

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

**INTERIM CONDENSED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT (UNAUDITED)**

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

# **MALATH COOPERATIVE INSURANCE COMPANY**

**(A SAUDI JOINT STOCK COMPANY)**

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## **INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT (UNAUDITED)**

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

<b>INDEX</b>	<b>Page</b>
Independent auditors' review report	1
Interim condensed statement of financial position	2
Interim condensed statement of income	3
Interim condensed statement of comprehensive income	4
Interim condensed statement of changes in equity	5
Interim condensed statement of cash flows	6
Notes to the interim condensed financial statements	7-73

## INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

To: The Shareholders of Malath Cooperative Insurance Company  
(A Saudi Joint Stock Company)

### Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Malath Cooperative Insurance Company** ("the Company") as of June 30, 2025, and the related interim condensed statements of income and comprehensive income for the three-month and six-month periods then ended, and the related interim condensed statements of changes in equity and cash flows for the six-months period then ended, and other explanatory notes (collectively referred to as "the interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the International Accounting Standard 34 "*Interim Financial Reporting*" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**For Forvis Mazars AlKharashi  
& Co.**  
P.O. Box 8306  
Riyadh 11482  
Kingdom of Saudi Arabia



**Abdullah S. Al Msned**  
Certified Public Accountant  
License No. 456



**For PKF Al Bassam**  
**Chartered Accountants**  
P.O. Box 69658  
Riyadh 11557  
Kingdom of Saudi Arabia



**Ibrahim A. Al-Bassam**  
Certified Public Accountant  
License No. 337

August 06, 2025  
(Safar 12, 1447H)

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

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

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

**AS AT 30 JUNE 2025**

	Notes	30 June 2025 (Unaudited)	31 December 2024 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	4	193,714	172,975
Term deposits	5	607,871	523,258
Reinsurance contract assets	6.3	116,471	130,480
Investments	7	288,662	205,014
Prepayments and other assets	8	101,936	83,923
Property and equipment		2,244	3,028
Right-of-use assets		458	688
Statutory deposit	18	74,986	74,986
Accrued commission income on statutory deposit		7,166	5,285
<b>TOTAL ASSETS</b>		<b>1,393,508</b>	<b>1,199,637</b>
<b>LIABILITIES</b>			
Accrued expenses and other liabilities		36,550	54,627
Lease liabilities		470	701
Insurance contract liabilities	6.3	847,689	653,353
Provision for employees' end-of-service benefits		28,728	29,233
Provision for zakat	9	21,562	23,663
Accrued return payable to Insurance Authority		7,166	5,285
<b>TOTAL LIABILITIES</b>		<b>942,165</b>	<b>766,862</b>
<b>EQUITY</b>			
Share capital	10	500,000	500,000
Statutory reserve	11	2,131	2,131
Accumulated losses		(91,503)	(108,060)
Investments fair value reserve		59,607	57,596
Re-measurement reserve on defined benefit plans		(18,892)	(18,892)
<b>TOTAL EQUITY</b>		<b>451,343</b>	<b>432,775</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,393,508</b>	<b>1,199,637</b>

Commitments and contingencies

15

  
 ACTING CHIEF FINANCIAL OFFICER

  
 CHIEF EXECUTIVE OFFICER

  
 BOARD MEMBER

The accompanying notes 1 to 25 form an integral part of these interim condensed financial statements.

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

**INTERIM CONDENSED STATEMENT OF INCOME**

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

**FOR THE THREE-MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2025**

	Notes	Three-months period ended 30 June		Six-months period ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Insurance service revenue	6.1	365,951	225,959	706,079	431,723
Insurance service expenses	6.1	(342,934)	(224,477)	(707,779)	(418,101)
<b>Insurance service result before reinsurance contracts held</b>		<b>23,017</b>	<b>1,482</b>	<b>(1,700)</b>	<b>13,622</b>
Allocation of reinsurance premiums	6.2	(15,530)	(15,950)	(28,919)	(29,661)
Amounts recoverable from reinsurance	6.2	(3,654)	14,908	23,869	15,730
<b>Net expenses from reinsurance contracts held</b>		<b>(19,184)</b>	<b>(1,042)</b>	<b>(5,050)</b>	<b>(13,931)</b>
<b>Insurance service result</b>		<b>3,833</b>	<b>440</b>	<b>(6,750)</b>	<b>(309)</b>
Investment income on financial assets at amortised cost		8,727	5,363	16,570	10,190
Investment (loss) / income on financial assets at FVTPL		(5,520)	154	(1,603)	8,826
Other investment income / (loss)		713	(178)	980	-
<b>Net investment income</b>		<b>3,920</b>	<b>5,339</b>	<b>15,947</b>	<b>19,016</b>
Finance expenses from insurance contracts issued	6.1	(4,318)	(3,705)	(10,507)	(7,097)
Finance income from reinsurance contracts held	6.2	955	881	3,567	1,678
<b>Net insurance finance expenses</b>		<b>(3,363)</b>	<b>(2,824)</b>	<b>(6,940)</b>	<b>(5,419)</b>
<b>Net insurance and investment result</b>		<b>4,390</b>	<b>2,955</b>	<b>2,257</b>	<b>13,288</b>
Other operating expenses		(7,138)	(6,410)	(13,470)	(17,610)
Other income		13,425	5,982	32,770	20,667
<b>Net income attributable to shareholders before zakat</b>		<b>10,677</b>	<b>2,527</b>	<b>21,557</b>	<b>16,345</b>
Zakat charge for the period	9	(4,000)	(2,376)	(5,000)	(4,752)
<b>Net income attributable to shareholders</b>		<b>6,677</b>	<b>151</b>	<b>16,557</b>	<b>11,593</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share	12	0.13	0.00	0.33	0.23
Weighted average number of shares issued throughout the period (thousands)		50,000	50,000	50,000	50,000

ACTING CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

BOARD MEMBER

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

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

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

**FOR THE THREE-MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2025**

	Three-months period ended 30 June		Six-months period ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Net income attributable to shareholders	6,677	151	16,557	11,593
<b>Other comprehensive income:</b>				
<i>Items that will not be reclassified to statements of income subsequently</i>				
Changes in fair value of financial investments at FVTOCI	1,946	(116)	2,011	1,818
<b>Total other comprehensive income for the period</b>	<b>1,946</b>	<b>(116)</b>	<b>2,011</b>	<b>1,818</b>
<b>Total comprehensive income for the period</b>	<b>8,623</b>	<b>35</b>	<b>18,568</b>	<b>13,411</b>

  
 ACTING CHIEF FINANCIAL OFFICER

  
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 BOARD MEMBER

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

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

	Share capital	Statutory reserve	Accumulated losses	Investment fair value reserve	Re-measurement reserve on defined benefit plans	Total equity
Balance at 31 December 2023 (Audited)	500,000	2,131	(134,949)	37,942	(15,034)	390,090
Net income for the period	-	-	11,593	-	-	11,593
Changes in fair value of financial investments at FVTOCI	-	-	-	1,818	-	1,818
Total comprehensive income	-	-	11,593	1,818	-	13,411
Balance at 30 June 2024 (Unaudited)	<u>500,000</u>	<u>2,131</u>	<u>(123,356)</u>	<u>39,760</u>	<u>(15,034)</u>	<u>403,501</u>
Balance at 31 December 2024 (Audited)	500,000	2,131	(108,060)	57,596	(18,892)	432,775
Net income for the period	-	-	16,557	-	-	16,557
Changes in fair value of financial investments at FVTOCI	-	-	-	2,011	-	2,011
Total comprehensive income	-	-	16,557	2,011	-	18,568
Balance at 30 June 2025 (Unaudited)	<u>500,000</u>	<u>2,131</u>	<u>(91,503)</u>	<u>59,607</u>	<u>(18,892)</u>	<u>451,343</u>

  
ACTING CHIEF FINANCIAL OFFICER

  
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BOARD MEMBER

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**MALATH COOPERATIVE INSURANCE COMPANY**  
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**INTERIM CONDENSED STATEMENT OF CASH FLOWS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

	Notes	Six-months period ended 30	
		June	
		2025	2024
		(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the period before zakat		21,557	16,345
<b>Adjustments for:</b>			
Depreciation of property and equipment		833	883
Amortisation on right to use assets		229	871
Investment loss / (income) on financial assets at FVTPL		1,603	(8,826)
Finance expenses from insurance contracts issued	6.1	10,507	7,097
Finance income from reinsurance contracts held	6.2	(3,567)	(1,678)
Reversal of zakat provision		-	(5,853)
Reclassification of zakat provision		-	(3,887)
Finance cost on lease liabilities		-	105
Provision for employees' end-of-service benefits		2,207	2,118
<b>Changes in operating assets and liabilities:</b>			
Reinsurance contract assets		17,576	(12,466)
Prepayments and other assets		(18,012)	18,303
Accrued expenses and other liabilities		(18,077)	(5,532)
Insurance contract liabilities		183,829	44,418
Reinsurance contract liabilities		-	(2,274)
<b>Cash from operations</b>		<b>198,685</b>	<b>49,624</b>
Zakat paid		(7,101)	(6,688)
Employees' end-of-service benefits paid		(2,712)	(876)
<b>Net cash generated from operating activities</b>		<b>188,872</b>	<b>42,060</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net (placement to) / matured from term deposits		(84,613)	6,012
Addition to investments		(83,242)	(55,165)
Addition to property and equipment		(48)	(753)
<b>Net cash used in investing activities</b>		<b>(167,903)</b>	<b>(49,906)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease liabilities paid		(231)	(625)
<b>Net cash used in financing activities</b>		<b>(231)</b>	<b>(625)</b>
<b>Net change in cash and cash equivalents</b>		<b>20,739</b>	<b>(8,471)</b>
Cash and cash equivalents at the beginning of the period	4	172,975	110,571
<b>Cash and cash equivalents at the end of the period</b>	4	<b>193,714</b>	<b>102,100</b>
<b>Supplemental non-cash information:</b>			
Changes in fair value of financial investments at FVTOCI		2,011	1,818
Commission movement on statutory deposit		1,881	355

ACTING CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

BOARD MEMBER

The accompanying notes 1 to 25 form an integral part of these interim condensed financial statements.



# **MALATH COOPERATIVE INSURANCE COMPANY**

## **(A SAUDI JOINT STOCK COMPANY)**

### **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

#### **FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

#### **1 ORGANIZATION AND PRINCIPAL ACTIVITIES**

Malath Cooperative Insurance Company (the “Company”) is a Saudi Joint Stock Company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/60 and incorporated on 21 Rabi Al-Awal 1428H corresponding to 9 April 2007 under Commercial Registration No. 1010231787 and unified number 7001519912. The Company’s head office is situated at Mohammad Bin Abdelaziz Street, P.O. Box 99763, Riyadh 11625, and Kingdom of Saudi Arabia.

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

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

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

#### **PROPOSED MERGER**

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

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

# **MALATH COOPERATIVE INSURANCE COMPANY**

**(A SAUDI JOINT STOCK COMPANY)**

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## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### **1 ORGANIZATION AND PRINCIPAL ACTIVITIES (continued)**

### **2 BASIS OF PREPARATION**

#### **(a) Statement of compliance**

The interim condensed financial statements of the Company have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS34) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and in compliance with Regulations for Companies in the Kingdom of Saudi Arabia and By-Laws of the Company.

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

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

The interim condensed statement of financial position, interim condensed statement of income, statement of comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 19 of the financial statements have been provided as supplementary financial information to comply with the requirements of the Insurance Implementing Regulations (the "Implementing Regulations") and is not required by IFRS. The implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the statement of financial position, statement of income, statement of comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the statement of financial position, statement of income, statement of comprehensive income of the respective operations.

# **MALATH COOPERATIVE INSURANCE COMPANY**

**(A SAUDI JOINT STOCK COMPANY)**

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## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### **2 BASIS OF PREPARATION (continued)**

#### **(b) Basis of measurement**

The interim condensed financial statements of the Company are prepared under the going concern basis and the historical cost convention, except for the measurement of investments carried at fair value through profit and loss ("FVTPL") and investments carried at fair value through other comprehensive income ("FVTOCI"), liabilities for defined benefit obligations recorded at the present value using the projected unit credit method and liabilities for incurred claim ("LIC") and assets for incurred claim ("AIC") recorded at the present value of the current discount rates.

#### **(c) Functional and presentation currency**

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

#### **(d) Seasonality of operations**

There are no seasonal changes that affect insurance operations.

#### **(e) Fiscal year**

The Company follows a fiscal year ending December 31.

#### **(f) Critical accounting judgments, estimates and assumptions**

The preparation of the interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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

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

##### **(i) PAA eligibility assessment**

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

##### **(ii) Liability for remaining coverage (LRC)**

#### **Acquisition cash flows**

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

# **MALATH COOPERATIVE INSURANCE COMPANY**

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## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### **2 BASIS OF PREPARATION (continued)**

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

##### **Expected premium receipts adjustment**

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

##### **(iii) Liability for incurred claims**

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

##### **(iv) Onerosity determination**

For contracts measured under GMM and PAA, a group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the statement of income in insurance service expense. The loss component is then amortized to statement of income over the coverage period to offset incurred claims in insurance service expense.

For contracts measured under PAA, the Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise

# **MALATH COOPERATIVE INSURANCE COMPANY**

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## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### **2 BASIS OF PREPARATION (continued)**

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

#### **(iv) Onerosity determination (continued)**

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

- Pricing information: Underwriting combined ratios and price adequacy ratios.
- Historical combined ratio of similar and comparable sets of contracts
- Any relevant inputs from underwriters,
- Other external factors such as inflation and change in market claims experience or change in regulations

#### **(v) Expense attribution**

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

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

On the other hand, non-directly attributable expenses and overheads are recognized in the statement of income immediately when incurred.

#### **(vi) Estimates of future cash flows**

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

#### **- Expenses**

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

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



# **MALATH COOPERATIVE INSURANCE COMPANY**

**(A SAUDI JOINT STOCK COMPANY)**

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## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### **2 BASIS OF PREPARATION (continued)**

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

**(vi) Estimates of future cash flows (continued)**

**(vii) Risk adjustment for non-financial risk**

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

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

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

**(ix) Unit of account**

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

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

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

# MALATH COOPERATIVE INSURANCE COMPANY

## (A SAUDI JOINT STOCK COMPANY)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

#### FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

#### 2 BASIS OF PREPARATION (continued)

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

##### (x) Discount rates

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

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

##### Discount Yield Curve

Evaluation date	1 Year	2 Year	3 Year	4 Year
30 June 2025	4.91%	4.50%	4.41%	4.41%
31 December 2024	5.47%	5.37%	5.35%	5.32%

##### (xi) Methods used to measure the risk adjustment for non-financial risk

Judgement is involved in assessing the most appropriate method to estimate the risk adjustment for non-financial risk and also to choose the most appropriate confidence level to which the risk adjustment for non-financial risk should correspond.

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

##### (xii) Measurement of the Expected Credit Losses allowance (ECL)

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

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

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

# **MALATH COOPERATIVE INSURANCE COMPANY**

## **(A SAUDI JOINT STOCK COMPANY)**

### **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

#### **FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

#### **2 BASIS OF PREPARATION (continued)**

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

##### **(xiii) Fair value of financial instruments**

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

##### **(xiv) Going concern**

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

#### **3 MATERIAL ACCOUNTING POLICIES**

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements

are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2024:

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

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

##### **Effective from annual period beginning on or after:**

- IAS 21 Lack of Exchangeability 1 January 2025

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

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

- IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments 1 January 2026

IFRS 10 and IAS 28 Sale or Contribution of Assets between and Investor and its Associate or Joint Venture Available for optional adoption/effective date deferred indefinitely

- IFRS 18, 'Presentation and Disclosure in Financial Statements' 1 January 2027

- IFRS 19, 'Reducing subsidiaries disclosures' 1 January 2027

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

### FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

#### 4 CASH AND CASH EQUIVALENTS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
<b>Insurance operations</b>		
Cash in banks	97,549	161,231
Cash on hand	22	22
Short term - term deposits	48,104	-
Accrued income on term deposits	328	-
	<b>146,003</b>	<b>161,253</b>
<b>Shareholders' operations</b>		
Cash in banks	12,303	11,723
Short term - term deposits	35,000	-
Accrued income on term deposits	409	-
Less: ECL allowance	(1)	(1)
	<b>47,711</b>	<b>11,722</b>
<b>Total cash and cash equivalents</b>	<b>193,714</b>	<b>172,975</b>

Short term - term deposits have original maturity of less than three months from the date of acquisition and are subject to an average commission rate of 4.95% per annum as at 30 June 2025 (31 December 2024: Nil)

Cash and cash equivalents includes an amount of SR 34.1 million 30 June 2025 (31 December 2024: SR 15.4 million) that pertains to the Company's share of Inherent Defect Insurance (IDI) portfolio.

#### 5 TERM DEPOSITS

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
<b>Insurance operations</b>		
Short term - term deposits	436,499	382,702
Accrued income on term deposits	12,843	10,403
Less: ECL allowance	(55)	(55)
	<b>449,287</b>	<b>393,050</b>
<b>Shareholders' operations</b>		
Short term - term deposits	154,598	125,634
Accrued income on term deposits	3,994	4,583
Less: ECL allowance	(8)	(9)
	<b>158,584</b>	<b>130,208</b>
<b>Total term deposits</b>	<b>607,871</b>	<b>523,258</b>

Term deposits have an original maturity of more than three months from the date of acquisition and are subject to an average commission rate of 5.14% per annum as at 30 June 2025 (31 December 2024: 5.74%).

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

Term deposits includes an amount of SR 7.5 million as at 30 June 2025 (31 December 2024: SR 13.6 million) that pertains to the Company's share of Inherent Defect Insurance (IDI) portfolio.

As of 30 June 2025, (31 December 2024: SAR 20 million) the Company has a term deposit amounting to SAR 20 million against issuance of letter of guarantees as a collateral placed in a local bank. Company may not withdraw the deposit before expiration of the guarantees.

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS

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

	30 June 2025 - Medical (Unaudited)				
	Liability for remaining coverage		Liability for incurred claims		
<u>Premium allocation approach</u>	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	Total
Opening insurance contract liabilities	73,495	-	141,847	3,936	219,278
Insurance revenue	(296,725)	-	-	-	(296,725)
Insurance service expense					
Incurred claims	-	-	208,104	2,190	210,294
Other incurred insurance service expenses	-	-	18,587	-	18,587
Insurance acquisition amortization	39,578	-	-	-	39,578
(Reversals) / losses on onerous contracts	-	-	-	-	-
Changes that relate to past service	-	-	(6,310)	(2,193)	(8,503)
	39,578	-	220,381	(3)	259,956
Total insurance service result	(257,147)	-	220,381	(3)	(36,769)
Finance costs	-	-	3,282	107	3,389
Cash flows					
Premium received	293,977	-	-	-	293,977
Claims and other expenses paid	-	-	(154,210)	-	(154,210)
Acquisition cash flows paid	(17,421)	-	-	-	(17,421)
Total cash flows	276,556	-	(154,210)	-	122,346
Net closing balance	92,904	-	211,300	4,040	308,244



# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

### FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

#### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

	30 June 2025 - Motor (Unaudited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
<b><u>Premium allocation approach</u></b>					
<b>Opening insurance contract liabilities</b>	112,087	-	79,334	3,216	194,637
<b>Insurance revenue</b>	(351,540)	-	-	-	(351,540)
<b>Insurance service expense</b>					
Incurred claims	-	-	298,321	3,945	302,266
Other incurred insurance service expenses	-	-	18,347	-	18,347
Insurance acquisition amortization	64,583	-	-	-	64,583
(Reversals) / losses on onerous contracts	-	1,482	-	-	1,482
Changes that relate to past service	-	-	5,358	(3,194)	2,164
	64,583	1,482	322,026	751	388,842
<b>Total insurance service result</b>	(286,957)	1,482	322,026	751	37,302
<b>Finance costs</b>	-	-	2,316	93	2,409
<b>Cash flows</b>					
Premium received	369,422	-	-	-	369,422
Claims and other expenses paid	-	-	(271,898)	-	(271,898)
Acquisition cash flows paid	(35,592)	-	-	-	(35,592)
<b>Total cash flows</b>	333,830	-	(271,898)	-	61,932
<b>Net closing balance</b>	158,960	1,482	131,778	4,059	296,280

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

	30 June 2025 - Property (Unaudited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
<i>Premium allocation approach</i>					
<b>Opening insurance contract liabilities</b>	(590)	-	61,641	3,297	64,348
<b>Insurance revenue</b>	(12,205)	-	-	-	(12,205)
<b>Insurance service expense</b>					
Incurred claims	-	-	40,628	2,283	42,911
Other incurred insurance service expenses	-	-	668	-	668
Insurance acquisition amortization	2,084	-	-	-	2,084
(Reversals) / losses on onerous contracts	-	-	-	-	-
Changes that relate to past service	-	-	(9,389)	(2,906)	(12,295)
	2,084	-	31,907	(623)	33,368
<b>Total insurance service result</b>	(10,121)	-	31,907	(623)	21,163
<b>Finance costs</b>	-	-	1,537	88	1,625
<b>Cash flows</b>					
Premium received	22,361	-	-	-	22,361
Claims and other expenses paid	-	-	(46,609)	-	(46,609)
Acquisition cash flows paid	(1,667)	-	-	-	(1,667)
<b>Total cash flows</b>	20,694	-	(46,609)	-	(25,915)
<b>Net closing balance</b>	9,983	-	48,476	2,762	61,221

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

	30 June 2025 - Engineering (Unaudited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
<b><u>Premium allocation approach</u></b>					
<b>Opening insurance contract liabilities</b>	<b>4,559</b>	<b>7</b>	<b>33,601</b>	<b>887</b>	<b>39,054</b>
<b>Insurance revenue</b>	<b>(7,931)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,931)</b>
<b>Insurance service expense</b>					
Incurred claims	-	-	3,119	341	3,460
Other incurred insurance service expenses	-	-	64	-	64
Insurance acquisition amortization	1,116	-	-	-	1,116
(Reversals) / losses on onerous contracts	-	20	-	-	20
Changes that relate to past service	-	-	(115)	(13)	(128)
	<b>1,116</b>	<b>20</b>	<b>3,068</b>	<b>328</b>	<b>4,532</b>
<b>Total insurance service result</b>	<b>(6,815)</b>	<b>20</b>	<b>3,068</b>	<b>328</b>	<b>(3,399)</b>
<b>Finance costs</b>	<b>-</b>	<b>-</b>	<b>214</b>	<b>24</b>	<b>238</b>
<b>Cash flows</b>					
Premium received	10,410	-	-	-	10,410
Claims and other expenses paid	-	-	(26,039)	-	(26,039)
Acquisition cash flows paid	(647)	-	-	-	(647)
<b>Total cash flows</b>	<b>9,763</b>	<b>-</b>	<b>(26,039)</b>	<b>-</b>	<b>(16,276)</b>
<b>Net closing balance</b>	<b>7,507</b>	<b>27</b>	<b>10,844</b>	<b>1,239</b>	<b>19,617</b>

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

30 June 2025 - Marine (Unaudited)					
Liability for remaining coverage			Liability for incurred claims		
Excluding loss component	Loss component		Present value of future cash flows	Risk adjustment	Total
<b>Opening insurance contract liabilities</b>	(7,242)	-	16,464	1,868	11,090
<b>Insurance revenue</b>	(1,913)	-	-	-	(1,913)
<b>Insurance service expense</b>					
Incurred claims	-	-	(467)	(80)	(547)
Other incurred insurance service expenses	-	-	20	-	20
Insurance acquisition amortization	156	-	-	-	156
(Reversals) / losses on onerous contracts	-	-	-	-	-
Changes that relate to past service	-	-	(8,979)	(1,013)	(9,992)
	156	-	(9,426)	(1,093)	(10,363)
<b>Total insurance service result</b>	(1,757)	-	(9,426)	(1,093)	(12,276)
<b>Finance costs</b>	-	-	472	53	525
<b>Cash flows</b>					
Premium received	9,968	-	-	-	9,968
Claims and other expenses paid	-	-	(155)	-	(155)
Acquisition cash flows paid	(59)	-	-	-	(59)
<b>Total cash flows</b>	9,909	-	(155)	-	9,754
<b>Net closing balance</b>	910	-	7,355	828	9,093

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

	30 June 2025 - Others (Unaudited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
<b><u>Premium allocation approach</u></b>					
<b>Opening insurance contract liabilities</b>	<b>58,340</b>	<b>-</b>	<b>13,721</b>	<b>686</b>	<b>72,747</b>
<b>Insurance revenue</b>	<b>(35,765)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35,765)</b>
<b>Insurance service expense</b>					
Incurred claims	-	-	19,195	730	19,925
Other incurred insurance service expenses	-	-	3,013	-	3,013
Insurance acquisition amortization	9,579	-	-	-	9,579
(Reversals) / losses on onerous contracts	-	-	-	-	-
Changes that relate to past service	-	-	(515)	(557)	(1,072)
	<b>9,579</b>	<b>-</b>	<b>21,693</b>	<b>173</b>	<b>31,445</b>
<b>Total insurance service result</b>	<b>(26,186)</b>	<b>-</b>	<b>21,693</b>	<b>173</b>	<b>(4,320)</b>
<b>Finance costs</b>	<b>-</b>	<b>-</b>	<b>2,299</b>	<b>22</b>	<b>2,321</b>
<b>Cash flows</b>					
Premium received	46,679	-	-	-	46,679
Claims and other expenses paid	-	-	(26,570)	-	(26,570)
Acquisition cash flows paid	(6,909)	-	-	-	(6,909)
<b>Total cash flows</b>	<b>39,770</b>	<b>-</b>	<b>(26,570)</b>	<b>-</b>	<b>13,200</b>
<b>Net closing balance</b>	<b>71,924</b>	<b>-</b>	<b>11,143</b>	<b>881</b>	<b>83,948</b>



# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

	31 December 2024 - Medical (Audited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of Future cash flows	Risk adjustment	
<i>Premium allocation approach</i>					
Opening insurance contract liabilities	78,405	1,893	156,907	4,477	241,682
Insurance revenue	(541,714)	-	-	-	(541,714)
Insurance service expense					
Incurred claims	-	-	434,358	3,517	437,875
Other incurred insurance service expenses	-	-	40,541	-	40,541
Insurance acquisition amortization	80,358	-	-	-	80,358
(Reversals) / losses on onerous contracts	-	(1,893)	-	-	(1,893)
Changes that relate to past service	-	-	(10,075)	(4,317)	(14,392)
	80,358	(1,893)	464,824	(800)	542,490
Total insurance service result	(461,356)	(1,893)	464,824	(800)	776
Finance costs	-	-	6,817	259	7,076
Cash flows					
Premium received	534,194	-	-	-	534,194
Claims and other expenses paid	-	-	(486,701)	-	(486,701)
Acquisition cash flows paid	(77,748)	-	-	-	(77,748)
Total cash flows	456,446	-	(486,701)	-	(30,255)
Net closing balance	73,495	-	141,847	3,936	219,278

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

31 December 2024 - Motor (Audited)					
Liability for remaining coverage			Liability for incurred claims		Total
Excluding loss component	Loss component		Present value of Future cash flows	Risk adjustment	
Opening insurance contract liabilities	(13,441)	-	37,597	1,403	25,559
Insurance revenue	(375,999)	-	-	-	(375,999)
Insurance service expense					
Incurred claims	-	-	234,671	2,870	237,541
Other incurred insurance service expenses	-	-	30,944	-	30,944
Insurance acquisition amortization	76,577	-	-	-	76,577
(Reversals) / losses on onerous contracts	-	-	-	-	-
Changes that relate to past service	-	-	39,016	(1,150)	37,866
	76,577	-	304,631	1,720	382,928
Total insurance service result	(299,422)	-	304,631	1,720	6,929
Finance costs	-	-	2,424	93	2,517
Cash flows					
Premium received	509,899	-	-	-	509,899
Claims and other expenses paid	-	-	(265,318)	-	(265,318)
Acquisition cash flows paid	(84,949)	-	-	-	(84,949)
Total cash flows	424,950	-	(265,318)	-	159,632
Net closing balance	112,087	-	79,334	3,216	194,637

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

	31 December 2024 - Property (Audited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of Future cash flows	Risk adjustment	
<i>Premium allocation approach</i>					
Opening insurance contract liabilities	(560)	-	72,158	2,666	74,264
Insurance revenue	(29,129)	-	-	-	(29,129)
Insurance service expense					
Incurred claims	-	-	9,047	107	9,154
Other incurred insurance service expenses	-	-	1,091	-	1,091
Insurance acquisition amortization	5,680	-	-	-	5,680
(Reversals) / losses on onerous contracts	-	-	-	-	-
Changes that relate to past service	-	-	(11,564)	408	(11,156)
	5,680	-	(1,426)	515	4,769
Total insurance service result	(23,449)	-	(1,426)	515	(24,360)
Finance costs	-	-	2,899	116	3,015
Cash flows					
Premium received	27,585	-	-	-	27,585
Claims and other expenses paid	-	-	(11,990)	-	(11,990)
Acquisition cash flows paid	(4,166)	-	-	-	(4,166)
Total cash flows	23,419	-	(11,990)	-	11,429
Net closing balance	(590)	-	61,641	3,297	64,348

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

31 December 2024 - Engineering (Audited)					
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of Future cash flows	Risk adjustment	
<i>Premium allocation approach</i>					
Opening insurance contract liabilities	5,164	19	40,655	398	46,236
Insurance revenue	(16,214)	-	-	-	(16,214)
Insurance service expense					
Incurred claims	-	-	676	346	1,022
Other incurred insurance service expenses	-	-	338	-	338
Insurance acquisition amortization	2,812	-	-	-	2,812
(Reversals) / losses on onerous contracts	-	(12)	-	-	(12)
Changes that relate to past service	-	-	3,838	125	3,963
	2,812	(12)	4,852	471	8,123
Total insurance service result	(13,402)	(12)	4,852	471	(8,091)
Finance costs	-	-	167	18	185
Cash flows					
Premium received	15,300	-	-	-	15,300
Claims and other expenses paid	-	-	(12,073)	-	(12,073)
Acquisition cash flows paid	(2,503)	-	-	-	(2,503)
Total cash flows	12,797	-	(12,073)	-	724
Net closing balance	4,559	7	33,601	887	39,054

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

	31 December 2024 - Marine (Audited)				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Present value of Future cash flows	Risk adjustment	Total
<i>Premium allocation approach</i>					
Opening insurance contract liabilities	(2,928)	-	3,388	344	804
Insurance revenue	(13,117)	-	-	-	(13,117)
Insurance service expense					
Incurred claims	-	-	366	1,594	1,960
Other incurred insurance service expenses	-	-	341	-	341
Insurance acquisition amortization	1,952	-	-	-	1,952
(Reversals) / losses on onerous contracts	-	-	-	-	-
Changes that relate to past service	-	-	12,572	(125)	12,447
	1,952	-	13,279	1,469	16,700
Total insurance service result	(11,165)	-	13,279	1,469	3,583
Finance costs	-	-	526	55	581
Cash flows					
Premium received	8,119	-	-	-	8,119
Claims and other expenses paid	-	-	(729)	-	(729)
Acquisition cash flows paid	(1,268)	-	-	-	(1,268)
Total cash flows	6,851	-	(729)	-	6,122
Net closing balance	(7,242)	-	16,464	1,868	11,090



# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

	31 December 2024 - Others (Audited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of Future cash flows	Risk adjustment	
<i>Premium allocation approach</i>					
Opening insurance contract liabilities	2,374	-	13,009	358	15,741
Insurance revenue	(30,090)	-	-	-	(30,090)
Insurance service expense					
Incurred claims	-	-	1,892	431	2,323
Other incurred insurance service expenses	-	-	3,621	-	3,621
Insurance acquisition amortization	10,800	-	-	-	10,800
(Reversals) / losses on onerous contracts	-	-	-	-	-
Changes that relate to past service	-	-	2,687	(117)	2,570
	10,800	-	8,200	314	19,314
Total insurance service result	(19,290)	-	8,200	314	(10,776)
Finance costs	-	-	241	14	255
Cash flows					
Premium received	91,809	-	-	-	91,809
Claims and other expenses paid	-	-	(7,729)	-	(7,729)
Acquisition cash flows paid	(16,553)	-	-	-	(16,553)
Total cash flows	75,256	-	(7,729)	-	67,527
Net closing balance	58,340	-	13,721	686	72,747

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

6.1 Analysis by remaining coverage and incurred claims for insurance contracts measured in GMM

<u>General measurement model</u>	30 June 2025 Inherent defect insurance (Unaudited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Excluding risk adjustment	Risk adjustment	
Opening insurance contract liabilities	51,945	-	237	15	52,197
<b>Insurance revenue</b>					
Expected incurred claims and directly attributable expenses	(4,447)	-	-	-	(4,447)
Change in Risk Adjustment for Non-Financial Risk	(20)	-	-	-	(20)
CSM recognized for services provided	(513)	-	-	-	(513)
Premium and related Receipts Relating to Past and Current Service	-	-	-	-	-
	(4,981)	-	-	-	(4,981)
<b>Insurance service expense</b>					
Incurred claims and other directly attributable expenses			1,361	26	1,387
Changes to liabilities for incurred claims - past service			(368)	(11)	(380)
	-	-	992	15	1,007
<b>Total insurance service result</b>	(4,981)	-	992	15	(3,973)
<b>Finance costs</b>	2,027	-	19	2	2,049
<b>Cash flows</b>					
Premium received	19,302	-	(50)	-	19,252
Claims and other expenses paid	(238)	-	-	-	(238)
<b>Total cash flows</b>	19,063	-	(50)	-	19,014
<b>Net closing balance</b>	68,055	-	1,199	32	69,286
<b>Total closing balance of insurance contract liability</b>					<b>847,689</b>

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

### FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

General measurement model	31 December 2024 - Inherent defect insurance (Audited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Excluding risk adjustment	Risk adjustment	
Opening insurance contract liabilities	29,226	-	9	-	29,235
Insurance revenue					-
Expected incurred claims and directly attributable expenses	(3,267)	-	-	-	(3,267)
Change in Risk Adjustment for Non-Financial Risk	(17)	-	-	-	(17)
CSM recognized for services provided	(338)	-	-	-	(338)
Premium and related Receipts Relating to Past and Current Service	(838)	-	-	-	(838)
	(4,461)	-	-	-	(4,460)
Insurance service expense					
Incurred claims and other directly attributable expenses	-	-	1,912	23	1,935
Changes to liabilities for incurred claims - past service	-	-	(223)	(6)	(229)
	-	-	1,689	15	1,706
Total insurance service result	(4,461)	-	1,689	15	(2,754)
Finance costs	587	-	(42)	-	545
Cash flows					
Premium received	26,593	-	-	-	26,593
Claims and other expenses paid	-	-	(1,419)	-	(1,419)
Total cash flows	26,593	-	(1,419)	-	25,174
Net closing balance	51,945	-	237	15	52,197
Total closing balance of insurance contract liability					653,353

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

	30 June 2025 - Medical (Unaudited)				
	Assets for remaining coverage		Assets for incurred claims		
<u>Premium allocation approach</u>	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	Total
Opening reinsurance contract assets	75	-	4,917	-	4,992
Reinsurance service expense	(492)	-	-	-	(492)
Claims recovered	-	-	789	-	789
Changes that relate to past service: Changes related to LIC	-	-	(858)	-	(858)
Recovery / ( reversal) on losses on onerous contracts	-	-	-	-	-
Net expense from reinsurance contracts held	(492)	-	(69)	-	(561)
Finance income	-	-	-	-	-
Cash flows					
Premiums ceded paid net of commission	(65)	-	-	-	(65)
Recoveries from reinsurance	-	-	734	-	734
Total cash flows	(65)	-	734	-	669
Net closing balance	(482)	-	5,582	-	5,100

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

	30 June 2025 - Motor (Unaudited)				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
<b><u>Premium allocation approach</u></b>					
Opening reinsurance contract assets	-	-	15,416	-	15,416
Reinsurance service expense	(3,066)	-	-	-	(3,066)
Claims recovered	-	-	57	-	57
Changes that relate to past service: Changes related to LIC	-	-	122	-	122
Recovery / ( reversal) on losses on onerous contracts	-	-	-	-	-
<b>Net expense from reinsurance contracts held</b>	<b>(3,066)</b>	<b>-</b>	<b>179</b>	<b>-</b>	<b>(2,887)</b>
Finance income	-	-	-	-	-
<b>Cash flows</b>					
Premiums ceded paid net of commission	(464)	-	-	-	(464)
Recoveries from reinsurance	-	-	221	-	221
<b>Total cash flows</b>	<b>(464)</b>	<b>-</b>	<b>221</b>	<b>-</b>	<b>(243)</b>
<b>Net closing balance</b>	<b>(3,530)</b>	<b>-</b>	<b>15,816</b>	<b>-</b>	<b>12,286</b>

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

30 June 2025 - Property (Unaudited)					
Assets for remaining coverage			Assets for incurred claims		
Excluding loss component	Loss component		Present value of future cash flows	Risk adjustment	Total
<b><u>Premium allocation approach</u></b>					
Opening reinsurance contract assets	(7,309)	-	53,739	2,342	48,772
Reinsurance service expense	(11,508)	-	-	-	(11,508)
Claims recovered	-	-	40,473	-	40,473
Changes that relate to past service: Changes related to LIC	-	-	(10,271)	(335)	(10,606)
Recovery / ( reversal) on losses on onerous contracts	-	-	-	-	-
<b>Net expense from reinsurance contracts held</b>	<b>(11,508)</b>	<b>-</b>	<b>30,202</b>	<b>(335)</b>	<b>18,359</b>
Finance income	-	-	1,292	59	1,351
<b>Cash flows</b>					
Premiums ceded paid net of commission	9,605	-	-	-	9,605
Recoveries from reinsurance	-	-	(39,754)	-	(39,754)
<b>Total cash flows</b>	<b>9,605</b>	<b>-</b>	<b>(39,754)</b>	<b>-</b>	<b>(30,149)</b>
<b>Net closing balance</b>	<b>(9,212)</b>	<b>-</b>	<b>45,479</b>	<b>2,066</b>	<b>38,333</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

**6 INSURANCE AND REINSURANCE CONTRACTS (continued)**

**6.2** Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA (continued)

<b>30 June 2025 - Engineering (Unaudited)</b>					
<b>Assets for remaining coverage</b>		<b>Assets for incurred claims</b>			
<b>Excluding loss component</b>	<b>Loss component</b>	<b>Present value of future cash flows</b>	<b>Risk adjustment</b>	<b>Total</b>	
<b>Opening reinsurance contract assets</b>	<b>3,706</b>	<b>9</b>	<b>5,967</b>	<b>547</b>	<b>10,229</b>
Reinsurance service expense	(6,134)	-	-	-	(6,134)
Claims recovered	-	-	-	-	-
Changes that relate to past service: Changes related to LIC	-	(290)	2,800	230	2,740
Recovery / ( reversal) on losses on onerous contracts	-	(11)	-	-	(11)
<b>Net expense from reinsurance contracts held</b>	<b>(6,134)</b>	<b>(301)</b>	<b>2,800</b>	<b>230</b>	<b>(3,405)</b>
Finance income	-	-	170	16	186
<b>Cash flows</b>					
Premiums ceded paid net of commission	7,314	-	-	-	7,314
Recoveries from reinsurance	-	-	(289)	-	(289)
<b>Total cash flows</b>	<b>7,314</b>	<b>-</b>	<b>(289)</b>	<b>-</b>	<b>7,025</b>
<b>Net closing balance</b>	<b>4,656</b>	<b>(4)</b>	<b>8,648</b>	<b>793</b>	<b>14,093</b>

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

#### 6.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA (continued)

	30 June 2025 - Marine (Unaudited)				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
<b><u>Premium allocation approach</u></b>					
Opening reinsurance contract assets	(5,336)	-	14,862	1,300	10,826
Reinsurance service expense	(1,416)	-	-	-	(1,416)
Claims recovered	-	-	18	-	18
Changes that relate to past service: Changes related to LIC	-	-	(8,866)	(789)	(9,655)
Recovery / ( reversal) on losses on onerous contracts	-	-	-	-	-
<b>Net expense from reinsurance contracts held</b>	<b>(1,416)</b>	<b>-</b>	<b>(8,848)</b>	<b>(789)</b>	<b>(11,053)</b>
Finance income	-	-	419	38	457
<b>Cash flows</b>					
Premiums ceded paid net of commission	5,998	-	-	-	5,998
Recoveries from reinsurance	-	-	(7)	-	(7)
<b>Total cash flows</b>	<b>5,998</b>	<b>-</b>	<b>(7)</b>	<b>-</b>	<b>5,991</b>
<b>Net closing balance</b>	<b>(754)</b>	<b>-</b>	<b>6,426</b>	<b>548</b>	<b>6,221</b>



# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

#### 6.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA (continued)

	30 June 2025 - Others (Unaudited)				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
<b><u>Premium allocation approach</u></b>					
<b>Opening reinsurance contract assets</b>	<b>2,778</b>	<b>-</b>	<b>3,513</b>	<b>175</b>	<b>6,466</b>
Reinsurance service expense	(4,850)	-	-	-	(4,850)
Claims recovered	-	-	649	-	649
Changes that relate to past service: changes related to LIC	-	-	218	9	227
Recovery / ( reversal) on losses on onerous contracts	-	-	-	-	-
<b>Net expense from reinsurance contracts held</b>	<b>(4,850)</b>	<b>-</b>	<b>867</b>	<b>9</b>	<b>(3,974)</b>
Finance income	-	-	1,570	4	1,574
<b>Cash flows</b>					
Premiums ceded paid net of commission	(179)	-	-	-	(179)
Recoveries from reinsurance	-	-	(2,227)	-	(2,227)
<b>Total cash flows</b>	<b>(179)</b>	<b>-</b>	<b>(2,227)</b>	<b>-</b>	<b>(2,406)</b>
<b>Net closing balance</b>	<b>(2,251)</b>	<b>-</b>	<b>3,723</b>	<b>208</b>	<b>1,660</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

**6 INSURANCE AND REINSURANCE CONTRACTS (continued)**

**6.2** Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA (continued)

31 December 2024 - Medical (Audited)					
Assets for remaining coverage		Assets for incurred claims		Total	
Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment		
Opening reinsurance contract assets	75	-	4,776	-	4,851
Reinsurance service expense	(5,588)	-	-	-	(5,588)
Claims recovered	-	-	6,570	-	6,570
Changes that relate to past service: Changes related to LIC	-	-	(1,025)	-	(1,025)
Net expense from reinsurance contracts held	(5,588)	-	5,545	-	(43)
Cash flows					
Premiums paid net of ceding commission	5,588	-	-	-	5,588
Recoveries from reinsurance	-	-	(5,404)	-	(5,404)
Total cash flows	5,588	-	(5,404)	-	184
Net closing balance	75	-	4,917	-	4,992

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

#### 6.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA (continued)

	31 December 2024 -Motor (Audited)				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Opening reinsurance contract assets	-	-	21,360	-	21,360
Reinsurance service expense	(6,360)	-	-	-	(6,360)
Claims recovered	-	-	1,988	-	1,988
Changes that relate to past service: Changes related to LIC	-	-	(317)	-	(317)
Net expense from reinsurance contracts held	(6,360)	-	1,671	-	(4,689)
Cash flows					
Premiums paid net of ceding commission	6,360	-	-	-	6,360
Recoveries from reinsurance	-	-	(7,615)	-	(7,615)
Total cash flows	6,360	-	(7,615)	-	(1,255)
Net closing balance	-	-	15,416	-	15,416

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

**6 INSURANCE AND REINSURANCE CONTRACTS (continued)**

**6.2** Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA (continued)

*Premium allocation approach*

	31 December 2024 - Property (Audited)				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Opening reinsurance contract assets	(16,199)	4	64,678	2,014	50,497
Reinsurance service expense	(21,277)	-	-	-	(21,277)
Claims recovered	-	-	13,481	200	13,681
Changes that relate to past service: Changes related to LIC	-	-	(15,066)	44	(15,022)
Recovery / ( reversal) on losses on onerous contracts	-	(4)	-	-	(4)
Net expense from reinsurance contracts held	(21,277)	(4)	(1,585)	244	(22,622)
Finance income	-	-	2,584	83	2,667
Cash flows					
Premiums paid net of ceding commission	30,167	-	-	-	30,167
Recoveries from reinsurance	-	-	(11,938)	-	(11,938)
Total cash flows	30,167	-	(11,938)	-	18,229
Net closing balance	(7,309)	-	53,739	2,342	48,771

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

**6 INSURANCE AND REINSURANCE CONTRACTS (continued)**

**6.2** Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA (continued)

<i>Premium allocation approach</i>	31 December 2024 - Engineering (Audited)				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Opening reinsurance contract assets	(1,893)	9	2,894	259	1,269
Reinsurance service expense	(12,587)	-	-	-	(12,587)
Claims recovered	-	-	1,325	74	1,399
Changes that relate to past service: Changes related to LIC	-	-	2,868	202	3,070
Recovery / ( reversal) on losses on onerous contracts	-	-	-	-	-
Net expense from reinsurance contracts held	(12,587)	-	4,193	276	(8,118)
Finance income	-	-	135	12	147
Cash flows					
Premiums paid net of ceding commission	18,186	-	-	-	18,186
Recoveries from reinsurance	-	-	(1,255)	-	(1,255)
Total cash flows	18,186	-	(1,255)	-	16,931
Net closing balance	3,706	9	5,967	547	10,229

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

#### 6.2 Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA (continued)

<i>Premium allocation approach</i>	31 December 2024 - Marine (Audited)				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Opening reinsurance contract assets	(4,738)	-	2,273	191	(2,274)
Reinsurance service expense	(8,329)	-	-	-	(8,329)
Claims recovered	-	-	270	(916)	(646)
Changes that relate to past service: Changes related to LIC	-	-	12,239	1,987	14,226
Recovery / ( reversal) on losses on onerous contracts	-	-	-	-	-
Net expense from reinsurance contracts held	(8,329)	-	12,509	1,071	5,251
Finance income	-	-	461	39	500
Cash flows					
Premiums paid net of ceding commission	7,731	-	-	-	7,731
Recoveries from reinsurance	-	-	(381)	-	(381)
Total cash flows	7,731	-	(381)	-	7,350
Net closing balance	(5,336)	-	14,862	1,300	10,827

**MALATH COOPERATIVE INSURANCE COMPANY****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025****6 INSURANCE AND REINSURANCE CONTRACTS (continued)****6.2** Analysis by remaining coverage and incurred claims for reinsurance contracts measured in PAA (continued)

	31 December 2024 - Others (Audited)				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Opening reinsurance contract assets	17,934	-	(7,375)	207	10,766
Reinsurance service expense	(9,254)	-	-	-	(9,254)
Claims recovered	-	-	1,348	(107)	1,241
Changes that relate to past service: Changes related to LIC	-	-	(636)	68	(568)
Net expense from reinsurance contracts held	(9,254)	-	712	(39)	(8,581)
Finance income	-	-	145	7	152
Cash flows					
Premiums paid net of ceding commission	(5,902)	-	-	-	(5,902)
Recoveries from reinsurance	-	-	10,031	-	10,031
Total cash flows	(5,902)	-	10,031	-	4,129
Net closing balance	2,778	-	3,513	175	6,466

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 6 INSURANCE AND REINSURANCE CONTRACTS (continued)

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

#### General measurement model

	30 June 2025 Inherent defect insurance (Unaudited)				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss component	Loss component	Excluding risk adjustment	Risk adjustment	
<b>Opening reinsurance contract assets</b>	<b>42,180</b>	-	<b>(8,400)</b>	-	<b>33,780</b>
<u><b>Allocation of reinsurance premiums</b></u>					
Expected claims recoverable	(619)	-	-	-	(619)
Changes in risk adjustment for non-financial risk	(18)	-	-	-	(18)
Others items Relating to Past and Current Service	(538)	-	-	-	(538)
CSM recognized during the period	(326)	-	-	-	(326)
	<b>(1,502)</b>	-	-	-	<b>(1,502)</b>
<u><b>Amounts recoverable from reinsurance</b></u>					
Incurred claims & other directly attributable expenses	-	-	833	-	833
changes to assets for incurred claims - Past service	-	-	(332)	-	(332)
	-	-	501	-	501
<b>Finance income</b>	<b>1,523</b>	-	<b>(22)</b>	-	<b>1,501</b>
<b>Cash flows</b>					
Ceded premium	7,233	-	-	-	7,233
Incurred claims recoveries	-	-	45	-	45
Commission and management fees received	(2,780)	-	-	-	(2,780)
<b>Total cash flows</b>	<b>4,453</b>	-	<b>45</b>	-	<b>4,499</b>
<b>Net closing balance</b>	<b>46,654</b>	-	<b>(7,875)</b>	-	<b>38,778</b>
<b>Total closing balance of reinsurance contract assets and liabilities</b>					<b>116,471</b>



# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### General measurement model

General measurement model	31 December 2024		Inherent defect insurance (Audited)		Total
	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss component	Loss component	Excluding risk adjustment	Risk adjustment	
Opening reinsurance contract assets	28,133	-	(9,284)	-	18,848
<u>Allocation of reinsurance premiums</u>					
Expected claims recoverable	(315)	-	-	-	(315)
Changes in risk adjustment for non-financial risk	(3)	-	-	-	(3)
Others items Relating to Past and Current Service	(54)	-	-	-	(54)
CSM recognized during the period	(354)	-	-	-	(354)
	(726)	-	-	-	(726)
<u>Amounts recoverable from reinsurance</u>					
Incurred claims & other directly attributable expenses			839		839
changes to assets for incurred claims - Past service	-	-	(203)	-	(203)
	-	-	636	-	636
Finance income	243	-	268	-	511
Cash flows					
Ceded premium	17,468	-	-	-	17,468
Incurred claims recoveries	-	-	(20)	-	(20)
Commission and management fees received	(2,938)	-	-	-	(2,938)
Total cash flows	14,530	-	(20)	-	14,510
Net closing balance	42,180	-	(8,400)	-	33,780
Total closing balance of reinsurance contract assets					130,480

**MALATH COOPERATIVE INSURANCE COMPANY****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025****6 INSURANCE AND REINSURANCE CONTRACTS (continued)****6.3** The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:**Insurance contracts issued**

	<b>30 June 2025 (Unaudited)</b>		<b>31 December 2024 (Audited)</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Medical	-	<b>308,244</b>	-	219,279
Motor	-	<b>296,280</b>	-	194,637
Property	-	<b>61,221</b>	-	64,348
Engineering	-	<b>19,617</b>	-	39,054
Marine	-	<b>9,093</b>	-	11,090
Others	-	<b>83,948</b>	-	72,747
Inherent defect insurance	-	<b>69,286</b>	-	52,197
<b>Total insurance contracts issued</b>	<b>-</b>	<b>847,689</b>	<b>-</b>	<b>653,353</b>

**Reinsurance contracts held**

	<b>30 June 2025 (Unaudited)</b>		<b>31 December 2024 (Audited)</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Medical	<b>5,100</b>	-	4,992	-
Motor	<b>12,286</b>	-	15,416	-
Property	<b>38,333</b>	-	48,771	-
Engineering	<b>14,093</b>	-	10,229	-
Marine	<b>6,221</b>	-	10,826	-
Others	<b>1,660</b>	-	6,466	-
Inherent defect insurance	<b>38,778</b>	-	33,780	-
<b>Total reinsurance contracts held</b>	<b>116,471</b>	<b>-</b>	<b>130,480</b>	<b>-</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

**7 INVESTMENTS**

	<b>30 June</b>	31 December
	<b>2025</b>	2024
	(Unaudited)	(Audited)
<b>Insurance operations</b>		
Financial assets measured at FVTPL	85,753	20,107
Financial assets at amortised cost – net	4,920	4,903
	<b>90,673</b>	25,010
<b>Shareholders' operations</b>		
Financial assets measured at FVTPL	130,449	114,475
Financial assets measured at FVTOCI	67,540	65,529
	<b>197,989</b>	180,004
<b>Total investments</b>	<b>288,662</b>	205,014

a) Investments measured at FVTPL comprise of the following:

	<b>30 June</b>	31 December
	<b>2025</b>	2024
	(Unaudited)	(Audited)
<b>Insurance operations</b>		
Tier 1 sukuk	10,000	10,000
Funds	75,753	10,107
<b>Shareholders' operations</b>		
Equity & tier 1 sukuk	88,531	69,863
Funds	41,918	44,612
<b>Total financial assets at FVTPL</b>	<b>216,202</b>	134,582

b) Investments measured at FVTOCI comprise of the following:

	<b>30 June</b>	31 December
	<b>2025</b>	2024
	(Unaudited)	(Audited)
<b>Shareholders' operations</b>		
Najm investment	63,651	61,141
Other equity	3,889	4,388
<b>Total financial assets at FVTOCI</b>	<b>67,540</b>	65,529

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

	<b>30 June</b>	31 December
	<b>2025</b>	2024
	(Unaudited)	(Audited)
<b>Insurance operations</b>		
Sukuks	4,939	4,922
Impairment allowance	(19)	(19)
<b>Total investments</b>	<b>4,920</b>	4,903

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

**7 INVESTMENTS (continued)**

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

**The movement in the financial assets are as follows:**

	<b>30 June</b>	<b>31 December</b>
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>a) Measured at FVTPL:</b>		
<b>Insurance operations</b>		
Balance at beginning of the period / year	<b>20,107</b>	18,863
Addition during the period / year	<b>60,673</b>	56,935
Disposals during the period / year	-	(55,935)
Changes in the fair value of financial assets	<b>4,973</b>	244
Balance at end of the period / year	<b>85,753</b>	20,107
<b>Shareholders' operations</b>		
Balance at beginning of the period / year	<b>114,475</b>	107,567
Addition during the period / year	<b>22,550</b>	-
Disposals during the period / year	-	-
Changes in the fair value of financial assets	<b>(6,576)</b>	6,908
Balance at end of the period / year	<b>130,449</b>	114,475
	<b>30 June</b>	<b>31 December</b>
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>b) Measured at FVOCI:</b>		
<b>Insurance operations</b>		
Balance at beginning of the period / year	-	140
Addition during the period / year	-	-
Disposals during the period / year	-	(114)
Changes in the fair value of financial assets	-	(26)
Balance at end of the period / year	-	-
<b>Shareholders' operations</b>		
Balance at beginning of the period / year	<b>65,529</b>	47,510
Addition during the period / year	-	-
Disposals during the period / year	-	(1,501)
Changes in the fair value of financial assets	<b>2,011</b>	19,520
Balance at end of the period / year	<b>67,540</b>	65,529

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

**7 INVESTMENTS (continued)**

	<u>30 June</u> <u>2025</u> (Unaudited)	<u>31 December</u> <u>2024</u> (Audited)
<b>c) Measured at amortised cost:</b>		
<b>Insurance operations</b>		
Balance at beginning of the period / year	4,903	4,868
Amortization	17	34
Impairment allowance	-	1
Balance at end of the period / year	<u>4,920</u>	<u>4,903</u>
<b>Shareholders' operations</b>		
Balance at beginning of the period / year	-	187
Matured during the period / year	-	(200)
Impairment allowance	-	13
Balance at end of the period / year	<u>-</u>	<u>-</u>

**Investment income**

Details on investment income for the period are as follows:

	<u>30 June 2025 (Unaudited)</u>		
	<u>Insurance</u> <u>operations</u>	<u>Shareholders'</u> <u>operations</u>	<u>Total</u>
<b>Income on financial assets at FVTPL</b>			
Un-realized gain / ( loss) on investments at fair value	4,973	(6,712)	(1,739)
Realized gain on investments at fair value	-	137	137
Dividend income on investments at fair value	225	706	931
	<u>5,198</u>	<u>(5,870)</u>	<u>(672)</u>
	<u>30 June 2024 (Unaudited)</u>		
	<u>Insurance</u> <u>operations</u>	<u>Shareholders'</u> <u>operations</u>	<u>Total</u>
<b>Income on financial assets at FVTPL</b>			
Un-realized gain on investments at fair value	2,416	5,868	8,284
Realized gain on investments at fair value	225	275	500
Dividend income on investments at fair value	-	42	42
	<u>2,641</u>	<u>6,185</u>	<u>8,826</u>

# **MALATH COOPERATIVE INSURANCE COMPANY**

## **(A SAUDI JOINT STOCK COMPANY)**

### **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

#### **FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

#### **8 PREPAYMENTS AND OTHER ASSETS**

The other assets includes a plot of land amounting SR 42.5 million which was acquired by the company from the financial institution as part of settlement agreement. The fair value of the land differ from its carrying amount. The Board of Directors resolved to reclassify this plot of land to Investment Property following a change in the asset's intended use.

The Management has elected to apply the fair value model for the subsequent measurement of investment property. The fair valuation model was approved by the Board of Directors and announced on Tadawul on 4 June 2025. However, in accordance with regulatory requirements, the adoption of the fair value model will be applied 90-days subsequent to the date of public disclosure. Accordingly, the resulting fair value application and reclassification will be recognized in the financial statements for the period ending September 30, 2025. The property will be measured at fair value based on Level 2 inputs, in accordance with the fair value hierarchy.

#### **9 ZAKAT PAYABLE**

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

	<b>30 June</b>	<b>31 December</b>
	<b>2025</b>	<b>2024</b>
Balance at beginning of the period / year	<b>23,663</b>	30,587
Charge for the period / year	<b>5,000</b>	9,504
Payments during the period / year	<b>(7,101)</b>	(6,688)
Reversal of zakat provision period / year	-	(5,853)
Reclassification of zakat provision to other liability	-	(3,887)
Balance at end of the period / year	<b>21,562</b>	23,663

##### **a) Status of assessments**

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

Management believes that appropriate and adequate provisions have been created and that the finalization of the above-mentioned assessments is not expected to have a material impact on the financial statements for the period ending June 30, 2025.

##### **b) Status of appeals**

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

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

# **MALATH COOPERATIVE INSURANCE COMPANY**

## **(A SAUDI JOINT STOCK COMPANY)**

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### **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

#### **9 ZAKAT PAYABLE (continued)**

##### **b) Status of appeals (continued)**

The years 2019 & 2020: On September 30, 2021, ZATCA raised its assessments for those years claiming additional zakat liability of SR 5.2 million, then the company has appealed against such assessment within the legally prescribed period. As result, ZATCA has partially accepted the Company's appeal and issued a revised assessment through which the additional zakat liability has been reduced to SR 5 million knowing that the Company has already settled along with the appeal an amount of SR 1.3 million which represents 25% of the disputed additional zakat liability as per the original assessment to fulfil the formality conditions of appeal submission stated in the zakat regulations, then the Company has escalated its appeal case to the GSTC. During September 2022, CRTVD has issued its decision and reduced the zakat liability to 3.7 million. However, such CRTVD ruling is not final as both ZATCA and the Company have escalated the case to ACTVDR, and the hearing session/final ruling is awaiting.

##### **c) Status of VAT assessment**

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

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

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

Considering the assessed items, we understand that the Company was of the view that it had good grounds supported by the VAT legislation in KSA and the guidance issued by the ZATCA and therefore the Company submitted objection letters for all the assessed tax periods through the ZATCA portal on 27 January 2023, objecting to the assessment raised by ZATCA. On 3 March 2023, the Company's objections regarding certain items were rejected, while others were accepted by ZATCA. The items that were accepted are as follow:

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

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

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

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

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

# **MALATH COOPERATIVE INSURANCE COMPANY**

## **(A SAUDI JOINT STOCK COMPANY)**

### **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

#### **FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

#### **9 ZAKAT PAYABLE (continued)**

##### **c) Status of VAT assessment (continued)**

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

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

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

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

#### **10 SHARE CAPITAL**

As at 30 June 2025 and 31 December 2024, the issued and paid up share capital of the Company amounting to SR 500 million, divided into 50 million ordinary shares of SR 10 each.

#### **11 STATUTORY RESERVE**

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

#### **12 BASIC AND DILUTED EARNINGS PER SHARE**

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

The basic and diluted earning per share are as follows:

	<b>For the period ended 30</b>	
	<b>June</b>	
	<b>2025</b>	<b>2024</b>
Basic and diluted earnings per share (SR)	<b>0.33</b>	0.23
Weighted average number of shares throughout the period (thousands)	<b>50,000</b>	50,000



# MALATH COOPERATIVE INSURANCE COMPANY

## (A SAUDI JOINT STOCK COMPANY)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

### FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

#### 13 CAPITAL MANAGEMENT

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

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

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital and reserves.

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

- Minimum Capital Requirement of SR 300 million
- Premium Solvency Margin
- Claims Solvency Margin

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

#### 14 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

The following table summarizes the financial assets recorded at fair value as of 30 June 2025 and 31 December 2024 by level of the fair value hierarchy. There are no transfers among the levels during the period. Some equity financial investment are reported at cost, where their fair value are not materially different from the carrying value.

As at June 30 2025 (Unaudited)	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at FVTPL	216,202	65,026	64,799	86,377	216,202
Financial assets measured at FVTOCI	67,540	3,889	-	63,651	67,540
	<u>283,742</u>	<u>68,916</u>	<u>64,799</u>	<u>150,027</u>	<u>283,742</u>
As at 31 December 2024 (Audited)	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at FVTPL	134,582	80,384	32,298	21,900	134,582
Financial assets measured at FVTOCI	65,529	4,375	-	61,154	65,529
	<u>200,111</u>	<u>84,759</u>	<u>32,298</u>	<u>83,054</u>	<u>200,111</u>
Sensitivity analysis of Level 3 investments	Sensitivity factor	Impact on fair value due to decrease in sensitivity factor		Impact on fair value due to decrease in sensitivity factor	
As at 30 June 2025 (Unaudited)	+/- 10% change in the price	(15,003)		15,003	
As at 31 December 2024 (Audited)	+/- 10% change in the price	(8,305)		8,305	

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

**15 COMMITMENTS AND CONTINGENCIES**

**a. Legal proceedings and regulations**

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

**b. Contingent liabilities**

The Company's contingent liabilities are as follows:

	<u>30 June</u> <u>2025</u> (Unaudited)	<u>31 December</u> <u>2024</u> (Audited)
Letters of guarantee	11,639	12,398

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

**16 RELATED PARTY TRANSACTIONS**

Members of the Board of Directors do not receive any remuneration for their role in managing the Company unless approved by the General Assembly. Members of the Board of Directors receive an attendance allowance for Board and Board Committee meetings. Executive Directors receive fixed remuneration as a result of their direct duties and responsibilities. The top Senior Executives, including the Chief Executive Officer and the Chief Financial Officer, receive remuneration according to the employment contracts signed with them.

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

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

Related Party	Relationship	Nature of Transaction	<u>30 June</u> <u>2025</u> (Unaudited)	<u>2024</u> (Unaudited)
Abdulhameed Abdulaziz Alohali Farms	Entity controlled by a director	Insurance premium	8	-

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

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

	<u>30 June</u> <u>2025</u> (Unaudited)	<u>2024</u> (Unaudited)
Remuneration to Board of directors	450	4,581
Board of directors' and committees' meeting fees	305	285
Key management personnel compensations	4,020	3,588
End of service indemnities	249	248

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

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

### FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

#### 17 SEGMENT INFORMATION

Consistent with the Company's internal reporting process, operating segments have been approved by management in respect of the Company's activities, assets and liabilities as stated below. Segment results do not include income from investments, other income or expense and general and administrative expenses.

Segment results do not include commission on short-term murabaha deposits. Segment assets do not include cash and cash equivalents, investments, prepayments and other assets and property and equipment. Accordingly, they are included in unallocated assets. Segment liabilities do not include accrued expenses and other liabilities, as well as end of service liabilities. Accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities are not reported to Chief Executive Officer under related segments and are monitored on a centralized basis.

Operating segment	For the three- months period ended 30 June 2025					
	(Unaudited)					
	Individuals	Very small enterprises	Small enterprises	Medium enterprises	Corporates	Total
Gross premiums written:						
Medical	3,271	21,265	12,133	9,063	70,834	116,566
Motor	124,041	7	17,290	710	358	142,406
Property	4	9	123	2,315	4,978	7,429
Engineering	-	18	413	1,284	1,133	2,848
Marine	-	-	(92)	69	963	940
Others	21,423	-	-	-	518	21,941
<b>Total</b>	<b>148,739</b>	<b>21,299</b>	<b>29,867</b>	<b>13,441</b>	<b>78,784</b>	<b>292,130</b>
Operating segment	For the three- months period ended 30 June 2024					
	(Unaudited)					
	Individuals	Very small enterprises	Small enterprises	Medium enterprises	Corporates	Total
Gross premiums written:						
Medical	5,231	19,423	19,530	18,055	70,374	132,613
Motor	100,365	43	12,158	865	3,184	116,615
Property	2	5	109	3,783	2,649	6,548
Engineering	-	10	324	3,159	1,407	4,900
Marine	-	-	55	94	1,785	1,934
Others	27,028	2	210	1,505	311	29,056
<b>Total</b>	<b>132,626</b>	<b>19,483</b>	<b>32,386</b>	<b>27,461</b>	<b>79,710</b>	<b>291,666</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

**17 SEGMENT INFORMATION (continued)**

**Gross written premium**

Operating segment	For the six- months period ended 30 June 2025					
	(Unaudited)					
	Individuals	Very small enterprises	Small enterprises	Medium enterprises	Corporates	Total
<b>Gross premiums written:</b>						
Medical	11,604	48,553	23,811	23,616	183,851	291,434
Motor	364,164	531	25,230	2,945	1,479	394,350
Property	6	11	139	6,941	8,780	15,877
Engineering	-	38	1,015	2,557	3,584	7,194
Marine	-	-	28	165	1,018	1,211
Others	47,930	73	546	2,205	2,719	53,473
<b>Total</b>	<b>423,704</b>	<b>49,206</b>	<b>50,769</b>	<b>38,429</b>	<b>201,431</b>	<b>763,538</b>
Operating segment	For the six- months period ended 30 June 2024					
	(Unaudited)					
	Individuals	Very small enterprises	Small enterprises	Medium enterprises	Corporates	Total
<b>Gross premiums written:</b>						
Medical	23,700	44,134	49,938	30,536	186,947	335,255
Motor	154,938	120	24,552	8,660	26,057	214,327
Property	5	15	1,134	7,371	7,442	15,967
Engineering	-	13	577	7,143	2,598	10,331
Marine	-	-	82	520	6,208	6,810
Others	28,254	6	671	3,958	3,558	36,447
<b>Total</b>	<b>206,897</b>	<b>44,288</b>	<b>76,954</b>	<b>58,188</b>	<b>232,810</b>	<b>619,137</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

**17 SEGMENT INFORMATION (continued)**

**Reinsurance premium ceded**

	For the three- months period ended 30 June (Unaudited)					
	2025			2024		
	Local	International	Total	Local	International	Total
<b>Operating segment</b>						
<b>Reinsurance Premium Ceded :</b>						
Medical	125	125	250	112	113	225
Motor	318	1,216	1,534	274	1,308	1,582
Property	1,805	7,596	9,401	863	4,857	5,720
Engineering	356	2,487	2,843	595	3,828	4,423
Marine	92	845	937	198	1,333	1,531
Others	5,796	1,695	7,491	1,570	1,973	3,543
<b>Total</b>	<b>8,492</b>	<b>13,964</b>	<b>22,456</b>	<b>3,612</b>	<b>13,412</b>	<b>17,024</b>

	For the six- months period ended 30 June (Unaudited)					
	2025			2024		
	Local	International	Total	Local	International	Total
<b>Operating segment</b>						
<b>Reinsurance Premium Ceded :</b>						
Medical	246	246	492	225	225	450
Motor	635	2,432	3,067	548	2,618	3,166
Property	3,248	13,609	16,857	1,724	12,315	14,039
Engineering	971	6,098	7,069	1,244	8,445	9,689
Marine	171	1,146	1,317	630	4,603	5,233
Others	10,477	5,024	15,501	3,898	4,740	8,638
<b>Total</b>	<b>15,748</b>	<b>28,555</b>	<b>44,303</b>	<b>8,269</b>	<b>32,946</b>	<b>41,215</b>

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

### FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

#### 17 SEGMENT INFORMATION (continued)

Operating segment	30 June 2025 (Unaudited)								Total
	Medical	Motor	Property	Engineering	Marine	Others	Insurance Operations	Shareholders' Operations	
<b>Assets</b>									
Reinsurance contract assets	5,100	12,286	38,333	14,093	6,221	40,438	116,471	-	116,471
Unallocated assets	-	-	-	-	-	-	746,407	499,802	1,246,208
<b>Total assets</b>	<b>5,100</b>	<b>12,286</b>	<b>38,333</b>	<b>14,093</b>	<b>6,221</b>	<b>40,438</b>	<b>862,878</b>	<b>499,802</b>	<b>1,362,680</b>
<b>Liabilities</b>									
Insurance contract liabilities	308,244	296,280	61,221	19,617	9,093	153,232	847,688	-	847,688
Reinsurance contract liabilities	-	-	-	-	-	-	-	-	-
Unallocated liabilities and insurance operations` surplus	-	-	-	-	-	-	15,190	499,802	514,992
<b>Total liabilities and insurance operations` surplus</b>	<b>308,244</b>	<b>296,280</b>	<b>61,221</b>	<b>19,617</b>	<b>9,093</b>	<b>153,232</b>	<b>862,878</b>	<b>499,802</b>	<b>1,362,680</b>
31 December 2024 (Audited)									
Operating segment	Medical	Motor	Property	Engineering	Marine	Others	Insurance Operations	Shareholders' Operations	Total
<b>Assets</b>									
Reinsurance contract assets	4,992	15,416	48,773	10,229	10,827	40,244	130,481	-	130,481
Unallocated assets	-	-	-	-	-	-	622,907	484,026	1,106,933
<b>Total assets</b>	<b>4,992</b>	<b>15,416</b>	<b>48,773</b>	<b>10,229</b>	<b>10,827</b>	<b>40,244</b>	<b>753,388</b>	<b>484,026</b>	<b>1,237,414</b>
<b>Liabilities</b>									
Insurance contract liabilities	219,279	194,637	64,348	39,054	11,090	124,944	653,353	-	653,353
Unallocated liabilities and insurance operations` surplus	-	-	-	-	-	-	100,036	484,026	584,062
<b>Total liabilities and insurance operations` surplus</b>	<b>219,279</b>	<b>194,637</b>	<b>64,348</b>	<b>39,054</b>	<b>11,090</b>	<b>124,944</b>	<b>753,389</b>	<b>484,026</b>	<b>1,237,415</b>

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

### FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

#### 17 SEGMENT INFORMATION (continued)

Operating segment	Three- months period ended on '30 June 2025								
	(Unaudited)								
	Medical	Motor	Property	Engineering	Marine	Others	Insurance Operations	Shareholders' Operations	Total
Insurance revenue	143,258	192,548	6,177	4,029	273	19,666	365,951	-	365,951
Insurance service expense	(121,498)	(216,530)	3,617	(117)	10,090	(18,496)	(342,934)	-	(342,934)
<b>Insurance service result before reinsurance contracts held</b>	<b>21,760</b>	<b>(23,982)</b>	<b>9,794</b>	<b>3,912</b>	<b>10,363</b>	<b>1,170</b>	<b>23,017</b>	<b>-</b>	<b>23,017</b>
Allocation of reinsurance premiums	(250)	(1,534)	(7,228)	(3,100)	(339)	(3,079)	(15,530)	-	(15,530)
Amounts recoverable from reinsurance	262	367	4,480	(74)	(8,988)	299	(3,654)	-	(3,654)
<b>Net revenues / (expenses) from reinsurance contracts held</b>	<b>12</b>	<b>(1,167)</b>	<b>(2,748)</b>	<b>(3,174)</b>	<b>(9,327)</b>	<b>(2,780)</b>	<b>(19,184)</b>	<b>-</b>	<b>(19,184)</b>
<b>Insurance service result</b>	<b>21,772</b>	<b>(25,149)</b>	<b>7,046</b>	<b>738</b>	<b>1,036</b>	<b>(1,610)</b>	<b>3,833</b>	<b>-</b>	<b>3,833</b>
Finance expenses from insurance contracts issued	(1,668)	(1,307)	(985)	(141)	(259)	42	(4,318)	-	(4,318)
Finance income from reinsurance contracts held	-	-	803	111	226	(185)	955	-	955
<b>Net insurance finance expenses</b>	<b>(1,668)</b>	<b>(1,307)</b>	<b>(182)</b>	<b>(30)</b>	<b>(33)</b>	<b>(143)</b>	<b>(3,363)</b>	<b>-</b>	<b>(3,363)</b>
Unallocated income	-	-	-	-	-	-	19,219	(1,874)	17,345
Unallocated expenses	-	-	-	-	-	-	(6,816)	(322)	(7,138)
<b>Net income before zakat</b>	<b>20,104</b>	<b>(26,456)</b>	<b>6,864</b>	<b>708</b>	<b>1,003</b>	<b>(1,753)</b>	<b>12,873</b>	<b>(2,196)</b>	<b>10,677</b>
<b>Net income attributable to shareholders before zakat</b>									<b>10,677</b>

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

### FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

#### 17 SEGMENT INFORMATION (continued)

	Three- months period ended on '30 June 2024								
Operating segment	Medical	Motor	Property	Engineering	Marine	Others	Insurance Operations	Shareholders' Operations	Total
Insurance revenue	128,029	74,919	6,516	4,617	4,876	7,002	225,959	-	225,959
Insurance service expense	(129,222)	(73,169)	6	(1,522)	(16,706)	(3,864)	(224,477)	-	(224,477)
Insurance service result before reinsurance contracts held	(1,193)	1,750	6,522	3,095	(11,830)	3,138	1,482	-	1,482
Allocation of reinsurance premiums	(225)	(1,583)	(4,570)	(3,146)	(2,827)	(3,599)	(15,950)	-	(15,950)
Amounts recoverable from reinsurance	157	1,394	(2,163)	155	14,138	1,227	14,908	-	14,908
Net revenues / (expenses) from reinsurance contracts held	(68)	(189)	(6,733)	(2,991)	11,311	(2,372)	(1,042)	-	(1,042)
<b>Insurance service result</b>	(1,261)	1,561	(211)	104	(519)	766	440	-	440
Finance expenses from insurance contracts issued	(1,744)	(553)	(783)	(45)	(23)	(557)	(3,705)	-	(3,705)
Finance income from reinsurance contracts held	-	-	684	36	16	145	881	-	881
<b>Net insurance finance expenses</b>	(1,744)	(553)	(99)	(9)	(7)	(412)	(2,824)	-	(2,824)
Unallocated income	-	-	-	-	-	-	10,521	978	11,499
Unallocated expenses	-	-	-	-	-	-	(5,606)	(804)	(6,410)
<b>Net income before zakat</b>	-	-	-	-	-	-	2,531	174	2,705
<b>Net income attributable to shareholders before zakat</b>									<u>2,705</u>



# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

### FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

#### 17 SEGMENT INFORMATION (continued)

	For the six- months period ended 30 June 2025 (Unaudited)								
Operating segment	Medical	Motor	Property	Engineering	Marine	Others	Insurance Operations	Shareholders' Operations	Total
Insurance service revenue	296,725	351,540	12,205	7,931	1,913	35,765	706,079	-	706,079
Insurance service expenses	(259,956)	(388,842)	(33,367)	(4,532)	10,363	(31,445)	(707,779)	-	(707,779)
Insurance service result before reinsurance contracts held	36,769	(37,302)	(21,162)	3,399	12,276	4,320	(1,700)	-	(1,700)
Allocation of reinsurance premiums	(492)	(3,067)	(11,508)	(6,134)	(1,416)	(6,302)	(28,919)	-	(28,919)
Amounts recoverable from reinsurance	(69)	180	29,867	2,729	(9,637)	799	23,869	-	23,869
Net revenues / (expenses) from reinsurance contracts held	(561)	(2,887)	18,359	(3,405)	(11,053)	(5,503)	(5,050)	-	(5,050)
Insurance service result	36,208	(40,189)	(2,803)	(6)	1,223	(1,183)	(6,750)	-	(6,750)
Finance expenses from insurance contracts issued	(3,389)	(2,409)	(1,625)	(238)	(525)	(2,321)	(10,507)	-	(10,507)
Finance income from reinsurance contracts held	-	-	1,351	185	457	1,574	3,567	-	3,567
Net insurance finance expenses	(3,389)	(2,409)	(274)	(53)	(68)	(747)	(6,940)	-	(6,940)
Unallocated income	-	-	-	-	-	-	48,283	434	48,717
Unallocated expenses	-	-	-	-	-	-	(12,825)	(645)	(13,470)
Net income before zakat	-	-	-	-	-	-	21,768	(211)	21,557
Net income attributable to shareholders before zakat									21,557

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

### FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

#### 17 SEGMENT INFORMATION (continued)

	For the six- months period ended 30 June 2024 (Unaudited)								
Operating segment	Medical	Motor	Property	Engineering	Marine	Others	Insurance Operations	Shareholders' Operations	Total
Insurance service revenue	242,610	146,516	13,033	9,059	8,277	12,228	431,723	-	431,723
Insurance service expenses	(250,846)	(139,073)	(1,243)	(3,010)	(17,017)	(6,912)	(418,101)	-	(418,101)
Insurance service result before reinsurance contracts held	(8,236)	7,443	11,790	6,049	(8,740)	5,316	13,622	-	13,622
Allocation of reinsurance premiums	(450)	(3,166)	(9,341)	(6,320)	(4,866)	(5,518)	(29,661)	-	(29,661)
Amounts recoverable from reinsurance	2,248	2,022	(4,051)	273	13,601	1,637	15,730	-	15,730
Net revenues / (expenses) from reinsurance contracts held	1,798	(1,144)	(13,392)	(6,047)	8,735	(3,881)	(13,931)	-	(13,931)
<b>Insurance service result</b>	<b>(6,438)</b>	<b>6,299</b>	<b>(1,602)</b>	<b>2</b>	<b>(5)</b>	<b>1,435</b>	<b>(309)</b>	<b>-</b>	<b>(309)</b>
Finance expenses from insurance contracts issued	(3,668)	(1,007)	(1,619)	(90)	(56)	(657)	(7,097)	-	(7,097)
Finance income from reinsurance contracts held	-	-	1,453	72	38	115	1,678	-	1,678
<b>Net insurance finance expenses</b>	<b>(3,668)</b>	<b>(1,007)</b>	<b>(166)</b>	<b>(18)</b>	<b>(18)</b>	<b>(542)</b>	<b>(5,419)</b>	<b>-</b>	<b>(5,419)</b>
Unallocated income	-	-	-	-	-	-	23,369	16,314	39,683
Unallocated expenses	-	-	-	-	-	-	(12,967)	(4,643)	(17,610)
<b>Net income before zakat</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,674</b>	<b>11,671</b>	<b>16,345</b>
<b>Net income attributable to shareholders before zakat</b>									<b>16,345</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

**18 STATUTORY DEPOSIT**

In compliance with Article 58 of the Implementing Regulations issued by the Insurance Authority, the Company has deposited 15% (30 June 2025) of its share capital, amounting to SR 75 million (31 December 2024: SR 75 million), in a bank designated by IA. The statutory deposit is maintained with a reputed local bank and can be withdrawn only with the consent of IA. The Company is not entitled to receive the investment return on this deposit. This investment return is shown as a separate line item in the interim condensed statement of financial position. Income is accrued on statutory deposit at rate of 4.98% (31 December 2024: 4.98% ) per annum. The balance is net of expected credit loss amounting to SR 14 (31 December 2024: SR 14)

**19 EXPENSE ANALYSIS**

Following is the breakdown of expenses by category:

	<b>30 June 2025 (Unaudited)</b>				
	<b>Insurance acquisition costs</b>	<b>Attributable non-acquisition expenses</b>	<b>Total attributable expenses</b>	<b>Non attributable expenses</b>	<b>Total</b>
<b>Expenses pertaining to insurance operations</b>					
Commissions incurred on premium written during the period	56,790	-	56,790	-	56,790
Claims handling and other expenses	-	9,341	9,341	-	9,341
Other underwriting expenses	18,780	-	18,780	-	18,780
<b>Total expenses</b>	<b>75,570</b>	<b>9,341</b>	<b>84,911</b>	<b>-</b>	<b>84,911</b>
Salaries and staff related costs	22,825	21,916	44,741	7,365	52,106
Depreciation and amortization	253	579	832	2	834
Communication and technology	1,962	3,557	5,519	1,018	6,537
Legal and professional fees	2,813	706	3,519	3,026	6,545
Regulatory fees	6,714	-	6,714	-	6,714
Rents	1,662	899	2,561	64	2,625
Advertisement and marketing expenses	3,135	-	3,135	-	3,135
Other expenses	2,019	1,422	3,441	1,350	4,791
<b>Total expenses</b>	<b>41,383</b>	<b>29,079</b>	<b>70,462</b>	<b>12,825</b>	<b>83,287</b>
<b>Expenses pertaining to shareholders' operations</b>					
Director's Remunerations	-	-	-	450	450
Others	-	-	-	195	195
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>645</b>	<b>645</b>
<b>Total expenses</b>	<b>116,953</b>	<b>38,420</b>	<b>155,373</b>	<b>13,470</b>	<b>168,843</b>

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

### 19 EXPENSE ANALYSIS (continued)

Following is the breakdown of expenses by category:

	30 June 2024 (Unaudited)				
	Insurance acquisition costs	Attributable non-acquisition expenses	Total attributable expenses	Non attributable expenses	Total
<b>Expenses pertaining to insurance operations</b>					
Commissions incurred on premium written during the period	34,178	-	34,178	-	34,178
Claims handling and other expenses	-	5,944	5,944	-	5,944
Other underwriting expenses	11,558	-	11,558	-	11,558
<b>Total expenses</b>	<b>45,736</b>	<b>5,944</b>	<b>51,680</b>	<b>-</b>	<b>51,680</b>
Salaries and staff related costs	19,970	20,837	40,807	6,673	47,480
Depreciation and amortization	267	603	870	13	883
Communication and technology	865	2,695	3,560	1,434	4,994
Legal and professional fees	1,413	805	2,218	1,147	3,365
Regulatory fees	6,700	67	6,767	50	6,817
Rents	1,222	986	2,208	109	2,317
Advertisement and marketing expenses	1,573	366	1,939	131	2,070
Other expenses	150	2,161	2,311	1,999	4,310
<b>Total expenses</b>	<b>32,160</b>	<b>28,520</b>	<b>60,680</b>	<b>11,556</b>	<b>72,236</b>
<b>Expenses pertaining to shareholders' operations</b>					
Director's Remunerations	-	-	-	4,581	4,581
Others	-	-	-	1,473	1,473
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,054</b>	<b>6,054</b>
<b>Total expenses</b>	<b>77,896</b>	<b>34,464</b>	<b>112,360</b>	<b>17,610</b>	<b>129,970</b>

**MALATH COOPERATIVE INSURANCE COMPANY****(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025****20 SUPPLEMENTARY INFORMATION****20.1 Interim condensed statement of financial position**

	<b>Insurance operations</b>		<b>Shareholders' operations</b>		<b>Total</b>	
	<b>30 June</b>	31 December	<b>30 June</b>	31 December	<b>30 June</b>	31 December
	<b>2025</b>	2024	<b>2025</b>	2024	<b>2025</b>	2024
	<b>(Unaudited)</b>	(Audited)	<b>(Unaudited)</b>	(Audited)	<b>(Unaudited)</b>	(Audited)
<b>ASSETS</b>						
Cash and cash equivalents	<b>146,003</b>	161,253	<b>47,711</b>	11,722	<b>193,714</b>	172,975
Term deposits	<b>449,287</b>	393,050	<b>158,584</b>	130,208	<b>607,871</b>	523,258
Reinsurance contract assets	<b>116,471</b>	130,480	-	-	<b>116,471</b>	130,480
Investments	<b>90,673</b>	25,010	<b>197,989</b>	180,004	<b>288,662</b>	205,014
Prepayments and other assets	<b>57,742</b>	39,880	<b>44,193</b>	44,043	<b>101,936</b>	83,923
Property and equipment	<b>2,244</b>	3,028	-	-	<b>2,244</b>	3,028
Right-of-use assets	<b>458</b>	688	-	-	<b>458</b>	688
Statutory deposit	-	-	<b>74,986</b>	74,986	<b>74,986</b>	74,986
Accrued commission income on statutory deposit	-	-	<b>7,166</b>	5,285	<b>7,166</b>	5,285
	<b>862,878</b>	753,389	<b>530,629</b>	446,248	<b>1,393,508</b>	1,199,637
Due from insurance operations	-	-	<b>(30,828)</b>	37,778	<b>(30,828)</b>	37,778
<b>TOTAL ASSETS</b>	<b>862,878</b>	753,389	<b>499,802</b>	484,026	<b>1,362,680</b>	1,237,415

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

**20 SUPPLEMENTARY INFORMATION (continued)**

**20.1 Interim condensed Statement of financial position (continued)**

	<b>Insurance operations</b>		<b>Shareholders' operations</b>		<b>Total</b>	
	<b>30 June</b>	31 December	<b>30 June</b>	31 December	<b>30 June</b>	31 December
	<b>2025</b>	2024	<b>2025</b>	2024	<b>2025</b>	2024
	<b>(Unaudited)</b>	(Audited)	<b>(Unaudited)</b>	(Audited)	<b>(Unaudited)</b>	(Audited)
<b>LIABILITIES</b>						
Accrued expenses and other liabilities	<b>35,711</b>	51,216	<b>839</b>	3,411	<b>36,550</b>	54,627
Lease liabilities	<b>470</b>	701	-	-	<b>470</b>	701
Insurance contract liabilities	<b>847,689</b>	653,353	-	-	<b>847,689</b>	653,353
Employees' end-of-service benefits	<b>28,728</b>	29,233	-	-	<b>28,728</b>	29,233
Provision for zakat	-	-	<b>21,562</b>	23,663	<b>21,562</b>	23,663
Accrued return payable to Insurance Authority	-	-	<b>7,166</b>	5,285	<b>7,166</b>	5,285
	<b>912,598</b>	734,503	<b>29,567</b>	32,359	<b>942,165</b>	766,862
Due to shareholders' operations	<b>(30,828)</b>	37,778	-	-	<b>(30,828)</b>	37,778
<b>TOTAL LIABILITIES</b>	<b>881,770</b>	772,281	<b>29,567</b>	32,359	<b>911,337</b>	804,640
<b>EQUITY</b>						
Share capital	-	-	<b>500,000</b>	500,000	<b>500,000</b>	500,000
Statutory reserve	-	-	<b>2,131</b>	2,131	<b>2,131</b>	2,131
Accumulated losses	-	-	<b>(91,503)</b>	(108,060)	<b>(91,503)</b>	(108,060)
Investments fair value reserve	-	-	<b>59,607</b>	57,596	<b>59,607</b>	57,596
Re-measurement reserve on defined benefit plans	<b>(18,892)</b>	(18,892)	-	-	<b>(18,892)</b>	(18,892)
<b>TOTAL EQUITY</b>	<b>(18,892)</b>	(18,892)	<b>470,235</b>	451,667	<b>451,343</b>	432,775
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>862,878</b>	753,389	<b>499,802</b>	484,026	<b>1,362,680</b>	1,237,415

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

### FOR THE THREE-MONTHS AND SIX MONTHS PERIODS ENDED 30 JUNE 2025

#### 20 SUPPLEMENTARY INFORMATION (continued)

##### 20.2 Interim condensed statement of income

	Three-months period ended 30 June					
	Insurance operations		Shareholders' operations		Total	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Insurance service revenue	365,951	225,959	-	-	365,951	225,959
Insurance service expenses	(342,934)	(224,477)	-	-	(342,934)	(224,477)
<b>Insurance service result before reinsurance contracts held</b>	<b>23,017</b>	<b>1,482</b>	<b>-</b>	<b>-</b>	<b>23,017</b>	<b>1,482</b>
Allocation of reinsurance premiums	(15,530)	(15,950)	-	-	(15,530)	(15,950)
Amounts recoverable from reinsurance	(3,654)	14,908	-	-	(3,654)	14,908
<b>Net expenses from reinsurance contracts held</b>	<b>(19,184)</b>	<b>(1,042)</b>	<b>-</b>	<b>-</b>	<b>(19,184)</b>	<b>(1,042)</b>
<b>Insurance service result</b>	<b>3,833</b>	<b>440</b>	<b>-</b>	<b>-</b>	<b>3,833</b>	<b>440</b>
Investment income on financial assets at amortised cost	6,323	3,185	2,404	2,178	8,727	5,363
Investment income on financial assets at FVTPL	1,233	1,354	(6,753)	(1,200)	(5,520)	154
Impairment losses on financial assets	-	-	-	-	-	-
Other investment income	161	(178)	552	-	713	(178)
<b>Net investment income</b>	<b>7,717</b>	<b>4,361</b>	<b>(3,797)</b>	<b>978</b>	<b>3,920</b>	<b>5,339</b>
Finance expenses from insurance contracts issued	(4,318)	(3,705)	-	-	(4,318)	(3,705)
Finance income from reinsurance contracts held	955	881	-	-	955	881
<b>Net insurance finance expenses</b>	<b>(3,363)</b>	<b>(2,824)</b>	<b>-</b>	<b>-</b>	<b>(3,363)</b>	<b>(2,824)</b>
<b>Net insurance and investment result</b>	<b>8,187</b>	<b>1,977</b>	<b>(3,797)</b>	<b>978</b>	<b>4,390</b>	<b>2,955</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTHS AND SIX MONTHS PERIODS ENDED 30 JUNE 2025**

**20 SUPPLEMENTARY INFORMATION (continued)**

**20.2 Interim condensed statement of income (continued)**

	Three-months period ended 30 June					
	Insurance operations		Shareholders' operations		Total	
	2025	2024	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net insurance and investment result	8,187	1,977	(3,797)	978	4,390	2,955
Other operating expenses	(6,816)	(5,606)	(322)	(804)	(7,138)	(6,410)
Other income	11,502	5,982	1,923	-	13,425	5,982
<b>Total income for the period</b>	<b>12,873</b>	<b>2,353</b>	<b>(2,196)</b>	<b>174</b>	<b>10,677</b>	<b>2,527</b>
Zakat charge for the period	-	-	(4,000)	(2,376)	(4,000)	(2,376)
<b>Net income attributable to shareholders' operations</b>	<b>12,873</b>	<b>2,353</b>	<b>(6,196)</b>	<b>(2,202)</b>	<b>6,677</b>	<b>151</b>



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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTHS AND SIX MONTHS PERIODS ENDED 30 JUNE 2025**

**20 SUPPLEMENTARY INFORMATION (continued)**

**20.3 Interim condensed statement of comprehensive income**

	Three-months period ended 30 June					
	Insurance operations		Shareholders' operations		Total	
	2025	2024	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net income for the period	12,873	2,353	6,677	(2,202)	19,550	151
Other comprehensive income:						
<i>Items that will not be reclassified to statements of income subsequently</i>						
Changes in fair value of financial investments at FVTOCI	-	(18)	1,946	(98)	1,946	(116)
<b>Total comprehensive (loss) / income for the period</b>	<b>12,873</b>	<b>2,335</b>	<b>8,623</b>	<b>(2,300)</b>	<b>21,496</b>	<b>35</b>
Total comprehensive income attributable to insurance operations	-	-	-	-	-	-
<b>Total comprehensive (loss) / income attributable to shareholders</b>	<b>12,873</b>	<b>2,335</b>	<b>8,623</b>	<b>(2,300)</b>	<b>21,496</b>	<b>35</b>

# MALATH COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

### FOR THE THREE-MONTHS AND SIX MONTHS PERIODS ENDED 30 JUNE 2025

#### 20 SUPPLEMENTARY INFORMATION (continued)

##### 20.2 Interim condensed statement of income

	Six-months period ended 30 June					
	Insurance operations		Shareholders' operations		Total	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Insurance service revenue	706,079	431,723	-	-	706,079	431,723
Insurance service expenses	(707,779)	(418,101)	-	-	(707,779)	(418,101)
<b>Insurance service result before reinsurance contracts held</b>	<b>(1,700)</b>	13,622	-	-	<b>(1,700)</b>	13,622
Allocation of reinsurance premiums	(28,919)	(29,661)	-	-	(28,919)	(29,661)
Amounts recoverable from reinsurance	23,869	15,730	-	-	23,869	15,730
<b>Net expenses from reinsurance contracts held</b>	<b>(5,050)</b>	(13,931)	-	-	<b>(5,050)</b>	(13,931)
<b>Insurance service result</b>	<b>(6,750)</b>	(309)	-	-	<b>(6,750)</b>	(309)
Investment income on financial assets at amortised cost	12,189	5,913	4,381	4,277	16,570	10,190
Investment income on financial assets at FVTPL	4,973	2,641	(6,576)	6,185	(1,603)	8,826
Impairment losses on financial assets	-	-	-	-	-	-
Other investment income	274	-	706	-	980	-
<b>Net investment income</b>	<b>17,436</b>	8,554	<b>(1,489)</b>	10,462	<b>15,947</b>	19,016
Finance expenses from insurance contracts issued	(10,507)	(7,097)	-	-	(10,507)	(7,097)
Finance income from reinsurance contracts held	3,567	1,678	-	-	3,567	1,678
<b>Net insurance finance expenses</b>	<b>(6,940)</b>	(5,419)	-	-	<b>(6,940)</b>	(5,419)
<b>Net insurance and investment result</b>	<b>3,746</b>	2,826	<b>(1,489)</b>	10,462	<b>2,257</b>	13,288

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTHS AND SIX MONTHS PERIODS ENDED 30 JUNE 2025**

**20 SUPPLEMENTARY INFORMATION (continued)**

**20.2 Interim condensed statement of income (continued)**

	Six-months period ended 30 June					
	Insurance operations		Shareholders' operations		Total	
	2025	2024	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net insurance and investment result	3,746	2,826	(1,489)	10,462	2,257	13,288
Other operating expenses	(12,825)	(12,967)	(645)	(4,643)	(13,470)	(17,610)
Other income	30,847	14,815	1,923	5,852	32,770	20,667
<b>Total income for the period</b>	<b>21,768</b>	<b>4,674</b>	<b>(211)</b>	<b>11,671</b>	<b>21,557</b>	<b>16,345</b>
Zakat charge for the period	-	-	(5,000)	(4,752)	(5,000)	(4,752)
<b>Net income attributable to shareholders' operations</b>	<b>21,768</b>	<b>4,674</b>	<b>(5,211)</b>	<b>6,919</b>	<b>16,557</b>	<b>11,593</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTHS AND SIX MONTHS PERIODS ENDED 30 JUNE 2025**

**20 SUPPLEMENTARY INFORMATION (continued)**

**20.3 Interim condensed statement of comprehensive income**

	Six-months period ended 30 June					
	Insurance operations		Shareholders' operations		Total	
	2025	2024	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net income for the period	-	-	16,557	11,593	16,557	11,593
Other comprehensive income:						
<i>Items that will not be reclassified to statements of income subsequently</i>						
Change in fair value of financial investments at FVTOCI	-	(24)	2,011	1,842	2,011	1,818
<b>Total comprehensive (loss) / income for the period</b>	<b>-</b>	<b>(24)</b>	<b>18,568</b>	<b>13,435</b>	<b>18,568</b>	<b>13,411</b>
Total comprehensive income attributable to insurance operations	-	-	-	-	-	-
<b>Total comprehensive (loss) / income attributable to shareholders</b>	<b>-</b>	<b>(24)</b>	<b>18,568</b>	<b>13,435</b>	<b>18,568</b>	<b>13,411</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

**20 SUPPLEMENTARY INFORMATION (continued)**

**20.4 Interim condensed statement of cash flows**

	Six-months period ended 30 June					
	Insurance operations		Shareholders' operations		Total	
	2025	2024	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net income for the period before zakat	-	-	21,557	16,345	21,557	16,345
<b>Adjustments for:</b>						
Depreciation of property and equipment	833	883	-	-	833	883
Amortisation on right to use assets	229	871	-	-	229	871
Investment loss / (income) on financial assets at FVTPL	(4,973)	(2,641)	6,576	(6,185)	1,603	(8,826)
Finance expenses from insurance contracts issued	10,507	7,097	-	-	10,507	7,097
Finance income from reinsurance contracts held	(3,567)	(1,678)	-	-	(3,567)	(1,678)
Reversal of zakat provision	-	-	-	(5,853)	-	(5,853)
Reclassification of zakat provision	-	-	-	(3,887)	-	(3,887)
Finance cost on lease liabilities	-	105	-	-	-	105
Provision for employees' end-of-service benefits	2,207	2,118	-	-	2,207	2,118
<b>Changes in operating assets and liabilities:</b>						
Reinsurance contract assets	17,576	(12,466)	-	-	17,576	(12,466)
Prepayments and other assets	(17,862)	18,506	(150)	(203)	(18,012)	18,303
Accrued expenses and other liabilities	(15,505)	(5,933)	(2,572)	401	(18,077)	(5,532)
Insurance contract liabilities	183,829	44,418	-	-	183,829	44,418
Reinsurance contract liabilities	-	(2,274)	-	-	-	(2,274)
<b>Cash from operations</b>	<b>173,273</b>	<b>49,006</b>	<b>25,411</b>	<b>618</b>	<b>198,685</b>	<b>49,624</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

**20 SUPPLEMENTARY INFORMATION (continued)**

**20.4 Statement of cash flows (continued)**

	Six-months period ended 30 June					
	Insurance operations		Shareholders' operations		Total	
	2025	2024	2025	2024	2025	2024
Due to/from insurance operations	(68,606)	(10,440)	68,606	10,440	-	-
Zakat paid	-	-	(7,101)	(6,688)	(7,101)	(6,688)
Employees' end-of-service benefits paid	(2,712)	(876)	-	-	(2,712)	(876)
<b>Net cash from operating activities</b>	<b>101,955</b>	<b>37,690</b>	<b>86,915</b>	<b>4,370</b>	<b>188,872</b>	<b>42,060</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Net (placement to) / matured from term deposits	(56,237)	10,222	(28,376)	(4,210)	(84,613)	6,012
Addition to investments	(60,690)	(55,727)	(22,550)	562	(83,242)	(55,165)
Addition to property and equipment	(48)	(753)	-	-	(48)	(753)
<b>Net cash used in investing activities</b>	<b>(116,974)</b>	<b>(46,258)</b>	<b>(50,927)</b>	<b>(3,648)</b>	<b>(167,903)</b>	<b>(49,906)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Lease liabilities paid	(231)	(625)	-	-	(231)	(625)
<b>Net cash used in financing activities</b>	<b>(231)</b>	<b>(625)</b>	<b>-</b>	<b>-</b>	<b>(231)</b>	<b>(625)</b>
<b>Net change in cash and cash equivalents</b>	<b>(15,250)</b>	<b>(9,193)</b>	<b>35,988</b>	<b>722</b>	<b>20,739</b>	<b>(8,471)</b>
Cash and cash equivalents at the beginning of the period	161,253	103,215	11,722	7,356	172,975	110,571
<b>Cash and cash equivalents at the end of the period</b>	<b>146,003</b>	<b>94,022</b>	<b>47,710</b>	<b>8,078</b>	<b>193,714</b>	<b>102,100</b>
<b>Supplemental non-cash information:</b>						
Changes in fair value of financial investments at FVTOCI	-	(24)	2,011	1,842	2,011	1,818
Commission movement on statutory deposit	-	-	1,881	355	1,881	355

# **MALATH COOPERATIVE INSURANCE COMPANY**

## **(A SAUDI JOINT STOCK COMPANY)**

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### **NOTES TO THE FINANCIAL STATEMENTS**

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

#### **FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025**

##### **21 SIGNIFICANT EVENTS**

On 25 June 2020 the Company, signed the Inherent Defect Insurance (IDI) shared agreement with 14 other participating insurance companies relating to inherent defects insurance provides coverage against post usage detected defects in buildings and constructions. Malath as a leading company to manages the IDI portfolio on behalf of the participating insurance companies and will exclusively be entitled to management fees of managing the portfolio to be earned over the period of validity of the IDI agreement that is ending at 24 June 2025.

The agreement of IDI pool management has ended at June 24 2025 and was not renewed, therefore the product pool management has transferred to another insurance manager to resume the pool management starting from June 24, 2025. As a result, from the date of the agreement ending, the Company will be no longer entitled to management fees that form part of other income. The company is still a participant in the pool with the same retention share after the pool transfer.

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

##### **22 RIGHTS AND ENTITLEMENTS OF NON-SAUDI EMPLOYEES IN PRIVATE SECTOR ENTITIES INSURANCE**

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

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

The Company's share of income in this pool for the six-month period ended June 30, 2025 is SR 1.3 million which is reported under Insurance service revenue (June 30, 2024: Nil).

##### **23 SUBSEQUENT EVENTS**

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

##### **24 RECLASSIFICATION OF PRIOR PERIODS NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

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

##### **25 APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements were approved by the Board of Directors on 5 Safar 1447 H corresponding to 30 July 2025.