS OBLIGATIONS (CONTINUED)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (present value of defined benefit obligations calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee benefit obligations.

The average remaining duration of the defined benefit plan obligation at December 31, 2025 is 3.6 years (December 31, 2024: 3.6 years).

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
December 31, 2025	1,213	965	3,122	3,651	8,951
December 31, 2024	1,113	914	2,963	3,853	8,843

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

17 ZAKAT

17.1 Components of zakat base

Significant components of zakat base of the Company attributable to the Saudi shareholders, which are subject to adjustment under zakat and income tax regulations, are shareholders' equity at the beginning of the year, adjusted net income and certain other items. Zakat base has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Saudi Arabia are subject to different interpretations, and the assessments to be raised by the Zakat, Tax and Customs Authority ("ZATCA") could be different from the declaration filed by the Company.

	December 31, 2025	December 31, 2024
Equity, at beginning of year	165,114	300,675
Provisions, at beginning of year	21,802	29,046
Net book value of long-term assets	(63,181)	(157,490)
Zakat base excluding the amended net income	123,735	172,231
Zakat base (prorata basis)	127,581	172,785
Amended net loss	(116,607)	(57,391)
Zakat base	127,581	115,594
Zakat due	3,190	2,988

17.2 Zakat payable

	2025	2024
Balance as at January 1, 2025	3,669	2,973
Provision for the current year	3,500	5,615
Payments during the year	(2,873)	(4,919)
December 31, 2025	4,296	3,669

Zakat is payable at 2.5% of the approximate zakat base (excluding adjusted net income for the year).

17.3 Status of assessments

The Company has filled its Zakat assessment returns for the years December 31, 2010 to 2024 and has obtained the related zakat certificates.

Year ended December 31, 2010 to 2020

The Company has finalized its Zakat and WHT status for the period/years from December 31, 2010 to 2020.

Year ended December 31, 2021 to 2022

ZATCA has issued the Zakat assessments for the years ended December 31, 2021, and 2022 and claimed additional Zakat liability of SR 0.580 million and 0.910 million respectively. The Company objected against the said assessment. ZATCA rejected the objection for the year 2021 and issued the revised assessment for the year 2022 which reduced the Zakat differences to SR 0.896 million.

Year ended December 31, 2023

ZATCA issued Zakat assessments for the years ended December 31, 2023 and claimed additional Zakat liability of SR.0.905 million. The Company objected against Zakat assessments; Accordingly, the Company paid 10% of the Zakat due on the disputed items. However, ZATCA rejected the objections

All cases for the year 2021 to 2023 were escalated to the General Secretariat of Zakat, Tax and Customs Committee (GSTC) and remain under review to date.

Year ended December 31, 2024

The Company filed the Zakat return for the year 2024 and obtained the necessary Zakat certificates. ZATCA has finalize and completed the study of the said year, based on the results of the study and examination status, the authority has found that there is no need to make any amendments to our declaration.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

18 SHARE CAPITAL

The authorized, issued and paid-up capital of the Company at December 31, 2025 is SR 300 million divided into 30 million shares of SR 10 each (December 31, 2024: SR 300 million divided into 30 million shares of SR 10 each).

	31 December 2025		31 December 2024	
	Percentage of Holding	Amount SR '000	Percentage of Holding	Amount SR '000
Founding shareholders	12%	36,000	12%	36,000
General public	88%	264,000	88%	264,000
	100%	300,000	100%	300,000

Losses per share:

Losses per share for the year ended December 31, 2025, and December 31, 2024, has been calculated by dividing the net losses for the respective years attributable to the shareholders by the weighted average number of ordinary shares at the reporting date. Diluted losses per share is not applicable to the Company.

The basic losses per share is calculated as follows:

	December 31, 2025	December 31, 2024
Net losses for the year attributable to the shareholders	(120,488)	(94,207)
Weighted average number of ordinary shares in issue during the year	30,000	30,000
Basic losses per share	(4.02)	(3.14)

All ordinary shares rank equally with regard to Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

19 STATUTORY RESERVE

As required by the Implementing Regulations issued by SAMA, 20% of the net income for the year after adjusting accumulated losses, has to be set aside from net income for the year as a statutory reserve until this amounts to 100% of the paid-up share capital. During the year no transfer has been made to the statutory reserve This reserve is not available for distribution to the shareholders until the liquidation of the Company.

20 COMMITMENTS AND CONTINGENCIES

- 20.1** The Company's bankers have issued payment guarantees of SR 0.3 million (December 31, 2024: SR 0.3 million) to its suppliers on behalf of the Company.
- 20.2** The Company operates in the insurance industry and is subject to legal proceedings in the ordinary course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.
- 20.3** Saudi General Insurance Company E.C. ("SGI") has raised a lawsuit against the Company requesting the Company to settle the Zakat and taxes on financial years 2005 to 2010 which was amounted by SR 11.3 million. The Primary Committee ruled/decided to decline the case and obligate SGI to pay the Zakat and Tax amounts for 2005 to 2008, moreover, they ruled/decided to obligate GGI to pay the Zakat and tax amounts by SR 2.8 million for 2009 and 2010. GGI will object and reject the decision before the GSTC Appealing Committee based on the decision of GSTC in 2018, and they believe that the Company does not have any financial impact as a result of this case.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

21 INSURANCE REVENUE AND EXPENSES

An analysis of insurance revenue, insurance service expenses and net income / (expenses) from reinsurance contracts held by product lines for the year ended December 31, 2025, and December 31, 2024, are included in the following tables. Additional information on amounts recognized in statement of income is included in the insurance and reinsurance contracts balances reconciliation (refer to note 10).

For the year ended December 31, 2025

	Medical	Motor-Comp	Motor-TPL	Property	Engineering	Marine	Accident & liability	Total
Insurance revenue from contracts measured under PAA (note 10)	14,155	115,852	155,159	18,565	4,056	6,272	7,693	321,752
Insurance revenue – total	14,155	115,852	155,159	18,565	4,056	6,272	7,693	321,752
Incurred claims and other directly attributable expenses* (note 10)	(17,126)	(122,157)	(155,983)	(4,186)	(1,414)	(3,671)	(2,577)	(307,114)
Changes that relate to past service - adjustments to the LIC (note 10)	1,379	(12,928)	(16,405)	1,031	(36)	766	1,427	(24,766)
(Loss) / reversal of losses on onerous contracts (note 10)	1,472	(7,237)	1,650	-	-	-	-	(4,115)
Insurance acquisition cash flows amortisation (note 10)	(1,002)	(26,042)	(29,731)	(2,909)	(675)	(765)	(1,157)	(62,281)
Insurance service expenses – total (note 10)	(15,277)	(168,364)	(200,469)	(6,064)	(2,125)	(3,670)	(2,307)	(398,276)
Allocation of reinsurance premium paid – contracts measured under the PAA								
Amounts recoverable from reinsurers (note 10)	(1,281)	(5,629)	(5,636)	(13,839)	(3,272)	(2,756)	(2,312)	(34,725)
Claims recovered and other directly attributable expenses (note 10)	290	4,203	2,034	596	238	1,360	9	8,730
Movement in Loss recovery component adjustment to reinsurance (note 10)	(110)	105	(2)	-	-	-	-	(7)
Changes that relate to past service – adjustments to the LIC (note 10)	895	(3,513)	(3,175)	70	(364)	(440)	(469)	(6,996)
Amounts recoverable from reinsurers – net	(206)	(4,834)	(6,779)	(13,173)	(3,398)	(1,836)	(2,772)	(32,998)
Insurance service result – total	(1,328)	(57,346)	(52,089)	(672)	(1,467)	766	2,614	(109,522)

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

21 INSURANCE REVENUE AND EXPENSES (CONTINUED)

For the year ended December 31, 2024

	Medical	Motor-Comp	Motor-TPL	Property	Engineering	Marine	Accident & liability	Total
Insurance revenue from contracts measured under PAA (note 10)	33,091	113,190	224,752	22,165	3,548	9,192	8,414	414,352
Insurance revenue – total	33,091	113,190	224,752	22,165	3,548	9,192	8,414	414,352
Incurred claims and other directly attributable expenses* (note 10)	(37,208)	(47,820)	(169,911)	(4,130)	(1,769)	(4,582)	(2,888)	(268,308)
Changes that relate to past service - adjustments to the LIC (note 10)	(7,814)	(48,062)	(52,581)	2,757	246	342	1,263	(103,849)
(Loss) / reversal of losses on onerous contracts (note 10)	4,329	-	(4,888)	-	-	-	-	(559)
Insurance acquisition cash flows amortisation (note 10)	(3,129)	(21,451)	(36,618)	(3,501)	(660)	(1,039)	(1,424)	(67,822)
Insurance service expenses – total (note 10)	(43,822)	(117,333)	(263,998)	(4,874)	(2,183)	(5,279)	(3,049)	(440,538)
Allocation of reinsurance premium paid – contracts measured under the PAA								
Amounts recoverable from reinsurers (note 10)	(3,959)	(6,082)	(9,113)	(15,389)	(3,075)	(7,241)	(1,401)	(46,260)
Claims recovered and other directly attributable expenses (note 10)	867	(788)	2,434	3,146	263	2,053	1,261	9,236
Movement in Loss recovery component adjustment to reinsurance (note 10)	(988)	-	49	-	-	-	-	(939)
Changes that relate to past service – adjustments to the LIC (note 10)	61	3,817	10,206	(4,903)	(245)	(462)	(2,940)	5,534
Amounts recoverable from reinsurers – net	(4,019)	(3,053)	3,576	(17,146)	(3,057)	(5,650)	(3,080)	(32,429)
Insurance service result – total	(14,750)	(7,196)	(35,670)	145	(1,692)	(1,737)	2,285	(58,615)

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

22 NET INVESTMENT RETURN

	<u>31 December 2025</u>	<u>31 December 2024</u>
A) <u>Net gains on investments measured at FVTPL</u>		
Equity	253	782
Mutual funds	1,285	1,854
	<u>1,538</u>	<u>2,636</u>
B) <u>Commission income on investments measured at amortised cost</u>		
Murabaha deposits	5,165	11,596
	<u>5,165</u>	<u>11,596</u>
C) <u>Commission income on investments measured at FVTPL</u>		
Sukuks	240	255
	<u>240</u>	<u>255</u>
D) <u>Dividend Income</u>		
Ordinary shares	572	580
	<u>572</u>	<u>580</u>
Net investment return	<u><u>7,515</u></u>	<u><u>15,067</u></u>

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

23 INSURANCE FINANCE (EXPENSE) / INCOME – NET

An analysis of the net insurance finance (expense) / income by product lines for the year ended December 31, 2025, and December 31, 2024, are presented below:

For the year ended December 31, 2025

	Medical	Motor-Comp	Motor-TPL	Property	Engineering	Marine	Accident & liability	Total
<u>Finance expense from insurance contracts issued</u>								
Interest accreted	(19)	(290)	(837)	(29)	(28)	(12)	(17)	(1,232)
Effects of changes in interest rates and other financial assumptions	(140)	360	(239)	(20)	(2)	(31)	(122)	(194)
Net finance (expense) / income from insurance contracts issued	(159)	70	(1,076)	(49)	(30)	(43)	(139)	(1,426)
<u>Finance income from reinsurance contracts held</u>								
Interest accreted	30	65	6	168	27	42	42	380
Effects of changes in interest rates and other financial assumptions	7	228	279	70	9	30	49	672
Net finance income / (expense) from reinsurance contracts held	37	293	285	238	36	72	91	1,052
Finance (expense) / income - net	(122)	363	(791)	189	6	29	(48)	(374)

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

23 INSURANCE FINANCE (EXPENSE) / INCOME – NET (CONTINUED)

For the year ended December 31, 2024

	Medical	Motor-Comp	Motor-TPL	Property	Engineering	Marine	Accident & liability	Total
<u>Finance expense from insurance contracts issued</u>								
Interest accreted	(22)	290	(505)	(141)	(34)	(57)	(203)	(672)
Effects of changes in interest rates and other financial assumptions	(7)	87	(151)	(42)	(10)	(17)	(61)	(201)
Net finance (expense) / income from insurance contracts issued	(29)	377	(656)	(183)	(44)	(74)	(264)	(873)
<u>Finance income from reinsurance contracts held</u>								
Interest accreted	59	336	225	340	51	93	187	1,290
Effects of changes in interest rates and other financial assumptions	(4)	(25)	(17)	(25)	(4)	(7)	(14)	(95)
Net finance (expense) / income from reinsurance contracts held	55	311	208	315	47	86	173	1,195
Finance (expense) / income - net	26	688	(448)	132	3	12	(91)	322

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

24 INSURANCE POOL

	Note	December 31, 2025	December 31, 2024
Share of surplus from Umrah & Hajj scheme	24.1	372	1,579
Share of surplus from Employers Delinquency	24.2	4,143	-
		4,515	1,579

24.1 Share of surplus from Umrah & Hajj scheme

This represents the Company's share in the surplus for general accident product arising from the Umrah scheme. The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from January 1, 2020. The compulsory Umrah product is offered by the ministry and approved by SAMA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers general accidents and health benefits of the pilgrims entering the Kingdom of Saudi Arabia to perform Umrah. The agreement terms are for 4 years starting from January 1, 2020, and it is renewable for another four years subject to the terms and conditions of the agreement. There is no renewal to the agreement in 2025 as the aforementioned arrangement has been discontinued.

24.2 Share of surplus from Employers Delinquency

The Company along with nineteen other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with Al-Etihad Cooperative Insurance Company, effective from 3 November 2024. This compulsory product covers defaults default of entities in paying the rights and entitlements of non-Saudi employees in private sector entities offered by the "Ministry of Human Resources and Social Development" through IA. The agreement is valid for an initial term of five years, starting from 3 November 2024, and renewable for another five years, subject to the terms and conditions of the agreement.

25 OTHER OPERATING EXPENSES

	Note	December 31, 2025	December 31, 2024
Merger and right issue		4104	-
Professional services	25.1	4,847	3,489
Salaries and other benefits		2,706	3,062
Marketing and other expense		611	781
Directors' remunerations		2,855	2,714
Cyber internet maintenance		2,265	-
Others		1,734	639
Total		19,122	10,685

25.1 Auditors' remuneration for the statutory audit of the Company financial statements for the year ended December 31, 2025, amounts to SR 0.73 million (2024: SR 0.90 million). Auditors' remuneration for the review of the Company interim financial information during the year ended December 31, 2025, amounts to SR 0.54 million (2024: SR 0.57 million). Fee for other statutory and related services provided by the auditors to the Company amounts to SR 0.015 million (2024: SR 0.05 million).

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

26 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent shareholders, Board members 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. Contract pricing policies and terms are approved by the Company's management or where required and applicable the Company's Board of Directors. The due from and due to balances of related parties are unsecured, interest free and repayable in cash on demand. Key management personnel are those persons, including executive directors, having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The following are the details of the related party transactions during the period and their related balances:

<i>Related party</i>	<i>Relationship</i>	<i>Nature of transactions</i>	<i>Transactions for the year ended</i>		<i>Balance receivable / (payable) as at the year ended</i>	
			2025	2024	2025	2024
<i>Insurance operations</i>						
Saudi General Insurance Company Ltd. E.C.*	Shareholder	Expenses paid	-	-	(309)	(309)
Saudi General Investments Trading and Service Company	Shareholder	Shareholder Loan	(25,000)		(25000)	-
Marketing and Commercial Agencies Company Ltd.	Shareholder	Shareholder Loan	(25,000)	-	(25,000)	-
Rolaco Group*	Shareholder	Premiums underwritten	627	556	8	10
		Claims paid	(12)	(53)	(5)	(20)
Dabbagh Group*	Shareholder	Premiums underwritten	7,043	1,192	2,803	1,112
		Claims paid	(2,064)	(1,148)	(2,591)	(1,633)
Raghaf Establishment*	Shareholder	Premiums underwritten	-	91	-	-
		Claims paid	(6)	(85)	-	(3)
Key Management Personnel		Short-term benefits	6,435	6,260	-	-
		Long-term benefits	187	307	(424)	(526)
<i>Shareholders' operations</i>						
Board of Directors		Board of Directors remuneration and related expenses	1,800	1,800	1,800	1,800

*The above table includes balances for due from and due to related parties pertaining to entities having common directorships or common key management personnel in accordance with local laws and regulations.

27 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

27 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

a) 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. The Company ascertains the Level 3 fair values based on a valuation technique which is primarily derived by net assets value of the respective investee at the year end.

b) Carrying amounts and fair value

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial asset and liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value, as these are either short-term in nature or carry interest rates which are based on prevalent market interest rates.

December 31, 2025	Level 1	Level 2	Level 3	Total
Investment measured at fair value through other comprehensive income (FVOCI)				
Equity	-	-	72,722	72,722
Investment measured at fair value through profit or loss (FVTPL)				
Equity	18,676	-	-	18,676
Mutual funds	-	17,910	-	17,910
Sukuks	-	3,000	-	3,000
	18,676	20,910	-	39,586
December 31, 2024	Level 1	Level 2	Level 3	Total
Investment measured at FVOCI				
Equity	-	-	61,124	61,124
Investment measured at FVTPL				
Equity	18,423	-	-	18,423
Mutual funds	-	33,625	-	33,625
Sukuks	-	5,000	-	5,000
	18,423	38,625	-	57,048

The fair value of investments in quoted equity securities at level 1 is based on quoted prices available in the market. The fair value of investments in mutual funds and sukuks at level 2 is based on the net asset values and value of similar quoted sukuks communicated by the fund manager.

Specific valuation techniques used by management's independent experts to value financial instruments in Level 3 i.e. Najm investments, are as follows:

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

27 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Discounted cashflows (“DCF”) method: The DCF valuation to discount the future operating cash flows of the Company to their present value using a weighted average cost of capital as the discount rate (“WACC”). The value derived from such an analysis results into a value for the enterprise (the “Enterprise Value”). This value includes the equity value of the company in addition to its net debt position. In order to arrive to an equity value of a company (the “Equity Value”), all outstanding financial debt and debt-like items, adjusted for excess cash and other liquid financial assets such as Murabaha and other investments, are subtracted from the Enterprise Value; and

Market multiples method: The acquisition multiples of comparable private precedent transactions were assessed to indicate the value of the Company based on similar private transactions that have occurred during the previous period and covering full economic cycle. The Company has relied on local multiples valuation consisting of companies operating with a similar business model.

A weight of 60% and 40% are then applied to the fair values determined under both methods, to arrive at the total equity valuation of Najm and the Company then accounts for its share in equity of Najm i.e. 3.45%.

Cash and cash equivalents, Murabaha deposits, statutory deposit, accrued income on statutory deposit, and the financial liabilities except employee benefit obligations are measured at amortized cost.

There were no transfers between levels of the fair value hierarchy for the year ended December 31, 2025, December 31, 2024. Additionally, there were no changes in the valuation techniques. Additionally, there were no changes in the valuation techniques. Furthermore, there were no transfers into and out of level 3 measurements. Management believes that the fair values of the Company’s other financial assets and liabilities are not materially different from their carrying values.

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

	December 31, 2025	December 31, 2024
Balance at the beginning of the year	61,124	43,462
Fair value gain	11,598	17,662
Balance at the end of the year	72,722	61,124

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

27 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	Fair value		Unobservable inputs		Range of inputs		Relationship of Unobservable input to Fair value
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	
Unquoted equity investment in Najm	72,722	61,124	Earnings growth factor	Earnings growth factor	7.7%	13.2%	Reducing the Earnings growth factor to 10%, would decrease the fair value by SR 2.74 million. (2024: Reducing the Earnings growth factor to 10%, would decrease the fair value by SR 1.61 million)
			Revenue growth rate	Revenue growth rate	9%	9%	Reducing the revenue growth rate by 1 percent, would decrease the fair value by Saudi Riyals 0.019 (2024: Saudi Riyals 0.61 million)
			WACC	WACC	17%	16.5%	Increasing the WACC by 100 basis points, would decrease the fair value by SR 1.91 million. (2024: SR 1.71 million)
			Terminal value growth rate	Terminal value growth rate	1.5%	1.5%	Reducing the terminal value growth rate to 0.5%, would decrease the fair value by SR 1.1 million. (2024: SR 1.1 million)
			EV/EBITDA multiple	EV/EBITDA multiple	5.95	7	Reducing the EV/EBITDA multiple to 5.36, would decrease the fair value by Saudi Riyals 1.9 (2024: Saudi Riyals 1.44 million).

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Valuation process

The Company uses the services of a third-party valuation expert to perform the valuation of investment in Najm required for financial reporting purposes. This team reports directly to the Chief Financial Officer (CFO), Investment Committee and the Audit Committee. Discussions of valuation processes and results are held between the CFO, AC, Investment Committee and the Finance team regularly. The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Terminal value growth rate is derived from publicly available databases.
- Earnings growth factors for unlisted equity securities are estimated based on such Company's own historical results.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

28 Risk management

Risk governance:

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

Risk management structure:

A cohesive organizational structure is established within the Company in order to identify, assess, monitor, and control risks.

Board of directors:

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

Audit committee and internal audit department:

The internal audit department performs risk assessments with senior management annually. The internal audit department examines both adequacy of procedures and the Company's compliance with the procedures through regular audits. Audit findings and recommendations are reported directly to the Audit Committee.

Senior management:

Senior management is responsible for the day to day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

Risk management committee:

The Board of Directors of the Company has constituted a Risk Management Committee, which oversees the risk management function of the Company and report to Board on a periodic basis. This committee operates under framework established by the Board of Directors.

The primary objective of the Company's risk and financial management framework is to protect the Company from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.

The risks faced by the Company and the manner in which these risks are mitigated by management are summarized below:

28.1 Insurance risk

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

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, structured claims management, quarterly review of reserves as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its risk's mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

28 RISK MANAGEMENT (CONTINUED)

28.1 Insurance risk (continued)

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

(a) Frequency and severity of claims

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

(b) Concentration of insurance risk

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

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

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

(c) Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and incurred but not reported ("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.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

28 Risk management (continued)

28.1 Insurance risk (continued)

(c) Claims development table (continued)

2025

Accident year	2020	2021	2022	2023	2024	2025	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:							
At end of accident year	1,018,301	227,185	271,771	200,084	305,040	246,061	-
1 year later	1,110,169	240,962	285,401	196,417	321,781	-	-
2 years later	1,110,175	246,586	292,727	201,874	-	-	-
3 years later	1,110,489	249,992	297,105	-	-	-	-
4 years later	1,113,577	249,748	-	-	-	-	-
5 years later	1,110,346	-	-	-	-	-	-
Gross estimates of the undiscounted amount of the claims	1,110,346	249,748	297,105	201,874	321,781	246,061	2,426,915
Cumulative gross claims and other directly attributable expenses paid	(1,111,318)	(249,889)	(296,127)	(200,695)	(320,052)	(220,321)	(2,398,402)
Gross undiscounted liabilities for incurred claims	(972)	(141)	978	1,179	1,729	25,740	28,513
Effect of discounting							126
Gross undiscounted liabilities for other incurred insurance service expenses							17,781
Gross discounted liabilities for incurred claims excluding risk adjustment							46,420
Effect of the risk adjustment margin for non-financial risk							1,810
Gross liabilities for incurred claims							48,230

2025

Undiscounted liabilities for incurred claims, net of reinsurance:	2020	2021	2022	2023	2024	2025	Total
At end of accident year	715,071	197,757	237,872	173,939	284,523	241,596	-
1 year later	786,579	210,706	251,100	173,881	304,572	-	-
2 years later	786,188	213,688	256,882	180,845	-	-	-
3 years later	786,324	215,723	256,959	-	-	-	-
4 years later	784,254	216,572	-	-	-	-	-
5 years later	811,168	-	-	-	-	-	-
Net estimates of the undiscounted amount of the claims	811,168	216,572	256,959	180,845	304,572	241,596	2,011,712
Cumulative Net claims and other directly attributable expenses paid	(811,992)	(217,444)	(256,288)	(179,948)	(303,227)	(219,904)	(1,988,803)
Net undiscounted liabilities for incurred claims	(824)	(872)	671	897	1,345	21,692	22,909
Effect of discounting							34
Net undiscounted liabilities for other incurred insurance service expenses							6,897
Net discounted liabilities for incurred claims excluding risk adjustment							29,840
Effect of the risk adjustment margin for non-financial risk							1,559
Net liabilities for incurred claims							31,399

The reconciliation of the net liabilities for incurred claims with the aggregate carrying amounts of the groups of insurance contracts and reinsurance contracts is presented below:

	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Gross liabilities for incurred claims	46,420	1,810	48,230
Amounts recoverable from reinsurers	(16,580)	(251)	(16,831)
Net liabilities for incurred claims	29,840	1,559	31,399

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

28 RISK MANAGEMENT (CONTINUED)

28.1 Insurance risk (continued)

(c) Claims development table (continued)

2024 Accident year	2019 & earlier	2020	2021	2022	2023	2024	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:							
At end of accident year	866,475	151,826	227,185	271,771	200,084	305,040	
1 year later	927,632	182,537	240,962	285,401	196,417		
2 years later	931,077	179,098	246,586	292,727			
3 years later	932,442	178,047	249,992				
4 years later	934,954	178,623					
5 years later	932,184						
Gross estimates of the undiscounted amount of the claims	932,184	178,623	249,992	292,727	196,417	305,040	2,154,983
Cumulative gross claims and other directly attributable expenses paid	(931,887)	(178,582)	(247,674)	(294,274)	(198,420)	(271,486)	(2,122,323)
Gross undiscounted liabilities for incurred claims	297	41	2,318	(1,547)	(2,003)	33,554	32,660
Effect of discounting							(72)
Gross undiscounted liabilities for other incurred insurance service expenses							35,993
Gross discounted liabilities for incurred claims excluding risk adjustment							68,581
Effect of the risk adjustment margin for non-financial risk							1,974
Gross liabilities for incurred claims							70,555
2024 Undiscounted liabilities for incurred claims, net of reinsurance:	2019 & earlier	2020	2021	2022	2023	2024	Total
At end of accident year	592,778	122,293	197,757	237,872	173,939	284,523	-
1 year later	639,550	147,030	210,706	251,100	173,881	-	-
2 years later	642,143	144,045	213,688	256,882	-	-	-
3 years later	642,696	143,628	215,723	-	-	-	-
4 years later	639,924	144,330	-	-	-	-	-
5 years later	667,032	-	-	-	-	-	-
Net estimates of the undiscounted amount of the claims	667,032	144,330	215,723	256,882	173,881	284,523	1,742,371
Cumulative Net claims and other directly attributable expenses paid	(666,767)	(144,405)	(215,671)	(258,701)	(175,905)	(259,048)	(1,720,497)
Net undiscounted liabilities for incurred claims	265	(75)	52	(1,819)	(2,024)	25,475	21,874
Effect of discounting							692
Net undiscounted liabilities for other incurred insurance service expenses							12,831
Net discounted liabilities for incurred claims excluding risk adjustment							35,397
Effect of the risk adjustment margin for non-financial risk							1,387
Net liabilities for incurred claims							36,784

The reconciliation of the net liabilities for incurred claims with the aggregate carrying amounts of the groups of insurance contracts and reinsurance contracts is presented below:

	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Gross liabilities for incurred claims	70,555	1,974	72,529
Amounts recoverable from reinsurers	(33,158)	(587)	(35,745)
Net liabilities for incurred claims	35,397	1,387	36,784

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

28 RISK MANAGEMENT (CONTINUED)

28.1 Insurance risk (continued)

(d) Sensitivities on major assumptions considered while applying IFRS 17

The following sensitivity analysis shows the impact on gross and net liabilities, profit / loss before zakat and tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions is consistent for both reporting periods. The impact of sensitivities to changes in discount rates is minimal therefore not presented.

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

	<u>December 31, 2025</u>	December 31, 2024
Impact on equity and net income of change in claims ratio		
5% Increase	(16,394)	(20,759)
5% Decrease	16,394	20,750
Impact on equity and net income of change in risk adjustment for non-financial risk		
5% Increase	(71)	(94)
5% Decrease	71	94

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

	<u>December 31, 2025</u>	December 31, 2024
Impact on equity and net income of change in claims ratio		
5% Increase	(14,877)	(18,623)
5% Decrease	14,877	18,623
Impact on equity and net income of change in risk adjustment for non-financial risk		
5% Increase	(58)	(72)
5% Decrease	58	72

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

	<u>December 31, 2025</u>	December 31, 2024
Impact on equity, insurance contract liabilities and profit or loss due to change in direct expense ratio – loss component*		
2% Increase	(524)	(360)
2% Decrease	524	360

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

28 RISK MANAGEMENT (CONTINUED)

28.1 Insurance risk (continued)

(e) Reinsurance risk

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

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

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

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

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

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

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

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

	December 31, 2025			December 31, 2024		
	Insurance contracts issued	Reinsurance contracts held	Net	Insurance contracts issued	Reinsurance contracts held	Net
SR "000"						
Medical	11,395	(915)	10,480	17,212	(785)	16,427
Motor-Comp	70,851	(303)	70,548	29,379	(4,431)	24,948
Motor-TPL	66,987	(2,815)	64,172	121,441	(13,070)	108,371
Property	(3,607)	(3,398)	(7,005)	(1,491)	(7,210)	(8,701)
Engineering	2,269	(1,355)	914	3,191	(3,016)	175
Marine	2,179	(948)	1,231	2,181	(1,134)	1,047
Accident & liability	6,703	(5,200)	1,503	10,160	(7,201)	2,959
Total	155,477	(14,934)	140,543	182,073	(36,847)	145,226

28.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

- The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with their expectations.
- The Company stipulates diversification benchmarks by type of instrument and geographical area.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

28 RISK MANAGEMENT (CONTINUED)

28.2 Market risk (continued)

The Board of Directors of the Company ensure that the overall market risk exposure is maintained at prudent levels and is consistent with the available capital. While the Board of Directors gives a strategic direction and goals, risk management function related to market risk is mainly the responsibility of Investment Committee team. The team prepares forecasts showing the effects of various possible changes in market conditions related to risk exposures. This risk is being mitigated through the proper selection of securities. Company maintains diversified portfolio and performs regular monitoring of developments in related markets. In addition, the key factors that affect stock and sukuk market movements are monitored, including analysis of the operational and financial performance of investees.

Market risk comprises of three types of risk: currency risk, commission rate risk and other price risk.

(a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management assesses that there is minimal risk of significant losses due to exchange rate fluctuations and, consequently, the Company does not hedge its foreign currency exposure. The Company has transactions in Saudi Riyals and US Dollars which are pegged and hence there is no currency risk exposure to the Company.

(b) Commission rate risk

Commission rate risk is the risk that the value of future cash flows of a financial instrument will change because of change in market commission rates.

The Company invests in securities and has deposits that are subject to commission rate risk. Commission rate risk to the Company is the risk of changes in commission rates reducing the overall return on its fixed commission rate bearing securities. The Commission rate risk is limited by monitoring changes in commission rates and by investing in floating rate instruments.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value commission rate risk.

There is no direct contractual relationship between financial assets and insurance and reinsurance contracts. However, the Company's interest rate risk policy requires it to manage the extent of net commission rate risk by maintaining an appropriate mix of fixed and variable rate instruments to support the insurance contract liabilities. The Company has no significant concentration of interest rate risk.

The Company is exposed to commission rate risk through its debt instruments held, deposits and in respect of liabilities or assets for incurred claims where cash flows are not expected to be settled within a year from when claims are incurred.

The Company's exposure to commission rate risk sensitive insurance and reinsurance contracts, deposits and debt instruments are, as follows:

	December 31, 2025	December 31, 2024
Insurance contract liabilities, net	156,777	182,073
Reinsurance contract assets, net	14,934	36,847
Debt instruments at FVTPL	3,000	5,000
Murabaha deposit	127,000	174,000
Statutory deposit	45,000	45,000

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit / (loss) before tax and impact on equity. The correlation of variables will have a significant effect in determining the ultimate impact of commission rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used for deriving sensitivity information and significant variables has not changed from the previous year.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

28 RISK MANAGEMENT (CONTINUED)

28.2 Market risk (continued)

(b) Commission rate risk (continued)

	Changes in commission rate	2025		2024	
		Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Insurance contract liabilities, net	+/-2%	928	928	280	280
Reinsurance contract assets, net	+/-2%	332	332	357	357
Debt instruments at FVTPL	+/-2%	60	60	100	100
Murabaha deposit	+/-2%	2,553	2,553	2,528	2,528

The commission and non-commission bearing investments of the Company and their maturities as at December 31, 2025 and December 31, 2024 are as follows:

	Less than 1 year	More than 1 year	Non-commission bearing	Total
December 31, 2025	-	3,000	109,308	112,308
December 31, 2024	-	5,000	113,172	118,172

(c) Other price risk

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

The Company's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices. The Company does not issue any participating contracts. Therefore, there are no insurance or reinsurance contracts which are exposed to price risk. The Company's investments amounting to SR 112.31 million (December 31, 2024: SR 118.17 million) are susceptible to market price risk arising from uncertainty about the future value of invested securities. The Company limits this nature of market risk by diversifying its invested portfolio and by actively monitoring the developments in markets.

The impact of hypothetical change of a 10% increase and 10% decrease in the market prices of investments on Company's profit would be as follows:

	Fair value change	Effect on Company's loss
December 31, 2025	+/-10%	+/-3,959
December 31, 2024	+/-10%	+/-5,704

The sensitivity analysis presented is based upon the portfolio position as at December 31, 2025, and December 31, 2024. Accordingly, the sensitivity analysis prepared is not necessarily indicative of the effect on the Company's assets of future movements in the value of investments held by the Company.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

28 RISK MANAGEMENT (CONTINUED)

28.3 Credit risk

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

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

The Company only enters into insurance and reinsurance contracts with recognised, credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.

The Company seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.

The Company's investment portfolio is managed by the investment committee in accordance with the investment policy established by the investment committee, which is approved by the Board of Directors.

The Company's other financial assets are held with commercial banks and financial institutions with strong financial positions and credit ratings. The Company's policy is to invest in high-quality, liquid (that is, investment-grade) financial instruments. The Company maintains its bank balances, short-term, long term and statutory deposits with banks which have investment grade credit ratings. Investments are made in instruments with either investment grade or satisfactory non-investment grade credit rating.

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

	December 31, 2025	December 31, 2024
<i>Financial assets</i>		
Cash and cash equivalents	8,180	6,559
Murabaha deposits	127,667	181,414
Reinsurance contract assets	14,934	36,847
Investments	3,000	5,000
Statutory deposit	45,000	45,000
Accrued income on statutory deposit	354	1,327
Staff and other receivables	3,148	3,584
	202,283	279,731

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the management's best estimate. Investment grade is considered to be the highest possible rating. Assets falling outside the range of investment grade are classified as non-investment grade satisfactory or past due but not impaired.

	<u>Non-investment grade</u>				<i>Total</i>
	<i>Investment grade</i>	<i>Satisfactory</i>	<i>Past due but not impaired</i>	<i>Past due and impaired</i>	
<u>December 31, 2025</u>					
Cash and cash equivalents	8,180	-	-	-	8,180
Murabaha deposits	127,667	-	-	-	127,667
Investments	112,308	-	-	-	112,308
Reinsurance contract assets	14,934	-	-	-	14,934
Statutory deposit	45,000	-	-	-	45,000
Accrued income on statutory deposit	354	-	-	-	354
Staff and other receivables	-	3,148	-	-	3,148
December 31, 2025	308,443	3,148	-	-	311,591

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

28 RISK MANAGEMENT (CONTINUED)

28.3 Credit risk (continued)

	<u>Non-investment grade</u>			<i>Past due and impaired</i>	<i>Total</i>
	<i>Investment grade</i>	<i>Satisfactory</i>	<i>Past due but not impaired</i>		
<u>December 31, 2024</u>					
Cash and cash equivalents	6,560	-	-	-	6,560
Murabaha deposits	181,414	-	-	-	181,414
Investments	118,172	-	-	-	118,172
Reinsurance contract assets	36,847	-	-	-	36,847
Statutory deposit	45,000	-	-	-	45,000
Accrued income on statutory deposit	1,327	-	-	-	1,327
Staff and other receivables	-	3,584	-	-	3,584
December 31, 2024	389,320	3,584	-	-	392,904

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. All of the Company's underwriting activities are carried out in Saudi Arabia. The Company's portfolio of financial instruments is broadly diversified, and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk. Also see note 6.

28.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with insurance liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. The Company has a proper cash management system, where daily cash collections and payments are strictly monitored and reconciled on regular basis. The Company manages liquidity risk by maintaining maturities of financial assets and financial liabilities and investing in liquid financial assets.

- The Company's liquidity risk policy which sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.
- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.
- The Company's catastrophe excess-of-loss reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments should claim events exceed a certain size.

The table below summarizes the maturities of the Company's undiscounted contractual obligations relating to financial liabilities as of at December 31, 2025 and December 31, 2024.

	2025		Total
	Less than 12 months	More than 12 months	
Financial assets			
Financial assets at fair value through profit or loss ("FVTPL")	39,586	-	39,586
Financial assets at fair value through other comprehensive income ("FVOCI")	-	72,722	72,722
Murabaha deposits	127,634	-	127,634
Statutory deposit	-	44,992	44,992
Accrued income on statutory deposit	354	-	354
Cash and cash equivalents	8,179	-	8,179
December 31, 2025	175,753	117,714	293,467

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

28 RISK MANAGEMENT (CONTINUED)

28.4 Liquidity risk (continued)

	2025		Total
	Less than 12 months	More than 12 months	
<i>Financial liabilities</i>			
Accrued expenses and other liabilities	7,321	-	7,321
Accrued income on statutory deposit	354	-	354
December 31, 2025	7,675	-	7,675

	2024		Total
	Less than 12 months	More than 12 months	
<i>Financial assets</i>			
Financial assets at FVTPL	57,048	-	57,048
Financial assets at FVOCI	-	61,124	61,124
Statutory deposit	-	44,992	44,992
Accrued income on statutory deposit	1,327	-	1,327
Murabaha deposits	181,381	-	181,381
Cash and cash equivalents	6,559	-	6,559
December 31, 2024	246,315	106,116	352,431

	2024		Total
	Less than 12 months	More than 12 months	
<i>Financial liabilities</i>			
Accrued expenses and other liabilities	7,897	-	7,897
Accrued income on statutory deposit	1,327	-	1,327
December 31, 2024	9,224	-	9,224

Insurance contracts issued	December 31, 2025					
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Property	1,224	36	-	-	-	-
Engineering	270	387	38	-	-	-
Accident & liability	3,251	96	3	-	-	-
Motor-TPL	22,815	1,524	278	(286)	(285)	(511)
Motor-Comp	15,933	407	101	(111)	(135)	(2)
Marine	1,011	43	-	-	-	-
Medical	2,387	62	-	-	-	-
December 31, 2025	46,891	2,555	420	(397)	(420)	(513)

Reinsurance contracts held	December 31, 2025					
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Property	4,823	20	-	-	-	-
Engineering	471	247	18	-	-	-
Accident & liability	2,251	3	1	-	-	-
Motor-TPL	1,419	(74)	(142)	(58)	(35)	(114)
Motor-Comp	4,957	216	(55)	(23)	50	-
Marine	1,815	22	(8)	10	0	-
Medical	867	1	-	-	-	-
December 31, 2025	16,603	435	(186)	(71)	15	(114)

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

28 RISK MANAGEMENT (CONTINUED)

28.4 Liquidity risk (continued)

Insurance contracts issued	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Property	1,202	287	-	-	-	-
Engineering	537	228	53	-	-	-
Accident & liability	3,670	835	227	44	1	-
Motor-TPL	52,223	1,371	(926)	(1,184)	(658)	(493)
Motor-Comp	3,494	(1,768)	(903)	(233)	(30)	25
Marine	1,147	204	67	19	1	-
Medical	9,008	191	11	-	-	-
December 31, 2024	71,281	1,348	(1,471)	(1,354)	(686)	(468)

Reinsurance contracts held	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Property	6,605	178	-	-	-	-
Engineering	811	175	38	-	-	-
Accident & liability	3,361	96	27	12	1	-
Motor-TPL	9,653	750	233	(31)	(7)	4
Motor-Comp	7,204	845	347	149	83	35
Marine	2,062	81	65	19	1	-
Medical	1,147	4	-	-	-	-
December 31, 2024	30,843	2,129	710	149	78	39

To manage the liquidity risk arising from financial liabilities mentioned above, the Company holds liquid assets comprising cash and cash equivalents and investment securities. These assets can be readily sold to meet liquidity requirements.

The assets with maturity less than one year are expected to realize as follows:

- Fair value through profit or loss investments includes investments in mutual funds and Murabaha deposits and are held for cash management purposes and expected to be matured / settled within 12 months from the balance sheet date.
- Cash and bank balances are available on demand.
- Reinsurers contract assets mainly pertain to motor, marine, property, engineering, accident and liability segment and are generally realized within 6 to 9 months based on settlement of claims.

The liabilities with maturity less than one year are expected to settle as follows:

- Reinsurers contract liabilities are settled on a periodic basis as per terms of reinsurance agreements.
- Majority of insurance contract liabilities are expected to be settled within 12 months in accordance with statutory timelines for payment. Property and casualty policies due to the inherent nature are generally settled within 12 months from the date of receipt of loss adjustor report.
- Accrued expenses and other liabilities are expected to settle within a year of 12 months from the year end date except for end of services benefits.

29 Capital management

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

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

The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital, reserves and retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

29 CAPITAL MANAGEMENT (CONTINUED)

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
- Claims Solvency Margin

During the year ended December 31, 2025, the Company obtained a subordinated loan of SAR 50 million from its shareholders:

- The Commercial Company for Marketing Services & Agencies Ltd and;
- The Saudi General Company for Commercial and Investment Services.

with the approval of the Saudi Central Bank (SAMA) under Articles (64) and (68) of the Implementing Regulations of the Cooperative Insurance Companies Control Law.

Repayment of the loan is at the Company's discretion and subject to regulatory approvals. In accordance with IAS 32, the loan has been classified as an equity component in the statement of financial position.

As at December 31, 2025 consists of paid-up share capital of SR 300 million, statutory reserve of SR 2.2 million, accumulated loss of SR 259 million and fair value reserve for investments of SR 71 million (December 31, 2024: paid-up share capital of SR 300 million, statutory reserve of SR 2.2 million, accumulated losses of SR 138 million and fair value reserve for investments of SR 59.2 million), in the statement of financial position.

The solvency ratio as of December 31, 2025 calculated using the requirement as per article 40 equivalent to 64% which is below the required 100% margin (31 December 2024: 76%).

In the opinion of the Board of Directors, except of the shortage in the solvency ratio, the Company has fully complied with other externally imposed capital requirements as at December 31, 2025.

As at December 31, 2025, the accumulated losses of the Company exceeded 86% of the Company's share capital due to which the requirements of Article 150 of the Regulations for Companies became applicable, the management and the board of directors are aware of the current situation and taking the necessary actions to comply with such requirements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

30 OPERATING SEGMENTS

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments. Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements.

The Board of Directors of the Company monitors the results of the Company's operations and have been identified as the Chief Operating Decision Maker (CODM). The net results of the Company are reported to the Board of Directors for the Company as a whole. Furthermore, the Company operates in one geographical area i.e. Kingdom of Saudi Arabia.

Accordingly, segmental analysis of the statement of income and other comprehensive income and statement of financial position is not carried out as the CODM considers the Company to be a single operating segment based on the nature of its operations and products. However, the Company has disclosed its insurance related balances/results by product lines, which are determined based on the disaggregation principles of IFRS 17. These include insurance contract liabilities/assets, reinsurance contract assets/liabilities, insurance service results and insurance finance income/expenses. Refer note 10, 21 and 23 for such analysis.

31 SUBSEQUENT EVENTS

Subsequent to the year ended 31 December 2025, significant geopolitical developments occurred in the Gulf region from 28 February 2026 and onwards.

As of the date of authorization of these financial statements, the Company has not incurred any claims related to these developments. While the situation introduces uncertainty regarding potential future claims and risk exposure, there is currently insufficient information to estimate any impact on the Company's financial position. These are considered non-adjusting subsequent events under IAS 10 "Events after the reporting period".

Management continues to monitor the situation closely and will provide updates and disclosures in future periods as more information becomes available.

Except as disclosed above, no other subsequent events occurred between 31 December 2025 and the date of authorisation of issue of these financial statements by the Company's Board of Directors, which may have a material impact on these financial statements.

32 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on March 05, 2026 corresponding to 16 Ramadan 1447H.

SUPPLEMENTARY INFORMATION

As required by the SAMA Implementing Regulations, the statement of financial position, statement of income and statement of cash flows are separately disclosed for both insurance operations and shareholders' operations as follows:

a) Statement of financial position

	December 31, 2025			December 31, 2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<u>ASSETS</u>						
Cash and cash equivalents	7,661	518	8,179	5,837	722	6,559
Investments held at amortised cost	60,634	67,000	127,634	76,752	104,629	181,381
Financial assets at fair value through profit or loss ("FVTPL")	-	39,586	39,586	-	57,048	57,048
Financial assets at fair value through other comprehensive income ("FVOCI")	-	72,722	72,722	-	61,124	61,124
Prepaid expenses and other assets	13,306	705	14,011	14,569	1,410	15,936
Reinsurance contract assets	14,934	-	14,934	36,847	-	36,847
Insurance contract asset	3,606	-	3,606	1,491	-	1,491
Due from shareholder's \ Insurance operations	53,901	(53,901)	-	40,661	(40,661)	-
Property and equipment	10,051	-	10,051	11,088	-	11,088
Intangible assets	9,995	-	9,995	11,172	-	11,172
Right-of-use asset	2,979	-	2,979	4,221	-	4,221
Statutory deposit	-	44,992	44,992	-	44,992	44,992
Accrued income on statutory deposit	-	354	354	-	1,327	1,327
TOTAL ASSETS	177,067	171,976	349,043	202,595	230,591	433,186

SUPPLEMENTARY INFORMATION (CONTINUED)**a) Statement of financial position (continued)**

	December 31, 2025			December 31, 2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<u>LIABILITIES AND EQUITY</u>						
<u>LIABILITIES</u>						
Accrued expenses and other liabilities	9,056	3,186	12,242	10,670	2,565	13,235
Insurance contract liabilities	160,383	-	160,383	183,564	-	183,564
Zakat payable	-	4,296	4,296	-	3,669	3,669
Accrued income on statutory deposit	-	354	354	-	1,327	1,327
Lease liability	2,216	-	2,216	3,415	-	3,415
Employee defined benefit obligations	4,438	-	4,438	4,070	-	4,070
TOTAL LIABILITIES	176,093	7,836	183,929	201,719	7,561	209,280
<u>EQUITY</u>						
Share capital	-	300,000	300,000	-	300,000	300,000
Statutory reserve	-	2,165	2,165	-	2,165	2,165
Subordinated loan from shareholders	-	50,000	50,000	-	-	-
Accumulated losses	-	(258,824)	(258,824)	-	(138,336)	(138,336)
Remeasurement reserve of defined benefit obligations	974	-	974	876	-	876
Fair value reserve for investments	-	70,799	70,799	-	59,201	59,201
TOTAL EQUITY	974	164,140	165,114	876	223,030	223,906
TOTAL LIABILITIES AND EQUITY	177,067	171,976	349,043	202,595	230,591	433,186

SUPPLEMENTARY INFORMATION (CONTINUED)

b) Statement of profit and loss

	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Insurance revenue	321,752	-	321,752	414,352	-	414,352
Insurance service expenses	(398,276)	-	(398,276)	(440,538)	-	(440,538)
Net expenses from reinsurance contracts	(32,998)	-	(32,998)	(32,429)	-	(32,429)
Insurance service result from Company's directly written business	(109,522)	-	(109,222)	(58,615)	-	(58,615)
Share of surplus from insurance pools	4,515	-	4,515	1,579	-	1,579
Insurance service result	(105,007)	-	(105,007)	(57,036)	-	(57,036)
Commission income on investments measured at amortised cost	1,669	3,496	5,165	5,965	5,631	11,596
Net gains on investments measured at FVTPL	-	1,538	1,538	-	2,636	2,636
Commission income on investments measured at FVTPL	-	240	240	-	255	255
Dividend income	-	572	572	-	580	580
Net investment return	1,669	5,846	7,515	5,965	9,102	15,067
Net finance expense from insurance contracts	(1,426)	-	(1,426)	(873)	-	(873)
Net finance income from reinsurance contracts	1,052	-	1,052	1,195	-	1,195
Net insurance finance income / (expense)	(374)	-	(374)	322	-	322
Net insurance and investment result	(103,712)	5,846	(97,866)	(56,714)	15,067	(41,647)
Impairment of goodwill	-	-	-	-	(36,260)	(36,260)
Other operating expenses	(7,466)	(11,656)	(19,122)	(6,886)	(3,799)	(10,685)
Profit / (loss) for the year attributable to the shareholders before zakat and income tax, net of surplus	(111,178)	(5,810)	(116,988)	(63,600)	(24,992)	(88,592)
Shareholder absorption of loss	111,178	(111,178)	-	63,600	(63,600)	-
Profit for the year after shareholder absorption of appropriations before zakat	-	(116,988)	(116,988)	-	(88,592)	(88,592)
Zakat	-	(3,500)	(3,500)	-	(5,615)	(5,615)
Net loss for the year attributable to the shareholders	-	(120,488)	(120,488)	-	(94,207)	(94,207)
Losses per share (Basic and diluted) (expressed in SR per share)	-	(4.02)	(4.02)	-	(3.14)	(3.14)

SUPPLEMENTARY INFORMATION (CONTINUED)c) **Statement of comprehensive income**

	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Net loss for the year attributable to the shareholders	-	(120,488)	(120,488)	-	(94,207)	(94,207)
Other comprehensive income						
<i>Items that will not be reclassified to statement of income in subsequent years</i>						
<i>Net changes in fair value of investment measured at FVOCI – equity instruments</i>	-	11,598	11,598	-	17,662	17,662
Remeasurement gain on defined benefit obligations	98	-	98	58	-	58
Total comprehensive loss for the year attributable to the shareholders	98	(108,890)	(108,792)	58	(76,545)	(76,487)

SUPPLEMENTARY INFORMATION (CONTINUED)**d) Statement of cash flows**

	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOW FROM OPERATING ACTIVITIES						
Loss for the year attributable to the shareholders before zakat and income tax, net of surplus	-	(116,988)	(116,988)	-	(88,592)	(88,592)
Adjustments for non-cash items:						
Depreciation of property and equipment	2,164	-	2,164	2,424	-	2,424
Amortization of intangible assets	1,511	-	1,511	1,484	-	1,484
Amortization of right-of-use asset	1,163	-	1,163	1,186	-	1,186
Finance cost over lease liability	138	-	138	191	-	191
Net gain on financial assets at FVTPL	-	(1538)	(1538)	-	(2,635)	(2,635)
Commission income on FVTPL investments and Murabaha	(1,669)	(3,736)	(5,405)	(5,965)	(5,886)	(11,851)
Provision for employee benefits obligations	1,224	-	1,224	1,241	-	1,241
Dividend income	-	(572)	(572)	-	(580)	(580)
Expected credit loss adjustment	9	-	9	(210)	-	(210)
Impairment of Goodwill	-	-	-	-	36,260	36,260
	4,540	(122,834)	(118,294)	351	(61,433)	(61,082)
Changes in operating assets and liabilities:						
Prepaid expenses and other assets	1,211	705	1,916	21,252	(1,311)	19,941
Accrued expenses and other liabilities	(1,614)	621	(993)	(879)	(9)	(888)
Due to / (from) shareholders' operations	(13,240)	13,240	-	(43,580)	43,580	-
Insurance contract asset	(2,115)	-	(2,115)	(1,491)	-	(1,491)
Insurance contracts liabilities	(23,181)	-	(23,181)	22,801	-	22,801
Reinsurance contract assets	21,913	-	21,913	7,736	-	7,736
	(12,486)	(108,268)	(120,754)	6,190	(19,173)	(12,983)
Zakat and income tax paid	-	(2,873)	(2,873)	-	(4,919)	(4,919)
Payment of employee benefits obligation	(758)	-	(758)	(1,307)	-	(1,307)
Net cash (used in) / generated from operating activities	(13,478)	(110,907)	(124,385)	4,883	(24,092)	(19,209)

SUPPLEMENTARY INFORMATION (CONTINUED)

d) Statement of cash flows (continued)

	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOW FROM INVESTING ACTIVITIES						
Additions to property and equipment	(1,300)	-	(1,300)	(25)	-	(25)
Disposal of PPE	185	-	185	45	-	45
Additions to intangible asset	(334)	-	(334)	(543)	-	(543)
(Addition) / maturity in Murabaha deposits – net	16,326	37,421	53,747	(14,551)	(10,000)	(24,551)
Addition of in shares	-	19,000	19,000	-	(841)	(841)
Commission income on FVTPL investments and Murabaha	1,669	3,736	5,405	3,734	4,201	7,935
Dividend income	-	572	572	-	580	580
Release of statutory deposit	-	-	-	-	30,000	30,000
Net cash (used in) / generated from investing activities	16,546	60,729	77,275	(11,340)	(23,940)	(12,600)
CASH FLOW FROM FINANCING ACTIVITIES						
Lease rental paid	(1,270)	-	(1,270)	(1,294)	-	(1,294)
Subordinated loan from shareholders	-	50,000	50,000	-	-	-
Net cash (used in) / generated from financing activities	(1,270)	50,000	48,730	(1,294)	-	(1,294)
Net change in cash and cash equivalents	1,798	(178)	1,620	(7,751)	(152)	(7,903)
Cash and cash equivalents at the beginning of the year	5,837	722	6,559	13,588	874	14,462
Cash and cash equivalents at the end of the year	7,635	544	8,179	5,837	722	6,559
SUPPLEMENTAL SCHEDULE OF NON-CASH INFORMATION						
Net changes in fair value of investment measured at FVOCI	-	11,598	11,598	-	17,662	17,662
Remeasurement gain / (loss) on defined benefit obligations adjusted against accrued expenses and other liabilities	98	-	98	58	-	58

SUPPLEMENTARY INFORMATION (CONTINUED)

e) Line of Businesses information

	Medical	Motor - Comp	Motor - TPL	Property	Engineering	Marine	Accident and liability	Total
Insurance revenue	14,155	115,852	155,159	18,565	4,056	6,272	7,693	321,752
Insurance service expenses	(15,277)	(168,364)	(200,469)	(6,064)	(2,125)	(3,670)	(2,307)	(398,276)
Net expenses from reinsurance contracts	(206)	(4,834)	(6,779)	(13,173)	(3,398)	(1,836)	(2,772)	(32,998)
Insurance service result from Company's directly written business	(1,328)	(57,346)	(52,089)	(672)	(1,467)	766	2,614	(109,522)
Share of surplus from insurance pools	-	-	-	-	-	-	-	4,515
Insurance service result	(1,328)	(57,346)	(52,089)	(672)	(1,467)	766	2,614	(105,007)
Net gains on investments measured at FVTPL	-	-	-	-	-	-	-	1,538
Commission income on investments measured at amortised cost	-	-	-	-	-	-	-	5,165
Commission income on investments measured at FVTPL	-	-	-	-	-	-	-	240
Dividend income	-	-	-	-	-	-	-	572
Net investment return								7,515
Net finance (expense) / income from insurance contracts	(159)	70	(1,076)	(49)	(30)	(43)	(139)	(1,426)
Net finance income / (expense) from reinsurance contracts	37	293	285	238	36	72	91	1,052
Net insurance finance (expense) / income	(122)	363	(791)	189	6	29	(48)	(374)
Net insurance and investment result								
Other income	-	-	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-	-	(19,122)
Loss for the year attributable to the shareholders before zakat and income tax								(116,988)
Zakat								(3,500)
Net loss for the year attributable to the shareholders								(120,488)

SUPPLEMENTARY INFORMATION (CONTINUED)

e) Line of Businesses information (continued)

For the year ended December 31, 2024

	Medical	Motor - Comp	Motor - TPL	Property	Engineering	Marine	Accident and liability	Total
Insurance revenue	33,091	113,190	224,752	22,165	3,548	9,192	8,414	414,352
Insurance service expenses	(43,822)	(117,333)	(263,998)	(4,874)	(2,183)	(5,279)	(3,049)	(440,538)
Net expenses from reinsurance contracts	(4,019)	(3,053)	3,576	(17,146)	(3,057)	(5,650)	(3,080)	(32,429)
Insurance service result from Company's directly written business	(14,750)	(7,196)	(35,670)	145	(1,692)	(1,737)	2,285	(58,615)
Share of surplus from insurance pools								1,579
Insurance service result								
Net gains on investments measured at FVTPL								2,636
Commission income from financial assets not measured at FVTPL and Murabaha								11,596
Dividend income								255
Net investment return								580
								<u>15,067</u>
Net finance (expense) / income from insurance contracts								
Net finance income / (expense) from reinsurance contracts	(29)	377	(656)	(183)	(44)	(74)	(264)	(873)
Net insurance finance (expense) / income	55	311	208	315	47	86	173	1,195
	<u>26</u>	<u>688</u>	<u>(448)</u>	<u>132</u>	<u>3</u>	<u>12</u>	<u>(91)</u>	<u>322</u>
Net insurance and investment result								
Impairment of goodwill								(36,260)
Other operating expenses								(10,685)
Loss for the year attributable to the shareholders before zakat and income tax								(88,592)
Zakat								(5,615)
Net loss for the year attributable to the shareholders								<u>(94,207)</u>

SUPPLEMENTARY INFORMATION (CONTINUED)

e) Line of Businesses information (continued)

As at December 31, 2025

	Medical	Motor- Third party liability	Motor- Compreh ensive	Property	Engineering	Marine	Accident & liability	Total
Assets								
Insurance contract assets	-	-	-	3,606	-	-	-	3,606
Reinsurance contract assets	915	2,815	303	3,398	1,355	948	5,200	14,934
Unallocated assets								330,503
Total assets								349,043
Liabilities								
Insurance contract liabilities	11,395	66,987	70,851	-	2,270	2,179	6,701	160,383
Unallocated liabilities								23,546
Total liabilities								183,929

As at December 31, 2024

	Medical	Motor- Third party liability	Motor- Comprehe nsive	Property	Engineering	Marine	Accident & liability	Total
Assets								
Insurance contract assets	-	-	-	1,491	-	-	-	1,491
Reinsurance contract assets	785	13,070	4,431	7,210	3,016	1,134	7,201	36,847
Unallocated assets								394,848
Total assets								433,186
Liabilities								
Insurance contract liabilities	17,212	121,441	29,379	-	3,191	2,181	10,160	183,564
Unallocated liabilities								25,716
Total liabilities								209,280

SUPPLEMENTARY INFORMATION (CONTINUED)**Gross Written Premium**

Details relating to gross written premium ("GWP") are disclosed below to comply with the requirements of Insurance Authority and are not calculated as per the requirements of IFRS 17.

Breakdown of GWP	Medical	Motor	Property & casualty	Total
Retail	1,628	129,868	857	132,353
Small	347	4,663	2,455	7,465
Medium	1,762	24,381	6,564	32,707
Corporate	11,096	91,331	24,160	126,587
Total	14,833	250,243	34,036	299,112

Breakdown of GWP	Medical	Motor	Property & casualty	Total
Retail	528	266,662	553	267,743
Small	661	6,559	2,794	10,014
Medium	1,549	15,341	10,958	27,848
Corporate	18,957	85,919	31,211	136,087
Total	21,695	374,481	45,516	441,692

Insurance revenue of SR 322 million (2024: SR 414 million) is calculated through adjustment of SR (29.3) million (2024: SR 23.8 million) for the remaining coverage period, the expected premium receipts which reconcile to the gross written premium of SR 6.81 million (2024: SR 3.4 million).

Net Written Premium

Details relating to net written premium are disclosed below to comply with the requirements of Insurance Authority and are not calculated as per the requirements of IFRS 17.

Item	Medical	Motor	Property & casualty	Total
Gross written premium	14,833	250,243	34,036	299,112
Reinsurance premium ceded – globally (including excess of loss)	(935)	(2,785)	(20,283)	(24,003)
Reinsurance premium ceded – locally (including excess of loss)	(346)	(1,502)	(8,597)	(10,445)
Net written premium - total	13,552	245,956	5,156	264,664

Item	Medical	Motor	Property & casualty	Total
Gross written premium	21,695	374,481	45,516	441,692
Reinsurance premium ceded – globally (including excess of loss)	(3,267)	(2,200)	(28,122)	(33,589)
Reinsurance premium ceded – locally (including excess of loss)	(692)	(697)	(6,418)	(7,807)
Net written premium - total	17,736	371,584	10,976	400,296