

**WATANIYA INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED INTERIM FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT**

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Condensed Interim Financial Statements
For the three-month period ended March 31, 2026

INDEX	Pages
Independent auditors' report on review of condensed interim financial statements	3
Condensed statement of financial position	4
Condensed statement of income	5
Condensed statement of comprehensive income	6
Condensed statement of changes in equity	7
Condensed statement of cash flows	8
Notes to the condensed interim financial statements	9-32



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**INDEPENDENT AUDITORS' REPORT ON REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

The shareholders
Wataniya Insurance Company
(A Saudi Joint Stock Company)
Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying condensed statement of financial position of Wataniya Insurance Company (the "Company") as at March 31, 2026 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and other explanatory notes (collectively referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements 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", as endorsed in the Kingdom of Saudi Arabia. A review of interim 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, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

for **KPMG Professional Services Company**

Abdullah Oudah Althagafi
License Number 455

for **PricewaterhouseCoopers**

Mufaddal Ali
License Number 447



May 11, 2026 G
Corresponding to Dhul Qidah 24, 1447 H
Jeddah, Kingdom of Saudi Arabia



WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Condensed statement of financial position
As at March 31, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
ASSETS			
Cash and cash equivalents	5	184,228	102,074
Term deposits	6	901,099	755,640
Financial assets at fair value through profit or loss ("FVTPL")	7	410,240	402,388
Financial assets at amortised cost	8	159,068	127,899
Financial assets at fair value through other comprehensive income ("FVOCI")	9	72,715	72,715
Other receivables and prepaid expenses	10	20,248	21,286
Reinsurance contract assets	11	492,686	481,251
Right-of-use assets		12,766	3,041
Property and equipment		11,174	9,056
Intangible assets		27,164	28,142
Statutory deposit	12	39,983	39,983
Accrued income on statutory deposit	12	989	486
TOTAL ASSETS		2,332,360	2,043,961
LIABILITIES AND EQUITY			
LIABILITIES			
Accrued expenses and other liabilities	13	63,863	55,369
Insurance contract liabilities	11	1,570,624	1,287,963
Reinsurance contract liability	11	-	3,406
Lease liabilities		10,357	2,931
Zakat and income tax payable	14	17,307	15,057
Employee benefits obligations		21,287	20,762
Accrued income on statutory deposit	12	989	486
TOTAL LIABILITIES		1,684,427	1,385,974
EQUITY			
Share capital	15	400,000	400,000
Statutory reserve	16	49,689	49,689
Retained earnings		127,452	137,506
Fair value reserve for investments		70,792	70,792
TOTAL EQUITY		647,933	657,987
TOTAL LIABILITIES AND EQUITY		2,332,360	2,043,961



Managing Director & CEO



Chief Financial Officer

The accompanying notes 1 to 28 form an integral part of these condensed interim financial statements.

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Condensed statement of income
For the three-month period ended March 31, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Insurance revenue	18	635,280	452,167
Insurance service expenses	18	(597,921)	(284,874)
Net expenses from reinsurance contracts	18	(53,254)	(161,897)
Insurance service result from Company's directly written business		(15,895)	5,396
Share of surplus from insurance pools		-	674
Total insurance service result		(15,895)	6,070
Net gains on investments measured at FVTPL	7	6,715	1,356
Commission income from financial assets not measured at FVTPL		14,561	14,792
Dividend income		4	4
Net investment return		21,280	16,152
Net finance expense from insurance contracts	23	(4,252)	(8,443)
Net finance income from reinsurance contracts	23	2,342	4,925
Net insurance finance expense		(1,910)	(3,518)
Net insurance and investment result		3,475	18,704
Other income		92	107
Other operating expenses		(11,525)	(9,073)
(Loss) / profit for the period attributable to the shareholders before zakat and income tax		(7,958)	9,738
Zakat	14	(2,113)	(3,400)
Income tax	14	(137)	(100)
Net (loss) / profit for the period attributable to the shareholders		(10,208)	6,238
(Loss) / earnings per share (Basic and diluted) (expressed in SAR per share)	15	(0.25)	0.16

Managing Director & CEO

Chief Financial Officer

The accompanying notes 1 to 28 form an integral part of these condensed interim financial statements.

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Condensed statement of comprehensive income
For the three-month period ended March 31, 2026
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Net (loss) / profit for the period attributable to the shareholders	(10,208)	6,238
Other comprehensive income		
<i>Items that will not be reclassified to statement of income in subsequent years</i>		
Net changes in fair value of investment measured at FVOCI – equity instruments	-	2,508
Remeasurement gain / (loss) on defined benefit obligations	154	(1,190)
Total other comprehensive income	154	1,318
Total comprehensive (loss) / income for the period attributable to the shareholders	(10,054)	7,556



 Managing Director & CEO



 Chief Financial Officer

The accompanying notes 1 to 28 form an integral part of these condensed interim financial statements.

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Statement of changes in equity
For the three-month period ended March 31, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

Three-month period ended March 31, 2026

	Share capital	Statutory reserve	Retained earnings	Fair value reserve for investments	Total
Balance at the beginning of the period – (Audited)	400,000	49,689	137,506	70,792	657,987
Total comprehensive loss for the period					
Net loss for the period attributable to the shareholders	-	-	(10,208)	-	(10,208)
Net changes in fair value of investment measured at FVOCI	-	-	-	-	-
Remeasurement gain on defined benefit obligations	-	-	154	-	154
Total comprehensive loss for the period attributable to the shareholders	-	-	(10,054)	-	(10,054)
Balance at the end of the period – (unaudited)	400,000	49,689	127,452	70,792	647,933

Three-month period ended March 31, 2025

	Share capital	Statutory reserve	Retained earnings	Fair value reserve for investments	Total
Balance at the beginning of the period – (Audited)	400,000	42,271	108,168	59,195	609,634
Total comprehensive income for the period					
Net profit for the period attributable to the shareholders	-	-	6,238	-	6,238
Net changes in fair value of investment measured at FVOCI	-	-	-	2,508	2,508
Remeasurement loss on defined benefit obligations	-	-	(1,190)	-	(1,190)
Total comprehensive income for the period attributable to the shareholders	-	-	5,048	2,508	7,556
Balance at the end of the period – (unaudited)	400,000	42,271	113,216	61,703	617,190



Managing Director & CEO



Chief Financial Officer

The accompanying notes 1 to 28 form an integral part of these condensed interim financial statements.

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Condensed statement of cash flows
For the three-month period ended March 31, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit for the period attributable to the shareholders before zakat and income tax		(7,958)	9,738
Adjustments for non-cash items:			
Depreciation of property and equipment and amortization of intangible assets		1,931	2,669
Depreciation of right-of-use assets		1,274	397
Finance cost on lease liabilities		164	88
Net gains on investments measured at FVTPL		(6,715)	(1,356)
Provision for employee benefits obligations		1,147	5,072
Commission income from financial assets not measured at FVTPL		(14,561)	(14,792)
Dividend income		(4)	(4)
		(24,722)	1,812
Changes in operating assets and liabilities:			
Other receivables and prepaid expenses	10	1,038	(3,402)
Reinsurance contract assets	11	(11,435)	86,449
Accrued expenses and other liabilities	13	8,494	(2,207)
Insurance contract liabilities	11	282,661	(74,997)
Reinsurance contract liability	11	(3,406)	(1,693)
		252,630	5,962
Payment of employee benefits obligation		(468)	(364)
Net cash generated from operating activities		252,162	5,598
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property and equipment		(3,071)	(131)
Additions to investments held at amortised cost		(31,139)	(19,893)
Additions to FVTPL investments		(1,998)	(45,000)
Placements in term deposits	6	(272,500)	(784,156)
Proceeds from term deposits matured	6	130,000	1,000,463
Commission income from financial assets not measured at FVTPL		11,572	22,884
Net gains on investments measured at FVTPL		861	700
Dividend income		4	4
Net cash (used in) / generated from investing activities		(166,271)	174,871
CASH FLOW FROM FINANCING ACTIVITIES			
Principal element of lease payments		(3,737)	-
Interest element of lease payments		-	-
Net cash used in financing activities		(3,737)	-
Net change in cash and cash equivalents		82,154	180,469
Cash and cash equivalents at the beginning of the period		102,074	53,693
Cash and cash equivalents at the end of the period		184,228	234,162
SUPPLEMENTAL SCHEDULE OF NON-CASH INFORMATION			
Right-of-use assets recorded against lease liabilities		10,999	-
Remeasurement gain / (loss) on defined benefit obligations		154	(1,190)
Net changes in fair value of investment measured at FVOCI – equity instruments		-	2,508



Managing Director & CEO



Chief Financial Officer

The accompanying notes 1 to 28 form an integral part of these condensed interim financial statements.

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements
March 31, 2026

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General

Wataniya Insurance Company (the "Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia under Commercial Registration No. 4030200981 dated 1 Jumada II 1431H (corresponding to May 15, 2010) and Ministry of Commerce Resolution number 158/K dated Jumada Al Awal 12, 1431H (corresponding to April 26, 2010). The Registered Office address of the Company is Juffali Building, Madina Road, Jeddah, Saudi Arabia.

The Company is licensed to conduct insurance business in Saudi Arabia under Cooperative insurance principles in accordance with Royal Decree No M/53 dated 21 Shawwal 1430H (corresponding to October 10, 2009) pursuant to Council of Ministers' Resolution No. 330 dated Shawwal 16, 1430H (corresponding to October 5, 2009). Insurance Authority, as the principal authority responsible for the application and administration of the Insurance Law and its Insurance Implementing Regulations, granted the Company a license number TMN/29/20106 valid up to Rajab 2, 1449H (corresponding to November 30, 2027). The Company was listed on the Saudi stock exchange (Tadawul) on June 16, 2010.

The objectives of the Company are to provide general insurance and related services in accordance with its by-laws and applicable regulations in the Kingdom of Saudi Arabia.

The Company continues to monitor the regional geopolitical developments and their potential impact on Kingdom of Saudi Arabia and other Gulf Cooperation Council countries given that the majority of the Company's operations are conducted within Kingdom of Saudi Arabia. While the situation remains evolving, the Company maintains a robust operational framework to manage associated risks. These developments have not had a material impact on the Company's condensed interim financial statements for the three-month period ended March 31, 2026. However, given the evolving nature of the conflict, the potential long-term impact on the Company's business will continue to be assessed on future reporting dates.

2 Basis of preparation

(a) Statement of compliance

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

As required by the Saudi Arabian Insurance Implementation Regulations (herein referred to as "Insurance Regulations"), the Company maintains separate books of accounts for "Insurance Operations" and "Shareholders' Operations". Insurance Regulations require a clear segregation of assets, liabilities, income and expenses of the insurance and shareholders operations. Accordingly, assets, liabilities, revenues and expenses attributable to either operation are recorded in the respective accounts.

In preparing the Company's financial statements in compliance with IFRS as endorsed in KSA, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions and unrealized gains and losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for transactions and events in similar circumstances.

The condensed interim financial statements may not be considered indicative of the expected results for the full year.

(b) Basis of measurement

The condensed interim financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value through profit or loss and fair value through other comprehensive income and defined benefits obligations, which are recognised at the present value of future obligation using Projected Unit Credit Method.

(c) Basis of presentation

The condensed interim financial statements do not include all of the information required for complete set of annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended December 31, 2025. The Company's 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, other receivables and prepaid expenses, accrued income on statutory deposit, accrued expenses and other liabilities, zakat and income tax payable and accrued income on statutory deposit.

2 Basis of preparation (continued)

The following balances would generally be classified as non-current: financial assets at amortised cost, financial assets at fair value through other comprehensive income ("FVOCI"), right-of-use assets, property and equipment, intangible assets, statutory deposit. The balances which are of mixed use in nature i.e. include both current and non-current portions include insurance contract liabilities, reinsurance contract assets / liabilities, term deposits, financial assets at fair value through profit or loss ("FVTPL"), lease liabilities and employee benefit obligations.

(d) Functional and presentation currency

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

(e) Fiscal year

The Company follows a fiscal year ending on December 31.

(f) Seasonality of operations

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

(g) Changes in products and services

During the 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

The material accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2025.

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

A number of new amendments became applicable for the current reporting period, however these amendments had no material impact on the condensed interim financial statements of the Company.

a) Amendments to IAS 21 - Lack of Exchangeability

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

b) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7.

These amendments address the classification and measurement of financial instruments and related disclosures. The key changes include adjustments to the treatment of financial instruments, particularly in relation to the measurement of certain hybrid contracts, and more detailed disclosures related to financial instruments under IFRS 7. These amendments are designed to provide more transparency in how financial instruments are classified and measured.

c) Annual improvements to IFRS Accounting standards (Volume 11).

These amendments are part of the annual improvements to IFRS Accounting Standards. Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards.

There is no financial impact as a result of these amendments.

3 Material accounting policies (continued)

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

The Company has chosen not to early adopt the following new standards, interpretations and amendments to existing standards which have been issued but not yet effective and is currently assessing their impact.

a) IFRS 19 - Subsidiaries without Public Accountability: Disclosures.

IFRS 19 introduces new disclosure requirements for subsidiaries that do not have public accountability. The standard requires these subsidiaries to provide additional disclosures related to financial performance, position, and cash flows, thereby enhancing transparency for users of the financial statements. The disclosures aim to provide a clearer picture of the financial health of subsidiaries without public accountability.

Effective date:

Annual periods beginning on or after January 1, 2027.

Impact assessment

Management has assessed the applicability of IFRS 19 and concluded that it does not apply to the Company. Therefore, no further disclosure is necessary.

b) IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 introduces updates related to the presentation and disclosure of financial information in financial statements. The amendments focus on improving the consistency and comparability of financial statement presentations across entities, including changes in the presentation of income, expenses, and liabilities. The goal is to enhance the clarity and transparency of financial reporting.

Effective date:

Annual periods beginning on or after January 1, 2027.

Impact assessment

Management is currently in the process of assessing the impact of this amendment.

c) Amendments to IAS 21 Translation to a Hyperinflationary Presentation Currency

These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The amendments aim to improve the usefulness of the resulting information in a cost-effective manner and reduce diversity in practice.

Effective date:

Annual periods beginning on or after January 1, 2027.

Impact assessment

Management has assessed the applicability of these amendments to IAS 21 and concluded that it does not apply to the Company. Therefore, no further disclosure is necessary.

4 Critical accounting judgments, estimates and assumptions

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

In preparing these condensed interim financial statements, the significant judgments 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 to the annual financial statements as at and for the year ended December 31, 2025.

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements
March 31, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

5. Cash and cash equivalents

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Cash in hand	40	40
Bank balances	30,601	63,047
Deposits with original maturity of less than 3 months	153,600	39,000
Expected credit loss	(13)	(13)
	<u>184,228</u>	<u>102,074</u>

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

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

Term deposits with original maturity of less than 3 months are placed with a commercial bank registered in Saudi Arabia and yield income at rates of 3.60% to 4.55% per annum (December 31, 2025: 5.30%).

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

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of the period / year	13	13
ECL allowance recognised in statement of income during the period / year	-	-
Balance at end of the period / year	<u>13</u>	<u>13</u>

6. Term deposits

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Term Deposits	883,250	740,750
Accrued commission income	18,023	15,064
Expected credit loss	(174)	(174)
	<u>901,099</u>	<u>755,640</u>

Term deposits with original maturity exceeding 3 months are placed with commercial banks registered in Saudi Arabia and yield income at rates of 4.70% to 5.50% per annum (December 31, 2025: 5.05% to 6.50% per annum).

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

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

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of the period / year	174	174
ECL allowance recognised in statement of income during the period / year	-	-
Balance at end of the period / year	<u>174</u>	<u>174</u>

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements
March 31, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

7 Financial assets at fair value through profit or loss (“FVTPL”)

	Note	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Investment in discretionary portfolios	7.1	348,460	342,379
Investment in Tier-1 sukuks	7.2	56,000	56,000
Investment in mutual funds	7.3	3,966	4,009
Investment in equities	7.4	1,814	-
		410,240	402,388

7.1 Investment in discretionary portfolios:

Movement in investment in discretionary portfolio is as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of the period / year	342,379	284,853
Additions during the period / year	-	50,000
Withdrawal during the period / year	-	-
Changes in fair value of investments	6,081	7,526
Balance at end of the period / year	348,460	342,379

FVTPL includes investments managed by three Fund managers under the discretionary portfolio of investments where all such investments are carried at fair value as provided by the Fund managers. These fund managers keep such investments in various fixed income securities, mutual funds, equity investments, sukuks and murabaha placements.

7.2 Investment in Tier-1 sukuks:

	Note	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Arab National Bank Sukuks	7.2.1	20,000	20,000
Riyad Bank Sukuks	7.2.2	20,000	20,000
Saudi Fransi Bank Sukuks	7.2.3	11,000	11,000
Bank Al Jazira Sukuks	7.2.4	5,000	5,000
		56,000	56,000

7.2.1 This represents the Company’s investment in Arab National Bank Tier 1 Sukuks. These represent 20 Sukuks at a face value of SAR 1 million per Sukuk with a coupon rate of 6.20% per annum. These Sukuks have a maturity duration of 5 years commencing from January 29, 2025. The Company has earned commission income of SAR 0.31 million during the period (March 31, 2025: 0.21 million). The profit distribution on these sukuks is at the discretion of the issuer therefore these sukuks have been classified as FVTPL.

7.2.2 This represents the Company’s investment in Riyad Bank Tier 1 Sukuks. These represent 80 Sukuks at a face value of SAR 0.25 million per Sukuk with a coupon rate of 6% per annum. These Sukuks have a maturity duration of 5 years commencing from January 21, 2025. The Company has earned commission income of 0.30 million during the period (March 31, 2025: 0.30 million). The profit distribution on these sukuks is at the discretion of the issuer therefore these sukuks have been classified as FVTPL.

7.2.3 This represents the Company’s investment in Saudi Fransi Bank Tier 1 Sukuks. These represent 5 Sukuks at a face value of SAR 1 million per Sukuk with a coupon rate of 6% per annum and 6 Sukuks at a face value of SAR 1 million per Sukuk with a coupon rate of 6.40%. The Company has earned commission income of SAR 0.17 million during the period (March 31, 2025: SAR 0.11 million) The profit distribution on these sukuks is at the discretion of the issuer therefore these sukuks have been classified as FVTPL.

WATANIYA INSURANCE COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim financial statements****March 31, 2026**

(All amounts in Saudi Riyals thousands unless otherwise stated)

7 Financial assets at fair value through profit or loss (“FVTPL”) (continued)**7.2 Investment in Tier-1 sukuku (continued):**

7.2.4 This represents the Company's investment in Bank Al Jazira Tier 1 Sukuku. These represent 5 Sukuku at a face value of SAR 1 million per Sukuku with a coupon rate of 6.30% per annum. The Company has earned commission income of SAR 0.08 million during the period (March 31, 2025: 0.08 million). The profit distribution on these sukuku is at the discretion of the issuer therefore these sukuku are classified as FVTPL.

7.3 Investment in mutual funds:

Movement in investment in mutual funds is as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of the period / year	4,009	-
Additions during the period / year	-	3,796
Withdrawal during the period / year	-	-
Changes in fair value of investments	(43)	213
Balance at end of the period / year	<u>3,966</u>	<u>4,009</u>

7.4 Investment in equities:

Movement in investment in equities is as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of the period / year	-	-
Additions during the period / year	1,998	-
Withdrawal during the period / year	-	-
Changes in fair value of investments	(184)	-
Balance at end of the period / year	<u>1,814</u>	<u>-</u>

8 Financial assets at amortised cost

	Note	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Rawabi Holding Sukuku	8.1	10,000	10,000
Saudi Government Sukuku	8.2	130,044	99,518
Saudi Real Estate Refinance Company Sukuku	8.3	9,000	9,000
Others	8.4	8,579	7,966
Commission accrued		1,449	1,419
Gross amount – total		<u>159,072</u>	127,903
Expected credit loss		(4)	(4)
Net amount – total		<u>159,068</u>	<u>127,899</u>

8.1 These represent the Company's investment in Rawabi Holding sukuku, 50 Sukuku at a face value of SAR 0.1 million per sukuku with a coupon rate of 8.50% per annum and 50 Sukuku at a face value of SAR 0.1 million per sukuku with a coupon rate of 8.30% per annum. These Sukuku have a maturity duration of 3 years commencing from March 31, 2024 and March 13, 2025, respectively. The Company has earned a commission income of SAR 0.21 million during the period (March 31, 2025: SAR 0.14 million).

8.2 These represent the Company's investment in Saudi Government sukuku, 128,500 sukuku at a face value of SAR 0.001 million with yields ranging from 4.68% to 5.28% and original maturity duration ranging from 3 years to 10 years. The Company has earned a commission income of SAR 1.38 million during the period (March 31, 2025: 0.06 million).

WATANIYA INSURANCE COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim financial statements****March 31, 2026**

(All amounts in Saudi Riyals thousands unless otherwise stated)

8 Financial assets at amortised cost (continued)

8.3 These represent the Company's investment in Saudi Real Estate Refinance Company, 5 Sukuks at a face value of SAR 1 million per Sukuk with a coupon rate of 2.11% per annum and 4 Sukuks at a face value of SAR 1 million per Sukuk with a coupon rate of 3.04% per annum. These Sukuks have a maturity duration of 7 years and 10 years commencing from March 3, 2021, and December 09, 2021, respectively. The Company has earned a commission income of SAR 0.06 million during the period (March 31, 2025: SAR 0.06 million).

8.4 These represent the Company's investment in Tameed Crowd Funding Platform at a face value of SAR 8.6 million with coupon rates ranging from 11.04% to 16.32% commencing from July 28, 2024. The Company has earned a commission income of SAR 0.59 million during the period (March 31, 2025: 0.20 million).

The gross carrying amount of financial assets measured at amortised cost represents the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB, whereas non-investment grade represents un-rated exposures. The Company's exposures to credit risk are not collateralized.

Movement in allowance for expected credit losses on investments measured at amortised cost is as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of the period / year	4	4
ECL reversal recognised in statement of income during the period / year	-	-
Balance at end of the period / year	<u>4</u>	<u>4</u>

9 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	72,715	61,118
Changes in fair value of investments	-	11,597
Balance at end of the period / year	<u>72,715</u>	<u>72,715</u>

The above represents the Company's 3.45% (December 31, 2025: 3.45%) holding in Najm for Insurance Services Company, a Saudi Closed Joint Stock Company at a cost of Saudi Riyal 1.92 million. These shares are un-quoted and are carried at fair value. Refer to Note 20 for details relating to fair valuation techniques.

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

10 Other receivables and prepaid expenses

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Staff receivables	7,024	7,202
Margin deposits	6,180	6,180
Prepayments	3,599	4,936
Due from Walaa Cooperative Insurance Company	16	16
Due from Al Etihad Cooperative Insurance Company	2,100	2,100
Due from Malath Cooperative Insurance Company	220	220
Others	1,109	632
	<u>20,248</u>	<u>21,286</u>

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements
March 31, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

11 Insurance and reinsurance contracts

11.1 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:

	Motor	Property & Casualty	Term life	Total
As at March 31, 2026 – (Unaudited)				
Insurance contracts				
Insurance contract assets	-	-	-	-
Insurance contract liabilities	712,305	639,406	218,913	1,570,624
	712,305	639,406	218,913	1,570,624
Reinsurance contracts				
Reinsurance contract assets	8,132	425,188	59,366	492,686
Reinsurance contract liability	-	-	-	-
	8,132	425,188	59,366	492,686
As at December 31, 2025 – (Audited)				
Insurance contracts				
Insurance contract assets	-	-	-	-
Insurance contract liabilities	652,594	591,007	44,362	1,287,963
	652,594	591,007	44,362	1,287,963
Reinsurance contracts				
Reinsurance contract assets	-	439,433	41,818	481,251
Reinsurance contract liability	(3,406)	-	-	(3,406)
	(3,406)	439,433	41,818	477,845

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements
March 31, 2026

(All amounts in Saudi Riyals thousands unless otherwise stated)

11 Insurance and reinsurance contracts (continued)
11.2 Analysis by remaining coverage and incurred claims
11.2.1 Insurance contracts:

	As at March 31, 2026 – (Unaudited)				Total	As at December 31, 2025 – (Audited)				Total
	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		Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	491,749	8,669	756,641	30,904	1,287,963	544,417	3,766	863,210	39,659	1,451,052
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	491,749	8,669	756,641	30,904	1,287,963	544,417	3,766	863,210	39,659	1,451,052
Insurance revenue	(635,280)	-	-	-	(635,280)	(1,837,593)	-	-	-	(1,837,593)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses*	-	-	520,145	13,351	533,496	-	-	1,373,625	14,557	1,388,182
Losses on onerous contracts	-	2,706	-	-	2,706	-	4,903	-	-	4,903
Changes that relate to past service	-	-	2,706	(6,859)	(4,153)	-	-	(173,973)	(23,312)	(197,287)
Insurance acquisition cashflows amortisation	65,872	-	-	-	65,872	225,619	-	-	-	225,619
Insurance service expenses	65,872	2,706	522,851	6,492	597,921	225,619	4,903	1,199,652	(8,755)	1,421,419
Finance expense from insurance contracts	-	-	4,252	-	4,252	-	-	15,436	-	15,436
Total changes in the statement of income	(569,408)	2,706	527,103	6,492	(33,107)	(1,611,974)	4,903	1,215,088	(8,755)	(400,738)
Cashflows										
Premiums received	721,811	-	-	-	721,811	1,800,566	-	-	-	1,800,566
Claims and other incurred insurance service expenses paid	-	-	(357,820)	-	(357,820)	-	-	(1,321,657)	-	(1,321,657)
Insurance acquisition cashflows paid	(48,223)	-	-	-	(48,223)	(241,260)	-	-	-	(241,260)
Total cash inflows	673,588	-	(357,820)	-	315,768	1,559,306	-	(1,321,657)	-	237,649
Insurance contracts										
Insurance contract liabilities – closing	595,929	11,375	925,924	37,396	1,570,624	491,749	8,669	756,641	30,904	1,287,963
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	595,929	11,375	925,924	37,396	1,570,624	491,749	8,669	756,641	30,904	1,287,963

*This includes surplus distribution of SAR Nil for the period ended March 31, 2026 (December 31, 2025: SAR 4.53 million).

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements
March 31, 2026

(All amounts in Saudi Riyals thousands unless otherwise stated)

11 Insurance and reinsurance contracts (continued)
11.2 Analysis by remaining coverage and incurred claims (continued)
11.2.2 Reinsurance contracts held:

	As at March 31, 2026 – (Unaudited)				Total	As at December 31, 2025 – (Audited)				Total
	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		Excluding loss-recovery component	Loss-recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts										
Reinsurance contract assets – opening	33,586	-	(495,797)	(19,040)	(481,251)	26,427	-	(569,364)	(26,987)	(569,906)
Reinsurance contract liabilities – opening	3,406	-	-	-	3,406	5,132	-	-	-	5,132
Opening balance – net	36,992	-	(495,797)	(19,040)	(477,845)	31,559	-	(569,364)	(26,987)	(564,774)
Allocation of reinsurance premium paid	169,830	-	-	-	169,830	441,571	-	-	-	441,571
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	(109,147)	(3,940)	(113,087)	-	-	(163,271)	(5,355)	(168,626)
Changes to amounts recoverable for incurred claims	-	-	(5,054)	1,565	(3,489)	-	-	100,472	13,302	113,774
Amounts recoverable from reinsurers – net	-	-	(114,201)	(2,375)	(116,576)	-	-	(62,799)	7,974	(54,852)
Finance income from reinsurance contracts	-	-	(2,342)	-	(2,342)	-	-	(9,092)	-	(9,092)
Total changes in the statement of income	169,830	-	(116,543)	(2,375)	50,912	441,571	-	(71,891)	7,974	377,627
Cashflows										
Premiums ceded and acquisition cashflows paid	(93,512)	-	-	-	(93,512)	(436,138)	-	-	-	(436,138)
Recoveries from reinsurance	-	-	27,759	-	27,759	-	-	145,440	-	145,440
Total cash outflows	(93,512)	-	27,759	-	(65,753)	(436,138)	-	145,440	-	(290,698)
Reinsurance contracts										
Reinsurance contract assets – closing	113,310	-	(584,581)	(21,415)	(492,686)	33,586	-	(495,797)	(19,040)	(481,251)
Reinsurance contract liabilities – closing	-	-	-	-	-	3,406	-	-	-	3,406
Closing balance – net	113,310	-	(584,581)	(21,415)	(492,686)	36,992	-	(495,797)	(19,040)	(477,845)

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements
March 31, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

12 Statutory deposit

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Statutory deposit	40,000	40,000
Expected credit loss	(17)	(17)
	39,983	39,983

As required by Insurance Regulations, the Company has deposited an amount equivalent to 10% of its paid-up share capital, amounting to SAR 40 million as at March 31, 2026 (December 31, 2025: SAR 40 million), in a bank designated by Insurance Authority (IA). Accrued income on this deposit is payable to IA amounting to SAR 0.99 million (December 31, 2025: SAR 0.49 million) and this deposit cannot be withdrawn without approval from IA.

Movement in allowance for expected credit losses on statutory deposit is as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of the period / year	17	17
ECL reversal in statement of income during the period / year	-	-
Balance at end of the period / year	17	17

13 Accrued expenses and other liabilities

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Accrued expenses	13,037	24,666
Value added tax payable	28,734	20,872
Payable for reinsurance's withholding tax	1,730	2,125
Other liabilities	20,362	7,706
	63,863	55,369

14 Zakat and income tax payable

14.1 Components of zakat base

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

14.2 Provision for zakat and income tax

	Zakat	Income tax	Total
Balance at beginning of the period	14,065	992	15,057
Provision for the period	2,113	137	2,250
Payment during the period	-	-	-
Balance at end of the period (Unaudited)	16,178	1,129	17,307

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements
March 31, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

14 Zakat and income tax payable (continued)

14.2 Provision for zakat and income tax (continued)

	Zakat	Income tax	Total
Balance at beginning of the year	14,333	814	15,147
Provision for the current year	11,650	750	12,400
Payments during the year	(11,918)	(572)	(12,490)
Balance at end of the year (Audited)	14,065	992	15,057

For the period ended March 31, 2026, zakat is payable at 2.58% of the approximate zakat base. For the year ended December 31, 2025, zakat is payable at 2.58% of the approximate zakat base (excluding adjusted net income for the year) and 2.5% of adjusted net income for the year attributable to Saudi shareholders.

Provision for income tax is payable at 20% of the adjusted net income attributable to the foreign shareholders of the Company, less allowances for foreign shareholders' share in the losses carry forwarded from previous year calculated in accordance with the guidelines provided in the income tax regulations.

The shareholding percentage subject to zakat and income tax is as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited) %
Zakat share in capital and profit	96.91	96.91
Income tax share in capital and profit	3.09	3.09

14.3 Status of assessments

Year ended December 31, 2011 to 2022

The zakat and income tax assessments have been finalized up to and including the year 2022.

Year ended December 31, 2023 & 2024

The Company has filed its zakat and income tax return for the year ended December 31, 2023 and 2024. The return for the year ended December 31, 2023 is under review by the ZATCA.

Year ended December 31, 2025

Subsequent to the period end, the Company has paid zakat and income tax amounting to SAR 11.52 million and SAR 0.21 million, respectively for the year ended December 31, 2025 and has obtained a provisional tax clearance certificate valid up to April 30, 2027.

15 Share capital and basic and diluted earnings per share

The authorized, issued and paid-up capital of the Company at March 31, 2026 is SAR 400 million divided into 40 million shares of SAR 10 each (December 31, 2025: SAR 400 million divided into 40 million shares of SAR 10 each).

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

Earnings per share:

Earnings per share for the three-month periods March 31, 2026 and March 31, 2025 have been calculated by dividing the net profit for the respective periods attributable to the shareholders by the weighted average number of ordinary shares at the reporting date. Diluted earnings per share is not applicable to the Company.

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements
March 31, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

15 Share capital and basic and diluted earnings per share (continued)

The basic earnings per share is calculated as follows:

	Three-month period ended March 31, 2026 (Unaudited)	Three-month period ended March 31, 2025 (Unaudited)
Net (loss) / profit for the period attributable to the shareholders	(10,208)	6,238
Weighted average number of ordinary shares	40,000	40,000
Basic (loss) / earnings per share	(0.25)	0.16

16 Statutory reserve

As required by the Insurance Regulations issued by IA, 20% of the net profit for the year after adjusting accumulated losses, has to be set aside from net profit for the year as a statutory reserve until this amounts to 100% of the paid-up share capital. This reserve is not available for distribution to the shareholders until the liquidation of the Company. The required amount, if any, would be transferred at the year end.

17 Commitments and contingencies

17.1 The Company's bankers have issued payment guarantees of SAR 6.18 million (December 31, 2025: SAR 6.01 million) to its suppliers on behalf of the Company.

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

WATANIYA INSURANCE COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim financial statements****March 31, 2026**

(All amounts in Saudi Riyals thousands unless otherwise stated)

18 Insurance revenue and expenses

During the previous year ended December 31, 2025, the Company revised its operating segment structure to align with changes in internal reporting and management oversight. As part of this revision, the aggregation basis for insurance and reinsurance contract disclosures has also been updated. Comparative information for prior period has been restated to ensure consistency and comparability (also see note 23).

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

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

	Motor	Property & Casualty	Term life	Total
Insurance revenue from contracts measured under PAA	344,016	141,078	150,186	635,280
Insurance revenue – total	344,016	141,078	150,186	635,280
Incurring claims and other incurred insurance service expenses	(325,206)	(47,478)	(160,812)	(533,496)
Losses on onerous contracts	(2,706)	-	-	(2,706)
Changes that relate to past service	(6,653)	11,718	(912)	4,153
Insurance acquisition cash flows amortisation	(45,514)	(16,311)	(4,047)	(65,872)
Insurance service expenses – total	(380,079)	(52,071)	(165,771)	(597,921)
Allocation of reinsurance premium paid	(3,278)	(90,619)	(75,933)	(169,830)
Amounts recoverable from reinsurers				
Claims recovered and other directly attributable expenses	(4)	23,949	89,142	113,087
Changes to amounts recoverable for incurred claims	13,302	(9,407)	(406)	3,489
Amounts recoverable from reinsurers – net	13,298	14,542	88,736	116,576
Net expenses from reinsurance contracts – total	10,020	(76,077)	12,803	(53,254)
Insurance service result from Company's directly written business	(26,043)	12,930	(2,782)	(15,895)
Share of surplus from insurance pools	-	-	-	-
Total insurance service result	(26,043)	12,930	(2,782)	(15,895)

WATANIYA INSURANCE COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim financial statements****March 31, 2026**

(All amounts in Saudi Riyals thousands unless otherwise stated)

18 Insurance revenue and expenses (continued)**For the three-month period ended March 31, 2025 (Unaudited)**

	Motor	Property & Casualty	Term life	Total
Insurance revenue from contracts measured under PAA	276,335	134,832	41,000	452,167
Insurance revenue – total	276,335	134,832	41,000	452,167
Incurred claims and other incurred insurance service expenses*	(269,271)	(35,443)	(39,308)	(344,022)
Losses on onerous contracts	(4,355)	-	-	(4,355)
Changes that relate to past service	29,315	90,541	4,073	123,929
Insurance acquisition cash flows amortisation	(39,215)	(19,126)	(2,085)	(60,426)
Insurance service expenses – total	(283,526)	35,972	(37,320)	(284,874)
Allocation of reinsurance premium paid	(648)	(91,594)	(30,372)	(122,614)
Amounts recoverable from reinsurers				
Claims recovered and other directly attributable expenses	(22)	14,211	28,769	42,958
Changes to amounts recoverable for incurred claims	1,760	(81,319)	(2,682)	(82,241)
Amounts recoverable from reinsurers – net	1,738	(67,108)	26,087	(39,283)
Net expenses from reinsurance contracts – total	1,090	(158,702)	(4,285)	(161,897)
Insurance service result from Company's directly written business	(6,101)	12,102	(605)	5,396
Share of surplus from insurance pools	-	-	-	674
Total insurance service result	(6,101)	12,102	(605)	6,070

*This includes surplus distribution of SAR 1.43 million for the three-month period ended March 31, 2025.

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements
March 31, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

19 Related party transactions and balances

Related parties represent shareholders with significant influence, Key Management Personnel (KMP) of the Company and entities controlled or jointly controlled by such shareholders and KMP. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The due from and due to balances of related parties are unsecured, interest free and repayable in cash on demand. The following are the details of the related party transactions during the period and the related balances:

Nature of transactions	Transactions for the	
	Three-month period ended March 31, 2026 (Unaudited)	Three-month period ended March 31, 2025 (Unaudited)
<u>Shareholder with significant influence</u>		
Insurance policies sold	645	658
Claims paid	2	35
Expenses incurred	1,033	777
<u>Entities controlled or jointly controlled by shareholder with significant influence</u>		
Insurance policies sold	15,844	18,151
Claims paid	15,192	3,143
Facultative premiums ceded	84	257
Expenses incurred	996	1,260

Key management personnel include senior management and board of directors. The following table shows the salaries, remuneration and allowances obtained by the Board members and executives for the periods ended:

Nature of transactions	Transactions for the	
	Three-month period ended March 31, 2026 (Unaudited)	Three-month period ended March 31, 2025 (Unaudited)
<u>Key management personnel and close relatives</u>		
Insurance policies sold	11	7
Claims paid	177	7
Remuneration and related expenses	3,199	3,397
Long term employee benefits charge	135	969
<u>Board members and close relatives</u>		
Fees and related expenses	1,450	1,586
Insurance policies sold	12	20
Claims paid	124	-
	Balance as at	
	March 31, 2026	December 31, 2025
	(Unaudited)	(Audited)
<u>Shareholder with significant influence</u>		
Premiums receivable	537	52
Claims payable	1	1
Amounts due for expenses	4,705	205
<u>Entities controlled or jointly controlled by shareholder with significant influence</u>		
Premiums receivable	11,652	16,717
Amounts due for facultative transactions	428	480
Claims payable	13,137	1,601
<u>Others (key management personnel, board members and their close relatives)</u>		
Employee benefits payable to key management personnel	2,897	3,955
Advances due from key management personnel	1,187	1,346
Accrued directors' fees and related expenses	1,450	-

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements
March 31, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

20 Fair values of financial instruments

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

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

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

a) Determination of fair value and fair value hierarchy

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

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

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

Level 3: valuation techniques for which any significant input is not based on observable market data. The Company ascertains the Level 3 fair values based on a valuation technique which is primarily derived by net assets value of the respective investee at the period end.

b) Carrying amounts and fair value

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

<u>March 31, 2026 – (Unaudited)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment measured at fair value through other comprehensive income (FVOCI)				
Equity	-	-	72,715	72,715
Investment measured at fair value through profit or loss (FVTPL)				
Equity	43,953	-	-	43,953
Mutual funds	47,014	67,662	-	114,676
Sukuks	-	219,431	-	219,431
Murabaha placements	-	-	32,180	32,180
	90,967	287,093	104,895	482,955
December 31, 2025 – (Audited)				
Investment measured at fair value through other comprehensive income (FVOCI)				
Equity	-	-	72,715	72,715
Investment measured at fair value through profit or loss (FVTPL)				
Equity	40,110	-	-	40,110
Mutual funds	55,400	58,308	-	113,708
Sukuks	47,077	168,930	-	216,007
Murabaha placements	-	-	32,563	32,563
	142,587	227,238	105,278	475,103

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements
March 31, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

20 Fair values of financial instruments (continued)

b) Carrying amounts and fair value (continued)

The fair value of investment in quoted equity instruments and mutual funds at level 1 is based on quoted prices available in the market. The fair value of investments in mutual funds and sukuks at level 2 is based on the net asset values and value of similar quoted sukuks communicated by the fund manager. The fair value of investments in level 3 Murabaha placements include the Fund administrator report based on interest rates for Murabaha placements as confirmed by the discretionary portfolio manager and the impact of the sensitivity is not material on these Murabaha placements.

Specific valuation techniques used by management's independent experts to value financial instruments in Level 3 i.e. Najm investment, 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 result 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, lack of control discount 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 the previous period and covering full economic cycle. The Company has relied on local multiples valuation consisting of companies operating with a similar business model.

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

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

There were no transfers between levels of the fair value hierarchy for the period ended March 31, 2026 and year ended December 31, 2025. Additionally, there were no changes in the valuation techniques. Furthermore, there were no transfers into and out of level 3 measurements.

c) 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	105,278	116,974
Additions during the period / year	156	2,164
Disposals during the period / year	(539)	(25,457)
Fair value gain recognised on:		
Investments carried at FVTPL*	-	-
Investments carried at FVOCI**	-	11,597
Fair value gain	-	11,597
Balance at the end of the period / year	104,895	105,278

* The fair value gain recognised on Investments carried at FVTPL has been recognized within 'Net gains on investments measured at FVTPL' in the condensed statement of income.

** The fair value gain recognised on Investments carried at FVOCI has been recognized within 'Net changes in fair value of investment measured at FVOCI' in the condensed statement of comprehensive income.

WATANIYA INSURANCE COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim financial statements****March 31, 2026**(All amounts in Saudi Riyals thousands unless otherwise stated)

20 Fair values of financial instruments (continued)**d) Valuation process**

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

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

21 Risk management**Risk governance**

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

Risk management structure:

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

Board of directors:

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

Audit committee and internal audit department:

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

Senior management:

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

Risk management committee:

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

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

The risks under all insurance contracts issued, reinsurance contracts held by the Company and the risk management policies are consistent with those as disclosed in the annual financial statements for the year ended December 31, 2025.

22 Capital management

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

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

22 Capital management (continued)

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital, reserves and retained earnings.

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

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

As at March 31, 2026 consists of Company's regulatory capital which is financed solely by paid-up share capital of SAR 400 million, statutory reserve of SAR 49.69 million, retained earnings of SAR 127.45 million and fair value reserve for investments of SAR 70.79 million (December 31, 2025: paid-up share capital of SAR 400 million, statutory reserve of SAR 49.69 million, retained earnings of SAR 137.51 million and fair value reserve for investments of SAR 70.79 million), in the statement of financial position.

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements as at March 31, 2026.

23 Operating segments

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker (CODM) 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 CODM is measured in a manner consistent with that in the condensed statement of income. Segment assets and liabilities comprise operating assets and liabilities.

During the previous year ended December 31, 2025, the Company revised its operating segment structure to align with changes in internal reporting and management oversight. Under the new structure, the Company has restructured its operations around three strategic pillars: Motor, Property & Casualty (P&C), and Term life. This change reflects a shift in how the business is managed internally and how performance is reported to and evaluated by the CODM. Accordingly, Motor Comp and Motor TPL now represent one 'Motor' segment and marine, property, engineering and accident & liability now represent a single 'Property & Casualty' segment. Comparative information for prior period has been restated to ensure consistency and comparability.

Segment assets do not include cash and cash equivalents, term deposits, investments, prepaid expenses and other assets, right-of-use assets, property and equipment, intangible assets, statutory deposit and accrued income on statutory deposit. Accordingly, these are included in unallocated assets.

Segment liabilities do not include accrued expenses and other liabilities, lease liabilities, zakat and income tax payable, and accrued income on statutory deposit payable to IA. Accordingly, these are included in unallocated liabilities.

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

The segment information provided to the Company's CODM for the reportable segments for the Company's total assets and liabilities at March 31, 2026 and December 31, 2025, its total revenues, expenses, and net income for the three-month period then ended March 31, 2026 and March 31, 2025, are as follows:

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements
March 31, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

23 Operating segments (continued)

For the three-month period ended March 31, 2026 (Unaudited)	Property &			Total
	Motor	Casualty	Term life	
Insurance revenue	344,016	141,078	150,186	635,280
Insurance service expenses	(380,079)	(52,071)	(165,771)	(597,921)
Net expenses from reinsurance contracts	10,020	(76,077)	12,803	(53,254)
Insurance service result from Company's directly written business	(26,043)	12,930	(2,782)	(15,895)
Share of surplus from insurance pools	-	-	-	-
Total insurance service result	(26,043)	12,930	(2,782)	(15,895)
Net gains on investments measured at FVTPL				6,715
Commission income from financial assets not measured at FVTPL				14,561
Dividend income				4
Net investment return				21,280
Net finance expense from insurance contracts	(2,404)	(1,373)	(475)	(4,252)
Net finance income from reinsurance contracts	9	1,289	1,044	2,342
Net insurance finance expense	(2,395)	(84)	569	(1,910)
Net insurance and investment result				3,475
Other income				92
Other operating expenses				(11,525)
Loss for the period attributable to the shareholders before zakat and income tax				(7,958)
Zakat				(2,113)
Income tax				(137)
Net loss for the period attributable to the shareholders				(10,208)

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements
March 31, 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

23 Operating segments (continued)

For the three-month period ended March 31, 2025 (Unaudited)	Property & Term			Total
	Motor	Casualty	life	
Insurance revenue	276,335	134,832	41,000	452,167
Insurance service expenses	(283,526)	35,972	(37,320)	(284,874)
Net expenses from reinsurance contracts	1,090	(158,702)	(4,285)	(161,897)
Insurance service result from Company's directly written business	(6,101)	12,102	(605)	5,396
Share of surplus from insurance pools	-	-	-	674
Total insurance service result	(6,101)	12,102	(605)	6,070
Net gains on investments measured at FVTPL				1,356
Commission income from financial assets not measured at FVTPL				14,792
Dividend income				4
Net investment return				16,152
Net finance (expense) / income from insurance contracts	(3,698)	(3,866)	(879)	(8,443)
Net finance income / (expense) from reinsurance contracts	16	3,632	1,277	4,925
Net insurance finance (expense) / income	(3,682)	(234)	398	(3,518)
Net insurance and investment result				18,704
Other income				107
Other operating expenses				(9,073)
Profit for the period attributable to the shareholders before zakat and income tax				9,738
Zakat				(3,400)
Income tax				(100)
Net profit for the period attributable to the shareholders				6,238

During the three-month period ended March 31, 2026, the Company reported a net loss after zakat and income tax of SAR 10.21 million (March 31, 2025: net profit after zakat and income tax of SAR 6.23 million). This net loss after zakat and income tax is primarily attributable to reduction in the net insurance service result for the Motor portfolio owing to increase in net claims incurred.

As at March 31, 2026 (Unaudited)

	Motor	Property & Casualty	Term life	Total
Assets				
Reinsurance contract assets	8,132	425,188	59,366	492,686
Unallocated assets				1,839,674
Total assets				2,332,360
Liabilities				
Insurance contract liabilities	712,305	639,406	218,913	1,570,624
Reinsurance contract liability	-	-	-	-
Unallocated liabilities				113,803
Total liabilities				1,684,427

WATANIYA INSURANCE COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim financial statements
March 31, 2026

(All amounts in Saudi Riyals thousands unless otherwise stated)

23 Operating segments (continued)

As at December 31, 2025 (Audited) - Restated

	Motor	Property & Casualty	Term life	Total
Assets				
Reinsurance contract assets	-	439,433	41,818	481,251
Unallocated assets	-	-	-	1,562,710
Total assets				2,043,961
Liabilities				
Insurance contract liabilities	652,594	591,007	44,362	1,287,963
Reinsurance contract liability	3,406	-	-	3,406
Unallocated liabilities				94,605
Total liabilities				1,385,974

24 Surplus distribution

As required by the Implementing Regulations and the by-laws of the Company, surplus arising from the Insurance Operations is distributed as follows:

Transfer to Shareholders' operations	90%
Transfer to Policyholders payable	10%
	<u>100%</u>

In case of deficit arising from insurance operations, the entire deficit is allocated and transferred to shareholders' operations.

25 Gross Written Premium

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

Breakdown of GWP	For the three-month period ended March 31, 2026					
	Medical	Motor	Property & Casualty	Protection & Savings		Total
				Individual	Group (Term life)	
Retail	-	95,658	17,507	-	-	113,165
Very small	-	34,416	3,902	-	102	38,420
Small	-	28,936	17,570	-	1,099	47,605
Medium	-	131,093	43,496	-	4,373	178,962
Corporate	-	278,022	87,266	-	151,983	517,271
Total	-	568,125	169,741	-	157,557	895,423

Breakdown of GWP	For the three-month period ended March 31, 2025					
	Medical	Motor	Property & Casualty	Protection & Savings		Total
				Individual	Group (Term life)	
Retail	-	87,130	10,248	-	-	97,378
Very small	-	10,851	3,943	-	256	15,050
Small	-	26,656	27,200	-	1,981	55,837
Medium	-	47,863	57,183	-	3,542	108,588
Corporate	-	141,589	74,706	-	17,261	233,556
Total	-	314,089	173,280	-	23,040	510,409

Total insurance revenue of SAR 635 million (2025: SAR 452 million) for the three-month period ended March 31, 2026 is calculated through adjustment of SAR 260 million (2025: SAR 58 million) for the remaining coverage period and the expected premium receipts which reconcile to the total gross written premium of SAR 895 million (2025: SAR 510 million).

WATANIYA INSURANCE COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim financial statements****March 31, 2026**

(All amounts in Saudi Riyals thousands unless otherwise stated)

26 Net Written Premium

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

Item	For the three-month period ended March 31, 2026					
	Medical	Motor	Property & Casualty	Protection & Savings Individual	Group (Term life)	Total
Gross written premium	-	568,125	169,741	-	157,557	895,423
Reinsurance premium ceded – globally (including excess of loss)	-	-	(7,829)	-	(5,068)	(12,897)
Reinsurance premium ceded – locally (including excess of loss)	-	(3,331)	(96,700)	-	(73,850)	(173,881)
Net written premium - total		564,794	65,212	-	78,639	708,645

Item	For the three-month period ended March 31, 2025					
	Medical	Motor	Property & Casualty	Protection & Savings Individual	Group (Term life)	Total
Gross written premium	-	314,089	173,280	-	23,040	510,409
Reinsurance premium ceded – globally (including excess of loss)	-	-	(12,416)	-	(7,163)	(19,576)
Reinsurance premium ceded – locally (including excess of loss)	-	(705)	(113,304)	-	(8,693)	(122,702)
Net written premium - total	-	313,384	47,560	-	7,184	368,128

Total allocation of reinsurance premium paid of SAR 170 million (2025: SAR 123 million) for the three-month period ended March 31, 2026 is calculated through adjustment of SAR 17 million (2025: SAR 19 million) for the remaining coverage period net of reinsurance commission which reconcile to the total reinsurance premium ceded (including excess of loss) of SAR 187 million (2025: SAR 142 million).

27 Subsequent events

Except as disclosed in note 14, there have been no significant subsequent events since the period end, that would require disclosures or adjustments in these condensed interim financial statements.

28 Approval of the financial statements

These condensed interim financial statements have been approved by the Board of Directors on May 10, 2026 G corresponding to Dhul Qidah 23, 1447 H.