

AL SAGR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(UNAUDITED)
WITH INDEPENDENT AUDITORS' REVIEW REPORT

AL SAGR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026

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INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL INFORMATION

**TO THE SHAREHOLDERS OF AL SAGR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Al Sagr Cooperative Insurance Company (the "Company") as of March 31, 2026 and the related interim condensed statements of income and comprehensive income, and the interim condensed statements of changes in equity and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial information 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 this interim condensed financial information based on our review.

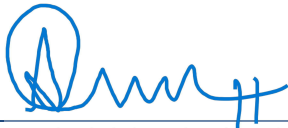
SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 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 information 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 information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PKF Al-Bassam
Chartered Accountants



Ahmed Abdul Majeed Mohandis
Certified Public Accountant
License No. 477
Khobar, Kingdom of Saudi Arabia

Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri
Certified Public Accountant
License No. 362
Riyadh, Kingdom of Saudi Arabia




Dhul-Qi'dah 20, 1447 (H)
May 7, 2026 (G)





AL SAGR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
(All amounts expressed in Saudi Riyals (ﷲ) unless otherwise stated)

	Note	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
ASSETS			
Cash and cash equivalents	5	170,608,923	171,030,408
Term deposits	6	215,296,595	215,505,643
<i>Investments:</i>			
Financial assets at fair value through profit or loss ("FVTPL")	7	37,416,544	37,416,544
Financial assets at fair value through other comprehensive income ("FVOCI")	7	114,014,595	113,955,624
Prepaid expenses and other assets		14,706,391	16,489,303
Insurance contract assets	10	12,859,848	11,342,015
Reinsurance contract assets	10	10,938,728	13,952,820
Right-of-use assets		2,593,111	3,011,045
Property and equipment		5,346,186	5,587,109
Intangible assets		7,102,015	7,796,011
Accrued income on statutory deposit	9	604,332	236,833
Goodwill	8	25,513,750	25,513,750
Statutory deposit	9	30,000,000	30,000,000
TOTAL ASSETS		647,001,018	651,837,105
LIABILITIES			
Accrued and other liabilities		12,111,243	16,817,139
Insurance contract liabilities	10	247,689,722	248,723,681
Reinsurance contract liabilities	10	20,399,299	19,398,052
Employee benefit obligations		10,419,704	10,465,333
Lease liabilities		2,667,277	3,343,513
Zakat payable	17	9,538,026	10,346,296
Accrued income payable to Insurance Authority	9	604,332	236,833
Dividends payable		362,849	362,849
Total liabilities		303,792,452	309,693,696
EQUITY			
Share capital	11	300,000,000	300,000,000
Accumulated losses		(40,470,810)	(41,476,996)
Statutory reserve	18	8,982,272	8,982,272
Fair value reserve		71,002,443	70,943,472
Remeasurement reserve of employee benefit obligations		3,694,661	3,694,661
Total equity		343,208,566	342,143,409
TOTAL LIABILITIES AND EQUITY		647,001,018	651,837,105

The accompanying notes from 1 to 27 form an integral part of this interim condensed financial information.


Majid Ahmed Al Suwaigh
Chairman of the Board of
Directors



Dalal Abdullah Burhan
Chief Executive Officer


Masood Ahmad Bhatti
Chief Financial Officer


AL SAGR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME
(All amounts expressed in Saudi Riyals (ﷲ) unless otherwise stated)

	Note	For the three-month period ended March 31,	
		2026 (Unaudited)	2025 (Unaudited)
Insurance revenue	12	146,130,776	150,712,841
Insurance service expenses	12	(136,783,745)	(157,590,681)
Net expenses from reinsurance contracts held	12	(9,137,851)	(11,221,984)
Insurance service result from Company's directly written business		209,180	(18,099,824)
Share of surplus from insurance pools	15	-	117,580
Total insurance service result		209,180	(17,982,244)
Commission income from financial assets not measured at FVTPL		5,942,939	7,299,503
Net gains / (losses) on financial assets measured at FVTPL		565,833	(1,811,085)
Net investment income		6,508,772	5,488,418
Finance income from insurance contracts issued	13	21,869	121,828
Finance income / (expense) from reinsurance contracts held	13	639	(12,265)
Net insurance finance income		22,508	109,563
Net insurance and investment result		6,740,460	(12,384,263)
Other operating expenses	14	(4,715,567)	(4,517,578)
Finance costs on lease liabilities		(18,707)	(20,889)
Net profit / (loss) for the period before zakat		2,006,186	(16,922,730)
Zakat expense	17	(1,000,000)	(1,000,000)
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS		1,006,186	(17,922,730)
Earnings / (loss) per share (expressed in ﷲ per share)			
Basic earnings / (loss) per share	19	0.03	(0.6)
Diluted earnings / (loss) per share	19	0.03	(0.6)

The accompanying notes from 1 to 27 form an integral part of this interim condensed financial information.


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Chairman of the Board of
Directors



Dalal Abdullah Burhan
Chief Executive Officer


Masood Ahmad Bhatti
Chief Financial Officer

AL SAGR COOPERATIVE INSURANCE COMPANY
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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(All amounts expressed in Saudi Riyals (ﷲ) unless otherwise stated)

	For the three-month period ended March 31,	
	2026	2025
Note	(Unaudited)	(Unaudited)
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	1,006,186	(17,922,730)
Other comprehensive income		
Items that will not be reclassified to the statement of income in subsequent periods		
Net changes in fair value of investments measured at FVOCI – Equity Instrument	7 -	2,503,522
Items that will be reclassified to the statement of income in subsequent periods		
Net changes in fair value of investments measured at FVOCI – Debt Instrument	7 58,971	147,926
Total other comprehensive income	58,971	2,651,448
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	1,065,157	(15,271,282)


The accompanying notes from 1 to 27 form an integral part of this interim condensed financial information.



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AL SAGR COOPERATIVE INSURANCE COMPANY
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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
(All amounts expressed in Saudi Riyals (ﷲ) unless otherwise stated)

	Share capital	(Accumulated losses) / retained earnings	Statutory reserve	Fair value reserve	Remeasurement reserve of employee benefit obligations	Total
Balance at January 1, 2026 (Audited)	300,000,000	(41,476,996)	8,982,272	70,943,472	3,694,661	342,143,409
Total comprehensive income for the period						
Net profit for the period attributable to the shareholder	-	1,006,186	-	-	-	1,006,186
Other comprehensive income	-	-	-	58,971	-	58,971
Total comprehensive income for the period attributable to the shareholders	-	1,006,186	-	58,971	-	1,065,157
Balance at March 31, 2026 (Unaudited)	300,000,000	(40,470,810)	8,982,272	71,002,443	3,694,661	343,208,566
Balance at January 1, 2025 (Audited)	300,000,000	28,840,334	8,982,272	58,608,118	4,479,241	400,909,965
Total comprehensive loss for the period						
Net loss for the period attributable to the shareholders	-	(17,922,730)	-	-	-	(17,922,730)
Other comprehensive income	-	-	-	2,651,448	-	2,651,448
Total comprehensive (loss) / income for the period attributable to the shareholders	-	(17,922,730)	-	2,651,448	-	(15,271,282)
Balance at March 31, 2025 (Unaudited)	300,000,000	10,917,604	8,982,272	61,259,566	4,479,241	385,638,683

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AL SAGR COOPERATIVE INSURANCE COMPANY
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INTERIM CONDENSED STATEMENT OF CASH FLOWS
(All amounts expressed in Saudi Riyals (ﷲ) unless otherwise stated)

	Note	For the three-month period ended March 31,	
		2026 (Unaudited)	2025 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit / (loss) for the period before zakat		2,006,186	(16,922,730)
Adjustments for:			
Depreciation of property and equipment		281,512	252,272
Amortization of intangible assets		693,996	728,858
Impairment of intangible assets		-	417,138
Depreciation of right-of-use assets		417,934	379,143
Finance costs on lease liabilities		18,707	20,889
Gain on disposal of property and equipment		-	(55,000)
Net (gain) / loss on FVTPL investments		(565,833)	1,811,085
Provision for employee benefit obligations		541,308	508,117
Changes in operating assets and liabilities:			
Prepaid expenses and other assets		2,348,745	2,139,457
Insurance contract assets		(1,517,833)	2,229,076
Reinsurance contract assets		3,014,092	1,474,190
Accrued income on statutory deposit		(367,499)	(364,570)
Accrued and other liabilities		(4,705,896)	(4,911,680)
Insurance contract liabilities		(1,033,959)	(2,330,235)
Reinsurance contract liabilities		1,001,247	2,924,431
Accrued income payable to Insurance Authority		367,499	364,570
Cash generated from / (used in) operations		2,500,206	(11,334,989)
Employee benefit obligations paid		(586,937)	(321,333)
Finance costs paid on lease liabilities		(18,707)	(20,889)
Zakat paid	17	(1,808,270)	(5,580,771)
Net cash generated from / (used in) operating activities		86,292	(17,257,982)
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement in term deposits		(87,000,000)	(18,486,304)
Redemption of term deposits		87,209,048	33,456,032
Purchases of financial assets held at FVTPL	7	-	(27,377,748)
Purchases of financial assets held at FVOCI	7	-	(10,000,000)
Proceeds from disposal of financial assets held at FVTPL	7	-	27,523,048
Payments for purchases of property and equipment		(40,589)	(134,475)
Proceeds from disposal of property and equipment		-	55,000
Net cash generated from investing activities		168,459	5,035,553


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AL SAGR COOPERATIVE INSURANCE COMPANY
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INTERIM CONDENSED STATEMENT OF CASH FLOWS (Continued)
(All amounts expressed in Saudi Riyals (ﷲ) unless otherwise stated)

	Note	For the three-month period ended March 31,	
		2026 (Unaudited)	2025 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITY			
Payment for principal elements of lease payments		(676,236)	(547,742)
Net cash used in financing activity		(676,236)	(547,742)
Net change in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	5	171,030,408	262,559,683
Cash and cash equivalents at the end of the period	5	170,608,923	249,789,512


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AL SAGR COOPERATIVE INSURANCE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(All amounts expressed in Saudi Riyals (ﷲ) unless otherwise stated)

1. GENERAL INFORMATION

(a) Legal status and principal activities

Al Sagr Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company established in Dammam, Kingdom of Saudi Arabia and incorporated on Muharram 26, 1429H (corresponding to February 4, 2008) under commercial registration ("CR") number 1010243765 which was later amended to 2051036871 dated Rabi' I 22, 1429H (corresponding to March 30, 2008). Unified number 7001544472. The Company has been licensed to conduct cooperative insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree number 60/M dated Ramadan 18, 1427H (corresponding to October 11, 2006), pursuant to Council of Ministers resolution number 233 dated Ramadan 16, 1427H (corresponding to October 9, 2006). The Company's registered address is P.O. Box 3501, Dammam 32241, Kingdom of Saudi Arabia.

The purpose of the Company is to transact in cooperative insurance and reinsurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia (the "Law") and its implementing regulations. The Company obtained license from Insurance Authority ("IA"), formerly Saudi Central Bank ("SAMA") to practice general and health insurance and reinsurance business in the Kingdom of Saudi Arabia vide license number TMN/13/20083, dated Rabi' I 23, 1429H (corresponding to March 31, 2008). The Company commenced insurance operations on Muharram 4, 1430H (corresponding to January 1, 2009). On Ramadan 11, 1436H (corresponding to June 28, 2015), the Company received approval from Insurance Authority to cancel its reinsurance license. The Company operates through three main branches and various point of sale stores located in the Kingdom of Saudi Arabia. Following are the CR numbers of head office and two main branches:

Branch type	Location	CR number
Head office	Dammam	2051036871
Regional branch	Jeddah	4030182618
Regional branch	Riyadh	1010243765

(b) Going concern assessment

The Company has earned a net profit attributable to the shareholders of ﷲ 1 million during the three-month period ended March 31, 2026 compared to net loss attributable to the shareholders of ﷲ 17.9 million during the three-month period ended March 31, 2025. The Company also has net operating cash inflow for the three-month period then ended amounted to ﷲ 0.08 million as against net operating cash outflow of ﷲ 17.3 million for the three-month period ended March 31, 2025. Further, as of March 31, 2026, the Company's accumulated losses have reduced to ﷲ 40.5 million.

Management plans to continue to focus on performance improvement measures which mainly include pricing revisions and diversification of insurance portfolio, among others and expects that this will further reflect positively in the operational results and cash flows. The Company's solvency margin continues to be in compliance with the minimum solvency requirements as mandated by the Insurance Authority.

Based on the above, management believes that the Company's operations shall continue for the foreseeable future under the normal course of business and the going concern basis used in the preparation of these financial statements remains appropriate.

2. BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed financial information of the Company has been prepared in accordance with 'International Accounting Standard 34 - Interim Financial Reporting (IAS 34) as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

AL SAGR COOPERATIVE INSURANCE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(All amounts expressed in Saudi Riyals (ﷲ) unless otherwise stated)

2. BASIS OF PREPARATION (Continued)

(a) Statement of compliance (Continued)

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for insurance operations and shareholders' operations and presents the financial information accordingly. Assets, liabilities, revenues and expenses clearly attributable to either activity is recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by management and the Board of Directors of the Company.

In accordance with the requirements of Implementing Regulation for Co-operative Insurance Companies (the "Regulations") issued by the Insurance Authority, formerly SAMA, and as per By-laws of the Company, 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 from insurance operations is transferred to the shareholders' operations in full.

Insurance Authority's implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations.

In preparing the Company's financial information in compliance with IAS 34, as endorsed in the Kingdom of Saudi Arabia, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

(b) Basis of measurement

These interim condensed financial statements are prepared under the historical cost convention, except for the measurement of investments carried at fair value through profit or loss (FVTPL) and investments carried at fair value through other comprehensive income (FVOCI), defined benefits obligation recorded at the present value using the projected unit credit method and liability of incurred claims (LIC) and assets for incurred claims (AIC) recorded at the present value at the current discount rates.

(c) Basis of presentation

The interim condensed financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2025.

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

(d) Functional and presentation currency

This interim condensed financial information is expressed in Saudi Arabian Riyals ("ﷲ") which is the functional and presentation currency of the Company.

AL SAGR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(All amounts expressed in Saudi Riyals (ﷲ) unless otherwise stated)

3. BASIS OF PREPARATION (Continued)

(e) Seasonality of operations

There are no seasonal changes that may affect insurance operations of the Company. The interim results may not represent a proportionate share of the annual results due to cyclical variability in premiums and uncertainty of claims occurrences.

(f) Changes in products and services

During the three-month period ended March 31, 2026, there were no significant changes in products or services and their terms of the insurance contracts offered by the Company.

3. MATERIAL ACCOUNTING POLICIES

3.1 New standards, amendments and interpretations applied by the Company

The accounting policies, estimates and assumptions used in the preparation of this interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2025.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for January 1, 2026 reporting periods and have not been early adopted by the Company. Management is in the process of assessing the impact of such new standards and interpretations on its financial statements.

3.2 Critical accounting judgments, estimates and assumptions

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

In preparing this interim condensed financial information, the significant judgments and assumptions made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied and disclosed in the annual financial statements for the year ended December 31, 2025.

4. INFORMATION RELATED TO PRODUCT LINES

Results of product lines do not include interest income from financial assets not measured at FVTPL, net (losses) / gains on financial assets measured at FVTPL, other operating expenses, finance costs on lease liabilities. Accordingly, these are included in unallocated.

Product lines' assets do not include cash and cash equivalents, prepaid expenses and other assets, term deposits, property and equipment, financial assets at FVTPL, Financial assets at FVOCI, right-of-use assets, intangible assets, goodwill, statutory deposit, accrued income on statutory deposit. Accordingly, they are included in unallocated assets.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
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4. INFORMATION RELATED TO PRODUCT LINES (Continued)

Product lines' liabilities do not include accrued and other liabilities, lease liabilities, employee benefit obligations, zakat payable, accrued income payable to Insurance Authority and dividends payable. Accordingly, they are included in unallocated liabilities.

The Company's information is presented into business units based on their products and services in the following product lines:

- Medical;
- Motor Comprehensive;
- Motor Third party;
- Engineering;
- Property;
- General Accident;
- Marine Cargo; and
- Marine Hull.

AL SAGR COOPERATIVE INSURANCE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026

(All amounts expressed in Saudi Riyals (ﷲ) unless otherwise stated)

4. INFORMATION RELATED TO PRODUCT LINES (Continued)

March 31, 2026 (Unaudited)	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total	Shareholders' operations	Total
Assets											
Insurance contract assets	-	-	-	-	12,859,848	-	-	-	12,859,848	-	12,859,848
Reinsurance contract assets	-	-	8,806,897	1,251,118	-	-	-	880,713	10,938,728	-	10,938,728
Unallocated assets	-	-	-	-	-	-	-	-	212,393,601	410,808,841	623,202,442
Total assets	-	-	8,806,897	1,251,118	12,859,848	-	-	880,713	236,192,177	410,808,841	647,001,018
Liabilities											
Insurance contract liabilities	53,497,139	37,424,351	127,749,670	7,129,971	-	19,174,721	389,081	2,324,789	247,689,722	-	247,689,722
Reinsurance contract liabilities	439,812	3,286,391	-	-	12,346,122	3,876,528	450,446	-	20,399,299	-	20,399,299
Unallocated liabilities and equity	-	-	-	-	-	-	-	-	98,680,726	280,231,271	378,911,997
Total liabilities and equity	53,936,951	40,710,742	127,749,670	7,129,971	12,346,122	23,051,249	839,527	2,324,789	366,769,747	280,231,271	647,001,018
December 31, 2025 (Audited)											
Assets											
Insurance contract assets	-	-	-	-	11,342,015	-	-	-	11,342,015	-	11,342,015
Reinsurance contract assets	1,771,328	-	9,518,990	1,623,548	-	-	-	1,038,954	13,952,820	-	13,952,820
Unallocated assets	-	-	-	-	-	-	-	-	219,096,142	407,446,128	626,542,270
Total assets	1,771,328	-	9,518,990	1,623,548	11,342,015	-	-	1,038,954	244,390,977	407,446,128	651,837,105
Liabilities											
Insurance contract liabilities	53,697,946	39,782,536	124,041,725	5,827,262	-	22,573,945	361,044	2,439,223	248,723,681	-	248,723,681
Reinsurance contract liabilities	-	2,399,535	-	-	11,819,811	4,723,210	455,496	-	19,398,052	-	19,398,052
Unallocated liabilities and equity	-	-	-	-	-	-	-	-	103,553,288	280,162,084	383,715,372
Total liabilities and equity	53,697,946	42,182,071	124,041,725	5,827,262	11,819,811	27,297,155	816,540	2,439,223	371,675,021	280,162,084	651,837,105

AL SAGR COOPERATIVE INSURANCE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026

(All amounts expressed in Saudi Riyals (ﷲ) unless otherwise stated)

4. INFORMATION RELATED TO PRODUCT LINES (Continued)

For the three-month period ended March 31, 2026 (Unaudited)	Insurance operations									Shareholders' operations	Total
	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total		
Insurance revenue	60,511,444	31,514,711	43,188,320	1,512,094	2,741,532	5,931,302	96,072	635,301	146,130,776	-	146,130,776
Insurance service expenses	(47,149,280)	(34,795,169)	(50,201,597)	(581,904)	(311,878)	(3,565,861)	(104,979)	(73,077)	(136,783,745)	-	(136,783,745)
Net expenses from reinsurance contracts	(1,636,782)	(950,344)	(734,246)	(1,373,697)	(1,417,386)	(2,134,513)	(191,211)	(699,672)	(9,137,851)	-	(9,137,851)
Insurance service result from Company's directly written business	11,725,382	(4,230,802)	(7,747,523)	(443,507)	1,012,268	230,928	(200,118)	(137,448)	209,180	-	209,180
Share of surplus from insurance pools	-	-	-	-	-	-	-	-	-	-	-
Total insurance service result	11,725,382	(4,230,802)	(7,747,523)	(443,507)	1,012,268	230,928	(200,118)	(137,448)	209,180	-	209,180
Commission income from financial assets not measured at FVTPL	-	-	-	-	-	-	-	-	1,232,480	4,710,459	5,942,939
Net (losses) gains on FVTPL investments	-	-	-	-	-	-	-	-	157,500	408,333	565,833
Net investment income	-	-	-	-	-	-	-	-	1,389,980	5,118,792	6,508,772
Finance (expense) income from insurance contracts issued	(22,854)	(38,754)	100,393	5,574	(19,794)	(4,607)	1,599	312	21,869	-	21,869
Finance income (expense) from reinsurance contracts held	(26,666)	(101,353)	(18,932)	69,159	44,325	31,812	2,863	(569)	639	-	639
Net insurance finance (expense) income	(49,520)	(140,107)	81,461	74,733	24,531	27,205	4,462	(257)	22,508	-	22,508
Net insurance and investment result									1,621,668	5,118,792	6,740,460
Other operating expenses - net	-	-	-	-	-	-	-	-	(3,569,238)	(1,146,329)	(4,715,567)
Finance costs on lease liabilities	-	-	-	-	-	-	-	-	(18,707)	-	(18,707)
Total (loss) / profit for the period before zakat									(1,966,277)	3,972,463	2,006,186
Zakat expense	-	-	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	-	-	-	-	-	-	-	-	(1,966,277)	2,972,463	1,006,186

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4. INFORMATION RELATED TO PRODUCT LINES (Continued)

For the three-month period ended March 31, 2025 (Unaudited)	Insurance operations									Shareholders' operations	Total
	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total		
Insurance revenue	59,439,228	26,194,183	49,688,215	3,648,236	3,817,758	7,164,268	647,844	113,109	150,712,841	-	150,712,841
Insurance service expenses	(61,581,378)	(29,104,961)	(61,754,866)	(2,346,168)	(861,975)	(1,535,381)	(360,752)	(45,200)	(157,590,681)	-	(157,590,681)
Net expenses from reinsurance contracts	(1,746,928)	(1,258,192)	(56,585)	(1,682,898)	(3,181,323)	(2,833,010)	(360,502)	(102,546)	(11,221,984)	-	(11,221,984)
Insurance service result from Company's directly written business	(3,889,078)	(4,168,970)	(12,123,236)	(380,830)	(225,540)	2,795,877	(73,410)	(34,637)	(18,099,824)	-	(18,099,824)
Share of surplus from insurance pools	-	-	-	-	-	-	-	-	117,580	-	117,580
Total insurance service result	(3,889,078)	(4,168,970)	(12,123,236)	(380,830)	(225,540)	2,795,877	(73,410)	(34,637)	(17,982,244)	-	(17,982,244)
Interest income from financial assets not measured at FVTPL	-	-	-	-	-	-	-	-	2,143,919	4,747,339	6,891,258
Net (losses) gains on FVTPL investments	-	-	-	-	-	-	-	-	(1,829,179)	426,339	(1,402,840)
Net investment income	-	-	-	-	-	-	-	-	314,740	5,173,678	5,488,418
Finance (expense) income from insurance contracts issued	(75,937)	26,480	118,644	49,557	11,591	(12,965)	4,560	(102)	121,828	-	121,828
Finance income (expense) from reinsurance contracts held	41,323	(4,401)	(756)	(36,147)	(8,660)	38	(3,726)	64	(12,265)	-	(12,265)
Net insurance finance (expense) income	(34,614)	22,079	117,888	13,410	2,931	(12,927)	834	(38)	109,563	-	109,563
Net insurance and investment result									(17,557,941)	5,173,678	(12,384,263)
Other operating expenses - net	-	-	-	-	-	-	-	-	(4,301,331)	(216,247)	(4,517,578)
Finance costs on lease liabilities	-	-	-	-	-	-	-	-	(20,889)	-	(20,889)
Total (loss) profit for the period before zakat	-	-	-	-	-	-	-	-	(21,880,161)	4,957,431	(16,922,730)
Zakat expense	-	-	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)
NET (LOSS) PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	-	-	-	-	-	-	-	-	(21,880,161)	3,957,431	(17,922,730)

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5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Cash in hand	29,908	49,000
Cash at bank - current accounts	12,998,967	9,645,755
Time deposits	75,248,053	80,284,651
Money market funds	82,331,995	81,051,002
	170,608,923	171,030,408

Cash at banks is placed with counterparties with sound credit ratings. As at March 31, 2026, deposits and money market funds were placed with local banks with original maturities of less than three months from the date of placement and earned commission income at an average rate of 4.75% to 7% (2025: 5.1% to 7.0%) and 7.9% (2025: 7.9%) per annum, respectively.

Money market funds are managed by reputable financial institutions. These funds primarily invest in short-term highly liquid debt instruments with minimal credit risk.

The gross carrying amount of cash and cash equivalents represents the Company's maximum exposure to credit risk on these financial assets which are categorized under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At March 31, 2026 and December 31, 2025, the ECL allowance on such financial assets was immaterial.

6. TERM DEPOSITS

Short-term deposits, amounting to ﷲ 169.9 million as at March 31, 2026 (2025: ﷲ 170.1 million) are placed with local banks and financial institutions with an original maturity of more than three months but less than or equal to twelve months from the date of placement. These deposits earned commission income at a rate of 5.27% to 6.10% per annum for the period ended March 31, 2026 (2025: 5.45% to 6.33% per annum).

Long-term deposits, amounting to ﷲ 45.4 million as at March 31, 2026 (2025: ﷲ 45.4 million) are placed with local banks and financial institutions represent deposits with maturity of more than one year from the date of placement and are placed with banks carrying commission income at an average rate of 5.14% (2025: 5.14 to 5.41%).

The gross carrying amount of term deposits represents the Company's maximum exposure to credit risk on these financial assets which are categorized under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At March 31, 2026 and December 31, 2025, the ECL allowance on such financial assets was immaterial.

7. INVESTMENTS

(a) Investments are classified as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Financial assets at FVTPL		
Mutual funds	25,854,544	25,854,544
Ordinary shares	1,562,000	1,562,000
Debt instruments	10,000,000	10,000,000
	37,416,544	37,416,544

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7. INVESTMENTS (Continued)

(a) Investments are classified as follows (Continued)

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Financial assets at FVOCI		
Ordinary shares	72,721,804	72,721,804
Debt instruments	41,292,791	41,233,820
	114,014,595	113,955,624
	151,431,139	151,372,168

Investment in mutual funds are classified as investments measured at FVTPL. Since these are equity instruments, the Company has classified its investments in ordinary shares at FVTPL, except for Najm investments which are being held at FVOCI. The Company holds an investment in the equity of Najm for Insurance Services (Najm) and in accordance with Company's accounting policy, investments in equity instruments should be measured at fair value. The fair value of Najm investment as at March 31, 2026 is ﷲ 72.7 million (2025: ﷲ 72.7 million).

Debt instruments represent investments in Sukuks that are classified as investments measured at FVOCI, as they pass SPPI assessment. The Company's business model for Sukuk classified as FVOCI is to hold to collect and sell the contractual cash flows. Sukuks which fail SPPI assessment are classified as FVTPL.

The gross carrying amount of financial assets measured at FVOCI represent the Company's maximum exposure to credit risk on these financial assets which include Sukuk investments categorised under Stage 2 and Najm investments which are categorized under Stage 3. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At March 31, 2026 and December 31, 2025, the ECL allowance on such financial assets was immaterial.

(b) Movement in investments carried at fair value is as follows:

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

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of the period / year	37,416,544	47,313,196
Additions during the period / year	-	160,809,118
Disposals during the period / year	-	(164,820,860)
Commission income received	-	(605,500)
Changes in fair value of investments	-	(5,279,410)
Balance at end of the period / year	37,416,544	37,416,544

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

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of the period / year	113,955,624	98,837,270
Additions during the period / year	-	2,783,000
Changes in fair value of equity investments	-	11,597,952
Changes in fair value of debt investments	58,971	737,402
Balance at end of the period / year	114,014,595	113,955,624

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8. GOODWILL

The Company commenced its insurance operations on January 1, 2009. The Company's General Assembly approved on February 1, 2009 for the Company to enter into an agreement whereby it acquired the entire business (net identifiable assets) of Al Sagr Saudi Insurance Company with effect from January 1, 2009 at a goodwill of ﷲ 39.0 million as set forth in IA's letter in this respect after completing the related procedures as required under IA's letter on November 10, 2008. The Company has later adjusted goodwill amount by reducing ﷲ 13.5 million in line with IA correspondence in this respect bringing it to ﷲ 25.5 million. The Company has paid ﷲ 9.9 million during 2011 and ﷲ 15.6 million in 2012 against goodwill to the shareholders of Al Sagr Saudi Insurance Company.

For the impairment testing, management has identified a single cash generating unit ("CGU") and determines the recoverable amount of the CGU based on value-in-use calculations. These calculations require the use of estimates in relation to the future cash flows, based on the most recent five years' business plan, and use of an appropriate discount rate. Cash flows beyond five-years' period are extrapolated using the terminal value growth rate stated below. This growth rate is consistent with the forecasts included in industry reports specific to the industry in which the CGU operates. Actual conditions may differ from assumptions and thus actual cash flows may be different to those expected with a potential material effect on the recoverability of amounts. The calculation of value in use was most sensitive to the assumptions of insurance revenue growth, insurance service expenses and discount rate, which are determined keeping in view the historical performance, recent market and industry trends and expected outcome of various performance improvement measures being implemented by management.

As at March 31, 2026, the Company's results are consistent with the projections used in the year-end goodwill impairment assessment. Accordingly, the year-end impairment assessment remains unchanged.

9. STATUTORY DEPOSIT

In accordance with Article 58 of the Insurance Implementing Regulations of Insurance Authority, formerly SAMA, the Company is required to maintain a statutory deposit of not less than 10% of its paid-up capital. The statutory deposit is maintained with a Saudi Arabian bank and can be withdrawn only with the consent of the Insurance authority.

In accordance with the instruction received from SAMA vide their circular dated March 1, 2016, the Company has disclosed the commission due on the statutory deposit as at March 31, 2026 as an asset and a liability in this interim condensed financial information.

The gross carrying amount of statutory deposit represents the Company's maximum exposure to credit risk on these financial assets which are categorized under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At March 31, 2026 and December 31, 2025, the ECL allowance on such financial assets was immaterial.

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10. INSURANCE AND REINSURANCE CONTRACTS

10.1 Composition of the statement of financial position

An analysis of the amounts presented on the statement of financial position for insurance contracts and reinsurance contracts has been included in the table below along with the presentation of current and non-current portion of balances:

March 31, 2026	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total
Insurance contracts									
Insurance contract assets	-	-	-	-	(12,859,848)	-	-	-	(12,859,848)
Insurance contract liabilities	53,497,139	37,424,351	127,749,670	7,129,971	-	19,174,721	389,081	2,324,789	247,689,722
									<u>234,829,874</u>
Reinsurance contracts									
Reinsurance contract assets	-		8,806,897	1,251,118	-	-	-	880,713	10,938,728
Reinsurance contract liabilities	(439,812)	(3,286,391)	-	-	(12,346,122)	(3,876,528)	(450,446)	-	(20,399,299)
									<u>(9,460,571)</u>
December 31, 2025									
Insurance contracts									
Insurance contract assets	-	-	-	-	(11,342,015)	-	-	-	(11,342,015)
Insurance contract liabilities	53,697,946	39,782,536	124,041,725	5,827,262	-	22,573,945	361,044	2,439,223	248,723,681
									<u>237,381,666</u>
Reinsurance contracts									
Reinsurance contract assets	1,771,328	-	9,518,990	1,623,548	-	-	-	1,038,954	13,952,820
Reinsurance contract liabilities	-	(2,399,535)	-	-	(11,819,811)	(4,723,210)	(455,496)	-	(19,398,052)
									<u>(5,445,232)</u>

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10 INSURANCE AND REINSURANCE CONTRACTS (Continued)

10.2 Analysis by remaining coverage and incurred claims

10.2.1 Insurance contracts

	As at March 31, 2026					As at December 31, 2025				
	Liability for remaining coverage		Liability for incurred claims			Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	Total
Insurance contracts										
Insurance contract liabilities - opening	144,960,752	6,699,910	93,659,656	3,403,363	248,723,681	169,005,193	7,543,792	81,177,511	2,805,980	260,532,476
Insurance contract assets - opening	1,422,483	-	(12,788,565)	24,067	(11,342,015)	(1,523,161)	-	(12,022,976)	74,824	(13,471,313)
Opening balance - net	146,383,235	6,699,910	80,871,091	3,427,430	237,381,666	167,482,032	7,543,792	69,154,535	2,880,804	247,061,163
Insurance revenue	(146,130,776)	-	-	-	(146,130,776)	(604,414,187)	-	-	-	(604,414,187)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	118,634,551	1,426,784	120,061,335	-	-	529,293,112	2,534,493	531,827,605
Reversal on onerous contracts	-	(498,826)	-	-	(498,826)	-	(843,882)	-	-	(843,882)
Changes that relate to past service - adjustments to the LIC	-	-	(5,293,454)	(1,489,227)	(6,782,681)	-	-	14,652,650	(1,987,924)	12,664,726
Insurance acquisition cashflows amortisation	24,003,917	-	-	-	24,003,917	98,220,001	-	-	-	98,220,001
Insurance service expenses	24,003,917	(498,826)	113,341,097	(62,443)	136,783,745	98,220,001	(843,882)	543,945,762	546,569	641,868,450
Finance (income) / expense from insurance contracts	-	-	(19,277)	(2,592)	(21,869)	-	-	(37,698)	57	(37,641)
Total changes in the statement of income	(122,126,859)	(498,826)	113,321,820	(65,035)	(9,368,900)	(506,194,186)	(843,882)	543,908,064	546,626	37,416,622
Cashflows										
Premiums received	141,824,279	-	-	-	141,824,279	582,509,246	-	-	-	582,509,246
Claims and other directly attributable expenses paid	-	-	(115,987,812)	-	(115,987,812)	-	-	(532,191,508)	-	(532,191,508)
Insurance acquisition cashflows paid	(19,019,359)	-	-	-	(19,019,359)	(97,413,857)	-	-	-	(97,413,857)
Total cash (outflows) inflows	122,804,920	-	(115,987,812)	-	6,817,108	485,095,389	-	(532,191,508)	-	(47,096,119)
Insurance contracts										
Insurance contract liabilities - closing	146,922,011	6,201,084	91,245,592	3,321,035	247,689,722	144,960,752	6,699,910	93,659,656	3,403,363	248,723,681
Insurance contract assets - closing	139,285	-	(13,040,493)	41,360	(12,859,848)	1,422,483	-	(12,788,565)	24,067	(11,342,015)
Closing balance - net	147,061,296	6,201,084	78,205,099	3,362,395	234,829,874	146,383,235	6,699,910	80,871,091	3,427,430	237,381,666

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10. INSURANCE AND REINSURANCE CONTRACTS (Continued)

10.2 Analysis by remaining coverage and incurred claims (Continued)

10.2.2 Reinsurance contracts held

	As at March 31, 2026					As at December 31, 2025				
	Asset for remaining coverage			Asset for incurred claims		Asset for remaining coverage			Asset for incurred claims	
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Reinsurance contracts										
Reinsurance contract assets - opening	(23,616,316)	-	37,122,618	446,518	13,952,820	(12,330,701)	-	18,758,066	56,892	6,484,257
Reinsurance contract liabilities - opening	(13,758,723)	-	(5,745,590)	106,261	(19,398,052)	(18,959,595)	-	(5,018,438)	100,349	(23,877,684)
Opening balance - net	(37,375,039)	-	31,377,028	552,779	(5,445,232)	(31,290,296)	-	13,739,628	157,241	(17,393,427)
Allocation of reinsurance premium	(10,466,479)	-	-	-	(10,466,479)	(49,275,903)	-	-	-	(49,275,903)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	(923,642)	450,594	(473,048)	-	-	139,505	145,547	285,052
Effect of changes in the risk of reinsurers non- performance	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	2,250,313	(448,637)	1,801,676	-	-	18,744,176	257,721	19,001,897
Amounts recoverable from reinsurers – net	-	-	1,326,671	1,957	1,328,628	-	-	18,883,681	403,268	19,286,949
Finance (expense) income from reinsurance contracts	-	-	1,398	(759)	639	-	-	(200,135)	(7,730)	(207,865)
Total changes in the statement of income	(10,466,479)	-	1,328,069	1,198	(9,137,212)	(49,275,903)	-	18,683,546	395,538	(30,196,819)
Cashflows										
Premiums paid net of ceding commission	4,313,250	-	-	-	4,313,250	43,191,160	-	-	-	43,191,160
Recoveries from reinsurance	-	-	808,623	-	808,623	-	-	(1,046,146)	-	(1,046,146)
Total cash (inflows) outflows	4,313,250	-	808,623	-	5,121,873	43,191,160	-	(1,046,146)	-	42,145,014
Reinsurance contracts										
Reinsurance contract assets - closing	(5,504,928)	-	16,015,584	428,072	10,938,728	(23,616,316)	-	37,122,618	446,518	13,952,820
Reinsurance contract liabilities - closing	(38,023,340)	-	17,498,136	125,905	(20,399,299)	(13,758,723)	-	(5,745,590)	106,261	(19,398,052)
Closing balance - net	(43,528,268)	-	33,513,720	553,977	(9,460,571)	(37,375,039)	-	31,377,028	552,779	(5,445,232)

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11. SHARE CAPITAL

The authorized, issued and paid-up share capital of the Company was ₪ 300 million at March 31, 2026 consisting of 30 million shares (2025: ₪ 300 million consisting of 30 million shares) of ₪ 10 each. Also see note 1.

12. INSURANCE REVENUE AND EXPENSES

For the three-month period ended March 31, 2026 (Unaudited)	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total
Insurance revenue from contracts measured under Premium Allocation Approach (“PAA”)	60,511,444	31,514,711	43,188,320	1,512,094	2,741,532	5,931,302	96,072	635,301	146,130,776
Incurring claims and other incurred insurance service expenses	(43,247,050)	(30,546,364)	(42,433,425)	(384,478)	(317,195)	(2,989,284)	(84,040)	(59,499)	(120,061,335)
Changes that relate to past service - adjustments to the LIC	3,407,376	1,834,998	188,805	179,837	331,365	813,515	19,981	6,804	6,782,681
(Losses) / reversal on onerous contracts	(97,158)	685,562	(89,578)	-	-	-	-	-	498,826
Insurance acquisition cash flows amortisation	(7,212,448)	(6,769,365)	(7,867,399)	(377,263)	(326,048)	(1,390,092)	(40,920)	(20,382)	(24,003,917)
Total insurance service expenses	(47,149,280)	(34,795,169)	(50,201,597)	(581,904)	(311,878)	(3,565,861)	(104,979)	(73,077)	(136,783,745)
Reinsurance income contracts measured under the PAA									
Reinsurance premium ceded	(2,712,542)	(964,035)	(729,847)	(1,237,016)	(1,084,239)	(2,861,634)	(173,251)	(703,915)	(10,466,479)
Claims recovered and other directly attributable expenses	151,321	335,525	9,405,965	1,519,351	(12,328,345)	439,169	(249)	4,215	(473,048)
Effect of changes in the risk of reinsurers non- performance	-	-	-	-	-	-	-	-	-
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	924,439	(321,834)	(9,410,364)	(1,656,032)	11,995,198	287,952	(17,711)	28	1,801,676
Total net expense from reinsurance contracts	(1,636,782)	(950,344)	(734,246)	(1,373,697)	(1,417,386)	(2,134,513)	(191,211)	(699,672)	(9,137,851)
Insurance service result from Company's directly written business	11,725,382	(4,230,802)	(7,747,523)	(443,507)	1,012,268	230,928	(200,118)	(137,448)	209,180
Share of surplus from insurance pools	-	-	-	-	-	-	-	-	-
Total insurance service result	-	-	-	-	-	-	-	-	209,180

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12. INSURANCE REVENUE AND EXPENSES (Continued)

An analysis of insurance revenue, insurance expenses and net expenses from reinsurance contracts held by product line for the three-month period ended March 31, 2026 and March 31, 2025 is included in following tables respectively. Additional information on amounts recognized in statement of income is included in the insurance contract balances reconciliation.

For the three-month period ended March 31, 2025 (Unaudited)	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total
Insurance revenue from contracts measured under Premium Allocation Approach ("PAA")	59,439,228	26,194,183	49,688,215	3,648,236	3,817,758	7,164,268	647,844	113,109	150,712,841
Incurred claims and other incurred insurance service expenses	(58,809,025)	(23,194,842)	(46,929,103)	(369,054)	(370,304)	(890,058)	(368,348)	(7,215)	(130,937,949)
Changes that relate to past service - adjustments to the LIC (Losses) reversal of losses on onerous contracts	5,561,805	(2,953,945)	(5,274,298)	(1,278,622)	219,887	915,787	150,540	8,254	(2,650,592)
Insurance acquisition cash flows amortisation	(703,793)	2,892,336	(1,232,313)	-	-	-	-	-	956,230
Total insurance service expenses	(7,630,365)	(5,848,510)	(8,319,152)	(698,490)	(711,558)	(1,561,110)	(142,944)	(46,241)	(24,958,370)
Reinsurance income contracts measured under the PAA									
Reinsurance premium ceded	(3,962,081)	(1,313,896)	(135,345)	(2,616,826)	(3,069,952)	(3,001,640)	(278,488)	(96,840)	(14,475,068)
Claims recovered and other directly attributable expenses	2,208,570	228,141	79,072	(23,219)	54,361	185,252	5,516	4,508	2,742,201
Effect of changes in the risk of reinsurers non-performance	3,872	(7,344)	49,194	24,533	34,710	48,059	6,663	(5,056)	154,631
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	2,711	(165,093)	(49,506)	932,614	(200,442)	(64,681)	(94,193)	(5,158)	356,252
Total net expenses from reinsurance contracts	(1,746,928)	(1,258,192)	(56,585)	(1,682,898)	(3,181,323)	(2,833,010)	(360,502)	(102,546)	(11,221,984)
Insurance service result from Company's directly written business	(3,889,078)	(4,168,970)	(12,123,236)	(380,828)	(225,540)	2,795,877	(73,410)	(34,639)	(18,099,824)
Share of surplus from insurance pools	-	-	-	-	-	-	-	-	117,580
Total insurance service result	-	-	-	-	-	-	-	-	(17,982,244)

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13. INSURANCE FINANCE EXPENSE - NET

An analysis of the net insurance finance income by product line for the three-month period ended March 31, 2026 and March 31, 2025 respectively is presented below:

For the three-month period ended March 31, 2026 (Unaudited)

	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total
Finance income / (expense) from insurance contracts issued									
Interest accreted	-	-	-	-	-	-	-	-	-
Effects of changes in interest rates and other financial assumptions	(22,854)	(38,754)	100,393	5,574	(19,794)	(4,607)	1,599	312	21,869
Finance income / (expense) from insurance contracts issued	(22,854)	(38,754)	100,393	5,574	(19,794)	(4,607)	1,599	312	21,869
Finance income (expense) from reinsurance contracts held									
Interest accreted	-	-	-	-	-	-	-	-	-
Effects of changes in interest rates and other financial assumptions	(26,666)	(101,353)	(18,932)	69,159	44,325	31,812	2,863	(569)	639
Finance income (expense) from reinsurance contracts held	(26,666)	(101,353)	(18,932)	69,159	44,325	31,812	2,863	(569)	639
Net insurance finance income / (expense)	(49,520)	(140,107)	81,461	74,733	24,531	27,205	4,462	(257)	22,508

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13. INSURANCE FINANCE EXPENSE – NET (Continued)

An analysis of the net insurance finance income by product line for the three-month period ended March 31, 2026 and March 31, 2025 respectively is presented below:

For the three-month period ended March 31, 2025 (Unaudited)

	Medical	Motor Comprehensive	Motor Third party	Engineering	Property	General Accident	Marine Cargo	Marine Hull	Total
Finance (expense) income from insurance contracts issued									
Interest accreted	-	-	-	-	-	-	-	-	-
Effects of changes in interest rates and other financial assumptions	(75,937)	26,480	118,644	49,557	11,591	(12,965)	4,560	(102)	121,828
Finance (expense) income from insurance contracts issued	(75,937)	26,480	118,644	49,557	11,591	(12,965)	4,560	(102)	121,828
Finance income (expense) from reinsurance contracts held									
Interest accreted	-	-	-	-	-	-	-	-	-
Effects of changes in interest rates and other financial assumptions	41,323	(4,401)	(756)	(36,147)	(8,660)	38	(3,726)	64	(12,265)
Finance income (expense) from reinsurance contracts held	41,323	(4,401)	(756)	(36,147)	(8,660)	38	(3,726)	64	(12,265)
Net insurance finance (expense) income	(34,614)	22,079	117,888	13,410	2,931	(12,927)	834	(38)	109,563

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14. OTHER OPERATING EXPENSES - NET

	For the three-month period ended March 31,	
	2026	2025
	(Unaudited)	(Unaudited)
Policy acquisition cost	24,003,917	24,958,370
Employees' cost	6,168,573	6,433,063
End of service benefits	541,308	508,117
IT related service	921,928	685,705
Professional fee	1,618,530	1,351,213
Employee insurance	994,977	1,169,791
Depreciation and amortization	975,508	1,398,268
Depreciation of right of use assets	417,934	379,143
Communication charges	753,980	700,672
Director remuneration	850,500	36,000
Value added tax expenses	152,223	-
Others	1,023,276	2,032,794
	38,422,654	39,653,136

Allocation of expenses is as follows:

	For the three-month period ended March 31,	
	2026	2025
	(Unaudited)	(Unaudited)
Other incurred insurance service expenses	8,771,105	9,517,051
Insurance acquisition cashflows amortisation	24,003,917	24,958,370
Allocation of reinsurance premium paid	932,065	660,137
Other operating expenses	4,715,567	4,517,578
	38,422,654	39,653,136

15. SHARE OF SURPLUS FROM INSURANCE POOLS

15.1 Share of surplus from Umrah & Hajj scheme

This represents the Company's share in the surplus for general accident product arising from the Umrah & Hajj scheme. The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from January 1, 2020. The compulsory Umrah product is offered by the ministry and approved by IA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers general accidents and health benefits of the pilgrims entering the Kingdom of Saudi Arabia to perform Umrah. The agreement terms are for 4 years starting from January 1, 2020 and it is renewable for another four years subject to the terms and conditions of the agreement. There was no renewal to the agreement in 2024 as the aforementioned arrangement has been discontinued. The Company's share of income in the Umrah and Hajj scheme run-off amounts to ﷲ nil (2025: ﷲ 0.036 million).

15.2 Share of surplus from Inherent Defects Insurance

This represents the Company's share of surplus 2.95% (2025: 2.95%) in the Inherent Defects Insurance ("IDI") product. On June 25, 2020, an agreement was signed among thirteen insurance companies ("Participating Companies") operating in Kingdom of Saudi Arabia for IDI product, based on IA approval authorizing Malath Cooperative Insurance Company as the leading company ("Operator"), to manage the IDI program on behalf of the participating insurance companies, selling the product and providing its insurance coverage by creating joint insurance portfolios. Malath

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15. SHARE OF SURPLUS FROM INSURANCE POOLS (Continued)

15.2 Share of surplus from Inherent Defects Insurance (Continued)

Cooperative Insurance Company will exclusively manage the portfolio during the period of validity of the IDI agreement of five years from issue date.

IDI is a mandatory insurance policy for contractors to insure against inherent defects that may appear in buildings and constructions after their occupation in non-governmental sector projects, according to Saudi Council of Ministers Decree No. 509 of Ramadan 21, 1439 AH (corresponding to June 5, 2018) and in accordance with the decision 441/187 of the Governor of IA dated Sha'ban 5, 1441 AH (corresponding to March 29, 2020). The Company's share of profit from Inherent Defects Insurance is ﷲ nil (2025: ﷲ 0.58 million).

During the year ended December 31, 2025, the IDI participant co-insurance companies executed a binding amendment to the original Agreement dated June 25, 2020. The amendment, effective January 1, 2025, provides for the inclusion of three additional co-insurers. As a result, the existing participants' shares were proportionally reduced relative to their previous allocations.

16. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise the shareholders, directors, associated companies (representing entities which are directly or indirectly controlled by or under the control of joint control of a shareholder who has significant influence over the Company), and key management personnel. Related parties also include business entities in which certain directors or senior management have control or joint control. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors.

- a) There were no significant related party transactions during the period, and there were no related party balances at the end of the period.
- b) The compensation of key management personnel during the period ended March 31 is as follows:

	For the three-month period ended March 31	
	2026 (Unaudited)	2025 (Unaudited)
Salaries and benefits	2,168,951	2,113,654
Employee benefit obligations	131,197	111,331
Board of Directors' fees	850,500	36,000
Charge for the period	<u>3,150,648</u>	<u>2,260,985</u>

Compensation to key management personnel is based on employment terms and as per the By-laws of the Company.

Key management personnel includes senior management, department heads and board of directors.

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17. ZAKAT

(a) Zakat charged for the period

The charge for the period for zakat is as follows:

	For the three-month period ended March 31,	
	2026	2025
	(Unaudited)	(Unaudited)
Charge for the period	1,000,000	1,000,000

(b) The movement in the zakat provision for the period / year was as follows:

	March 31, 2026	December 31, 2025
	(Unaudited)	(Audited)
At the beginning of the period / year	10,346,296	30,408,598
Provision for current period / year	1,000,000	3,500,000
Adjustments related to prior years	-	(4,500,000)
Payments during the year	(1,808,270)	(19,062,302)
At the end of the period / year	9,538,026	10,346,296

(c) Shareholding percentage

The following is the shareholding percentage subject to zakat in the interim condensed financial information and financial statements as at the end of the period / year:

	March 31, 2026	December 31, 2025
Shareholding percentage subject to zakat (%)	100	100

(d) Zakat assessments

During 2021, the Company received final zakat assessments for the years from 2012 to 2018. Total additional zakat liability as per the assessments amounted to ﷲ 36.3 million for such years. The Company had filed an appeal with General Secretariat of Zakat Committees (high committees) against the assessments and in-parallel had submitted a settlement request with the Zakat, Tax and Customs Authority (“ZATCA”)-Settlement committee. During the year ended December 31, 2021, the ZATCA-Settlement committee offered to decrease the zakat assessments to ﷲ 36.2 million, which the Company did not accept and, accordingly, continued with the appeal filed with General Secretariat of Zakat Committees (high committees), which also issued the decision and the final additional zakat liability was assessed at ﷲ 36.2 million. The Company had filed an appeal with the Appellate Committee for the resolution of tax disputes against the assessment, which was rejected and the Company is in the process of settling this liability, based on the settlement plan agreed with the Authority.

During 2021, the Company had received assessment from ZATCA for the years 2019 and 2020, with an additional liability amounting to ﷲ 9.6 million. The Company has filed an appeal with General Secretariat of Zakat Committees (high committees) against such assessments. The final decision is already issued and the case was rejected and the Company has settled this liability, based on the settlement plan agreed with the Authority.

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17. ZAKAT (Continued)

(d) Zakat assessments (Continued)

During 2023, the Company received a VAT assessment for the years 2018 to 2020 for ﷻ 6.2 million, the Company objected the amount and ZATCA decreased the liability to ﷻ 3.3 million. The company has settled this amount under protest and has, simultaneously, raised the appeal to Tax Violation and Dispute Resolution Committee (“TVDRC”). The decision was issued in favor of ZATCA, accordingly the Company has recognized a charge since the payment was made in full at the time of filing the appeal.

During 2024, the Company received an assessment from ZATCA for the year 2022, with an additional zakat liability amounting to ﷻ 1.6 million. The Company objected against the aforesaid assessment by escalating the case before the Tax Violation and Dispute Resolution Committee (TVDRC). The TVDRC ruled in favor of the Company and set aside the entire zakat liability of ﷻ 1.6 million. ZATCA has appealed against the TVDRC decision at the Tax Violations and Disputes Appellate Committee (TVDAC) which is pending adjudication till date.

During 2024, the Company received a VAT assessment, for an additional liability of ﷻ 4.1 million. The Company paid the assessed liability of ﷻ 4.1 million under protest and simultaneously filed an objection against the assessment before ZATCA, contesting the additional VAT liability amounting to ﷻ 3.8 million. However, ZATCA rejected the objection and upheld a VAT liability of ﷻ 3.8 million. The Company escalated the case before the TVDRC. TVDRC ruled in favor of the Company setting aside the earlier decision of ZATCA. ZATCA appealed against the TVDRC decision before TVDAC. TVDAC too upheld the decision of TVDRC and decided in favor of the Company and the amount has been refunded to the Company.

18. STATUTORY RESERVE

In accordance with By-laws of the Company and Article 70(2)(g) of the Implementing Regulation for Co-operative Insurance Companies issued by the IA, formerly SAMA, the Company is required to transfer not less than 20% of its annual profits, after adjusting accumulated losses, to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company. This reserve is not available for distribution to the shareholders until the liquidation of the Company.

19. BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings / (loss) per share is calculated by dividing net income / (loss) for the period attributable to the shareholders by the weighted average number of outstanding shares during the year. Also see Note 1.

The Company’s shareholders, in an extraordinary general assembly meeting held on June 26, 2024, approved the Company’s proposed increase in the share capital by ﷻ 160 million, by way of a rights issue, after obtaining the required regulatory approvals. The subscription period for the rights issue ended on July 18, 2024, following which the Company completed the legal and regulatory formalities relating to issuance of new shares.

	For the three-month period ended March 31,	
	2026	2025
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for basic and diluted earnings / (loss) per share	30,000,000	30,000,000
Total income / (loss) for the period attributable to the shareholders	1,006,186	(17,922,730)
Basic and diluted earnings / (loss) per share	0.03	(0.6)

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20. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- Level 1 - quoted (unadjusted) market prices in active markets 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 shows the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value, as these are either short-term in nature or carry interest rates which are based on prevalent market interest rates. The amortised costs of the sukuk is approximates the fair value as these sukuk are based on prevailing market interest rates.

(a) Carrying amounts and fair value

	March 31, 2026 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments at FVTPL - equities and funds	-	-	27,416,544	27,416,544
Investments at FVTPL - debt	-	10,000,000	-	10,000,000
Investments at FVOCI - debt	-	41,292,791	-	41,292,791
Investments at FVOCI - equities	-	-	72,721,804	72,721,804
Total investments	-	51,292,791	100,138,348	151,431,139
	December 31, 2025 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments at FVTPL - equities and funds	-	-	27,416,544	27,416,544
Investments at FVTPL - debt	-	10,000,000	-	10,000,000
Investments at FVOCI - debt	-	41,233,820	-	41,233,820
Investments at FVOCI - equities	-	-	72,721,804	72,721,804
Total investments	-	51,233,820	100,138,348	151,372,168

The fair value of investment in quoted equity instruments include ordinary shares at level 1 based on quoted prices available in the market. Additionally, there were no changes in the valuation techniques. Fair values of private mutual funds classified in Level 3, except for Najm, are determined based on the investees' latest reported net assets values as at the date of statement of financial position taking into account the fair value of underlying investments by the fund.

Specific valuation techniques used by management's independent experts to value Najm investments (level 3), are as follows:

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

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21. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Carrying amounts and fair value (Continued)

- and other liquid financial assets such as Murabaha and other investments, are subtracted from the Enterprise Value; and
- **Market multiples method:** The acquisition multiples of comparable private precedent transactions were assessed to indicate the value of the Company based on similar private transactions that have occurred during the previous period and covering full economic cycle. The Company has relied on local multiples valuation consisting of companies operating with a similar business model.

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

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

There were no transfers between levels 2 and 3 for recurring fair value measurements during the period. Furthermore, there were no transfers into and out of level 3 measurements.

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

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at the beginning of the period / year	100,138,348	70,040,821
Purchases	-	20,000,000
Disposals	-	(219,199)
Unrealised loss on fair value through FVTPL	-	(1,281,226)
Unrealised gain on fair value through FVOCI	-	11,597,952
Balance at the end of the period / year	100,138,348	100,138,348

Such unrealised gain on fair value of FVOCI is routed through other comprehensive income.

21. COMMITMENTS AND CONTINGENCIES

Legal proceedings

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business relating to policyholders' insurance claims. 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 material impact on the Company's results or financial position.

A fire in August 2023 at a warehouse leased to MEK Saudi Trading Company caused significant damage. The Company compensated its insured and filed a subrogation claim alleging gross negligence; the case is currently under appeal. Management, based on legal advice, is monitoring the matter and has assessed that no additional provision is required at this stage.

22. CAPITAL RISK MANAGEMENT

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

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22. CAPITAL RISK MANAGEMENT (Continued)

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 shares.

As per Article 66 of the Insurance Authority's Regulations, the Company shall maintain a solvency margin equivalent to the highest of the following three methods:

- Minimum Capital Requirement
- Premium Solvency Margin; or
- Claims Solvency Margin.

As of March 31, 2026 the Company is in compliance with the minimum solvency margin as required by the Implementing Regulations of the Cooperative Insurance Companies Control Law.

23. GROSS WRITTEN PREMIUM

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

For the three-month period ended March 31, 2026 (Unaudited)

Breakdown of GWP	March 31, 2026			Total
	Medical	Motor	Property & casualty	
Retail	7,562,769	46,077,178	503,459	54,143,406
Very small	6,644,667	4,375,086	543,468	11,563,221
Small	4,986,806	5,760,939	2,147,550	12,895,295
Medium	7,440,434	23,697,889	6,623,851	37,762,174
Corporate	17,970,535	9,859,694	6,187,890	34,018,119
Total	44,605,211	89,770,786	16,006,218	150,382,215

For the three-month period ended March 31, 2025 (Unaudited)

Breakdown of GWP	March 31, 2025			Total
	Medical	Motor	Property & casualty	
Retail	8,449,183	31,754,251	332,781	40,536,215
Very small	11,173,201	6,529,463	1,431,479	19,134,143
Small	6,422,542	4,700,974	1,593,853	12,717,369
Medium	9,072,406	7,345,287	3,050,670	19,468,363
Corporate	41,728,924	14,154,633	207,927	56,091,484
Total	76,846,256	64,484,608	6,616,710	147,947,574

AL SAGR COOPERATIVE INSURANCE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
(All amounts expressed in Saudi Riyals (ﷲ) unless otherwise stated)

24. NET WRITTEN PREMIUM

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

For the three-month period ended March 31, 2026 (Unaudited)

Item	March 31, 2026			Total
	Medical	Motor	Property & casualty	
Gross written premium	44,605,211	89,770,786	16,006,218	150,382,215
Reinsurance premium ceded - globally (including excess of loss)	(1,693,924)	(1,047,629)	(8,161,665)	(10,903,218)
Reinsurance premium ceded - locally (including excess of loss)	(1,018,618)	(805,496)	(3,975,457)	(5,799,571)
Net written premium - total	41,892,669	87,917,661	3,869,096	133,679,426

For the three-month period ended March 31, 2025 (Unaudited)

Item	March 31, 2025			Total
	Medical	Motor	Property & casualty	
Gross written premium	76,846,255	64,484,608	6,616,711	147,947,574
Reinsurance premium ceded - globally (including excess of loss)	(2,902,900)	(791,938)	(3,087,957)	(6,782,795)
Reinsurance premium ceded - locally (including excess of loss)	(1,059,182)	(1,013,994)	(917,265)	(2,990,441)
Net written premium - total	72,884,174	62,678,676	2,611,488	138,174,338

25. OPERATING SEGMENTS

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

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

Accordingly, segmental analysis of the interim condensed statements of income and other comprehensive income and interim condensed statement of financial position is not carried out as the CODM considers the Company to be a single operating segment based on the nature of its operations and products. However, the Company has disclosed its insurance related balances/results by product lines, which are determined based on the disaggregation principles of IFRS 17. These include insurance contract liabilities/assets, reinsurance contract assets/liabilities, insurance service results and insurance finance income/expenses. Refer Note 4 for such analysis.

AL SAGR COOPERATIVE INSURANCE COMPANY
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FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026
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26. SUBSEQUENT EVENTS

No events have arisen subsequent to March 31, 2026, and before the date of approval of the interim condensed financial information, that could have a significant effect on the interim condensed financial information as at and for the period ended March 31, 2026.

27. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information have been approved by the Board of Directors on Dhul-Qi'dah, 13, 1447H, corresponding to April 30, 2026.