

**GULF INSURANCE GROUP
(A Saudi Joint Stock Company)**

**INTERIM CONDENSED FINANCIAL
INFORMATION
FOR THE THREE-MONTH AND SIX-
MONTH PERIODS ENDED 30 JUNE 2026
(UNAUDITED)
TOGETHER WITH INDEPENDENT
AUDITORS' REVIEW REPORT**

GULF INSURANCE GROUP
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026
(UNAUDITED)

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KPMG Professional Services Company

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P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh



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P.O. Box 8335
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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

TO THE SHAREHOLDERS OF GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim condensed financial information of Gulf Insurance Group (a Saudi Joint Stock Company) (the "Company") which comprises the interim condensed statement of financial position as at 30 June 2026, the interim condensed statements of income and comprehensive income for the three-month and six-month periods then ended, the interim condensed statements of changes in equity and cash flows for the six-month period ended 30 June 2026, and the notes to the interim condensed financial information.

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 30 June 2026 interim condensed financial information of the Company is not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

TO THE SHAREHOLDERS OF GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY) (CONTINUED)

OTHER MATTER

The interim condensed financial information of Gulf Insurance Group (a Saudi Joint Stock Company) (the "Company") for the three-month and six-month periods ended 30 June 2025, were reviewed by other joint auditor who expressed an unmodified conclusion on that interim condensed financial information on 10 August 2025 (corresponding to 16 Safar 1447H). Furthermore, the financial statements of the Company as at and for the year ended 31 December 2025 were audited by other joint auditor who expressed an unmodified opinion on those financial statements on 02 March 2026 (corresponding to 13 Ramadan 1447H).

KPMG Professional Services Company

P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia



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Certified Public Accountant
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RSM Allied Accountants Professional Services

P. O. Box 8335
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License No. 564

Riyadh on 09 August 2026
Corresponding to: 26 Safar 1448H



GULF INSURANCE GROUP

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

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

	Notes	30 June 2026 (Unaudited)	31 December 2025 (Audited)
ASSETS			
Cash and cash equivalents	4	200,789	90,467
Short-term deposits	5	242,951	273,809
Reinsurance contract assets	7,14	376,420	411,624
Investments	6	1,971,691	1,899,250
Prepaid expenses and other assets	9	63,833	52,139
Accrued income on statutory deposit		189	1,599
Deferred tax assets		6,195	4,214
Long-term deposits	5	147,035	147,058
Right-of-use assets		22,420	24,185
Furniture and equipment		4,562	5,115
Intangible assets		18,620	22,747
Goodwill	21	50,000	50,000
Statutory deposit		52,500	52,500
TOTAL ASSETS		3,157,205	3,034,707
LIABILITIES AND EQUITY			
Accrued expenses and other liabilities		105,574	84,668
Insurance contract liabilities	7,14	1,685,120	1,604,746
Reinsurance contract liabilities	7,14	10,486	2,314
Lease liabilities		24,071	23,999
Due to related parties	15	2,534	2,318
Employee benefit obligations		31,614	29,883
Zakat and income tax	17	84,630	83,696
Accrued income payable on statutory deposit		2,926	1,599
TOTAL LIABILITIES		1,946,955	1,833,223
EQUITY			
Share capital	8	525,000	525,000
Statutory reserve	18	190,444	190,444
Retained earnings		456,867	437,070
Fair value reserve on investments		37,939	48,970
TOTAL EQUITY		1,210,250	1,201,484
TOTAL LIABILITIES AND EQUITY		3,157,205	3,034,707

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



Yousef S Abalkhail
Chairman of the Board of
Directors



Khalid Al Shuwaier
Chief Executive Officer



Babar Ali Khan
Chief Financial Officer

GULF INSURANCE GROUP

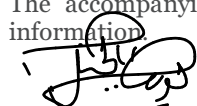
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INTERIM CONDENSED STATEMENT OF INCOME

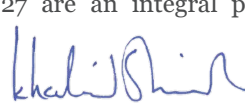
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Notes	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2026	2025	2026	2025
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Insurance revenue	14	483,314	359,189	900,969	726,758
Insurance service expenses	14	(363,397)	(313,406)	(694,117)	(584,562)
Net expense from reinsurance contracts held	14	(72,867)	(23,518)	(128,224)	(72,663)
Insurance service result from Company's directly written business		47,050	22,265	78,628	69,533
Share of surplus from insurance pools	11	9,797	1,925	10,210	1,925
Total insurance service result		56,847	24,190	88,838	71,458
Net finance (expenses) / income from insurance contracts issued	10	(8,295)	626	(13,794)	(36,032)
Net finance income / (expenses) from reinsurance contracts held	10	3,141	(27)	5,508	10,328
Net insurance financial result		(5,154)	599	(8,286)	(25,704)
Interest income using effective interest method	16	25,067	24,133	49,459	47,795
Other investment income	16	(18,348)	(2,432)	(7,576)	(1,147)
Other operating expenses		(8,892)	(9,247)	(20,857)	(21,655)
Other income		-	878	26	878
Investment and other income - net		(2,173)	13,332	21,052	25,871
Total income for the period before zakat and income tax		49,520	38,121	101,604	71,625
Zakat expense	17	(5,801)	(3,199)	(8,447)	(6,707)
Income tax expense	17	(4,990)	(783)	(10,689)	(3,686)
		(10,791)	(3,982)	(19,136)	(10,393)
Total income for the period attributable to the shareholders		38,729	34,139	82,468	61,232
Earnings per share (expressed in Saudi Riyals per share)					
Basic and diluted earnings per share	20	0.74	0.65	1.57	1.17

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



Youssef S Abalkhail
Chairman of the Board of
Directors



Khalid Al Shuwaier
Chief Executive Officer



Babar Ali Khan
Chief Financial Officer

GULF INSURANCE GROUP

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

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

	Notes	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2026	2025	2026	2025
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total income for the period attributable to the shareholders		38,729	34,139	82,468	61,232
Other comprehensive income					
<i>Items that will not be reclassified to interim condensed statement of income in subsequent periods</i>					
Remeasurement gain / (loss) on employee benefit obligations		165	(502)	329	292
Net changes in fair value of investments measured at FVOCI (equity instruments)	6	-	-	-	2,510
<i>Items that will be reclassified to interim condensed statement of income in subsequent periods</i>					
Net changes in fair value of investments measured at FVOCI (debt instruments) net of deferred tax	6	7,229	10,190	(11,031)	35,804
Total other comprehensive income		7,394	9,688	(10,702)	38,606
Total comprehensive income for the period attributable to the shareholders		46,123	43,827	71,766	99,838

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



Yousef Abalkhail
Chairman of the Board of Directors



Khalid Al Shuwaier
Chief Executive Officer



Babar Ali Khan
Chief Financial Officer

GULF INSURANCE GROUP

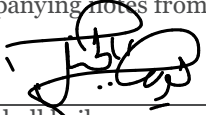
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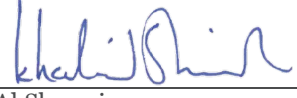
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026**

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

	Notes	Share capital	Statutory reserve	Retained earnings	Fair value reserve on investments	Total
At 1 January 2026 (Audited)		525,000	190,444	437,070	48,970	1,201,484
Total comprehensive income for the period						
Total income for the period attributable to the shareholders		-	-	82,468	-	82,468
Remeasurement gain on employee benefit obligations		-	-	329	-	329
Net changes in fair value of the investments measured at FVOCI	6	-	-	-	(11,031)	(11,031)
Total comprehensive income for the period attributable to the shareholders		-	-	82,797	(11,031)	71,766
Dividends	23	-	-	(63,000)	-	(63,000)
At 30 June 2026 (Unaudited)		525,000	190,444	456,867	37,939	1,210,250
At 1 January 2025 (Audited)		525,000	165,206	399,401	350	1,089,957
Total comprehensive income for the period						
Total income for the period attributable to the shareholders		-	-	61,232	-	61,232
Remeasurement gain on employee benefit obligations		-	-	292	-	292
Net changes in fair value of the investments measured at FVOCI	6	-	-	-	38,314	38,314
Total comprehensive income for the period attributable to the shareholders		-	-	61,524	38,314	99,838
Dividends	23	-	-	(63,000)	-	(63,000)
At 30 June 2025 (Unaudited)		525,000	165,206	397,925	38,664	1,126,795

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


 Yousef S Abalkhail
 Chairman of the Board of Directors


 Khalid Al Shuwaier
 Chief Executive Officer


 Babar Ali Khan
 Chief Financial Officer

GULF INSURANCE GROUP

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

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

Notes	For the six-month period ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)
Cash flows from operating activities		
Total income for the period before zakat and income tax	101,604	71,625
<u>Adjustments for non-cash items:</u>		
Depreciation of furniture and equipment	1,315	1,616
Depreciation of right-of-use assets	1,765	1,561
Amortisation of intangible assets	4,911	3,886
Finance cost on leases	664	634
Accretion of discount on financial assets at FVOCI	1,030	(4,276)
Unrealised loss on financial assets at FVTPL	10,807	3,265
Gain on disposal of financial assets at FVOCI	-	(21)
Amortisation of premium on financial assets at FVOCI	(4,187)	1,112
Reversal of losses on financial assets at FVOCI	(164)	(476)
Net finance expenses from insurance and reinsurance contracts	10 8,286	25,704
Employee benefit obligations	2,400	2,275
<u>Changes in operating assets and liabilities:</u>		
Reinsurance contract assets	7,14 40,712	(42,328)
Prepaid expenses and other assets	9 (11,694)	(7,088)
Accrued income on statutory deposit	1,410	8
Accrued expenses and other liabilities	20,906	(35,225)
Insurance contract liabilities, net	7,14 74,752	(62,831)
Due to related parties	15 216	3,036
Accrued income payable on statutory deposit	1,327	(8)
Cash generated / (used) in operations	256,060	(37,531)
Employee benefit obligations paid	(340)	(1,660)
Zakat and income tax paid	(19,012)	(16,245)
Net cash inflow / (outflow) from operating activities	236,708	(55,436)

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GULF INSURANCE GROUP

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)

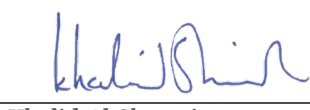
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

		For the six-month period ended 30 June	
	Notes	2026	2025
		(Unaudited)	(Unaudited)
Cash flows from investing activities			
Redemption in short-term deposits, net		30,858	133,590
Payments for purchases of investments		(126,242)	(85,334)
Proceeds from sale / maturity of investments		34,113	97,067
Redemption / (purchase) of long-term deposits, net		23	(40,448)
Payments for purchases of furniture and equipment		(762)	(2,759)
Payments for purchases of intangible assets		(784)	(3,685)
Net cash (outflow) / inflow from investing activities		(62,794)	98,431
Cash flows from financing activities			
Dividends paid	23	(63,000)	(63,000)
Payment against principal portion of lease liabilities		(592)	-
Net cash (outflow) from financing activities		(63,592)	(63,000)
Net increase / (decrease) in cash and cash equivalents		110,322	(20,005)
Cash and cash equivalents at the beginning of the period		90,467	155,909
Cash and cash equivalents at end of the period	4	200,789	135,904
Supplemental non-cash information			
Changes in fair value of financial assets at FVOCI	6	(12,202)	38,314

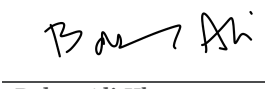
The accompanying notes from 1 to 27 are an integral part of this interim condensed financial information.



Yousef S Abalkhai
Chairman of the Board of Directors



Khalid Al Shuwaier
Chief Executive Officer



Babar Ali Khan
Chief Financial Officer

GULF INSURANCE GROUP

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

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

1. General information - legal status and principal activities

Gulf Insurance Group, a Saudi joint stock company (the “Company”), was formed pursuant to Royal Decree No. M/36 dated 27 Jumada II 1429H (corresponding to 1 July 2008). The Company was incorporated vide Ministerial Order number Q/192, dated 10 Jumada II 1430H, (corresponding to 3 September 2009). The Company is registered in the Kingdom of Saudi Arabia under Commercial Registration (“CR”) number 1010271203 issued in Riyadh on 20 Rajab, 1430H (corresponding to 13 July 2009). The Company’s registered address is P.O. Box 753, Riyadh 11421, Kingdom of Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance activities in accordance with the Law on Supervision of Cooperative Insurance Companies (the “Law”), the Company’s by-laws and other regulations promulgated in the Kingdom of Saudi Arabia. Its principal lines of business include health, motor, marine, property, engineering, accident and liability and protection insurance. The Company obtained license from the Saudi Arabian Monetary Authority (“SAMA”) to practice general and health insurance and reinsurance business in the Kingdom of Saudi Arabia vide license number TMN/25/20101, dated 11 Safar 1431H (corresponding to 26 January 2010). The Company commenced insurance operations on 4 Rabi’ I 1431H (corresponding to 18 February 2010).

The Company operates through multiple branches located in the Kingdom of Saudi Arabia. Following are the CR numbers of these branches:

Branch type	Location	CR number
Head Office	Riyadh	1010271203
Regional Branch	Khobar	2051044972
Regional Branch	Jeddah	4030209279

Impact of geopolitical disruptions

During the six-month period ended 30 June 2026, geopolitical developments in the Middle East have led to increased security tensions and economic uncertainty in the region.

Management has evaluated the impact of the aforementioned events on the credit risk profile of financial instruments. Further, management has considered the best estimate in the calculation of case reserves forming part of liability for incurred claims under insurance contract liabilities for geopolitical disruptions.

Management continues to closely monitor the evolving geopolitical conditions and their potential impact on the Company’s operations, financial position and credit risk profile. As of the date of approval of this condensed interim financial information, the Company’s operations have not experienced any significant disruptions and no related claim was reported to the Company. Any necessary refinements to assumptions or enhancements will be incorporated in future reporting periods as additional information becomes available.

GULF INSURANCE GROUP

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

(continued)

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

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).

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for insurance operations and shareholders' operations. 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.

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. Surplus entitled to the policyholders is part of insurance service expenses.

The Regulations require 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 unrealised 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

The interim condensed financial information is prepared under the historical cost convention, except as explained in the relevant accounting policies in the annual financial statements for the year ended 31 December 2025.

(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 of the Company for the year ended 31 December 2025.

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

(d) Functional and presentation currency

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

GULF INSURANCE GROUP

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

(continued)

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

2. 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.

3. Material accounting policy information

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 31 December 2025.

3.1 New standards, amendments and interpretations

A number of new and amended standards became applicable for the current reporting period.

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7.
- Annual improvements to IFRS - Volume 11.
- IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity.

The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 1 January 2026 reporting periods and have not been early adopted by the Company.

- IFRS 18 - Presentation and Disclosure in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures
- Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency

Management is in the process of assessing the impact of such new standards, interpretations and amendments on its financial statements.

(i) IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and applies for reporting periods beginning on or after 1 January 2027. The Company has not early adopted the new accounting standard in preparing these interim financial statements; however, earlier application is permitted.

The Company is in the process of assessing the estimated impact that the initial application of IFRS 18 will have on its financial statements.

IFRS 18 introduces new requirements for the presentation and disclosure of information in the financial statements and carries forward many requirements from IAS 1 unchanged. It does not change the recognition and measurement requirements of other IFRS Accounting Standards. Accordingly, neither profit for the period nor total equity are expected to change as a result of the Company's adoption of IFRS 18; however, the structure of the primary financial statements and a number of disclosures in the notes will change, and comparative information will be subject to required changes.

GULF INSURANCE GROUP

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

(continued)

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

3. Material accounting policy information (continued)

3.1 New standards, amendments and interpretations (continued)

(i) IFRS 18 Presentation and Disclosure in Financial Statements (continued)

The Company has performed an initial internal gap assessment of the estimated impact that the initial application of IFRS 18 will have on its financial statements. The principal expected effects, based on the information currently available, are set out below. The assessment remains subject to change as the Company completes its implementation programme and as further interpretive and regulatory guidance develops.

(a) Structure of the statement of Income

IFRS 18 requires entities to classify all income and expenses into categories in the statement of Income – namely operating, investing, financing, zakat income tax and discontinued operations. Classification of income and expenses depends on the main business activities of an entity. The Company has determined that its main business activity is insurance within the scope of IFRS 17 “Insurance Contracts”.

Neither net profit nor net assets are expected to significantly change as a result of the Company’s adoption of IFRS 18. The Company will be required to present two newly defined subtotals, which are ‘operating profit’ and ‘profit or loss before financing and income taxes’. However, operating profit subtotal differs from the current operating profit subtotal presented by the Company. Based on the information currently available, the Company expects changes to the current structure of the statement of profit or loss to result from the following:

- All amounts recognised under IFRS 17 – insurance revenue, insurance service expenses, net income or expenses from reinsurance contracts held (together, the insurance service result) and insurance finance income and expenses – will be classified in the operating category. Insurance finance income and expenses are specifically excluded from the financing category.
- Income and expenses from investments held to back insurance liabilities and shareholder funds – including interest income, dividend income, realised and unrealised fair value gains and losses, and expected credit losses and reversals – which are currently presented separately from the net insurance result, may be classified in the operating category because investing in assets is related to the main business activity of the Company. However, the Company continues to assess whether investing in certain assets, including financial assets, also constitutes a specified main business activity for the Company. Incremental costs directly attributable to the acquisition or disposal of these investments will follow the same classification.
- The Company's share of surplus from insurance pools will be presented within the operating category and included in operating profit.

b) Presentation and disaggregation of operating expenses:

IFRS 18 requires an entity to present operating expenses in a way that provides a useful structured summary of its expenses, classified either by nature, by function, or on a mixed basis. Insurance service expenses presented in accordance with IFRS 17 constitute presentation by function. Because the Company presents expenses by function on the face of the statement of Income, it will be required to disclose in a single note the amounts of specified expenses by nature included within each functional line item. The Company is currently working on developing the required disclosure.

GULF INSURANCE GROUP

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026 (continued)

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

3. Material accounting policy information (continued)

3.1 New standards, amendments and interpretations (continued)

(i) IFRS 18 Presentation and Disclosure in Financial Statements (continued)

c) Management-defined performance measures

Management-defined performance measures (MPMs) are subtotals of income and expenses used in public communications outside the financial statements that communicate to users, management's view of an aspect of the financial performance of the Company.

The Company will be required to disclose specific information about MPMs in a single note in the financial statements, comprising:

- a description of the aspect of financial performance that the measure communicates and why management believes the measure provides useful information for the users of financial statements.
- a short description of how the measure is calculated.
- a reconciliation between the measure and the most directly comparable subtotal or total specified by IFRS 18 or required by IFRS, including the income zakat/tax effect for each reconciling item.
- a statement that the measure reflects management's view and is not necessarily comparable with measures with similar labels used by other entities.

The Company is in process of determining which public communications should be considered when identifying MPMs.

MPMs relate to the same reporting period as the financial statements. Accordingly, the MPMs to be disclosed by the Company upon adoption of IFRS 18 will be identified based on public communications relating to the 2027 interim reporting period.

d) Principles of aggregation and disaggregation

IFRS 18 introduces enhanced principles regarding the aggregation and disaggregation of information in the financial statements (i.e. the primary financial statements and the notes). It also introduces guidance on labelling and describing items presented in the primary financial statements or disclosed in the notes. The Company is assessing the grouping of items on the basis of similar and dissimilar characteristics. Based on this assessment, it will present line items in the primary financial statements that provide useful structured summaries and disclose additional material information in the notes.

The Company is also assessing line items currently labelled as 'other' and will use more informative labels.

In addition, IFRS 18 may require changes to certain line-item descriptions, subtotals and disclosures currently presented in the statement of income. The assessment remains subject to completion of the Company's implementation activities and any future interpretative or regulatory developments.

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3. Material accounting policy information (continued)

3.1 New standards, amendments and interpretations (continued)

(i) IFRS 18 Presentation and Disclosure in Financial Statements (continued)

e) Consequential amendments

Statement of cash flows (IAS 7)

IFRS 18 introduces consequential amendments to IAS 7, which require entities to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Company currently uses profit for the year/period before zakat and income tax as the starting point of the reconciliation to cash flows from operating activities. Certain adjusting items included in the reconciliation will change as a result of the new starting point.

The amendments also remove the presentation alternatives previously available for interest and dividend cash flows. The Company is in process of assessing the impacts of all amendments.

Earnings per share (IAS 33)

IAS 33 is amended so that any additional earnings-per-share measures may be presented only where the numerator is a total or subtotal specified by IFRS 18 or an MPM attributable to ordinary equity holders, with an explanation. The Company currently presents only basic and diluted earnings per share based on profit attributable to ordinary equity holders and does not expect a significant impact, other than confirming that any future additional per-share measures comply with these restrictions. Interim financial reporting (IAS 34)

Interim Financial Reporting (IAS 34)

IAS 34 is amended so that interim financial statements for periods beginning on or after 1 January 2027 reflect the IFRS 18 categories, subtotals and related disclosure requirements, with restated comparatives. The Company's condensed interim financial statements for the first quarter of 2027 will be the first financial statements prepared applying IFRS 18, and interim disclosure templates are being updated accordingly.

f) Transition

IFRS 18 applies retrospectively. Upon initial application, the Company will restate comparative information in accordance with the transition requirements of IFRS 18 and will disclose, in the financial statements for the year of initial application in accordance with IFRS 18 requirements.

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 recognised 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 31 December 2025.

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4. Cash and cash equivalents

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

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Cash at banks		
- Current accounts – Note 4.1	132,535	90,467
- Term deposit – Note 4.2	68,255	-
Expected credit losses - Note 4.3	(1)	-
	200,789	90,467

4.1 Cash at banks is placed with counterparties with sound credit ratings ranging from A1 to B2 as per Moody's.

4.2 The term deposit is held with a local commercial bank rated A1 by Moody's and has a maturity of up to three months from the deposit date. The average yield on these deposits is 4.95% per annum (31 December 2025: No term deposits were placed).

4.3 This balance is classified as stage 1

5. Short-term and long-term deposits

Short-term deposits are placed with local banks with maturity of more than three months but less than or equal to twelve months from the date of placement and earned commission income at a rate between 4.95% and 6% (2025: 4.9% and 6%) per annum.

The gross carrying amount of short-term deposits represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1.

Long-term deposits represent deposits in various banks earning commission income at rates between 4.15% and 7% (2025: 4% and 7%) per annum.

The gross carrying amount of long-term deposits represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1.

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Short-term deposits – Principal amount	237,071	272,477
Accrued income on short-term deposits	5,881	1,342
Expected credit losses on short-term deposits	(1)	(10)
Short-term deposits at end of the period / year	242,951	273,809
Long-term deposits – Principal amount	146,250	146,250
Accrued income on long-term deposits	788	809
Expected credit losses on long-term deposits	(3)	(1)
Long-term deposits at end of the period / year	147,035	147,058
Balance at end of the period / year	389,986	420,867

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5. Short-term and long-term deposits (continued)

Movement in allowance for net impairment credit losses on term deposits is as follows:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Balance at beginning of the year	11	11
Impairment credit losses / (reversal) recognised in statement of income during the year	(7)	-
Balance at end of the period / year	4	11

6. Investments(a) *Investments are classified as follows:*

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Financial assets at FVOCI (refer b below)	1,792,567	1,784,546
Financial assets at FVTPL (refer d below)	179,124	114,704
	1,971,691	1,899,250

(b) *Movement in investments carried at FVOCI is as follows:*

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Opening balance	1,784,546	1,691,968
Additions during the period / year	48,788	248,639
Withdrawal / matured during the period / year	(31,886)	(216,331)
Realised fair value losses reclassified to interim condensed statement of income	-	(40)
Accretion of discount	(1,030)	8,547
Amortisation of premium	4,187	(2,078)
Net impairment credit losses reversed during the period / year	164	21
Changes in fair value	(12,202)	53,820
Closing balance	1,792,567	1,784,546

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6. Investments (continued)

- (c) During the three-month and six-month periods ended 30 June 2026 and 2025, the following gains (losses) were recognised in the other comprehensive income:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Related to equity instruments	-	-	-	2,510
Related to debt instruments	7,229	10,190	(11,031)	35,804
	7,229	10,190	(11,031)	38,314

- (d) *Movement in investments carried at fair value through profit or loss is as follows:*

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Opening balance	114,704	76,165
Additions during the period	77,454	73,723
Disposals during the period	(2,227)	(37,119)
Changes in fair value	(10,807)	1,935
Closing balance	179,124	114,704

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FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

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

7. Insurance and reinsurance contracts

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims:

	As at 30 June 2026 (Unaudited)					As at 31 December 2025 (Audited)				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimate of present value of future cash flows**	Risk adjustment for non-financial risk*		Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk*	
Insurance contracts issued										
Insurance contracts liabilities - opening	349,549	50,294	1,016,722	188,181	1,604,746	274,119	39,307	920,079	174,251	1,407,756
Insurance contract assets - opening	-	-	-	-	-	-	-	-	-	-
Opening balance - net	349,549	50,294	1,016,722	188,181	1,604,746	274,119	39,307	920,079	174,251	1,407,756
Insurance revenue	(900,969)	-	-	-	(900,969)	(1,503,755)	-	-	-	(1,503,755)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	(42,468)	625,126	31,208	613,866	-	(39,295)	1,244,494	84,081	1,289,280
Changes that relates to the past service - changes in fulfilment cashflows ("FCF") relating to LIC	-	-	(38,715)	(46,510)	(85,225)	-	-	(101,058)	(70,165)	(171,223)
Losses (reversal of losses) on onerous contracts	-	35,311	-	-	35,311	-	50,282	-	-	50,282
Insurance acquisition cashflows amortisation	130,165	-	-	-	130,165	218,102	-	-	-	218,102
Insurance service expenses	130,165	(7,157)	586,411	(15,302)	694,117	218,102	10,987	1,143,436	13,916	1,386,441
Finance expenses from insurance contracts issued**	-	-	13,794	-	13,794	-	-	26,491	14	26,505
Total changes in the interim condensed statement of income	(770,804)	(7,157)	600,205	(15,302)	(193,058)	(1,285,653)	10,987	1,169,927	13,930	(90,809)
Cash flows										
Premium received	1,070,289	-	-	-	1,070,289	1,589,695	-	-	-	1,589,695
Claims and other incurred insurance service expenses paid	-	-	(637,107)	-	(637,107)	-	-	(1,073,284)	-	(1,073,284)
Insurance acquisition cash flows paid	(159,750)	-	-	-	(159,750)	(228,612)	-	-	-	(228,612)
Total cash flows	910,539	-	(637,107)	-	273,432	1,361,083	-	(1,073,284)	-	287,799
Insurance contracts										
Insurance contract liabilities - closing	489,284	43,137	979,820	172,879	1,685,120	349,549	50,294	1,016,722	188,181	1,604,746
Insurance contract assets - closing	-	-	-	-	-	-	-	-	-	-
Closing balance - net	489,284	43,137	979,820	172,879	1,685,120	349,549	50,294	1,016,722	188,181	1,604,746

* The Company has determined risk adjustment at 75th percentile for all portfolios (31 December 2025: 75th percentile).

** The Company determines discount rates using a bottom-up approach. The starting point are liquid risk-free yield curves that reflect the currency and timing of the insurance contract cash flows. The reference risk-free yield curves are based on Moody's Analytics USD risk-free yield curves and are adjusted for illiquidity premiums and the relevant country specific risk premium as required.

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7. Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the asset for remaining coverage and the asset for incurred claims:

	As at 30 June 2026 (Unaudited)					As at 31 December 2025 (Audited)				
	Asset for remaining coverage		Assets for incurred claims			Asset for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimate of present value of future cash flows**	Risk adjustment for non-financial risk*	Total	Excluding loss recovery component	Loss recovery component	Estimate of present value of future cash flows	Risk adjustment for non-financial risk*	Total
Reinsurance contracts held										
Reinsurance contracts liabilities - opening	(4,561)	-	1,360	887	(2,314)	(6,132)	-	2,874	1,913	(1,345)
Reinsurance contracts assets - opening	(72,906)	14,280	382,925	87,325	411,624	(78,841)	-	215,148	62,319	198,626
Opening balance - net	(77,467)	14,280	384,285	88,212	409,310	(84,973)	-	218,022	64,232	197,281
Allocation of reinsurance premium	(157,935)	-	-	-	(157,935)	(226,447)	-	-	-	(226,447)
Amounts recoverable from reinsurers										
Claim recovered and other directly attributable expenses	-	-	54,281	9,845	64,126	-	-	206,719	42,371	249,090
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	(11,457)	(10,210)	(16,725)	(38,392)	-	-	(18,294)	(18,397)	(36,691)
Loss recovery on onerous underlying contracts	-	3,977	-	-	3,977	-	14,280	-	-	14,280
Amounts recoverable from reinsurers - net	(157,935)	(7,480)	44,071	(6,880)	(128,224)	(226,447)	14,280	188,425	23,974	232
Finance income from reinsurance contracts held**	-	-	5,508	-	5,508	-	-	6,558	6	6,564
Total changes in interim condensed statement of income	(157,935)	(7,480)	49,579	(6,880)	(122,716)	(226,447)	14,280	194,983	23,980	6,796
Cash flows										
Premiums ceded	98,224	-	-	-	98,224	233,953	-	-	-	233,953
Recoveries from reinsurance	-	-	(18,884)	-	(18,884)	-	-	(28,720)	-	(28,720)
Total cash flows	98,224	-	(18,884)	-	79,340	233,953	-	(28,720)	-	205,233
Reinsurance contracts held										
Reinsurance contract liabilities - closing	(20,797)	-	8,192	2,119	(10,486)	(4,561)	-	1,360	887	(2,314)
Reinsurance contract assets - closing	(116,381)	6,800	406,788	79,213	376,420	(72,906)	14,280	382,925	87,325	411,624
Closing balance - net	(137,178)	6,800	414,980	81,332	365,934	(77,467)	14,280	384,285	88,212	409,310

* The Company has determined risk adjustment at 75th percentile for all reinsurance portfolios (31 December 2025: 75th percentile).

** The Company determines discount rates using a bottom-up approach. The starting point are liquid risk-free yield curves that reflect the currency and timing of the insurance contract cash flows. The reference risk-free yield curves are based on Moody's Analytics USD risk-free yield curves and are adjusted for illiquidity premiums and the relevant country specific risk premium as required.

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8. Share capital

The authorised, issued and paid-up capital of the Company was Saudi Riyals 525 million as at 30 June 2026 and 31 December 2025 consisting of 52.5 million shares of Saudi Riyals 10 each.

Shareholding structure of the Company as at 30 June 2026 and 31 December 2025 is as below.

	Authorised and issued	Paid up
	No. of shares	Saudi Riyals
Gulf Insurance Group (Gulf) B.S.C (c).	26,250,000	262,500
General public	26,250,000	262,500
	52,500,000	525,000

9. Prepaid expenses and other assets

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Receivable - insurance arrangements - Note 9.1	27,489	22,310
Accrued income	19,850	19,083
Prepaid expenses	14,804	8,199
Employees' receivable	1,191	1,124
Other	499	1,423
	63,833	52,139

- 9.1** This mainly includes balance receivable for share of surplus from insurance pools for Inherent Defect Insurance, Rights and Entitlements of Non-Saudi Employees in Private Sector Entities Insurance and Hajj & Umrah. Also see Note 11.

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10. Net finance (expenses) / income from insurance / reinsurance contracts

An analysis of the net insurance finance income (expenses) by product line for the three-month and six-month periods ended 30 June 2026 and 30 June 2025 respectively is presented below:

	For the three-month period ended 30 June 2026 (Unaudited)					For the three-month period ended 30 June 2025 (Unaudited)				
	Motor	Property and casualty	Health	Protection	Total	Motor	Property and casualty	Health	Protection	Total
Finance (expense) / income from insurance contracts issued										
Interest accretion (net)	(1,264)	(4,777)	(1,227)	(322)	(7,590)	310	(83)	212	57	496
Effects of changes in interest rates and other financial assumptions	(89)	(349)	(152)	(115)	(705)	33	40	44	13	130
Finance (expenses) / income from insurance contracts issued	(1,353)	(5,126)	(1,379)	(437)	(8,295)	343	(43)	256	70	626
Finance income / (expenses) from reinsurance contracts held										
Interest accreted	5	2,593	28	47	2,673	-	3	(2)	-	1
Effects of changes in interest rates and other financial assumptions	1	453	4	10	468	-	(26)	(3)	1	(28)
Finance income / (expenses) from reinsurance contracts held	6	3,046	32	57	3,141	-	(23)	(5)	1	(27)
Net finance (expenses) / income from insurance / reinsurance contracts	(1,347)	(2,080)	(1,347)	(380)	(5,154)	343	(66)	251	71	599

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10. Net finance (expenses) / income from insurance / reinsurance contracts (continued)

	For the six-month period ended 30 June 2026 (Unaudited)					For the six-month period ended 30 June 2025 (Unaudited)				
	Motor	Property and casualty	Health	Protection	Total	Motor	Property and casualty	Health	Protection	Total
Finance expenses from insurance contracts issued										
Interest accreted	(3,287)	(9,981)	(2,611)	(763)	(16,642)	(11,343)	(16,462)	(5,754)	(1,564)	(35,123)
Effects of changes in interest rates and other financial assumptions	289	2041	460	58	2,848	(304)	(500)	(75)	(30)	(909)
Finance expenses from insurance contracts issued	(2,998)	(7,940)	(2,151)	(705)	(13,794)	(11,647)	(16,962)	(5,829)	(1,594)	(36,032)
Finance income from reinsurance contracts held										
Interest accreted	5	5,966	94	109	6,174	67	9,351	297	214	9,929
Effects of changes in interest rates and other financial assumptions	(2)	(643)	(8)	(13)	(666)	2	376	16	5	399
Finance income from reinsurance contracts held	3	5,323	86	96	5,508	69	9,727	313	219	10,328
Net finance expenses from insurance / reinsurance contracts	(2,995)	(2,617)	(2,065)	(609)	(8,286)	(11,578)	(7,235)	(5,516)	(1,375)	(25,704)

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11. Share of surplus from insurance pool

11.1 Share of surplus from Hajj and Umrah

This represents the Company's share in the surplus for medical and general accident product arising from the Hajj and Umrah scheme. The Company, with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from 1 January 2020. The compulsory Umrah product is offered by the ministry and approved by SAMA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers medical and general accidents of the pilgrims entering the Kingdom of Saudi Arabia to perform Umrah. The agreement terms are for 4 years starting from 1 January 2020 and it is renewable for another four years subject to the terms and conditions of the agreement. There is no renewal to the agreement as at 30 June 2026 as the aforementioned arrangement has been discontinued.

11.2 Inherent Defect Insurance

This represents the Company's share of 8.54% in the Inherent Defects Insurance ("IDI") product. On 25 June 2020, an agreement was signed among thirteen insurance companies ("Participating Companies") operating in Kingdom of Saudi Arabia for IDI product, based on the SAMA approval authorising Malath Cooperative Insurance Company ("Malath") 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 exclusively managed the portfolio during the period of validity of the IDI agreement of five years from issue date. The agreement expired during the year ended 31 December 2025. Effective 24 June 2025, Tawuniya Cooperative Insurance Company has been appointed as the new operator for IDI. Following an increase in the number of participants from thirteen to seventeen, the Company's share has now changed to 12.22%.

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 21/09/1439 AH (corresponding to 05/06/2018) and in accordance with the decision 441/187 of the Governor of SAMA dated 05/08/1441 AH (corresponding to 29/03/2020).

11.3 Rights and Entitlements of Non-Saudi Employees in Private Sector Entities Insurance

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 Insurance Authority (IA). The agreement was initially valid for a term of five years, starting from 3 November 2024, and renewable for another five years, subject to the terms and conditions of the agreement.

In June 2026, this arrangement changed and The Company for Cooperative Insurance has been appointed to serve as the lead insurer for this product.

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12. Commitments and contingencies

- (i) The Company has issued various bank guarantees amounting to Saudi Riyals 22.1 million (31 December 2025: Saudi Riyals 27.3 million) in the ordinary course of business.
- (ii) 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 a material effect on its results and financial position. Further, there was no material change in the status of legal proceedings during the current period from the status disclosed as at 31 December 2025. Refer to Note 17 for zakat and tax related matters.

13. Fair value of financial instruments

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

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, most advantageous market that the company can access

The fair values of on-balance sheet financial instruments that are not carried at fair value are not significantly different from their carrying amounts included in the interim condensed financial information.

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

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

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

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

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

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13. Fair value of financial instruments (continued)*(a) Carrying amounts and fair value*

	Fair value			
	Level 1	Level 2	Level 3	Total
30 June 2026 (Unaudited)				
Financial assets measured at fair value				
Investments at FVOCI	1,048,414	671,394	72,759	1,792,567
Investments at FVTPL	179,124	-	-	179,124
Total investments	1,227,538	671,394	72,759	1,971,691
	Fair value			
	Level 1	Level 2	Level 3	Total
31 December 2025 (Audited)				
Financial assets measured at fair value				
Investments at FVOCI	1,689,787	22,000	72,759	1,784,546
Investments at FVTPL	114,704	-	-	114,704
Total investments	1,804,491	22,000	72,759	1,899,250

*Financial assets at FVOCI at 30 June 2026 include 1,923,078 shares (31 December 2025: 1,923,078 shares) in Najm for Insurance Services ("Najm"). The investment is carried at fair value of Saudi Riyals 72.8 million as at 30 June 2026 (31 December 2025: Saudi Riyals 72.8 million).

Specific valuation techniques used by management's independent experts to value financial instruments in Level 3 i.e. Najm, 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 and other liquid financial assets such as Murabahas 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 prior periods and covering a 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%, respectively, (31 December 2025: 60% and 40%, respectively) 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% (31 December 2025: 3.45%).

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13. Fair value of financial instruments (continued)

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

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Balance at the beginning of the period/year	72,759	61,154
Unrealised gain on fair value of FVOCI	-	11,605
Balance at the end of the period/year	72,759	72,759

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

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13. Fair value of financial instruments (continued)

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

	Fair value		Unobservable inputs		Range of inputs		Relationship of Unobservable input to Fair value
	30 June 2026	31 December 2025	30 June 2026	31 December 2025	30 June 2026	31 December 2025	
Unquoted equity investment in Najm	72,759	72,759	Revenue growth rate	Revenue growth rate	8.8%	8.8%	Reducing the revenue growth rate by 100 basis points, would decrease the fair value by Saudi Riyals 1.1 million. (2025: Saudi Riyals 1.1 million)
			WACC	WACC	17%	17%	Increasing the WACC by 100 basis points, would decrease the fair value by Saudi Riyals 1.9 million. (2025: Saudi Riyals 1.9 million)
			Terminal value growth rate	Terminal value growth rate	1.5%	1.5%	Reducing the terminal value growth rate to 0.5%, would decrease the fair value by Saudi Riyals 1.1 million (2025: Saudi Riyals 1.1 million)
			EV/EBITDA multiple	EV/EBITDA multiple	7	7	Reducing the EV/EBITDA multiple to 6 would decrease the fair value by Saudi Riyals 2.8 million (2025: Saudi Riyals 2.8 million).

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

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13. Fair value of financial instruments (continued)*(d) Valuation process*

The finance department of the Company performs the valuations of level 3 fair values required for financial reporting purposes. This team reports directly to the Chief Financial Officer (CFO), Investment Committee ("IC") and the Audit Committee ("AC"). Discussions of valuation processes and results are held between the CFO, AC, IC and the finance team regularly. The main level 3 inputs used by the Company are derived and evaluated as follows:

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

14. Segmental information

Operating segments for the purpose of segmental information are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in their function as chief operating decision maker in order to allocate resources to the segments and to assess its performance.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the interim condensed statement of income. Segment assets and liabilities comprise operating assets and liabilities.

For management purposes, the Company is organised into business units based on their products and services and has the following reportable segments:

- Motor;
- Property and casualty;
- Health; and
- Protection.

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the interim condensed financial information.

Where intersegment transactions were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results will then include those transfers between operating segments which will then be eliminated at the level of interim condensed financial information of the Company.

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14. Segmental information (continued)

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 30 June 2026 and 31 December 2025, its total revenues, expenses, and net income for the three-month and six-month periods ended 30 June 2026 and 30 June 2025 then ended are as follows:

a) Segmental interim condensed statement of income:

	For the three-month period ended 30 June 2026 (Unaudited)					For the six-month period ended 30 June 2026 (Unaudited)				
	Motor	Property and casualty	Health	Protection	Total	Motor	Property and casualty	Health	Protection	Total
Insurance revenue	283,975	132,791	55,634	10,914	483,314	508,987	250,425	118,765	22,792	900,969
Insurance service expenses	(264,765)	(38,484)	(54,946)	(5,202)	(363,397)	(465,450)	(96,881)	(118,815)	(12,971)	(694,117)
Net expense from reinsurance contracts held	(3,400)	(61,463)	(3,012)	(4,992)	(72,867)	(7,348)	(111,355)	(5,089)	(4,432)	(128,224)
Net finance expenses	(1,347)	(2,080)	(1,347)	(380)	(5,154)	(2,995)	(2,617)	(2,065)	(609)	(8,286)
Segment results	14,463	30,764	(3,671)	340	41,896	33,194	39,572	(7,204)	4,780	70,342
Share of surplus from insurance pools					9,797					10,210
Interest income on investment					25,067					49,459
Other Investment income					(18,348)					(7,576)
Other operating expenses					(8,892)					(20,857)
Other income					-					26
Profit before tax					49,520					101,604

	For the three-month period ended 30 June 2025 (Unaudited)					For the six-month period ended 30 June 2025 (Unaudited)				
	Motor	Property and casualty	Health	Protection	Total	Motor	Property and casualty	Health	Protection	Total
Insurance revenue	154,729	92,067	89,232	23,161	359,189	302,269	187,494	188,443	48,552	726,758
Insurance service expenses	(157,818)	(38,657)	(96,098)	(20,833)	(313,406)	(278,094)	(62,085)	(201,146)	(43,237)	(584,562)
Net (expense) income from reinsurance contracts held	(3,165)	(20,096)	(234)	(23)	(23,518)	(2,777)	(68,214)	(1,709)	37	(72,663)
Net finance income (expense)	343	(66)	251	71	599	(11,578)	(7,235)	(5,516)	(1,375)	(25,704)
Segment results	(5,911)	33,248	(6,849)	2,376	22,864	9,820	49,960	(19,928)	3,977	43,829
Share of surplus from insurance pools					1,925					1,925
Interest income on investment					24,133					47,795
Other Investment income					(2,432)					(1,147)
Other operating expenses					(9,247)					(21,655)
Other income					878					878
Profit before tax					38,121					71,625

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14. Segmental information (continued)b) *Segmental interim condensed statement of financial position:*

30 June 2026 (Unaudited)	Motor	Property and casualty	Health	Protection	Total
ASSETS AND LIABILITIES					
Reinsurance contract assets	95	360,764	5,591	9,970	376,420
Unallocated assets					2,780,785
TOTAL ASSETS					3,157,205
Insurance contract liabilities	768,954	701,680	156,019	58,467	1,685,120
Reinsurance contract liabilities	6,064	4,422	-	-	10,486
Unallocated liabilities					251,349
TOTAL LIABILITIES					1,946,955
31 December 2025 (Audited)					
ASSETS AND LIABILITIES					
Reinsurance contract assets	2,224	390,273	7,832	11,295	411,624
Unallocated assets					2,623,083
TOTAL ASSETS					3,034,707
Insurance contract liabilities	592,906	761,575	200,240	50,025	1,604,746
Reinsurance contract liabilities	1,131	1,182	-	1	2,314
Unallocated liabilities					226,163
TOTAL LIABILITIES					1,833,223

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15. Related party transactions and balances

The controlling shareholder of the Company is Gulf Insurance Group (Gulf) B.S.C. (GIG Gulf) which is ultimately owned by Fairfax Financial Holdings Limited.

Related parties represent major shareholder, directors and key management personnel of the Company, and companies of which they are principal owners, and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the related party transactions during the three-month and six-month periods ended 30 June 2026 and 2025, and the related balances:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<u>Major shareholder</u>				
Reinsurance premiums ceded (forming part of net expenses/income from reinsurance contracts held)	3,355	959	6,350	7,003
Reinsurance commissions (forming part of net expenses/income from reinsurance contracts held)	110	66	384	265
Reinsurers' share of gross claims paid (forming part of net expenses/income from reinsurance contracts held)	299	259	1,140	551
Other operating expenses	1,289	4	1,590	304
<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>				
Gross premiums (forming part of insurance revenue)	367	301	2,191	2,125
Net claims paid (forming part of insurance service expenses)	992	751	1,370	2,343

The compensation of key management personnel during the three-month and six-month periods ended 30 June 2026 and 2025 is as follows:

	For three-month period ended 30 June		For six-month period ended 30 June	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and benefits	4,290	3,324	8,548	6,518
Employee benefit obligations	165	343	330	393

Board of Directors fees for the three-month and six-month periods ended 30 June 2026 were Saudi Riyals 0.6 million and Saudi Riyals 1.1 million, respectively (three-month and six-month periods ended 30 June 2025: Saudi Riyals 0.4 million and Saudi Riyals 0.7 million, respectively). Total salaries and benefits payable (including employee benefit obligations payable) as at 30 June 2026 is Saudi Riyal 10.5 million (31 Dec 2025 : Saudi Riyal 12.6 million).

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15. Related party transactions and balances (continued)

The transactions with related parties are carried out at commercial terms and conditions. Compensation to key management personnel is on employment terms and as per the By-laws of the Company.

Due to related parties represents amounts payable to the GIG group entities which is provided as below:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Gulf Insurance Group (Gulf) B.S.C (Parent Company)	4	4
Gulf Insurance Group K.S.C.P (Intermediate Parent Company)	2,530	2,314
	2,534	2,318

16. Investment income

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income from deposits	6,544	6,928	12,564	13,536
Interest Income on financial assets at FVOCI	16,937	15,593	33,738	31,095
Net accretion on financial assets at FVOCI	1,586	1,612	3,157	3,164
Interest income using effective interest method	25,067	24,133	49,459	47,795
Income on financial assets at FVTPL	2,673	1,089	2,960	1,612
Unrealised loss on financial assets at FVTPL	(21,232)	(3,660)	(10,807)	(3,265)
Realised gain / (loss) on financial assets at FVTPL	100	(10)	100	21
(Reversal) /Charge of ECL on deposits	(2)	9	7	9
Impairment (reversal) / loss on financial assets at FVOCI	113	140	164	476
Other investment income	(18,348)	(2,432)	(7,576)	(1,147)
Total investment income - net	6,719	21,701	41,883	46,648

17. Zakat and income tax*Status of assessments*

The Company has filed its Zakat and Income Tax returns with the Zakat, Tax and Customs Authority (ZATCA) up to the year 2025. The Company has finalised its zakat and tax assessments with the ZATCA for all years up to 31 December 2020.

Further, the assessments for the years from 2021 to 2025 are under review by ZATCA.

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18. Statutory reserve

In accordance with By-laws of the Company and Article 70(2)(g) of the Implementing Regulations for Co-operative Insurance Companies issued by the Insurance Authority, formerly SAMA, the Company is required to transfer not less than 20% of its annual profits, 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. Capital risk management

The Company's objectives, as set by the Board of Directors, are to maintain healthy capital ratios to support its business objectives and maximize shareholder value, as follows :

- To comply with the insurance capital requirements as set out in the Law. The Company's current paid-up share capital is in accordance with Article 3 of the Law;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

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

20. Basic and diluted earnings per share

Basic and diluted earnings per share for the three-month and six-month periods ended 30 June 2026 and 2025 is calculated by dividing total income for the period attributable to the shareholders by the weighted average number of outstanding shares during the period.

The basic and diluted earnings per share is calculated as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total income for the period attributable to the shareholders	38,729	34,139	82,468	61,232
Weighted average number of ordinary shares for basic and diluted earnings per share	52,500	52,500	52,500	52,500
Basic and diluted earnings per share	0.74	0.65	1.57	1.17

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21. Goodwill

This represents goodwill recognised on acquisition of insurance portfolio and net assets of AXA Saudi Arabia Holding W.L.L. The Company received approval from SAMA on 15 Dhul-Qadah 1433H (corresponding to 1 October 2012) to transfer the insurance portfolio from AXA Saudi Arabia Holding W.L.L. at a total consideration of Saudi Riyals 106.6 million. During 2015, the Company met payment conditions imposed by SAMA and received approval for payment of Saudi Riyals 50 million in respect of initial consideration to AXA Saudi Arabia Holding W.L.L. which was recognised as goodwill being the excess of consideration paid, and the net assets acquired. The remaining amount of Saudi Riyals 56.6 million which was recorded as contingent liability was accordingly relinquished.

The Company tests the goodwill for impairment at each reporting date, if there are impairment indicators, and at least annually. As of 30 June 2026, there were no impairment indicators identified and hence no impairment testing has been performed by management.

22. Sensitivity analysis

The Company believes that the claim's liabilities under insurance contracts outstanding at the reporting periods are adequate. However, these amounts are not certain, and actual payments may differ from the claim's liabilities provided in the interim condensed financial information. The insurance results are sensitive to various assumptions. It has not been possible to quantify the sensitivity specific variables such as legislative changes or uncertainties in the estimation process. Each sensitivity has been performed independently, with all other assumptions held constant.

	For the six-month period ended June	
	2026	2025
	(Unaudited)	(Unaudited)
Impact on equity and net income of change in claims ratio		
5 % increase	(36,564)	(31,065)
5 % decrease	36,564	31,065
Impact on equity and net income of change in direct expense ratio - loss component*		
5 % increase	(14,626)	(12,426)
5 % decrease	14,626	12,426
Impact on equity and net income of change in risk adjustment for non-financial risk		
5 percentiles increase in the confidence level	(32,391)	(53,067)
5 percentiles decrease in the confidence level	29,089	47,830

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

23. Dividends

During the three-month and six-month periods ended 30 June 2026, cash dividend amounting to Saudi Riyals 63 million was paid (30 June 2025: Saudi Riyals 63 million) based on Board of Directors resolution dated 21 Shawwal 1447H (corresponding to 09 April 2026) to distribute cash dividend to shareholders related to the year ended 31 December 2025 of Saudi Riyals 1.2 per share. This cash dividend had been approved by the General Assembly at its meeting dated 27 Dhul Qa'dah 1447H (corresponding to 14 May 2026).

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24. Gross written premium

Details relating to gross written premium are disclosed below to comply with the requirements of the Insurance Authority circular 170 and are not calculated as per the requirements of IFRS 17.

For the three-month period ended 30 June 2026

	Motor	Property and casualty	Health	Protection	Total
Large corporates	18,322	21,411	30,705	-	70,438
Medium corporates	14,745	87,010	191	5,432	107,378
Small corporates	37,175	21,900	1,119	-	60,194
Micro corporates	2,680	14,789	-	-	17,469
Retail	338,687	124	828	-	339,639
	411,609	145,234	32,843	5,432	595,118

For the three-month period ended 30 June 2025

Large corporates	55,692	12,244	36,346	-	104,282
Medium corporates	42,393	45,289	1,859	5,317	94,858
Small corporates	15,093	14,261	865	-	30,219
Micro corporates	1,323	1,504	-	-	2,827
Retail	57,332	14,050	3,795	-	75,177
	171,833	87,348	42,865	5,317	307,363

For the six-month period ended 30 June 2026

	Motor	Property and casualty	Health	Protection	Total
Large corporates	86,978	74,161	154,934	-	316,073
Medium corporates	45,242	133,289	2,555	28,497	209,583
Small corporates	71,547	81,239	1,149	-	153,935
Micro corporates	5,039	15,657	-	-	20,696
Retail	625,749	194	2,784	-	628,727
	834,555	304,540	161,422	28,497	1,329,014

For the six-month period ended 30 June 2025

Large corporates	116,808	64,960	161,886	-	343,654
Medium corporates	82,636	78,309	2,986	73,947	237,878
Small corporates	58,598	79,288	873	-	138,759
Micro corporates	3,178	3,988	2	-	7,168
Retail	112,813	28,282	7,561	-	148,656
	374,033	254,827	173,308	73,947	876,115

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25. Subsequent event

No events have arisen subsequent to 30 June 2026, and before the date of approval of this interim condensed financial information, that could have a significant effect on the interim condensed financial information.

26. Reclassification

Certain prior periods amounts have been reclassified for consistency with the current periods presentation. These reclassifications had no effect on the reported results of operations.

27. Approval of the interim condensed financial information

This interim condensed financial information has been authorised for issue by the Board of Directors on 14 Safar 1448 H (corresponding to 28 July 2026).