

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

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

**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026**

# **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-MONTHS PERIOD ENDED 31 MARCH 2026**

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## 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 March 31, 2026, and the related interim condensed statements of income, comprehensive income, changes in equity and cash flows for the three-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 International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is 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 International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is 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 International Standards on Auditing that are 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

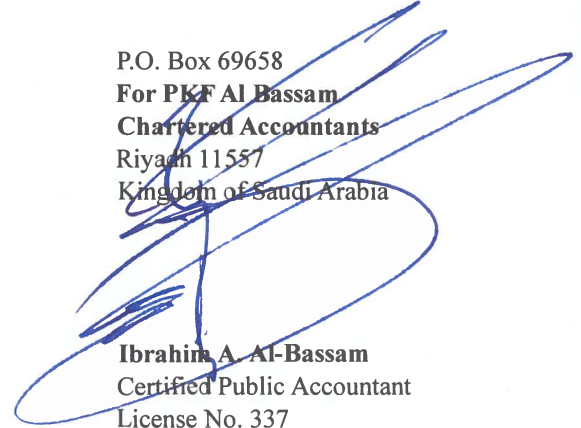
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

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



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

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



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

May 11, 2026  
(Dhul Qi'dah 24, 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 31 MARCH 2026**

|   | Notes | 31 March<br>2026<br>(Unaudited) | 31 December<br>2025<br>(Audited) |
|---|-------|---------------------------------|----------------------------------|
| <b>ASSETS</b>                                   |       |                                 |                                  |
| Cash and cash equivalents                       | 4     | 157,856                         | 194,204                          |
| Term deposits                                   | 5     | 302,285                         | 363,089                          |
| Reinsurance contract assets                     | 6     | 128,250                         | 140,527                          |
| Insurance contract assets                       | 6     | 7,204                           | 7,320                            |
| Investments                                     | 7     | 264,732                         | 257,400                          |
| Investment property                             | 8     | 66,067                          | 64,018                           |
| Prepayments and other assets                    |       | 111,718                         | 117,763                          |
| Property and equipment                          |       | 2,354                           | 2,189                            |
| Right-of-use assets                             |       | 112                             | 227                              |
| Accrued income on statutory deposit             |       | 1,625                           | 688                              |
| Statutory deposit                               | 18    | 74,996                          | 74,996                           |
| <b>TOTAL ASSETS</b>                             |       | <b>1,117,199</b>                | <b>1,222,421</b>                 |
| <b>LIABILITIES</b>                              |       |                                 |                                  |
| Accrued expenses and other liabilities          |       | 44,005                          | 40,052                           |
| Insurance contract liabilities                  | 6     | 544,774                         | 659,250                          |
| Reinsurance contract liabilities                | 6     | -                               | 3,035                            |
| Provision for zakat                             | 9     | 26,787                          | 24,662                           |
| Lease liabilities                               |       | -                               | 231                              |
| Employees' end-of-service benefits              |       | 32,829                          | 32,172                           |
| Accrued income payable to Insurance Authority   |       | 1,625                           | 688                              |
| <b>TOTAL LIABILITIES</b>                        |       | <b>650,020</b>                  | <b>760,090</b>                   |
| <b>EQUITY</b>                                   |       |                                 |                                  |
| Share capital                                   | 10    | 500,000                         | 500,000                          |
| Statutory reserve                               | 11    | 2,131                           | 2,131                            |
| Accumulated losses                              |       | (80,832)                        | (86,359)                         |
| Investments fair value reserve                  |       | 67,018                          | 67,697                           |
| Re-measurement reserve on defined benefit plans |       | (21,138)                        | (21,138)                         |
| <b>TOTAL EQUITY</b>                             |       | <b>467,179</b>                  | <b>462,331</b>                   |
| <b>TOTAL LIABILITIES AND EQUITY</b>             |       | <b>1,117,199</b>                | <b>1,222,421</b>                 |
| Commitments and contingencies                   | 15    |                                 |                                  |


  
 CHIEF FINANCIAL OFFICER


  
 CHIEF EXECUTIVE OFFICER


  
 DIRECTOR

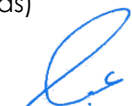


The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

**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-MONTHS PERIOD ENDED 31 MARCH 2026**

|   | Notes | Three-months period ended 31 March  |   |
|---|-------|---|---|
|   |       | 2026<br>(Unaudited)   | 2025<br>(Unaudited)   |
| Insurance service revenue   | 6.1   | 297,521   | 340,128   |
| Insurance service expenses  | 6.1   | (277,216)   | (364,844)   |
| <b>Insurance service result before reinsurance contracts held</b>                   |       | <b>20,305</b>   | <b>(24,716)</b>   |
| Allocation of reinsurance premiums  | 6.1   | (12,875)  | (13,389)  |
| Amounts recoverable from reinsurance  | 6.1   | (2,760)   | 27,523  |
| <b>Net (expenses) / revenues from reinsurance contracts held</b>                    |       | <b>(15,635)</b>   | <b>14,134</b>   |
| <b>Insurance service result</b>   |       | <b>4,670</b>  | <b>(10,582)</b>   |
| Investment income on financial assets at amortised cost                             |       | 4,728   | 7,843   |
| Investment income on financial assets at FVTPL                                      | 7.1   | 4,438   | 4,184   |
| Fair value gain on investment property  | 8     | 2,049   | -   |
| <b>Net investment income</b>  |       | <b>11,215</b>   | <b>12,027</b>   |
| Finance expenses from insurance contracts issued                                    |       | (2,240)   | (6,189)   |
| Finance income from reinsurance contracts held                                      |       | 986   | 2,612   |
| <b>Net insurance finance expenses</b>   |       | <b>(1,254)</b>  | <b>(3,577)</b>  |
| <b>Net insurance and investment result</b>  |       | <b>14,631</b>   | <b>(2,132)</b>  |
| Other operating expenses  | 19    | (7,028)   | (6,332)   |
| Other income  |       | -   | 19,345  |
| <b>Net income for the period attributable to shareholders before zakat</b>          |       | <b>7,603</b>  | <b>10,881</b>   |
| Zakat expense for the period  | 9     | (2,125)   | (1,000)   |
| <b>Net income for the period attributable to shareholders</b>                       |       | <b>5,478</b>  | <b>9,881</b>  |
| <b>Earnings per share</b>   |       |   |   |
| Basic and diluted earning per share   | 12    | 0.11  | 0.20  |
| Weighted average number of shares issued throughout the period (thousands)          |       | 50,000  | 50,000  |
|  |       |  |  |
| CHIEF FINANCIAL OFFICER   |       | CHIEF EXECUTIVE OFFICER   | DIRECTOR  |

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

# 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-MONTHS PERIOD ENDED 31 MARCH 2026

|  | Notes | Three-months period ended<br>31 March |                     |
|--|-------|---------------------------------------|---------------------|
|  |       | 2026<br>(Unaudited)                   | 2025<br>(Unaudited) |
| Net income for the period attributable to shareholders   |       | 5,478                                 | 9,881               |
| <b>Other comprehensive income:</b>   |       |                                       |                     |
| <b><u>Items that will not be recycled to interim condensed statements of income in subsequent periods:</u></b> |       |                                       |                     |
| Change in fair value of financial investments at FVTOCI  | 7     | (679)                                 | 65                  |
| <b>Total other comprehensive (loss) / income for the period</b>  |       | <b>(679)</b>                          | <b>65</b>           |
| <b>Total comprehensive income for the period</b>   |       | <b>4,799</b>                          | <b>9,946</b>        |

  
\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

  
\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

  
\_\_\_\_\_  
DIRECTOR

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

**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-MONTHS PERIOD ENDED 31 MARCH 2026**

|   | Share capital  | Statutory reserve | Accumulated losses | Investments fair value reserve | Re-measurement reserve on defined benefit plans | Total equity   |
|---|----------------|-------------------|--------------------|--------------------------------|---|----------------|
| Balance at 1 January 2025<br>(Audited)                  | 500,000        | 2,131             | (108,060)          | 57,596                         | (18,892)  | 432,775        |
| Net income for the period attributable to shareholders  | -              | -                 | 9,881              | -                              | -   | 9,881          |
| Change in fair value of financial investments at FVTOCI | -              | -                 | -                  | 65                             | -   | 65             |
| Total comprehensive income                              | -              | -                 | 9,881              | 65                             | -   | 9,946          |
| Balance at 31 March 2025<br>(Unaudited)                 | 500,000        | 2,131             | (98,179)           | 57,661                         | (18,892)  | 442,721        |
| <b>Balance at 1 January 2026<br/>(Audited)</b>          | <b>500,000</b> | <b>2,131</b>      | <b>(86,310)</b>    | <b>67,697</b>                  | <b>(21,138)</b>                                 | <b>462,380</b> |
| Net income for the period attributable to shareholders  | -              | -                 | 5,478              | -                              | -   | 5,478          |
| Change in fair value of financial investments at FVTOCI | -              | -                 | -                  | (679)                          | -   | (679)          |
| Total comprehensive income                              | -              | -                 | 5,478              | (679)                          | -   | 4,799          |
| Balance at 31 March 2026<br>(Unaudited)                 | 500,000        | 2,131             | (80,832)           | 67,018                         | (21,138)  | 467,179        |


  
CHIEF FINANCIAL OFFICER


  
CHIEF EXECUTIVE OFFICER


  
DIRECTOR

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

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

**INTERIM CONDENSED STATEMENT OF CASH FLOWS**

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

**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026**

|   | Notes | Three-months period<br>ended 31 March |                       |
|---|-------|---------------------------------------|-----------------------|
|   |       | 2026<br>(Unaudited)                   | 2025<br>(Unaudited)   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |       |                                       |                       |
| Net income for the period before zakat                          |       | 7,603                                 | 10,881                |
| <b>Adjustments for:</b>   |       |                                       |                       |
| Depreciation of property and equipment & right of use Asset     |       | 371                                   | 536                   |
| Fair value gain on investment properties                        | 8     | (2,049)                               | -                     |
| Investment income on financial assets                           |       | (8,995)                               | (4,029)               |
| Finance expenses from insurance contracts issued                |       | 2,240                                 | 6,189                 |
| Finance income from reinsurance contracts held                  |       | (986)                                 | (2,612)               |
| Finance cost on lease liabilities                               |       | 4                                     | -                     |
| Provision for employees' end-of-service benefits                |       | 1,110                                 | 522                   |
| <b>Changes in operating assets and liabilities:</b>             |       |                                       |                       |
| Reinsurance contract assets                                     |       | 13,263                                | (15,411)              |
| Insurance contract assets                                       |       | 116                                   | -                     |
| Prepayments and other assets                                    |       | 6,045                                 | (9,920)               |
| Accrued expenses and other liabilities                          |       | 3,953                                 | (3,641)               |
| Insurance contract liabilities                                  |       | (116,716)                             | 155,297               |
| Reinsurance contract liabilities                                |       | (3,035)                               | 3,960                 |
|   |       | <u>(97,076)</u>                       | <u>141,771</u>        |
| Employees' end-of-service benefits paid                         |       | (453)                                 | (415)                 |
| <b>Net cash (used in) / generated from operating activities</b> |       | <u>(97,529)</u>                       | <u>141,356</u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |       |                                       |                       |
| Net proceeds from matured / (net placements to) term deposits   |       | 60,804                                | (82,492)              |
| Additions to investments  | 7     | (71,451)                              | (60,568)              |
| Proceeds from investments disposals                             | 7     | 72,490                                | 201                   |
| Additions to property and equipment                             |       | (422)                                 | (31)                  |
| <b>Net cash generated from / (used in) investing activities</b> |       | <u>61,421</u>                         | <u>(142,890)</u>      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |       |                                       |                       |
| Lease liabilities paid  |       | (241)                                 | (224)                 |
| <b>Net cash used in financing activities</b>                    |       | <u>(241)</u>                          | <u>(224)</u>          |
| <b>Net change in cash and cash equivalents</b>                  |       | <b>(36,348)</b>                       | <b>(1,758)</b>        |
| Cash and cash equivalents at the beginning of the period        | 4     | <u>194,204</u>                        | <u>172,975</u>        |
| <b>Cash and cash equivalents at the end of the period</b>       | 4     | <u><u>157,856</u></u>                 | <u><u>171,217</u></u> |
| <b>Supplemental non-cash information:</b>                       |       |                                       |                       |
| Change in fair value of financial investments at FVTOCI         |       | (679)                                 | 65                    |

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

# **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-MONTHS PERIOD ENDED 31 MARCH 2026**

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

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

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

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

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

#### **PROPOSED MERGER**

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

# **MALATH COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

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

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

### **FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026**

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

##### **PROPOSED MERGER (continued)**

The signing of the non-binding MoU does not mean that both companies will reach a final and binding decision regarding the Proposed Transaction nor that the Proposed Transaction will be completed. Malath and Liva have agreed, on a non-binding and preliminary basis, that the Potential Merger structure will be through merging Liva as the merged company into Malath as the merging company.

During the period, on 5 Shawwal, 1447H (corresponding to 24 March, 2026) the Company announced the expiry of MOU without renewal, and no binding agreement has been reached. Therefore the parties ceased the negotiation in relation to proposed merger.

#### **2 BASIS OF PREPARATION**

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

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

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

In preparing these 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 statement of interim condensed financial position, interim condensed statement of income, statement of interim condensed comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 20 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-MONTHS PERIOD ENDED 31 MARCH 2026**

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

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

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

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

These 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 interim condensed financial statements:

##### **(i) Premium Allocation Approach (PAA) eligibility assessment**

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

## **MALATH COOPERATIVE INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

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

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

**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026**

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

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

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

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

##### **Acquisition cash flows**

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

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

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

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

The ultimate cost of incurred claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder, Bornheutter-Ferguson and other methods. The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios.

Historical claims development is mainly analysed by accident years, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the best estimate ultimate cost of claims. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

## **MALATH COOPERATIVE INSURANCE COMPANY**

(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-MONTHS PERIOD ENDED 31 MARCH 2026**

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

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

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

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

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

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

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

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

The Company identifies expenses which are directly attributable towards acquiring insurance contracts (acquisition costs) and fulfilling / maintaining (other attributable expenses) such contracts and those expenses which are not directly attributable to such contracts (non-attributable expenses).

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

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

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

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**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026**

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

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

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

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

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

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

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

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

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### FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026

#### 2 BASIS OF PREPARATION (continued)

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

###### (ix) Unit of account

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

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

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

###### (x) Discount rates

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

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

#### Discount Yield Curve

##### Evaluation date

|                  | 1 Year | 2 Year | 3 Year | 4 Year |
|------------------|--------|--------|--------|--------|
| 31 March 2026    | 4.71%  | 4.62%  | 4.57%  | 4.58%  |
| 31 December 2025 | 4.44%  | 4.32%  | 4.34%  | 4.41%  |

## **MALATH COOPERATIVE INSURANCE COMPANY**

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

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**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026**

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

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

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

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

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

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

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

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

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

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

# MALATH COOPERATIVE INSURANCE COMPANY

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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### FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026

#### 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 2025.

#### 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 interim condensed financial statements.

|   | <b>Effective from annual period beginning on or after:</b> |
|---|--|
| - IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments   | 1 January 2026   |
| Annual Improvements to IFRS Accounting Standards – Volume 11  | 1 January 2026   |
| - IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial | 1 January 2026   |

#### 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 10 and IAS 28 Sale or Contribution of Assets between and Investor and its Associate or Joint Venture | Available for optional adoption/effective date deferred indefinitely |
| - IFRS 18, 'Presentation and Disclosure in Financial Statements'  | 1 January 2027   |
| - IFRS 19, 'Subsidiaries without Public Accountability'   | 1 January 2027   |

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**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026**

**4 CASH AND CASH EQUIVALENTS**

|  | <b>31 March</b> | 31 December |
|--|-----------------|-------------|
|  | <b>2026</b>     | 2025        |
| <b>Insurance operations</b>            |                 |             |
| Cash in banks                          | <b>106,629</b>  | 158,229     |
| Cash in hand                           | <b>13</b>       | 10          |
| Short term - term deposits             | <b>23,837</b>   | 23,605      |
| Accrued income on term deposits        | <b>227</b>      | 231         |
|  | <b>130,706</b>  | 182,075     |
| <b>Shareholders' operations</b>        |                 |             |
| Cash in banks                          | <b>27,150</b>   | 12,129      |
|  | <b>27,150</b>   | 12,129      |
| <b>Total cash and cash equivalents</b> | <b>157,856</b>  | 194,204     |

**5 TERM DEPOSITS**

|                                 | <b>31 March</b> | 31 December |
|---------------------------------|-----------------|-------------|
|                                 | <b>2026</b>     | 2025        |
| <b>Insurance operations</b>     |                 |             |
| Short term - term deposits      | <b>211,695</b>  | 240,744     |
| Accrued income on term deposits | <b>3,175</b>    | 10,239      |
| Less: ECL allowance             | <b>(13)</b>     | (10)        |
|                                 | <b>214,857</b>  | 250,973     |
| <b>Shareholders' operations</b> |                 |             |
| Short term - term deposits      | <b>86,606</b>   | 106,673     |
| Accrued income on term deposits | <b>831</b>      | 5,448       |
| Less: ECL allowance             | <b>(9)</b>      | (5)         |
|                                 | <b>87,428</b>   | 112,116     |
| <b>Total term deposits</b>      | <b>302,285</b>  | 363,089     |

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 4.92% per annum as at 31 March 2026 (December 31, 2025: 5.11%).

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

As of 31 March 2026, ( December 31, 2025: SAR 20 million) the Company has a term deposit amounting to SAR 20 million against issuance of letter of guarantees as a collateral placed in a local bank. Company may not withdraw the deposit before expiration of the guarantees.

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**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026****6 INSURANCE AND REINSURANCE CONTRACTS**

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

| Insurance contracts issued                    | Note | Measurement Model | 31 March 2026  |                | 31 December 2025 |             |
|---|------|-------------------|----------------|----------------|------------------|-------------|
|   |      |                   | Assets         | Liabilities    | Assets           | Liabilities |
| Medical                                       | 6.1  | PAA               | -              | <b>250,044</b> | -                | 245,857     |
| Motor   | 6.1  | PAA               | -              | <b>97,131</b>  | -                | 194,893     |
| Property                                      | 6.1  | PAA               | -              | <b>60,349</b>  | -                | 57,785      |
| Engineering                                   | 6.1  | PAA               | -              | <b>25,993</b>  | -                | 42,969      |
| Marine  | 6.1  | PAA               | <b>7,204</b>   | -              | 7,320            | -           |
| Others  | 6.1  | PAA               | -              | <b>41,966</b>  | -                | 48,457      |
| <b>Total insurance contracts issued - PAA</b> |      |                   | <b>7,204</b>   | <b>475,484</b> | 7,320            | 589,960     |
| Inherent defect insurance (IDI)               | 6.1  | GMM               | -              | <b>69,290</b>  | -                | 69,290      |
| <b>Total insurance contracts issued</b>       |      |                   | <b>7,204</b>   | <b>544,774</b> | 7,320            | 659,250     |
| Reinsurance contracts held                    |      |                   | 31 March 2026  |                | 31 December 2025 |             |
|   |      |                   | Assets         | Liabilities    | Assets           | Liabilities |
| Medical                                       | 6.2  | PAA               | <b>8,954</b>   | -              | 5,651            | -           |
| Motor   | 6.2  | PAA               | <b>14,293</b>  | -              | 19,169           | -           |
| Property                                      | 6.2  | PAA               | <b>28,268</b>  | -              | 38,991           | -           |
| Engineering                                   | 6.2  | PAA               | <b>33,521</b>  | -              | 35,136           | -           |
| Marine  | 6.2  | PAA               | <b>1,094</b>   | -              | -                | 3,035       |
| Others  | 6.2  | PAA               | <b>3,342</b>   | -              | 2,801            | -           |
| <b>Total reinsurance contracts held - PAA</b> |      |                   | <b>89,472</b>  | -              | 101,748          | 3,035       |
| Inherent defect insurance (IDI)               | 6.2  | GMM               | <b>38,778</b>  | -              | 38,778           | -           |
| <b>Total reinsurance contracts held</b>       |      |                   | <b>128,250</b> | -              | 140,526          | 3,035       |

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#### FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026

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

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

|  | 31 March 2026    |                |                  |               |                  | 31 December 2025 |       |             |         |             |
|--|------------------|----------------|------------------|---------------|------------------|------------------|-------|-------------|---------|-------------|
|  | LRC              |                | LIC              |               |                  | LRC              |       | LIC         |         |             |
|  | Excluding LC     | LC             | PV of FCF        | RA            | Total            | Excluding LC     | LC    | PV of FCF   | RA      | Total       |
| <b>PAA in total</b>                                      |                  |                |                  |               |                  |                  |       |             |         |             |
| Opening insurance contract liabilities                   | 257,624          | 4,105          | 316,540          | 11,691        | 589,960          | 240,649          | 8     | 346,608     | 13,890  | 601,155     |
| Opening insurance contract assets                        | (5,916)          | -              | (1,298)          | (106)         | (7,320)          | -                | -     | -           | -       | -           |
| <b>Net opening insurance contract</b>                    | <b>251,708</b>   | <b>4,105</b>   | <b>315,242</b>   | <b>11,585</b> | <b>582,640</b>   | 240,649          | 8     | 346,608     | 13,890  | 601,155     |
| <b>Insurance revenue</b>                                 | <b>(297,521)</b> | -              | -                | -             | <b>(297,521)</b> | (1,440,382)      | -     | -           | -       | (1,440,382) |
| <b>Insurance service expense</b>                         |                  |                |                  |               |                  |                  |       |             |         |             |
| Incurred claims and other directly attributable expenses | -                | -              | 237,511          | 2,353         | 239,864          | -                | -     | 1,204,517   | 4,942   | 1,209,459   |
| Insurance acquisition amortization                       | 51,970           | -              | -                | -             | 51,970           | 226,893          | -     | -           | -       | 226,893     |
| Losses / (reversals) on onerous contracts                | -                | (1,126)        | -                | -             | (1,126)          | -                | 4,097 | -           | -       | 4,097       |
| Changes that relate to past service                      | -                | -              | (10,809)         | (2,683)       | (13,492)         | -                | -     | 44,079      | (7,974) | 36,105      |
| <b>Total</b>   | <b>51,970</b>    | <b>(1,126)</b> | <b>226,702</b>   | <b>(330)</b>  | <b>277,216</b>   | 226,893          | 4,097 | 1,248,596   | (3,032) | 1,476,554   |
| <b>Insurance service result before reinsurance</b>       | <b>(245,551)</b> | <b>(1,126)</b> | <b>226,702</b>   | <b>(330)</b>  | <b>(20,305)</b>  | (1,213,489)      | 4,097 | 1,248,596   | (3,032) | 36,172      |
| <b>Finance expenses</b>                                  | -                | -              | 2,128            | 112           | 2,240            | -                | -     | 14,913      | 727     | 15,640      |
| Premium received   | 155,863          | -              | -                | -             | 155,863          | 1,339,573        | -     | -           | -       | 1,339,573   |
| Claims and other directly attributable expenses paid     | -                | -              | (235,545)        | -             | (235,545)        | -                | -     | (1,294,875) | -       | (1,294,875) |
| Acquisition cash flows paid                              | (16,613)         | -              | -                | -             | (16,613)         | (115,025)        | -     | -           | -       | (115,025)   |
| <b>Total cash flows</b>                                  | <b>139,250</b>   | -              | <b>(235,545)</b> | -             | <b>(96,295)</b>  | 1,224,548        | -     | (1,294,875) | -       | (70,328)    |
| Closing insurance contract liabilities                   | 151,936          | 2,979          | 309,202          | 11,367        | 475,484          | 257,624          | 4,105 | 316,540     | 11,691  | 589,960     |
| Closing insurance contract assets                        | (6,529)          | -              | (675)            | -             | (7,204)          | (5,916)          | -     | (1,298)     | (106)   | (7,320)     |
| <b>Net closing insurance contracts</b>                   | <b>145,407</b>   | <b>2,979</b>   | <b>308,527</b>   | <b>11,367</b> | <b>468,280</b>   | 251,708          | 4,105 | 315,242     | 11,585  | 582,640     |

\* Incurred claims and other directly attributable expenses includes insurance surplus expense, in the present value of FCF, amounting to SR 0.3 million (2025: SR0.9 million). Surplus liabilities are amounting to SR 5.3 million (December 31, 2025: SR 5.2 million) part of LIC, present value of FCF.

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

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

|   | 31 March 2026 |          |              |           |               | 31 December 2025 |          |              |           |               |
|---|---------------|----------|--------------|-----------|---------------|------------------|----------|--------------|-----------|---------------|
|   | LRC           |          | LIC          |           | Total         | LRC              |          | LIC          |           | Total         |
|   | Excluding LC  | LC       | Excluding RA | RA        |               | Excluding LC     | LC       | Excluding RA | RA        |               |
| <b>Inherent defect insurance (IDI)</b>                            |               |          |              |           |               |                  |          |              |           |               |
| Opening insurance contract liabilities                            | 68,057        | -        | 1,199        | 34        | 69,290        | 51,946           | -        | 237          | 17        | 52,200        |
| <b>Insurance revenue</b>  |               |          |              |           |               |                  |          |              |           |               |
|   | -             | -        | -            | -         | -             | (4,448)          | -        | -            | -         | (4,448)       |
| Expected incurred claims and directly attributable expenses       |               |          |              |           |               |                  |          |              |           |               |
| Change in Risk Adjustment   | -             | -        | -            | -         | -             | (20)             | -        | -            | -         | (20)          |
| CSM recognized for services provided                              | -             | -        | -            | -         | -             | (513)            | -        | -            | -         | (513)         |
| Premium and related Receipts Relating to Past and Current Service | -             | -        | -            | -         | -             | -                | -        | -            | -         | -             |
| <b>Total</b>  | -             | -        | -            | -         | -             | (4,981)          | -        | -            | -         | (4,981)       |
| <b>Insurance service expense</b>                                  |               |          |              |           |               |                  |          |              |           |               |
| Incurred claims and other directly attributable expenses          | -             | -        | -            | -         | -             | -                | -        | 1,360        | 26        | 1,386         |
| Changes to liabilities for incurred claims - past service         | -             | -        | -            | -         | -             | -                | -        | (368)        | (11)      | (379)         |
| <b>Total</b>  | -             | -        | -            | -         | -             | -                | -        | 992          | 15        | 1,007         |
| <b>Total insurance service result</b>                             | -             | -        | -            | -         | -             | (4,981)          | -        | 992          | 15        | (3,974)       |
| <b>Finance expenses</b>   | -             | -        | -            | -         | -             | 2,028            | -        | 19           | 2         | 2,049         |
| <b>Cash flows</b>   |               |          |              |           |               |                  |          |              |           |               |
| Premium received  | -             | -        | -            | -         | -             | 19,303           | -        | -            | -         | 19,303        |
| Claims and other expenses paid                                    | -             | -        | -            | -         | -             | (239)            | -        | (49)         | -         | (288)         |
| <b>Total cash flows</b>   | -             | -        | -            | -         | -             | 19,064           | -        | (49)         | -         | 19,015        |
| <b>Closing insurance contract liabilities</b>                     | <b>68,057</b> | <b>-</b> | <b>1,199</b> | <b>34</b> | <b>69,290</b> | <b>68,057</b>    | <b>-</b> | <b>1,199</b> | <b>34</b> | <b>69,290</b> |

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

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

|   | 31 March 2026   |             |                |              |                 | 31 December 2025 |           |                 |              |                 |
|---|-----------------|-------------|----------------|--------------|-----------------|------------------|-----------|-----------------|--------------|-----------------|
|   | ARC             |             | AIC            |              |                 | ARC              |           | AIC             |              |                 |
|   | Excluding LC    | LC          | PV of FCF      | RA           | Total           | Excluding LC     | LC        | PV of FCF       | RA           | Total           |
| <b>PAA in total</b>   |                 |             |                |              |                 |                  |           |                 |              |                 |
| Opening reinsurance contract assets   | (17,281)        | 30          | 113,526        | 5,473        | 101,748         | (6,087)          | 9         | 98,414          | 4,364        | 96,700          |
| Opening reinsurance contract liabilities  | (839)           | -           | (2,062)        | (134)        | (3,035)         | -                | -         | -               | -            | -               |
| <b>Net opening reinsurance contract</b>   | <b>(18,120)</b> | <b>30</b>   | <b>111,464</b> | <b>5,339</b> | <b>98,713</b>   | <b>(6,087)</b>   | <b>9</b>  | <b>98,414</b>   | <b>4,364</b> | <b>96,700</b>   |
| Reinsurance service expense   | (12,875)        | -           | -              | -            | (12,875)        | (58,698)         | -         | -               | -            | (58,698)        |
| Claims recovered  | -               | -           | 9,600          | -            | 9,600           | -                | -         | 68,660          | -            | 68,660          |
| Changes that relate to past service: Changes related to LIC ( Reversal) / recovery on losses on onerous contracts | -               | -           | (12,057)       | (272)        | (12,329)        | -                | -         | 9,403           | 752          | 10,155          |
|   | -               | (31)        | -              | -            | (31)            | -                | 21        | -               | -            | 21              |
| <b>Net (expense) / revenues from reinsurance contracts held</b>   | <b>(12,875)</b> | <b>(31)</b> | <b>(2,457)</b> | <b>(272)</b> | <b>(15,635)</b> | <b>(58,698)</b>  | <b>21</b> | <b>78,063</b>   | <b>752</b>   | <b>20,138</b>   |
| Finance income  | -               | -           | 926            | 60           | 986             | -                | -         | 3,622           | 223          | 3,845           |
| <b>Cash flows</b>   |                 |             |                |              |                 |                  |           |                 |              |                 |
| Premiums ceded paid net of commission   | 9,174           | -           | -              | -            | 9,174           | 46,665           | -         | -               | -            | 46,665          |
| Recoveries from reinsurance   | -               | -           | (3,766)        | -            | (3,766)         | -                | -         | (68,635)        | -            | (68,635)        |
| <b>Total cash flows</b>   | <b>9,174</b>    | <b>-</b>    | <b>(3,766)</b> | <b>-</b>     | <b>5,408</b>    | <b>46,665</b>    | <b>-</b>  | <b>(68,635)</b> | <b>-</b>     | <b>(21,970)</b> |
| Closing reinsurance contract assets   | (21,821)        | (1)         | 106,167        | 5,127        | 89,472          | (17,281)         | 30        | 113,526         | 5,473        | 101,748         |
| Closing reinsurance contract liabilities  | -               | -           | -              | -            | -               | (839)            | -         | (2,062)         | (134)        | (3,035)         |
| <b>Net closing reinsurance contract</b>   | <b>(21,821)</b> | <b>(1)</b>  | <b>106,167</b> | <b>5,127</b> | <b>89,472</b>   | <b>(18,120)</b>  | <b>30</b> | <b>111,464</b>  | <b>5,339</b> | <b>98,713</b>   |

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**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026****6 INSURANCE AND REINSURANCE CONTRACTS (continued)**

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

**General measurement model**

|  | 31 March 2026 |    |                |    |               | 31 December 2025 |    |              |    |         |
|--|---------------|----|----------------|----|---------------|------------------|----|--------------|----|---------|
|  | ARC           |    | AIC            |    |               | ARC              |    | AIC          |    |         |
|  | Excluding LC  | LC | Excluding RA   | RA | Total         | Excluding LC     | LC | Excluding RA | RA | Total   |
| <b>Opening reinsurance contract assets</b>             | <b>46,654</b> | -  | <b>(7,875)</b> | -  | <b>38,778</b> | 42,180           | -  | (8,400)      | -  | 33,780  |
| <b>Allocation of reinsurance premiums</b>              |               |    |                |    |               |                  |    |              |    |         |
| 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)   |
|  | -             | -  | -              | -  | -             | (1,502)          | -  | -            | -  | (1,502) |
| <b>Amounts recoverable from reinsurance</b>            |               |    |                |    |               |                  |    |              |    |         |
| Incurred claims & other directly attributable expenses | -             | -  | -              | -  | -             | -                | -  | 833          | -  | 833     |
| changes to assets for incurred claims - Past service   | -             | -  | -              | -  | -             | -                | -  | (332)        | -  | (332)   |
|  | -             | -  | -              | -  | -             | -                | -  | 501          | -  | 501     |
| Finance income   | -             | -  | -              | -  | -             | 1,523            | -  | (22)         | -  | 1,501   |
| <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>                                | -             | -  | -              | -  | -             | 4,453            | -  | 45           | -  | 4,499   |
| <b>Net closing balance</b>                             | <b>46,654</b> | -  | <b>(7,875)</b> | -  | <b>38,778</b> | 46,654           | -  | (7,875)      | -  | 38,778  |

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**7 INVESTMENTS**

|  | <u>31 March</u><br><u>2026</u> | <u>31 December</u><br><u>2025</u> |
|--|--------------------------------|-----------------------------------|
| <b>Insurance operations</b>              |                                |                                   |
| Financial assets measured at FVTPL       | 25,605                         | 24,398                            |
| Financial assets at amortised cost – net | 54,700                         | 55,079                            |
|  | <u>80,305</u>                  | <u>79,477</u>                     |
| <b>Shareholders' operations</b>          |                                |                                   |
| Financial assets measured at FVTPL       | 109,463                        | 102,280                           |
| Financial assets measured at FVTOCI      | 74,964                         | 75,643                            |
|  | <u>184,427</u>                 | <u>177,923</u>                    |
| <b>Total investments</b>                 | <u>264,732</u>                 | <u>257,400</u>                    |

a) Investments measured at FVTPL comprise of the following:

|  | <u>31 March</u><br><u>2026</u> | <u>31 December</u><br><u>2025</u> |
|--|--------------------------------|-----------------------------------|
| <b>Insurance operations</b>            |                                |                                   |
| Tier 1 sukuk                           | 11,017                         | 11,441                            |
| Funds                                  | 14,588                         | 12,957                            |
| <b>Shareholders' operations</b>        |                                |                                   |
| Equity & tier 1 sukuk                  | 92,257                         | 85,617                            |
| Funds                                  | 17,206                         | 16,662                            |
| <b>Total financial assets at FVTPL</b> | <u>135,068</u>                 | <u>126,677</u>                    |

b) Investments measured at FVTOCI comprise of the following:

|   | <u>31 March</u><br><u>2026</u> | <u>31 December</u><br><u>2025</u> |
|---|--------------------------------|-----------------------------------|
| <b>Shareholders' operations</b>         |                                |                                   |
| Najm investment                         | 72,758                         | 72,758                            |
| Other equity investments                | 2,206                          | 2,885                             |
| <b>Total financial assets at FVTOCI</b> | <u>74,964</u>                  | <u>75,643</u>                     |

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**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026**

**7 INVESTMENTS (continued)**

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

|                             | <u>31 March</u><br><u>2026</u> | <u>31 December</u><br><u>2025</u> |
|-----------------------------|--------------------------------|-----------------------------------|
| <b>Insurance operations</b> |                                |                                   |
| Saudi government sukuk      | 54,027                         | 53,903                            |
| Accrued income              | 679                            | 1,182                             |
| Impairment allowance        | (6)                            | (6)                               |
|                             | <u>54,700</u>                  | <u>55,079</u>                     |
| <b>Total investments</b>    | <u>54,700</u>                  | <u>55,079</u>                     |

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

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

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

|   | <u>31 March</u><br><u>2026</u> | <u>31 December</u><br><u>2025</u> |
|---|--------------------------------|-----------------------------------|
| <b>a) Measured at FVTPL:</b>                  |                                |                                   |
| <b>Insurance operations</b>                   |                                |                                   |
| Balance at beginning of the period            | 24,398                         | 20,107                            |
| Addition during the period                    | 65,822                         | 71,958                            |
| Disposals during the period                   | (65,751)                       | (70,673)                          |
| Changes in the fair value of financial assets | 1,136                          | 3,007                             |
| <b>Balance at end of the period</b>           | <u>25,605</u>                  | <u>24,398</u>                     |
| <b>Shareholders' operations</b>               |                                |                                   |
| Balance at beginning of the period            | 102,280                        | 114,475                           |
| Addition during the period                    | 5,629                          | 22,642                            |
| Disposals during the period                   | (6,739)                        | (25,003)                          |
| Changes in the fair value of financial assets | 3,671                          | (10,373)                          |
| Cash with fund manager                        | 4,622                          | 539                               |
| <b>Balance at end of the period</b>           | <u>109,463</u>                 | <u>102,280</u>                    |

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**7 INVESTMENTS (continued)**

|   | <u>31 March</u><br><u>2026</u> | <u>31 December</u><br><u>2025</u> |
|---|--------------------------------|-----------------------------------|
| <b>b) Measured at FVOCI:</b>                  |                                |                                   |
| <b>Shareholders' operations</b>               |                                |                                   |
| Balance at beginning of the period            | 75,643                         | 65,529                            |
| Changes in the fair value of financial assets | (679)                          | 10,114                            |
| <b>Balance at end of the period</b>           | <u><b>74,964</b></u>           | <u><b>75,643</b></u>              |
|   | <u>31 March</u><br><u>2026</u> | <u>31 December</u><br><u>2025</u> |
| <b>c) Measured at amortised cost:</b>         |                                |                                   |
| <b>Insurance operations</b>                   |                                |                                   |
| Balance at beginning of the period            | 55,079                         | 4,903                             |
| Addition during the period                    | -                              | 48,946                            |
| Accrued income                                | 679                            | 1,182                             |
| Amortization                                  | (1,052)                        | 55                                |
| Impairment allowance                          | (6)                            | (6)                               |
| <b>Balance at end of the period</b>           | <u><b>54,700</b></u>           | <u><b>55,079</b></u>              |

**7.1 Investment income**

Details on investment income for the period are as follows:

|   | <u>31 March 2026</u>        |                                 |                     |
|---|-----------------------------|---------------------------------|---------------------|
|   | <u>Insurance operations</u> | <u>Shareholders' operations</u> | <u>Total</u>        |
| <b>Income on financial assets at FVTPL</b>    |                             |                                 |                     |
| Un-realized gain on investments at FVTPL      | 2,114                       | 800                             | 2,914               |
| Realized loss on investments at FVTPL         | (71)                        | (69)                            | (140)               |
| Dividend income on investments at fair value  | 405                         | 1,259                           | 1,664               |
|   | <u><b>2,448</b></u>         | <u><b>1,990</b></u>             | <u><b>4,438</b></u> |
|   | <u>31 March 2025</u>        |                                 |                     |
|   | <u>Insurance operations</u> | <u>Shareholders' operations</u> | <u>Total</u>        |
| <b>Income on financial assets at FVTPL</b>    |                             |                                 |                     |
| Un-realized gain on investments at fair value | 3,740                       | 81                              | 3,821               |
| Realized gain on investments at fair value    | -                           | 97                              | 97                  |
| Dividend income on investments at fair value  | 113                         | 154                             | 267                 |
|   | <u><b>3,853</b></u>         | <u><b>332</b></u>               | <u><b>4,185</b></u> |

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#### 8 INVESTMENT PROPERTY

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

- 8.1** Taking into consideration the valuation technique and key inputs utilized by the valuers, the valuations are categorized at Level 2 (for market approach) of the fair value hierarchy.
- 8.2** The Company engaged two different independent valuers for investment properties valuations and adopted the lower valuation for their fair value assessment.

| Location        | Purpose              | Valuation Technique | Fair Value amount |        |
|-----------------|----------------------|---------------------|-------------------|--------|
|                 |                      |                     | 2026              | 2025   |
| Riyadh -<br>KSA | Capital appreciation | Market approach     | <b>66,067</b>     | 64,018 |

The following is a summary of investment property as of:

|  | 31 March<br>2026 | 31 December<br>2025 |
|--|------------------|---------------------|
| Opening balance <b>(8.3)</b>           | <b>64,018</b>    | 42,555              |
| Fair value gain on investment property | <b>2,049</b>     | 21,463              |
| Fair value at the end of the period    | <b>66,067</b>    | 64,018              |

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

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##### 9 Provision for zakat

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

|                                    | <u>31 March</u>      | <u>31 December</u>   |
|------------------------------------|----------------------|----------------------|
|                                    | <u>2026</u>          | <u>2025</u>          |
| Balance at beginning of the period | <b>24,662</b>        | 23,663               |
| Charge for the period              | <b>2,125</b>         | 8,100                |
| Payments during the period         | -                    | (7,101)              |
| Balance at end of the period       | <b><u>26,787</u></b> | <b><u>24,662</u></b> |

##### a) Status of assessments

The Company has filed the zakat returns for the financial year 2025 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 these interim condensed financial statements.

##### b) Status of appeals

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

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

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##### **9 Provision for zakat (continued)**

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

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

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

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

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

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

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

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

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

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

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

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#### 9 Provision for zakat (continued)

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

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

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

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

The Company provided all the requested information. Consequently, a decision was issued.

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

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

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

#### 10 SHARE CAPITAL

As at 31 March 2026, the issued and paid up share capital of the Company amounting to SR 500 million (31 December 2025 : 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 year to the statutory reserve until it equals the value of share capital and such transfer is only made at year end. The statutory reserve is not available for distribution to shareholders until liquidation of the Company.

#### 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:

|   | For the period ended 31<br>March |        |
|---|----------------------------------|--------|
|   | 2026                             | 2025   |
| Basic and diluted earnings per share (SR)                           | 0.11                             | 0.20   |
| Weighted average number of shares throughout the period (thousands) | 50,000                           | 50,000 |

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### 13 CAPITAL MANAGEMENT

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

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

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

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

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

### 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 31 March 2026 and 31 December 2025 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.

| <b>As at 31 March 2026</b>                 | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Carrying value</b> |
|--|----------------|----------------|----------------|-----------------------|
| <b>Financial assets measured at FVTPL</b>  | <b>63,388</b>  | <b>46,352</b>  | <b>25,328</b>  | <b>135,068</b>        |
| <b>Financial assets measured at FVTOCI</b> | <b>2,206</b>   | <b>-</b>       | <b>72,758</b>  | <b>74,964</b>         |
|  | <b>65,594</b>  | <b>46,352</b>  | <b>98,086</b>  | <b>210,032</b>        |
| <br>                                       |                |                |                |                       |
| As at 31 December 2025                     | Level 1        | Level 2        | Level 3        | Carrying value        |
| Financial assets measured at FVTPL         | 61,162         | 41,859         | 23,657         | 126,678               |
| Financial assets measured at FVTOCI        | 2,885          | -              | 72,758         | 75,643                |
|  | 64,047         | 41,859         | 96,415         | 202,321               |

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#### 14 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

##### a) Measurement of fair value

##### Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair value at 31 March 2026 and 31 December 2025, as well as the significant unobservable inputs used. The fair value used for valuation of Level 2 Sukuks and mutual funds are based on prices quoted on reliable and third-party sources.

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

##### b) Movement of level 3 instruments

|                                       | 31 March<br>2026 | 31 December<br>2025 |
|---------------------------------------|------------------|---------------------|
| <b>Opening fair value</b>             | <b>96,415</b>    | 83,055              |
| Additions in level 3 investments      | -                | -                   |
| Transfer from level 3 to other levels | -                | -                   |
| Fair value gain / (loss) – net        | -                | 13,360              |
| <b>Closing fair value</b>             | <b>96,415</b>    | <b>96,415</b>       |

##### c) Sensitivity analysis

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

|              | 31 March<br>2026 | 31 December<br>2025 |
|--------------|------------------|---------------------|
| +5% Increase | <b>101,236</b>   | 101,236             |
| -5% Decrease | <b>91,594</b>    | 91,594              |
| +5% Change   | <b>4,821</b>     | 4,821               |
| -5% Change   | <b>(4,821)</b>   | (4,821)             |

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

|                           | Total gain or loss recognised in others |           |           |                        |                                  |                     |
|---------------------------|---|-----------|-----------|------------------------|----------------------------------|---------------------|
|                           | Balance<br>January 1                    | Purchases | Disposals | Statement of<br>income | Other<br>comprehensive<br>income | Balance<br>March 31 |
| <b>31 March 2026</b>      |   |           |           |                        |                                  |                     |
| Private equity investment | <b>72,758</b>                           | -         | -         | -                      | -                                | <b>72,758</b>       |

## MALATH COOPERATIVE INSURANCE COMPANY

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#### FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026

#### 14 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

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

##### Sensitivity analysis of Level 3 investments

| 31 March 2026             | Sensitivity factor      | Impact on fair value due<br>to increase in sensitivity<br>factor | Impact on fair value due to<br>increase in sensitivity factor |
|---------------------------|-------------------------|--|---|
| Private equity investment | +/- 10% change in price | 7,276  | (7,276)   |

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

#### 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:

|                      | 31 March<br>2026 | 31 December<br>2025 |
|----------------------|------------------|---------------------|
| Letters of guarantee | 12,327           | 12,398              |

The Company has submitted these bank guarantees to various parties which are fully covered by margin deposits amounting to SAR 20 million (2025: SAR 20 million).

## **MALATH COOPERATIVE INSURANCE COMPANY**

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

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#### **FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026**

##### **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. Key management personnel who is involved in planning, directing the activities of the company receive fixed remuneration as a result of their direct duties and responsibilities. The top Senior key personnel, receive remuneration according to the employment contracts signed with them.

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

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

|   | <u>31 March</u> | <u>31 March</u> |
|---|-----------------|-----------------|
|   | <u>2026</u>     | <u>2025</u>     |
| Remuneration and compulsory fees to BODs and committees | <b>325</b>      | 225             |
| Board of directors' and committees meeting fees         | <b>340</b>      | 165             |
| Key management personnel compensation and benefits      | <b>2,133</b>    | 1,930           |
| End of service indemnities                              | <b>132</b>      | 129             |

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

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#### FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026

##### 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 unallocated expense, term deposits, or other assets and liabilities. Accordingly, they are included in unallocated assets and liabilities.

##### Gross written premium

| Operating segment | For the three-months period ended 31 March 2026 |                        |                   |                    |                | Total          |
|-------------------|---|------------------------|-------------------|--------------------|----------------|----------------|
|                   | Individuals                                     | Very small enterprises | Small enterprises | Medium enterprises | Corporates     |                |
| Medical           | 5,563   | 37,505                 | 17,064            | 26,029             | 101,158        | 187,319        |
| Motor             | 31,164  | 251                    | 5,468             | 5,323              | 1,812          | 44,018         |
| Property          | 3   | -                      | 284               | 1,767              | 13,476         | 15,530         |
| Engineering       | -   | -                      | 56                | 1,294              | 2,088          | 3,438          |
| Marine            | -   | -                      | 105               | 40                 | 1,051          | 1,196          |
| Others            | 4,966   | 12                     | 334               | 1,557              | 2,524          | 9,393          |
| <b>Total</b>      | <b>41,696</b>                                   | <b>37,768</b>          | <b>23,311</b>     | <b>36,010</b>      | <b>122,109</b> | <b>260,894</b> |

| Operating segment | For the three-months period ended 31 March 2025 |                        |                   |                    |                | Total          |
|-------------------|---|------------------------|-------------------|--------------------|----------------|----------------|
|                   | Individuals                                     | Very small enterprises | Small enterprises | Medium enterprises | Corporates     |                |
| Medical           | 8,333   | 27,288                 | 11,678            | 14,553             | 113,017        | 174,869        |
| Motor             | 240,123   | 524                    | 7,940             | 2,235              | 1,121          | 251,943        |
| Property          | 2   | 2                      | 16                | 4,626              | 3,802          | 8,448          |
| Engineering       | -   | 20                     | 602               | 1,273              | 2,451          | 4,346          |
| Marine            | -   | -                      | 120               | 96                 | 55             | 271            |
| Others            | 26,507  | 73                     | 546               | 2,205              | 2,201          | 31,532         |
| <b>Total</b>      | <b>274,965</b>                                  | <b>27,907</b>          | <b>20,902</b>     | <b>24,988</b>      | <b>122,647</b> | <b>471,409</b> |

##### Reinsurance premium ceded

| Operating segment | For the three-months period ended 31 March |               |               |              |               |               |
|-------------------|--|---------------|---------------|--------------|---------------|---------------|
|                   | 2026                                       |               |               | 2025         |               |               |
|                   | Local                                      | International | Total         | Local        | International | Total         |
| Medical           | 108  | 109           | 217           | 121          | 121           | 242           |
| Motor             | 1,482                                      | 295           | 1,777         | 317          | 1,216         | 1,533         |
| Property          | 1,666                                      | 12,190        | 13,856        | 1,443        | 6,013         | 7,456         |
| Engineering       | 754  | 2,221         | 2,975         | 615          | 3,611         | 4,226         |
| Marine            | 260  | 746           | 1,006         | 79           | 301           | 380           |
| Others            | 389  | 2,305         | 2,694         | 4,681        | 3,329         | 8,010         |
| <b>Total</b>      | <b>4,659</b>                               | <b>17,866</b> | <b>22,525</b> | <b>7,256</b> | <b>14,591</b> | <b>21,847</b> |

**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-MONTHS PERIOD ENDED 31 MARCH 2026****17 SEGMENT INFORMATION (continued)**

|                                     | 31 March 2026    |         |          |             |        |         |                  |
|-------------------------------------|------------------|---------|----------|-------------|--------|---------|------------------|
| Operating segment                   | Medical          | Motor   | Property | Engineering | Marine | Others  | Total            |
| <b>Assets</b>                       |                  |         |          |             |        |         |                  |
| Reinsurance contract assets         | 8,954            | 14,293  | 28,268   | 33,521      | 1,094  | 42,120  | 128,250          |
| Insurance contract assets           | -                | -       | -        | -           | 7,204  | -       | 7,204            |
| Unallocated assets                  |                  |         |          |             |        |         | 981,745          |
| <b>Total assets</b>                 |                  |         |          |             |        |         | <b>1,117,199</b> |
| <b>Liabilities</b>                  |                  |         |          |             |        |         |                  |
| Insurance contract liabilities      | 250,044          | 97,131  | 60,349   | 25,993      | -      | 111,256 | 544,774          |
| Unallocated liabilities and equity  |                  |         |          |             |        |         | 572,426          |
| <b>Total liabilities and equity</b> |                  |         |          |             |        |         | <b>1,117,199</b> |
|                                     | 31 December 2025 |         |          |             |        |         |                  |
| Operating segment                   | Medical          | Motor   | Property | Engineering | Marine | Others  | Total            |
| <b>Assets</b>                       |                  |         |          |             |        |         |                  |
| Reinsurance contract assets         | 5,651            | 19,169  | 38,991   | 35,136      | -      | 41,580  | 140,527          |
| Insurance contract assets           | -                | -       | -        | -           | 7,320  | -       | 7,320            |
| Unallocated assets                  |                  |         |          |             |        |         | 1,074,574        |
| <b>Total assets</b>                 |                  |         |          |             |        |         | <b>1,222,421</b> |
| <b>Liabilities</b>                  |                  |         |          |             |        |         |                  |
| Insurance contract liabilities      | 245,857          | 194,893 | 57,785   | 42,969      | -      | 117,747 | 659,250          |
| Reinsurance contract liabilities    | -                | -       | -        | -           | 3,035  | -       | 3,035            |
| Unallocated liabilities and equity  |                  |         |          |             |        |         | 560,136          |
| <b>Total liabilities and equity</b> |                  |         |          |             |        |         | <b>1,222,421</b> |

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**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026****17 SEGMENT INFORMATION (continued)**

|   | For the three-months period ended 31 March 2026 |                 |                |                |              |                |                 |
|---|---|-----------------|----------------|----------------|--------------|----------------|-----------------|
| Operating segment   | Medical   | Motor           | Property       | Engineering    | Marine       | Others         | Total           |
| Insurance service revenue   | 136,741   | 125,846         | 8,550          | 3,874          | 597          | 21,913         | 297,521         |
| Insurance service expenses  | (114,465)                                       | (145,186)       | 1,757          | 2,277          | (359)        | (21,239)       | (277,216)       |
| <b>Insurance service result before reinsurance contracts held</b> | <b>22,276</b>                                   | <b>(19,340)</b> | <b>10,307</b>  | <b>6,151</b>   | <b>238</b>   | <b>674</b>     | <b>20,305</b>   |
| Allocation of reinsurance premiums                                | (217)   | (1,777)         | (6,022)        | (2,724)        | (441)        | (1,694)        | (12,875)        |
| Amounts recoverable from reinsurance                              | (329)   | (1,185)         | (3,516)        | (2,865)        | 4,638        | 497            | (2,760)         |
| <b>Net (expenses) / revenues from reinsurance contracts held</b>  | <b>(546)</b>                                    | <b>(2,962)</b>  | <b>(9,538)</b> | <b>(5,589)</b> | <b>4,197</b> | <b>(1,197)</b> | <b>(15,635)</b> |
| <b>Insurance service result</b>                                   | <b>21,730</b>                                   | <b>(22,302)</b> | <b>769</b>     | <b>562</b>     | <b>4,435</b> | <b>(523)</b>   | <b>4,670</b>    |
| Finance expenses from insurance contracts issued                  | (1,072)   | (177)           | (574)          | (274)          | 32           | (175)          | (2,240)         |
| Finance income from reinsurance contracts held                    | -   | -               | 530            | 246            | (37)         | 247            | 986             |
| <b>Net insurance finance (expenses) / income</b>                  | <b>(1,072)</b>                                  | <b>(177)</b>    | <b>(44)</b>    | <b>(28)</b>    | <b>(5)</b>   | <b>72</b>      | <b>(1,254)</b>  |
| <b>Net insurance result</b>                                       | <b>20,658</b>                                   | <b>(22,479)</b> | <b>725</b>     | <b>534</b>     | <b>4,430</b> | <b>(451)</b>   | <b>3,416</b>    |
| Unallocated income  |   |                 |                |                |              |                | 11,215          |
| Unallocated expenses  |   |                 |                |                |              |                | (7,028)         |
| <b>Net income before zakat</b>                                    |   |                 |                |                |              |                | <b>7,603</b>    |

**MALATH COOPERATIVE INSURANCE COMPANY**

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**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026****17 SEGMENT INFORMATION (continued)**

For the three-months period ended 31 March 2025

| Operating segment  | Medical   | Motor     | Property | Engineering | Marine  | Others   | Total         |
|--|-----------|-----------|----------|-------------|---------|----------|---------------|
| Insurance service revenue                                  | 153,467   | 158,992   | 6,028    | 3,902       | 1,640   | 16,099   | 340,128       |
| Insurance service expenses                                 | (138,458) | (172,313) | (36,984) | (4,414)     | 274     | (12,950) | (364,844)     |
| Insurance service result before reinsurance contracts held | 15,009    | (13,321)  | (30,956) | (512)       | 1,914   | 3,149    | (24,716)      |
| Allocation of reinsurance premiums                         | (242)     | (1,533)   | (4,280)  | (3,034)     | (1,077) | (3,223)  | (13,389)      |
| Amounts recoverable from reinsurance                       | (331)     | (187)     | 25,387   | 2,803       | (649)   | 500      | 27,523        |
| Net (expenses) / revenues from reinsurance contracts held  | (573)     | (1,720)   | 21,107   | (231)       | (1,726) | (2,723)  | 14,134        |
| <b>Insurance service result</b>                            | 14,436    | (15,041)  | (9,849)  | (743)       | 188     | 427      | (10,582)      |
| Finance expenses from insurance contracts issued           | (1,721)   | (1,102)   | (640)    | (97)        | (266)   | (2,363)  | (6,189)       |
| Finance income from reinsurance contracts held             | -         | -         | 548      | 74          | 231     | 1,759    | 2,612         |
| <b>Net insurance finance expenses</b>                      | (1,721)   | (1,102)   | (92)     | (23)        | (35)    | (604)    | (3,577)       |
| <b>Net insurance result</b>                                | 12,715    | (16,143)  | (9,941)  | (766)       | 153     | (178)    | (14,159)      |
| Unallocated income   |           |           |          |             |         |          | 31,372        |
| Unallocated expenses                                       |           |           |          |             |         |          | (6,332)       |
| <b>Net income before zakat</b>                             |           |           |          |             |         |          | <u>10,881</u> |

## MALATH COOPERATIVE INSURANCE COMPANY

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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#### FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026

#### 18 STATUTORY DEPOSIT

In compliance with Article 58 of the Implementing Regulations issued by the Insurance Authority (IA), formerly Saudi Central Bank (SAMA), the Company has deposited 15% (31 March 2026) of its share capital, amounting to SR 75 million (31 December 2025: 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 5% (31 December 2025: 5% ) per annum.

#### 19 EXPENSE ANALYSIS

Following is the breakdown of expenses by category:

|  | 31 March 2026                     |  |                                   |                                 |               |
|--|-----------------------------------|--|-----------------------------------|---------------------------------|---------------|
|  | Insurance<br>acquisition<br>costs | Attributable<br>non-<br>acquisition<br>costs | Total<br>attributable<br>expenses | Non<br>attributable<br>expenses | Total         |
| <b>Expenses pertaining to insurance operations</b>     |                                   |  |                                   |                                 |               |
| Commissions incurred                                   | 24,569                            | -  | 24,569                            | -                               | 24,569        |
| Claims handling and other expenses                     | -                                 | 5,914  | 5,914                             | -                               | 5,914         |
| Other underwriting expenses                            | 6,350                             | -  | 6,350                             | -                               | 6,350         |
| <b>Total expenses</b>                                  | <b>30,919</b>                     | <b>5,914</b>                                 | <b>36,833</b>                     | <b>-</b>                        | <b>36,833</b> |
| Salaries and staff related costs                       | 11,068                            | 11,424                                       | 22,492                            | 4,726                           | 27,218        |
| Depreciation and amortization                          | 99                                | 160  | 259                               | -                               | 259           |
| Communication and technology                           | 660                               | 1,949  | 2,609                             | 139                             | 2,748         |
| Legal and professional fees                            | 616                               | 601  | 1,217                             | 856                             | 2,073         |
| Regulatory fees  | 5,120                             | -  | 5,120                             | -                               | 5,120         |
| Rents  | 938                               | 438  | 1,376                             | -                               | 1,376         |
| Advertisement and marketing expenses                   | 1,751                             | -  | 1,751                             | -                               | 1,751         |
| Other expenses   | 761                               | 767  | 1,528                             | 941                             | 2,469         |
| <b>Total expenses</b>                                  | <b>21,013</b>                     | <b>15,339</b>                                | <b>36,352</b>                     | <b>6,662</b>                    | <b>43,014</b> |
| <b>Expenses pertaining to shareholders' operations</b> |                                   |  |                                   |                                 |               |
| Director's Remunerations                               | -                                 | -  | -                                 | 325                             | 325           |
| Others   | -                                 | -  | -                                 | 41                              | 41            |
| <b>Total</b>   | <b>-</b>                          | <b>-</b>                                     | <b>-</b>                          | <b>366</b>                      | <b>366</b>    |
| <b>Total expenses</b>                                  | <b>51,932</b>                     | <b>21,253</b>                                | <b>73,185</b>                     | <b>7,028</b>                    | <b>80,213</b> |

**MALATH COOPERATIVE INSURANCE COMPANY**  
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(All amounts are in thousands Saudi Riyal unless otherwise stated)

**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026**

**19 EXPENSE ANALYSIS (continued)**

Following is the breakdown of expenses by category:

|   | 31 March 2025                     |  |                                   |                                 |               |
|---|-----------------------------------|--|-----------------------------------|---------------------------------|---------------|
|   | Insurance<br>acquisition<br>costs | Attributable<br>non-<br>acquisition<br>costs | Total<br>attributable<br>expenses | Non<br>attributable<br>expenses | Total         |
| Expenses pertaining to insurance operations               |                                   |  |                                   |                                 |               |
| Commissions incurred on premium written during the period | 27,050                            | -  | 27,050                            | -                               | 27,050        |
| Claims handling and other expenses                        | -                                 | 4,346  | 4,346                             | -                               | 4,346         |
| Other underwriting expenses                               | 7,690                             | -  | 7,690                             | -                               | 7,690         |
| <b>Total expenses</b>                                     | <b>34,740</b>                     | <b>4,346</b>                                 | <b>39,086</b>                     | <b>-</b>                        | <b>39,086</b> |
| Salaries and staff related costs                          | 9,492                             | 10,693                                       | 20,185                            | 4,200                           | 24,385        |
| Depreciation and amortization                             | 126                               | 293  | 419                               | 1                               | 420           |
| Communication and technology                              | 555                               | 2,055  | 2,610                             | 497                             | 3,107         |
| Legal and professional fees                               | 1,610                             | 335  | 1,945                             | 595                             | 2,540         |
| Regulatory fees   | 3,330                             | -  | 3,330                             | -                               | 3,330         |
| Rents   | 801                               | 448  | 1,249                             | 41                              | 1,290         |
| Advertisement and marketing expenses                      | 2,222                             | -  | 2,222                             | -                               | 2,222         |
| Other expenses  | 907                               | 729  | 1,636                             | 675                             | 2,311         |
| <b>Total expenses</b>                                     | <b>19,043</b>                     | <b>14,553</b>                                | <b>33,596</b>                     | <b>6,009</b>                    | <b>39,605</b> |
| Expenses pertaining to shareholders' operations           |                                   |  |                                   |                                 |               |
| Director's Remunerations                                  | -                                 | -  | -                                 | 225                             | 225           |
| Others  | -                                 | -  | -                                 | 98                              | 98            |
| <b>Total</b>  | <b>-</b>                          | <b>-</b>                                     | <b>-</b>                          | <b>323</b>                      | <b>323</b>    |
| <b>Total expenses</b>                                     | <b>53,783</b>                     | <b>18,899</b>                                | <b>72,682</b>                     | <b>6,332</b>                    | <b>79,014</b> |

The breakdown of remuneration for the statutory audit, quarterly reviews, zakat, VAT, and other services of the Company's interim condensed financial statements is presented below:

|  | <b>31 March</b> |      |
|--|-----------------|------|
|  | <b>2026</b>     | 2025 |
| Quarterly review for first quarter – Al Kharashi & Co Certified Accountants and Auditors | <b>57</b>       | 85   |
| Quarterly review for first quarter – PKF Al Bassam Chartered Accountants                 | <b>88</b>       | 80   |
| Zakat & VAT services   | <b>24</b>       | 35   |
|  | <b>169</b>      | 200  |

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**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026****20 SUPPLEMENTARY INFORMATION****20.1 Interim condensed statement of financial position**

|                                     | Insurance operations |             | Shareholders' operations |             | Total            |             |
|-------------------------------------|----------------------|-------------|--------------------------|-------------|------------------|-------------|
|                                     | 31 March             | 31 December | 31 March                 | 31 December | 31 March         | 31 December |
|                                     | 2026                 | 2025        | 2026                     | 2025        | 2026             | 2025        |
| <b>ASSETS</b>                       |                      |             |                          |             |                  |             |
| Cash and cash equivalents           | <b>130,706</b>       | 182,075     | <b>27,150</b>            | 12,129      | <b>157,856</b>   | 194,204     |
| Term deposits                       | <b>214,857</b>       | 250,973     | <b>87,428</b>            | 112,116     | <b>302,285</b>   | 363,089     |
| Reinsurance contract assets         | <b>128,250</b>       | 140,527     | -                        | -           | <b>128,250</b>   | 140,527     |
| Insurance contract assets           | <b>7,204</b>         | 7,320       | -                        | -           | <b>7,204</b>     | 7,320       |
| Investments                         | <b>80,305</b>        | 79,477      | <b>184,427</b>           | 177,923     | <b>264,732</b>   | 257,400     |
| Investment property                 | -                    | -           | <b>66,067</b>            | 64,018      | <b>66,067</b>    | 64,018      |
| Prepayments and other assets        | <b>109,973</b>       | 115,981     | <b>1,745</b>             | 1,782       | <b>111,718</b>   | 117,763     |
| Property and equipment              | <b>2,354</b>         | 2,189       | -                        | -           | <b>2,354</b>     | 2,189       |
| Right-of-use assets                 | <b>112</b>           | 227         | -                        | -           | <b>112</b>       | 227         |
| Accrued income on statutory deposit | -                    | -           | <b>1,625</b>             | 688         | <b>1,625</b>     | 688         |
| Statutory deposit                   | -                    | -           | <b>74,996</b>            | 74,996      | <b>74,996</b>    | 74,996      |
|                                     | <b>673,761</b>       | 778,769     | <b>443,438</b>           | 443,652     | <b>1,117,199</b> | 1,222,421   |
| Due from insurance operations       | -                    | -           | <b>80,802</b>            | 72,355      | <b>80,802</b>    | 72,355      |
| <b>TOTAL ASSETS</b>                 | <b>673,761</b>       | 778,769     | <b>524,240</b>           | 516,007     | <b>1,198,001</b> | 1,294,776   |

**MALATH COOPERATIVE INSURANCE COMPANY**  
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(All amounts are in thousands Saudi Riyal unless otherwise stated)

**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026**

**20 SUPPLEMENTARY INFORMATION (continued)**

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

|   | Insurance operations |                 | Shareholders' operations |                | Total            |                  |
|---|----------------------|-----------------|--------------------------|----------------|------------------|------------------|
|   | 31 March             | 31 December     | 31 March                 | 31 December    | 31 March         | 31 December      |
|   | 2026                 | 2025            | 2026                     | 2025           | 2026             | 2025             |
| <b>LIABILITIES</b>                              |                      |                 |                          |                |                  |                  |
| Accrued expenses and other liabilities          | 36,494               | 32,864          | 7,511                    | 7,188          | 44,005           | 40,052           |
| Insurance contract liabilities                  | 544,774              | 659,250         | -                        | -              | 544,774          | 659,250          |
| Reinsurance contract liabilities                | -                    | 3,035           | -                        | -              | -                | 3,035            |
| Provision for zakat                             | -                    | -               | 26,787                   | 24,662         | 26,787           | 24,662           |
| Lease liabilities                               | -                    | 231             | -                        | -              | -                | 231              |
| Employees' end-of-service benefits              | 32,829               | 32,172          | -                        | -              | 32,829           | 32,172           |
| Accrued income payable to Insurance Authority   | -                    | -               | 1,625                    | 688            | 1,625            | 688              |
|   | <b>614,097</b>       | <b>727,552</b>  | <b>35,923</b>            | <b>32,538</b>  | <b>650,020</b>   | <b>760,090</b>   |
| Due to shareholders' operations                 | 80,802               | 72,355          | -                        | -              | 80,802           | 72,355           |
| <b>TOTAL LIABILITIES</b>                        | <b>694,899</b>       | <b>799,907</b>  | <b>35,923</b>            | <b>32,538</b>  | <b>730,822</b>   | <b>832,445</b>   |
| <b>EQUITY</b>                                   |                      |                 |                          |                |                  |                  |
| Share capital                                   | -                    | -               | 500,000                  | 500,000        | 500,000          | 500,000          |
| Statutory reserve                               | -                    | -               | 2,131                    | 2,131          | 2,131            | 2,131            |
| Accumulated losses                              | -                    | -               | (80,832)                 | (86,359)       | (80,832)         | (86,359)         |
| Investments fair value reserve                  | -                    | -               | 67,018                   | 67,697         | 67,018           | 67,697           |
| Re-measurement reserve on defined benefit plans | (21,138)             | (21,138)        | -                        | -              | (21,138)         | (21,138)         |
| <b>TOTAL EQUITY</b>                             | <b>(21,138)</b>      | <b>(21,138)</b> | <b>488,317</b>           | <b>483,469</b> | <b>467,179</b>   | <b>462,331</b>   |
| <b>TOTAL LIABILITIES AND EQUITY</b>             | <b>673,761</b>       | <b>778,769</b>  | <b>524,240</b>           | <b>516,007</b> | <b>1,198,001</b> | <b>1,294,776</b> |

**MALATH COOPERATIVE INSURANCE COMPANY**

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**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026****20 SUPPLEMENTARY INFORMATION (continued)****20.2 Interim condensed statement of income**

|   | For the three-months period ended 31 March |                 |                          |              |                 |                 |
|---|--|-----------------|--------------------------|--------------|-----------------|-----------------|
|   | Insurance operations                       |                 | Shareholders' operations |              | Total           |                 |
|   | 2026                                       | 2025            | 2026                     | 2025         | 2026            | 2025            |
| Insurance service revenue   | 297,521                                    | 340,128         | -                        | -            | 297,521         | 340,128         |
| Insurance service expenses  | (277,216)                                  | (364,844)       | -                        | -            | (277,216)       | (364,844)       |
| <b>Insurance service result before reinsurance contracts held</b> | <b>20,305</b>                              | <b>(24,716)</b> | <b>-</b>                 | <b>-</b>     | <b>20,305</b>   | <b>(24,716)</b> |
| Allocation of reinsurance premiums                                | (12,875)                                   | (13,389)        | -                        | -            | (12,875)        | (13,389)        |
| Amounts recoverable from reinsurance                              | (2,760)                                    | 27,523          | -                        | -            | (2,760)         | 27,523          |
| <b>Net (expenses) / revenues from reinsurance contracts held</b>  | <b>(15,635)</b>                            | <b>14,134</b>   | <b>-</b>                 | <b>-</b>     | <b>(15,635)</b> | <b>14,134</b>   |
| <b>Insurance service result</b>                                   | <b>4,670</b>                               | <b>(10,582)</b> | <b>-</b>                 | <b>-</b>     | <b>4,670</b>    | <b>(10,582)</b> |
| Investment income on financial assets at amortised cost           | 3,734                                      | 5,866           | 994                      | 1,977        | 4,728           | 7,843           |
| Investment income on financial assets at FVTPL                    | 2,448                                      | 3,853           | 1,990                    | 331          | 4,438           | 4,184           |
| Fair value gain on investment property                            | -  | -               | 2,049                    | -            | 2,049           | -               |
| <b>Net investment income</b>                                      | <b>6,182</b>                               | <b>9,719</b>    | <b>5,033</b>             | <b>2,308</b> | <b>11,215</b>   | <b>12,027</b>   |
| Finance expenses from insurance contracts issued                  | (2,240)                                    | (6,189)         | -                        | -            | (2,240)         | (6,189)         |
| Finance income from reinsurance contracts held                    | 986  | 2,612           | -                        | -            | 986             | 2,612           |
| <b>Net insurance finance expenses</b>                             | <b>(1,254)</b>                             | <b>(3,577)</b>  | <b>-</b>                 | <b>-</b>     | <b>(1,254)</b>  | <b>(3,577)</b>  |
| <b>Net insurance and investment result</b>                        | <b>9,598</b>                               | <b>(4,440)</b>  | <b>5,033</b>             | <b>2,308</b> | <b>14,631</b>   | <b>(2,132)</b>  |
| Other operating expenses  | (6,662)                                    | (6,009)         | (366)                    | (323)        | (7,028)         | (6,332)         |
| Other income  | -  | 19,345          | -                        | -            | -               | 19,345          |
| <b>Net income for the period before Zakat</b>                     | <b>2,936</b>                               | <b>8,896</b>    | <b>4,667</b>             | <b>1,985</b> | <b>7,603</b>    | <b>10,881</b>   |
| Zakat expense for the period                                      | -  | -               | (2,125)                  | (1,000)      | (2,125)         | (1,000)         |
| <b>Net income for the period attributable to shareholders</b>     | <b>2,936</b>                               | <b>8,896</b>    | <b>2,542</b>             | <b>985</b>   | <b>5,478</b>    | <b>9,881</b>    |

**MALATH COOPERATIVE INSURANCE COMPANY**

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**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026****20 SUPPLEMENTARY INFORMATION (continued)****20.3 Interim condensed statement of comprehensive income**

|  | For the three-months period ended 31 March |          |                          |              |              |              |
|--|--|----------|--------------------------|--------------|--------------|--------------|
|  | Insurance operations                       |          | Shareholders' operations |              | Total        |              |
|  | 2026                                       | 2025     | 2026                     | 2025         | 2026         | 2025         |
| Net income for the period  | -  | -        | 5,478                    | 9,881        | 5,478        | 9,881        |
| Other comprehensive income:  |  |          |                          |              |              |              |
| <i><u>Items that will not be recycled to interim condensed statements of income in subsequent periods:</u></i> |  |          |                          |              |              |              |
| Change in fair value of financial investments at FVTOCI  | -  | -        | (679)                    | 65           | (679)        | 65           |
| <b>Total comprehensive income for the period</b>   | <b>-</b>                                   | <b>-</b> | <b>4,799</b>             | <b>9,946</b> | <b>4,799</b> | <b>9,946</b> |
| Total comprehensive income attributable to insurance operations  | -  | -        | -                        | -            | -            | -            |
| <b>Total comprehensive income</b>  | <b>-</b>                                   | <b>-</b> | <b>4,799</b>             | <b>9,946</b> | <b>4,799</b> | <b>9,946</b> |

**MALATH COOPERATIVE INSURANCE COMPANY**

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**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026****20 SUPPLEMENTARY INFORMATION (continued)****20.4 Interim condensed statement of cash flows**

|   | For the three-months period ended 31 March |          |                          |        |                 |          |
|---|--|----------|--------------------------|--------|-----------------|----------|
|   | Insurance operations                       |          | Shareholders' operations |        | Total           |          |
|   | 2026                                       | 2025     | 2026                     | 2025   | 2026            | 2025     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |  |          |                          |        |                 |          |
| Net income for the period before zakat                      | -  | -        | 7,603                    | 10,881 | 7,603           | 10,881   |
| <b>Adjustments for:</b>                                     |  |          |                          |        |                 |          |
| Depreciation of property and equipment & right of use Asset | 371  | 536      | -                        | -      | 371             | 536      |
| Fair value gain on investment properties                    | -  | -        | (2,049)                  | -      | (2,049)         | -        |
| Investment income on financial assets                       | (751)                                      | (3,852)  | (8,244)                  | (177)  | (8,995)         | (4,029)  |
| Finance expenses from insurance contracts issued            | 2,240                                      | 6,189    | -                        | -      | 2,240           | 6,189    |
| Finance income from reinsurance contracts held              | (986)                                      | (2,612)  | -                        | -      | (986)           | (2,612)  |
| Finance cost on lease liabilities                           | 4  | -        | -                        | -      | 4               | -        |
| Provision for employees' end-of-service benefits            | 1,110                                      | 522      | -                        | -      | 1,110           | 522      |
| <b>Changes in operating assets and liabilities:</b>         |  |          |                          |        |                 |          |
| Reinsurance contract assets                                 | 13,263                                     | (15,411) | -                        | -      | 13,263          | (15,411) |
| Insurance contract assets                                   | 116  | -        | -                        | -      | 116             | -        |
| Prepayments and other assets                                | 6,008                                      | (9,675)  | 37                       | (246)  | 6,045           | (9,920)  |
| Accrued expenses and other liabilities                      | 3,630                                      | (3,641)  | 323                      | -      | 3,953           | (3,641)  |
| Insurance contract liabilities                              | (116,716)                                  | 155,297  | -                        | -      | (116,716)       | 155,297  |
| Reinsurance contract liabilities                            | (3,035)                                    | 3,960    | -                        | -      | (3,035)         | 3,960    |
| <b>Cash (used in) /generated from operations</b>            | <b>(94,745)</b>                            | 131,313  | <b>(2,330)</b>           | 10,458 | <b>(97,075)</b> | 141,771  |

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**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026****20 SUPPLEMENTARY INFORMATION (continued)****20.4 Statement of cash flows (continued)**

|   | For the three-months period ended 31 March |           |                          |          |                 |           |
|---|--|-----------|--------------------------|----------|-----------------|-----------|
|   | Insurance operations                       |           | Shareholders' operations |          | Total           |           |
|   | 2026                                       | 2025      | 2026                     | 2025     | 2026            | 2025      |
| Due to shareholders / (from insurance operations)               | <b>8,447</b>                               | (16,002)  | <b>(8,447)</b>           | 16,002   | -               | -         |
| Employees' end-of-service benefits paid                         | <b>(453)</b>                               | (415)     | -                        | -        | <b>(453)</b>    | (415)     |
| <b>Net cash (used in) / generated from operating activities</b> | <b>(86,751)</b>                            | 114,896   | <b>(10,777)</b>          | 26,460   | <b>(97,528)</b> | 141,356   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |  |           |                          |          |                 |           |
| Proceeds from matured / (net placement to) term deposits        | <b>36,116</b>                              | (56,112)  | <b>24,688</b>            | (26,381) | <b>60,804</b>   | (82,492)  |
| Additions to investments  | <b>(65,822)</b>                            | (60,568)  | <b>(5,629)</b>           | -        | <b>(71,451)</b> | (60,568)  |
| Proceeds from investments disposals                             | <b>65,751</b>                              | -         | <b>6,739</b>             | 201      | <b>72,490</b>   | 201       |
| Additions to property and equipment                             | <b>(422)</b>                               | (31)      | -                        | -        | <b>(422)</b>    | (31)      |
| <b>Net cash generated from / (used in) investing activities</b> | <b>35,623</b>                              | (116,711) | <b>25,798</b>            | (26,179) | <b>61,421</b>   | (142,890) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |  |           |                          |          |                 |           |
| Lease liabilities paid  | <b>(241)</b>                               | (224)     | -                        | -        | <b>(241)</b>    | (224)     |
| <b>Net cash used in financing activities</b>                    | <b>(241)</b>                               | (224)     | -                        | -        | <b>(241)</b>    | (224)     |
| <b>Net change in cash and cash equivalents</b>                  | <b>(51,369)</b>                            | (2,039)   | <b>15,021</b>            | 281      | <b>(36,348)</b> | (1,758)   |
| Cash and cash equivalents at the beginning of the period        | <b>182,075</b>                             | 161,253   | <b>12,129</b>            | 11,722   | <b>194,204</b>  | 172,975   |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>130,706</b>                             | 159,214   | <b>27,150</b>            | 12,003   | <b>157,856</b>  | 171,217   |
| <b>Supplemental non-cash information:</b>                       |  |           |                          |          |                 |           |
| Change in fair value of financial investments at FVTOCI         | -  | -         | <b>(679)</b>             | 65       | <b>(679)</b>    | 65        |

## **MALATH COOPERATIVE INSURANCE COMPANY**

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

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#### **FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2026**

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

This represents the Company's share of surplus 4.99% (2025: 4.99%) 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.

##### **22 SUBSEQUENT EVENTS**

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

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

The interim condensed financial statements were approved by the Board of Directors on 18 Dhul Qidah 1447 H corresponding to 5 May 2026.